



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 18-25 (Section 1). Each of these risk factors must be carefully studied and assessed before investing in the Shares.

A-shares can only be subscribed by legal entities, while B-shares are meant for natural persons.

The Shares are registered (nominatives) and there is no secondary market on which the Shares can be traded. Although it is possible for a shareholder to withdraw and transfer the Shares, in accordance with the procedure stated in Alterfin's by-Laws, this causes a limited liquidity. In the case a shareholder wants to exit or transfer the Shares, he/she will only be repaid at the maximum of the nominal value of the Shares.

Alterfin strives rather for a social return which can influence the financial return.

Alterfin CVBA

Offering of New Shares of Alterfin CVBA (the “Company”) for an amount up to a maximum of EUR 9,000,000.00.

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 natural 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 5 September 2017 to 4 September 2018 (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.

On 5 September 2017, 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> <p>A-shares can only be subscribed by legal entities, while B-shares are meant for natural persons.</p> <p>The Shares are registered and there is no secondary market on which the Shares can be traded. Although it is possible for a shareholder to withdraw and transfer the Shares, in accordance with the procedure stated in Alterfin's by-Laws, this causes a limited liquidity. In the case a shareholder wants to exit or transfer the Shares, he/she will only be repaid at the maximum of the nominal value of the Shares.</p> <p>As subscriber, the investor runs the risk to lose the full amount of its investment.</p> <p>Alterfin aims for a social return, which can impact the financial return.</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 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 & 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.</p> <p>Alterfin is a social financier that aims to improve the livelihood and overall living conditions of the socially and economically disadvantaged people and communities mainly in rural areas in low- and middle-income countries worldwide.</p> <p>To achieve this Alterfin provides financial and non-financial services to its partners in low- and middle-income countries worldwide by:</p> <ul style="list-style-type: none"> (i) mobilizing funds primarily from individual investors and other socially responsible institutions, (ii) Structuring and promoting ethical and sustainable investments, and (iii) developing networks of like-minded organizations. <p>With this, Alterfin contributes to the Sustainable Development Goals¹.</p> <p>Alterfin currently invests in two types of organizations:</p> <ul style="list-style-type: none"> • 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. <p>As of 31 December 2016, EUR 28,375,161 were invested in microfinance institutions and EUR 17,651,572 were invested in producers' associations or other agriculture partners. Additionally, EUR 2.466.807 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>Microfinance:</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." Source: A Market Systems Approach to Financial Inclusion, Deena M. Burjorjee and Barbara Scola (CGAP), September 2015.</i></p>

¹ The Sustainable Development Goals (SDGs), officially known as *Transforming our world: the 2030 Agenda for Sustainable Development* is a set of 17 "Global Goals" spearheaded by the United Nations and adopted by its 193 Member States in 2015.

		<p>Sustainable Agriculture:</p> <p><i>"Agriculture is an inherently risky industry, and 2015 was a year of increased risk for farmers, agricultural businesses, and, in turn, CSAF members² and others that finance them. For borrowers, a range of production, price, and market challenges have compressed operating margins and strained cash flows. As a result, we have observed a slowdown in the number of new businesses requesting and qualifying for loans, as well as a weakening of credit quality among existing borrowers, with slower repayment and increased loan restructurings. For lenders, this has resulted in a clear uptick in the number of nonperforming loans and higher provisioning costs. [...]</i></p> <p><i>Several factors have led to this decline in credit quality. The majority of CSAF members cited commodity price volatility and crop failure due to disease and extreme weather events among the top factors adversely affecting the quality of their portfolios. It is important to note that, while agricultural SMEs represent one of the most effective channels through which smallholder farmers can integrate into formal markets, many of these businesses are undercapitalized and often have limited financial and managerial capacity. This, in turn, inhibits their growth and makes them particularly vulnerable to external shocks and stresses."</i> Source: 2015 Year in Review: Increasing Impact & Managing Risk, Council on Smallholder Agricultural Finance (CSAF).</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 31 December 2016:</p> <table border="1"> <thead> <tr> <th rowspan="2">Situation on 31/12/2016</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> </thead> <tbody> <tr> <td>Number of shareholders</td> <td>213</td> <td>4%</td> <td>5,702</td> <td>96%</td> <td>5,915</td> </tr> <tr> <td>Share capital in EUR</td> <td>7,982,500.00</td> <td>14%</td> <td>50,141,750.00</td> <td>86%</td> <td>58,124,250</td> </tr> <tr> <td>Number of shares</td> <td>31,930</td> <td>4%</td> <td>802,268</td> <td>96%</td> <td>834,198</td> </tr> </tbody> </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> <p>Voting rights are linked to the number of shares owned by a shareholder and not to the amount invested (as A-Shareholders will have invested more per share than B-Shareholders).</p>	Situation on 31/12/2016	Category A		Category B		Total	Legal entities		Private persons		Number of shareholders	213	4%	5,702	96%	5,915	Share capital in EUR	7,982,500.00	14%	50,141,750.00	86%	58,124,250	Number of shares	31,930	4%	802,268	96%	834,198
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² The Council on Smallholder Agricultural Finance (CSAF) is an alliance of social lending institutions, also referred to as impact-first agricultural lenders, targeting agricultural businesses in the "missing middle" in low- and middle-income countries. It includes Alterfin, Oikocredit, Rabobank's Rabo Rural Fund, responsAbility Investments AG, Root Capital, Shared Interest Society and Triodos Investment Management.

B.7	Selected historical key financial information	<p>The following key figures are from the annual financial reports that have been controlled by the auditor:</p> <table border="1"> <thead> <tr> <th>Portfolio</th><th>2014</th><th>2015</th><th>2016</th></tr> </thead> <tbody> <tr> <td>Portfolio Alterfin</td><td>42,882,575</td><td>46,176,813</td><td>48,493,539</td></tr> <tr> <td>Growth portfolio Alterfin</td><td>52.12%</td><td>7.68%</td><td>5.02%</td></tr> <tr> <td>% Net portfolio written down/Total Portfolio</td><td>1.75%</td><td>3.31%</td><td>4.50%</td></tr> <tr> <td>Portfolio managed for third parties</td><td>14,099,739</td><td>12,943,645</td><td>18,831,735</td></tr> <tr> <td>Growth portfolio managed for third parties</td><td>33.96%</td><td>-8.20%</td><td>45.49%</td></tr> <tr> <td>Total portfolio managed</td><td>56,982,313</td><td>59,120,458</td><td>67,325,274</td></tr> <tr> <td>Growth total portfolio managed</td><td>47.19%</td><td>3.75%</td><td>13.88%</td></tr> <tr> <td>Number of partners Alterfin</td><td>108</td><td>107</td><td>122</td></tr> <tr> <td>Growth of number of partners Alterfin</td><td>6.93%</td><td>-0.93%</td><td>14.02%</td></tr> <tr> <td>Average Alterfin portfolio per partner</td><td>397,061</td><td>431,559</td><td>397,488</td></tr> <tr> <th>Capital</th><th>2014</th><th>2015</th><th>2016</th></tr> <tr> <td>Share capital</td><td>43,734,063</td><td>50,869,188</td><td>58,124,250</td></tr> <tr> <td>Growth share capital</td><td>27.78%</td><td>16.31%</td><td>14.26%</td></tr> <tr> <td>Number of shareholders</td><td>5,002</td><td>5,574</td><td>5,915</td></tr> <tr> <td>Growth of number of shareholders</td><td>13.60%</td><td>11.44%</td><td>6.12%</td></tr> <tr> <th>Debt</th><th>2014</th><th>2015</th><th>2016</th></tr> <tr> <td>Debt</td><td>37,732,123</td><td>39,989,689</td><td>38,536,300</td></tr> <tr> <td>Debt/capital ratio</td><td>86.28%</td><td>78.61%</td><td>66.30%</td></tr> <tr> <th>Total</th><th>2014</th><th>2015</th><th>2016</th></tr> <tr> <td>Balance sheet total</td><td>83,865,987</td><td>93,512,465</td><td>97,636,264</td></tr> <tr> <td>Growth of the balance sheet</td><td>35.70%</td><td>11.50%</td><td>4.41%</td></tr> <tr> <th>Results</th><th>2014</th><th>2015</th><th>2016</th></tr> <tr> <td>Gross operating and financial margin</td><td>1,908,639</td><td>2,586,943</td><td>1,431,841</td></tr> <tr> <td>Net profit</td><td>753,634</td><td>861,036</td><td>-882,897</td></tr> </tbody> </table> <p>At the end of 2016, the total portfolio managed by Alterfin (including the investments managed for third parties) amounted to EUR 67.3 million.</p> <p>The vast majority of the funds (72%) come directly from Alterfin's share capital. The Alterfin portfolio stood at EUR 48.5 million at the end of the year, 5% higher than in 2015. However, it is important to note that for much of the year Alterfin directed its effort towards developing and adapting its services to meet the needs of its partners while improving its risk control. This meant that the portfolio decreased for much of the year and only returned to growth during the last quarter of 2016.</p> <p>These last years, Alterfin experienced a deterioration of the quality of its portfolio. The net loss on its portfolio increased from 1.75% in 2014 to 4.50% in 2016. Alterfin has therefore taken a series of measures, as detailed on pages 14-15.</p> <p>These measures are bearing fruit, with a much lower default rate on loans issued since 2015. 98.6% of the value of the write-downs taken in 2016 relates to investments made before 2015, i.e. before the introduction of the new measures.</p> <p>In order to develop its investment activities on a larger scale while diversifying its risk, Alterfin also manages funds for third parties. At the end of 2016, Alterfin managed a portfolio of EUR 18.8 million for third parties, up 45% from last year. This strong growth is mainly due to the management of funds from ImpactAssets, an American social investment fund whose mission is to finance organizations with a high social and environmental impact. Alterfin's financing activity on behalf of ImpactAssets focuses exclusively on the sustainable agriculture sector, and amounted to nearly EUR 6 million at the end of 2016. Alterfin also manages funds for Fefisol, Fopepro, Calvert Foundation, Kampani and Quadia/Nourriterre.</p> <p>In 2016, Alterfin welcomed 341 new shareholders (+6% compared to 2015) with an increase in capital of 14% compared to 2015 (+EUR 7.3 million).</p> <p>On 31 December 2016, the capital of Alterfin amounted to EUR 58,124,250 (audited). The debt</p>	Portfolio	2014	2015	2016	Portfolio Alterfin	42,882,575	46,176,813	48,493,539	Growth portfolio Alterfin	52.12%	7.68%	5.02%	% Net portfolio written down/Total Portfolio	1.75%	3.31%	4.50%	Portfolio managed for third parties	14,099,739	12,943,645	18,831,735	Growth portfolio managed for third parties	33.96%	-8.20%	45.49%	Total portfolio managed	56,982,313	59,120,458	67,325,274	Growth total portfolio managed	47.19%	3.75%	13.88%	Number of partners Alterfin	108	107	122	Growth of number of partners Alterfin	6.93%	-0.93%	14.02%	Average Alterfin portfolio per partner	397,061	431,559	397,488	Capital	2014	2015	2016	Share capital	43,734,063	50,869,188	58,124,250	Growth share capital	27.78%	16.31%	14.26%	Number of shareholders	5,002	5,574	5,915	Growth of number of shareholders	13.60%	11.44%	6.12%	Debt	2014	2015	2016	Debt	37,732,123	39,989,689	38,536,300	Debt/capital ratio	86.28%	78.61%	66.30%	Total	2014	2015	2016	Balance sheet total	83,865,987	93,512,465	97,636,264	Growth of the balance sheet	35.70%	11.50%	4.41%	Results	2014	2015	2016	Gross operating and financial margin	1,908,639	2,586,943	1,431,841	Net profit	753,634	861,036	-882,897
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		<p>amounted to EUR 38,536,300 (audited).</p> <p>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. This explains the level of debt in our balance sheet (EUR 38,536,300).</p> <p>The financial year 2016 resulted in a loss of EUR 882,897. This loss is mainly due to the impairments on our portfolio and mainly to the default of a loan granted to a sesame processing and exporting company in Paraguay. This company has been in default since 2015. After attempting to resolve the recovery of its debt amicably, and due to suspicions of fraud on the part of this organization, Alterfin decided to initiate legal proceedings. The outcome of these proceedings is still uncertain, which is why it has been decided to fully delete the risk associated with this partner and to take a write-down of EUR 1,044,261.</p>
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 2014, 2015 and 2016.</p> <p>In the opinion of the auditor, the annual accounts give a true and fair view of the company's equity and financial position as at December 31, 2016 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.</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"> • Category A-Shares: shares with a nominal value of 250,00 EUR per share. The Shares of category A can only be subscribed to by legal entities; and • Category B-Shares: shares with a nominal value of 62,50 EUR per share. The Shares of category B can only be subscribed to by private persons (and those treated as such). <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 31 December 2016, Alterfin's registered capital is represented by 834,198 shares (31,930A-shares and 802,268B-shares), fully paid up.</p> <ul style="list-style-type: none"> • Category A-Shares: nominal value of EUR 250.00 per share. • Category B-Shares: nominal value of EUR 62.50 per share.
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>Dividend rights. Each shareholder is entitled to an annual dividend on condition that the general assembly of the Issuer decides to pay out a dividend. A-Shareholders and B-Shareholders are entitled to the same 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>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.</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). Voting rights are therefore linked to the number of shares owned by a shareholder and not to the amount invested (as A-Shareholders will have invested more per share than B-Shareholders). 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>Liquidation. After the payments of debts, expenses, and liquidation costs, the proceeds of the liquidation are distributed pro rata amongst all shareholders (A-shareholders and B-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"> • At least five percent to constitute the legal reserve; • 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% of the nominal value of the Shares), applied to the amount actually paid up for the shares, and • The surplus to be carried forward or transferred to the reserves. <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>Debtors risk: This is the risk associated to defaults on loans provided by Alterfin to organizations in the South (the "Partners"). This risk is significant for Alterfin and is inherent to our activity. Alterfin's mission is to support partners who offer social added value, but who may be riskier, which is why they are excluded from conventional financing systems. Some organizations may be weaker institutionally, in terms of their governance or their ability to manage contingencies. Furthermore, guarantees and securities are not presented in all cases (internal risks). Some partners are more exposed to external risks, such as those active in the agricultural sector, who are simultaneously subject to climate risk, risk associated with epidemics on plantations and the vagaries of the international markets. Often a partner's default is due to a combination of several difficulties or weaknesses.</p> <p>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>In this context, it is essential to identify all risks associated with a partner and its activity. However, it should be borne in mind that these risks are changing all the time. Alterfin works with partners over several years, and new risks may arise for them depending on the level of development of their business. Over-rapid growth can endanger an institution unless proper preparations are made. Entering new markets may present opportunities but also new risks. The environment has changed since Alterfin started out, and risk management systems that were adequate a few years ago now need to be adapted.</p> <p>Alterfin observed a deterioration in the quality of its portfolio, and has therefore taken a series of measures over the last two years.</p> <p>First, Alterfin has adapted and improved its management systems in order to identify internal risks more accurately.</p> <ul style="list-style-type: none"> • In organisational and human resources terms, internal controls and verification of the compliance to procedures have been reinforced. New loan managers have also joined the team. • Risk analysis tools and procedures have been improved. In particular, stricter partner limits and a risk scoring system have been introduced. • Alterfin has also strengthened the financing selection process by improving the functioning of the Investment Committee, which is responsible for approving investment proposals. The Committee's organisational structure has been redesigned, and new experts have joined it. <p>Second, Alterfin has focused on diversifying its business to identify external risks more accurately.</p> <ul style="list-style-type: none"> • Alterfin has established new maximum investment limits per partner based on its

	<p>risk level.</p> <ul style="list-style-type: none"> • Alterfin has developed new partnerships (ImpactAssets, Kampani), which reduce its exposure (in absolute terms) to certain partners. • Financing has been developed in new countries, particularly in Africa, thus reducing the geographical concentration of our portfolio. • Alterfin has also gradually reduced its exposure in the agriculture portfolio, particularly to organisations operating in the coffee sector. Coffee accounted for 18% of the investment portfolio in 2016, compared with 30% at the end of 2013. <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. A part of Alterfin's portfolio is for example 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 2016, the Guarantee Fund held EUR 1,515,557 EUR equity. The guarantees granted amounted to EUR 1,501,634. Out of a total outstanding portfolio of EUR 48,493,539, 3.10% of Alterfin's portfolio (EUR 1,501,634/EUR 48,493,539) was covered by Alterfin Guarantee Fund.</p> <p>Finally, the legal and administrative response to defaults has also been reinforced to increase the recoveries on the portfolio that is already in default.</p> <p>Currency risk: 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 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>
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	<p>country risk represents a significant risk, Alterfin tries to control certain aspects of it.</p> <p>The political risk of Alterfin's portfolio invested in microfinance partners is globally insured with the Belgian export credit agency, Credendo (formerly called ONDD).</p> <p>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.</p> <p>In addition, Alterfin tries to further reduce the country risk by setting internal limits to the size of investments in a specific country.</p> <p>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.</p> <p>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 8% in 2016.</p> <p>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.</p> <p>Risks related to the dependence on the social goal of investors: Investors will consider when investing in Shares of Alterfin that, given its social purpose, Alterfin does not pursue profit maximization. If the interest of investors in Shares would decline, or if major shareholders would decide to reduce their participation, the operational resources of Alterfin could be affected.</p> <p>Risks related to the reputation of the market in which Alterfin operates: It is possible that a change in the reputation of Alterfin or similar institutions and the market in which it operates, can have a disproportionate impact on the prospects of Alterfin.</p> <p>Regulatory Risk: Changes in legislation or regulations, both in Belgium and the countries where Alterfin is active, may have an impact on the activities of Alterfin.</p>
D.3	<p>Risks associated with investing in shares: An investment in Shares of Alterfin, as with any investment in shares, is related to economic risks: before making an investment decision, investors should consider that their entire investment in Shares can be lost.</p> <p>Risks related to the limited liquidity of the Shares: There is no secondary market on which the Shares can be traded. Although it is possible for a shareholder to withdraw, in accordance with the procedure stated in Alterfin's by-Laws, this causes a limited liquidity.</p> <p>Risks related to the fluctuations in share value and future dividend: Past performances are no guarantee for the future and no guarantee is given regarding future performances.</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 10.000.
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 100,000.00 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>Requirements. 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"> • 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. <p>The status of shareholder implies unconditional acceptance of the Company's by-Laws and internal regulations.</p> <p>Period. The subscription period, during which investors, whether they already hold Existing Shares or not, can subscribe to the Offering, will run from 5 September 2017 to 4 September 2018, subject to early closing.</p> <p>Subscription Procedure. 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"> • For new shareholders: The potential shareholder completes online through the website of Alterfin (www.alterfin.be) 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. • 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. <p>Payment for the Shares is completed through a transfer to the bank account of Alterfin: IBAN number BE85 5230 4527 2706 with BIC code TRIO BE BB.</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</p>

		<p>Alterfin.</p> <p>Issue Price. The Prospectus relates to the issuance of two classes of Shares:</p> <ul style="list-style-type: none"> • A-Shares: shares with a nominal value of EUR 250.00 per share. Only legal entities may subscribe for these Class A Shares; and • 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. <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>Expected timetable of the Offering. On 05 September 2017, 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 04 September 2018.</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 2018 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> <table border="1"> <thead> <tr> <th>% of the total share capital owned by</th> <th>As of 31/12/2016</th> <th>with additional 3 million EUR capital</th> <th>with additional 5 million EUR capital</th> <th>with additional 9 million EUR capital</th> </tr> </thead> <tbody> <tr> <td>a shareholder who holds 1.000 A-Share</td> <td>0.43%</td> <td>0.41%</td> <td>0.40%</td> <td>0.37%</td> </tr> <tr> <td>a shareholder who holds 1.000 B-Share</td> <td>0.11%</td> <td>0.10%</td> <td>0.10%</td> <td>0.09%</td> </tr> </tbody> </table> <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>	% of the total share capital owned by	As of 31/12/2016	with additional 3 million EUR capital	with additional 5 million EUR capital	with additional 9 million EUR capital	a shareholder who holds 1.000 A-Share	0.43%	0.41%	0.40%	0.37%	a shareholder who holds 1.000 B-Share	0.11%	0.10%	0.10%	0.09%
% of the total share capital owned by	As of 31/12/2016	with additional 3 million EUR capital	with additional 5 million EUR capital	with additional 9 million EUR capital													
a shareholder who holds 1.000 A-Share	0.43%	0.41%	0.40%	0.37%													
a shareholder who holds 1.000 B-Share	0.11%	0.10%	0.10%	0.09%													
E.7	Estimated expenses charged to the investor by the Issuer	<p>Not applicable. The Company will not charge any expenses to the investor for subscriptions to the Offer.</p> <p>Additionally, the Company will not charge any expenses to the investor for exiting or transferring the Shares.</p>															

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).

Under Article 19 of Alterfin's by-Laws, in case of withdraw or partial take-back, the value of the shares is calculated on the basis of the amount paid on the shares less deferred losses or increased by deferred profits as shown in the annual accounts of the financial year during which the withdraw is made.

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

Alterfin usually provides loans to its Microfinance partners. But Alterfin can also provide subordinated debt or take equity position in microfinance institution.

To Sustainable Agriculture partners, Alterfin usually provides short term credit lines for pre-financing, gathering, processing and commercialisation of their products. To a lesser extend Alterfin can also provide long term financing for productive assets acquisition, plantation renovation³.

The debtor risk is the risk associated to defaults on loans or credit lines provided by Alterfin to organizations in the South (the "Partners"). This risk is significant for Alterfin and is inherent to our activity. Alterfin's mission is to support partners who offer social added value, but who may be riskier, which is why they are excluded from conventional financing systems. Some organisations may be weaker institutionally, in terms of their governance or their ability to manage contingencies. Furthermore, guarantees and securities are not presented in all cases (internal risks). Some partners are more exposed to external risks, such as those active in the agricultural sector, who are simultaneously subject to climate risk, risk associated with epidemics on plantations and the vagaries of the international markets. Often a partner's default is due to a combination of several difficulties or weaknesses.

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.

In this context, it is essential to identify all risks associated with a partner and its activity. However, it should be borne in mind that these risks are changing all the time. Alterfin works with partners over several years, and new risks may arise for them depending on the level of development of their business. Over-rapid growth can endanger an institution unless proper preparations are made. Entering new markets may present opportunities but also new risks. The environment has changed since Alterfin started out, and risk management systems that were adequate a few years ago now need to be adapted.

Alterfin observed a deterioration in the quality of its portfolio, and has therefore taken a series of measures over the last two years.

First, Alterfin has adapted and improved its management systems in order to identify internal risks more accurately.

- In organisational and human resources terms, internal controls and verification of the compliance to procedures have been reinforced. New loan managers have also joined the team.

³ The average maturity of the total portfolio of Alterfin is 31 months.

- Risk analysis tools and procedures have been improved. In particular, stricter partner limits and a risk scoring system have been introduced.
- Alterfin has also strengthened the financing selection process by improving the functioning of the Investment Committee, which is responsible for approving investment proposals. The Committee's organisational structure has been redesigned, and new experts have joined it.

Second, Alterfin has focused on diversifying its business to identify external risks more accurately.

- Alterfin has established new maximum investment limits per partner based on its risk level.
- Alterfin has developed new partnerships (ImpactAssets, Kampani), which reduce its absolute exposure to certain partners.
- Financing has been developed in new countries, particularly in Africa, thus reducing the geographical concentration of our portfolio.
- Alterfin has also gradually reduced its exposure in the agriculture portfolio, particularly to organisations operating in the coffee sector. Coffee accounted for 30% of the investment portfolio in 2013, compared with 18% at the end of 2016.

In addition, Alterfin tries to further reduce the debtor risk by setting internal limits to the size of investments per partner. Those limits are defined in Alterfin Investment Strategy (included as Appendix 3 of the Prospectus).

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. A part of Alterfin's portfolio is for example 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 2016, the Guarantee Fund held EUR 1,515,557 EUR of equity. The guarantees granted amounted to EUR 1,501,634. Out of a total outstanding portfolio of EUR 48,493,539, 3.10% of Alterfin's portfolio (EUR 1,501,634/EUR 48,493,539) was covered by Alterfin Guarantee Fund.

Finally, the legal and administrative response to defaults has also been reinforced to increase the recoveries on the portfolio that is already in default.

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 31/12/2016 the situation was as follows:

Total Liabilities in USD	Total Assets in USD	Difference
USD 39,866,532.14	USD 38,399,727.84	USD 1,466,804.30
USD loans from banks,	USD Portfolio	Financed by

financial institutions and shareholders	(equity investments included)	net USD income
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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 partners 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 4.75 million EUR per country: Burkina Faso, Cambodia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Ivory Coast, Kenya, Myanmar, Nicaragua, Niger, Panama, Peru. The portfolios in Bolivia is insured up to 3,562,500 million EUR (75% of 4.75 million).

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 31/12/2016 was as follows:

Situation on 31/12/2016	EUR	Countries/Sector
Portfolio insured by Credendo.	23,744,901	Microfinance: Bolivia, Burkina Faso, Cambodia, Colombia, Costa Rica, Côte d'Ivoire, El Salvador, Ecuador, Guatemala, Honduras, Kenya, Panama, Nicaragua, Niger, Peru, Togo.
Portfolio not insured by Credendo.	20,188,214	Sustainable agriculture: all dossiers Microfinance: Laos + some dossiers in Ecuador, Peru and Nicaragua

The portfolio invested in MFI in Ecuador amounted to 5,147,310 EUR. As the policy limited the maximum amount covered in Ecuador to 3.375 million EUR on 31/12/2016, part of this portfolio was therefore not covered by Credendo. The maximum amount covered in Ecuador was renegotiated with Credendo in March 2017. It amounts 4.75 million EUR since 1st March 2017. 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. Alterfin limits the concentration per country to a certain percentage of the portfolio.

The limits for each country are determined by the perceived country risk, which is divided into three categories. 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.

In the third semester of 2016, limits were adapted for 4 countries in Latin America:
 - Salvador: from 15% to 10%
 - Honduras: from 10% to 15%
 - Ecuador: from 10% to 15%
 - Nicaragua: from 10% to 15%

As of December 2016, no country is beyond the limit.

Country	S&P rating	limits	31/12/2016	
			Gross in %	Gross in EUR
Africa	not rated	NA	2.2%	1,050,000.00
Argentina	B	10%	4.4%	2,155,098.90
Bolivia	BB	10%	7.3%	3,526,139.94
Burkina Faso	B-	10%	0.6%	300,000.00
Burundi	not rated	10%	0.0%	-
Cambodia	not rated	10%	4.1%	1,974,258.70
Chile	AA-	20%	2.3%	1,113,849.61
Colombia	BBB	15%	0.2%	78,813.27
Costa Rica	BB-	20%	2.1%	1,008,960.10
Democratic Republic of Congo	B-	10%	0.0%	-
Ecuador	B	15%	11.5%	5,590,363.75
El Salvador	B-	10%	6.6%	3,193,932.95
Guatemala	BB	15%	6.1%	2,935,817.12
Honduras	B+	15%	8.2%	3,970,945.63
International	not rated	20%	0.8%	376,094.88
Ivory Coast	not rated	10%	2.5%	1,230,441.60
Kenya	B+	10%	2.6%	1,279,374.97
Laos	not rated	10%	2.0%	966,247.77
Latin America	not rated	NA	2.1%	1,040,711.68
Mexico	BBB+	20%	0.2%	112,059.85
Nicaragua	B+	15%	13.3%	6,430,058.76
Niger	not rated	10%	0.0%	3,430.10
Palestine	not rated	10%	1.2%	560,000.00
Panama	BBB	20%	2.7%	1,328,827.97
Paraguay	BB	10%	3.9%	1,871,511.14
Peru	BBB+	20%	10.6%	5,121,262.15
Senegal	B+	10%	1.0%	502,000.00
Tanzania	not rated	10%	0.2%	118,811.85
Togo	not rated	10%	0.2%	73,690.35
Uganda	B	10%	1.2%	580,836.32
Grand Total			100.0%	48,493,539.38

"Africa" includes the equity investment in Fefisol through which we have investments in many different African countries. "International" includes the equity investment in MFX which provides financial services for partners in many different countries. "Latin America" includes the equity investment in FOPEPRO and the loan to PYME capital through which we have investments in many different Latin American countries.

The table below gives an overview of the share (in terms of portfolio and income) of the five main countries on 31 December 2016.

	Portfolio share 31/12/2016	Income share 31/12/2016
Peru	10.6%	12.41%
Ecuador	11.5%	11.55%
Nicaragua	13.3%	8.01%
Bolivia	7.3%	7.31%
Honduras	8.2%	5.83%
Total	50.9%	45.10%

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. This risk is partially mitigated by the presence of experienced and skilled senior managers/advisers in the organisation and of a supporting and rotating Board of Directors.

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 8% in 2016.

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

- Alterfin was nominated as portfolio manager for the Kampani fund that was created in March 2015. In 2017, 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 2017, it is estimated that the income from service to Impact Assets will amount to +/- EUR 110,000.
- 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. In 2017, it is estimated that the income from service to Quadia will amount to +/- EUR 10,000.
- 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 SIDI⁴. 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 2017, it is estimated that the income from service to FOPEPRO will amount to +/- EUR 12,000. The income consists of fees for proposing and monitoring the financing of partners and for the general management of the fund.

⁴ 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.

FEFISOL (*Fonds Européen de Financement Solidaire*) is a SICAV set up in 2008 by Alterfin, in collaboration with SIDI and Etimos⁵, 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 for FEFISOL. In 2017, it is estimated that the income from service to FEFISOL will amount to +/- EUR 150,000.

Alterfin also mitigates the risk of dependence, 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 AIFMD⁶.

The situation as of 31/12/2016 was as follows:

⁵ 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.

⁶ 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.

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 9,667,534	EUR 100,000,000	EUR 500,000,000

Alterfin assesses, with local law firms, its compliance to the regulations of the countries where it operates.

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 improve the livelihood and overall living conditions of the socially and economically disadvantaged people and communities mainly in rural areas in low- and middle-income countries worldwide.

To achieve this Alterfin provides financial and non-financial services to its partners in low- and middle-income countries worldwide by:

- (i) mobilizing funds primarily from individual investors and other socially responsible institutions,
- (ii) Structuring and promoting ethical and sustainable investments, and
- (iii) developing networks of like-minded organizations.

With this, Alterfin contributes to the Sustainable Development Goals⁷.

Alterfin currently 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 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 31 December 2016, EUR 28,375,161 were invested in microfinance institutions and EUR 17,651,572 were invested in producers' associations or other agriculture partners. Additionally, EUR 2.466.807 were invested in funds active in both sectors.

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

⁷ The Sustainable Development Goals (SDGs), officially known as *Transforming our world: the 2030 Agenda for Sustainable Development* is a set of 17 "Global Goals" spearheaded by the United Nations and adopted by its 193 Member States in 2015.

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 2014, 2015 and 2016, 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 2014, 2015 and 2016. 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 5 September 2017, 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. 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, also mentions a number of additional documents, such as:

- Alterfin's annual reports. Reports on Alterfin's social performance are included in the annual reports.
- Quarterly newsletters

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 100.000,00. 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 or in other similar funds.

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 29 August 2017.

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 9,000,000.00.

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 5 September 2017 to 4 September 2018, 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), 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).

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 5 September 2017, 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 4 September 2018.

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)

A-Shareholders and B-Shareholders are entitled to the same rights with two exceptions:

1. Voting rights are linked to the number of shares owned by a shareholder and not to the amount invested (A-Shareholders will have invested more per share than B-Shareholders).
2. 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.

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.

6.16. 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 31/12/2016	with additional 3 million EUR capital	with additional 5 million EUR capital	with additional 9 million EUR capital
a shareholder who holds 1.000 A-Share	0.43%	0.41%	0.40%	0.37%
a shareholder who holds 1.000 B-Share	0.11%	0.10%	0.10%	0.09%

7. Dividends and dividend policy

7.1. Dividends

As a social Investor, Alterfin does not strive for profit maximization for its shareholders, instead it has an explicit social mission. It nevertheless aims to pursue its financing activities according to sound economic principles.

The table below shows the historical dividend paid by Alterfin since 2006. Because of the negative result of 2016, the general meeting approved the board of directors' proposal not to distribute any dividend in 2016.

- 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;
- 1.75% in 2015 and
- 0,00% in 2016.

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 31 December 2016 (audited):

Short term debt	32,318,250
Depending on security rights (collateral)	31,788,018
Depending on pledge	0
Without collateral or pledge	530,232
Long-term debt	5,373,161
Depending on collateral	0
Depending on pledge	0
Without collateral or pledge	5,373,161
Equity	58,857,168
Share capital	58,124,250
Legal reserves	348,425
Other reserves	1,252,907
Retained earnings	14,483
Net result of the period	-882,897
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 between 31/12/2015 and 31/12/2016.

	31/12/2015	31/12/2016
Short term Debt	38,841,136	32,318,250
Rabo Bank Netherlands	11,573,474	6,546,992
BNP Paribas Fortis	9,815,937	10,051,199
KBC	12,653,740	15,189,826
Calvert Foundation	4,576,491	0
FOGAL	105,259	57,564
FOPEPRO	0	332,207
OTHER (shareholders)	116,235	140,461
Long term Debt	590,349	5,373,161
Calvert Foundation	0	4,745,814
FOGAL	362,473	367,801
QUADIA	0	71,187
SIDI	78,746	78,746
GUARANTEE AMC	101,626	109,613
GUARANTEE EMPRENDER	25,004	0
OTHER (shareholders)	22,500	0

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 long term maturity (November 2018).

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.

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. According to the loan agreement signed by both parties in December 2016, part of Fopepro's cash is placed in Alterfin as short term debt.

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 31/12/2016

Short term debt	Short term debt	Maturity	Interest rate
RABO BANK NETHERLANDS	6,546,992	cash credit	variable
BNP PARIBAS FORTIS	7,118,721	01/03/2017	2.39%
BNP PARIBAS FORTIS	949,163	18/02/2017	2.33%
BNP PARIBAS FORTIS	1,423,744	31/01/2017	2.34%
BNP PARIBAS FORTIS	559,571	cash credit	variable
KBC	13,762,861	12/01/2017	1.85%
KBC	1,426,965	cash credit	variable
FOGAL	57,564	12/05/2017	4.00%
FOPEPRO	332,207	7 days	LIBOR 1 week + 100 bps
LOANS BY SHAREHOLDERS 1	20,000.00	31/07/2017	0.00%
LOANS BY SHAREHOLDERS 2	12,500.00	24/09/2017	0.00%
LOANS BY SHAREHOLDERS 3	10,000.00	31/07/2017	0.00%
LOANS BY SHAREHOLDERS 4	31,566.37	15/09/2017	0.00%
LOANS BY SHAREHOLDERS 5	20,000.00	05/11/2017	0.00%
LOANS BY SHAREHOLDERS 6	4,789.35	18/12/2017	0.00%
LOANS BY SHAREHOLDERS 7	41,604.97	recoverable in 7 days	0.00%
TOTAL	32,318,250		

Net financial debt analysis (EUR) as of 31/12/2016:

A	Cash	0
B	Cash equivalents	294,336
C	Short term investment (savings accounts, short-term deposits and bonds)	20,707,575
D (A+B+C)	Liquidity	21,001,911
E	Current financial receivables	11,805,787
F	Bank indebtedness	31,788,018
G	Medium-term debt, portion at less than one year	0
H	Other financial short term debt	530,232
I (F+G+H)	Current financial liabilities	32,318,250
J (I-E-D)	Net current financial liabilities	-489,448
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	5,373,161
N (K+L+M)	Non-current financial liabilities	5,373,161
O (J+N)	Net financial liabilities	4,883,713

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 6,546,992), BNP Paribas Fortis (EUR 10,051,199) and KBC (EUR 15,189,826). Other debt with a maturity longer than one year is the loan from Calvert Foundation and liabilities incurred with the non-banking institutions FOGAL, Quadia and SIDI.

9. Selected historical financial information about the company

9.1. Key figures

2016 audited financial statements, including the notes, are included as Appendix 2. The following table shows the evolution of key financial figures in EUR for 2014, 2015 and 2016:

Portfolio	31/12/2014	31/12/2015	31/12/2016
Portfolio Alterfin	42,882,575	46,176,813	48,493,539
Growth portfolio Alterfin	52.12%	7.68%	5.02%
Net loss on portfolio Alterfin	1.75%	3.31%	4.50%
Portfolio managed for third parties	14,099,739	12,943,645	18,831,735
Growth portfolio managed for third parties	33.96%	-8.20%	45.49%
Total portfolio managed	56,982,313	59,120,458	67,325,274
Growth total portfolio managed	47.19%	3.75%	13.88%
Number of partners Alterfin	108	107	122
Growth of number of partners Alterfin	6.93%	-0.93%	14.02%
Average Alterfin portfolio per partner	397,061	431,559	397,488
Capital	31/12/2014	31/12/2015	31/12/2016
Share capital	43,734,063	50,869,188	58,124,250
Growth share capital	27.78%	16.31%	14.26%
Number of shareholders	5,002	5,574	5,915
Growth of number of shareholders	13.60%	11.44%	6.12%
Debt	31/12/2014	31/12/2015	31/12/2016
Debt	37,732,123	39,989,689	38,536,300
Debt/capital ratio	86.28%	78.61%	66.30%
Total	2014	2015	2016
Balance sheet total	83,865,987	93,512,465	97,636,264
Growth of the balance sheet	35.70%	11.50%	4.41%
Results	2014	2015	2016
Gross operating and financial margin	1,908,639	2,586,943	1,431,841
Net profit	753,634	861,036	-882,897

At the end of 2016, the total portfolio managed by Alterfin (including the investments managed for third parties) amounted to EUR 67.3 million.

The vast majority of the funds (72%) come directly from Alterfin's share capital. The Alterfin portfolio stood at EUR 48.5 million at the end of the year, 5% higher than in 2015. However, it is important to note that for much of the year Alterfin directed its effort towards developing and adapting its services to meet the needs of its partners while improving its risk control. This meant that the portfolio decreased for much of the year and only returned to growth during the last quarter of 2016.

These last years, Alterfin experienced a deterioration of the quality of its portfolio. The net loss on its portfolio increased from 1.75% in 2014 to 4.50% in 2016. More details about the write-downs on credits in default and on the evolution of the quality of the portfolio is available on page 42.

In order to develop its investment activities on a larger scale while diversifying its risk, Alterfin also manages funds for third parties. The portfolio managed for third parties is out of Alterfin balance sheet. Only the revenues (fees) are at risk in case the third party would default, break the contract or refuse to renew the contract. At the end of 2016, Alterfin managed a portfolio of EUR 18.8 million for third parties, up 45% from last year. This strong growth is mainly due to the management of funds from ImpactAssets, an American social investment fund whose mission is to finance organizations with a high social and environmental impact. Alterfin's financing activity on behalf of ImpactAssets focuses exclusively on the sustainable agriculture sector, and amounted to nearly EUR 6 million at the end of 2016. Alterfin also manages funds for Fefisol, Fopepro, Calvert Foundation, Kampani and Quadia/Nourriterre.

In 2016, Alterfin welcomed 341 new shareholders (+6% compared to 2015) with an increase in capital of 14% compared to 2015 (+EUR 7.3 million).

On 31 December 2016, the capital of Alterfin amounted to EUR 58,124,250 (audited). The debt amounted to EUR 38,536,300 (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. This explains the level of debt in our balance sheet (EUR 38,536,300).

The financial year 2016 resulted in a loss of EUR 882,897. This loss is mainly due to the impairments on our portfolio and mainly to the default of a loan granted to a sesame processing and exporting company in Paraguay. This company has been in default since 2015. After attempting to resolve the recovery of its debt amicably, and due to suspicions of fraud on the part of this organization, Alterfin decided to initiate legal proceedings. The outcome of these proceedings is still uncertain, which is why it has been decided to fully delete the risk associated with this partner and to take a write-down of EUR 1,044,261.

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. In the opinion of the auditor, the annual accounts give a true and fair view of the company's equity and financial position as at December 31, 2016 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 2014, 2015 and 2016:

		31/12/2014	31/12/2015	31/12/2016
ASSETS	Fixed Assets	1,636,811.76	1,827,779.08	2,998,533.33
	Intangible fixed assets	85.87	-	-
	Tangible fixed assets	170,508.32	19,333.04	408,770.99
	Financial fixed assets	1,466,217.57	1,808,446.04	2,589,762.34
	Current Assets	80,698,585.03	90,316,209.06	93,272,899.50
	Gross loan portfolio	42,500,200.85	46,472,560.39	45,883,773.15
	Cumulated write-downs on loan portfolio	- 2,157,365.38	- 3,896,646.44	- 5,355,891.37
	Investment in EUR (including cash)	39,875,894.36	47,097,275.39	52,304,206.06
	Other accounts receivable	479,855.20	643,019.72	440,811.66
	Transitory Accounts	1,530,590.27	1,368,477.08	1,364,831.61
	Accrued dividend/interests	1,530,590.27	1,368,477.08	1,364,831.61
	Total Assets	83,865,987	93,512,465	97,636,264
LIABILITIES	Equity	45,900,272	53,313,142	58,857,168
	Paid-in capital	43,734,063	50,869,188	58,124,250
	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	753,634	861,036	-882,897
	Liabilities	37,732,123	39,989,689	38,536,300
	Long Term Liabilities (>1 year)	5,022,216	5,166,840	5,373,161
	Short Term Liabilities (<1 year)	32,709,907	34,822,849	33,163,139
	Transitory Accounts	233,592	209,634	242,797
	Interests/tax due	233,592	209,634	242,797
	Total Liabilities	83,865,987	93,512,465	97,636,264

As at 31 December 2016, Alterfin's balance sheet total was EUR 97.6 million, up 4% from the previous year.

On the same date, Alterfin's equity stood at EUR 58.9 million, compared with EUR 53.3 million as at 31 December 2015. The share capital increased from EUR 50.9 to EUR 58.1 million thanks to the arrival of new shareholders and an increase in the holdings of current shareholders. However, equity was also impacted by the year's net loss.

On the asset side, the rise in tangible fixed assets is due to the acquisition of a property in Peru which was given to Alterfin instead of a defaulted loan. This property is for sale.

Alterfin's total investment portfolio is divided between the credit portfolio (EUR 40.5 million net in 2016) and the financial fixed assets (EUR 2.6 million in 2016). The evolution of the financial fixed assets is explained by the combination of the following movements:

- a new financial stake in a microfinance institution in Nicaragua, amounting to almost EUR 900,000;
- the increase in Alterfin's participations in the Fefisol and Kampani funds;
- a write down of nearly EUR 110,000 on its participation in the Fopepro fund.

As most of the partner organisations' financing needs are in dollars but the capital raised is in euros, Alterfin's policy is to invest the capital raised and use these investments as collateral to obtain dollar credit lines from banks. In this way, Alterfin can meet the partners' needs while hedging the exchange rate risk between the euro and the dollar. This policy explains the high level of debt (EUR 38,536,300) and of investments in EUR (EUR 52,304,206) in our balance sheet. On 31/12/2016, EUR 45,943,917.62 EUR of the total EUR investments (EUR 52,304,206) were used as collateral and EUR 6,360,288.44 were free of any commitment.

9.4. Simplified income statement

The following table provides a comparison between the (audited) profit and loss accounts in 2014, 2015, 2016:

	2014	2015	2016
Operating income and costs			
Gross margin	-87,122	-237,620	-514,934
Non current operational income	0	0	41.32
Turnover	313,312.15	438,483.42	541,609.15
Trade goods, raw materials and other materials, services and other goods	400,433.90	676,103.73	1,056,584.12
Remunerations, social security charges and pensions	891,256	1,085,349	1,142,591
Depreciation and devaluations on formation expenses, on intangible and tangible fixed assets	14,630	13,467	13,809
Increase/(decrease) in amounts written down stocks, contracts in progress and trade debtors	679,383	1,719,344.97	1,720,098.89
Increase/(decrease) in Provisions for risks and liabilities	0	0	0
Other operating costs	8,624	13,226.24	923,126.64
As restructuring costs, capitalized operational expenses	0	0	0
Non current operational costs	0	0	0
Operating profit (loss)	-1,681,594	-3,069,007	-4,314,559
Financial income	6,449,091. 76	10,774,094.99	6,161,534.19
Current financial Income	6,377,619	10,702,308.60	6,111,534.19
Capital and interests subsidies	0	0	0
Non-current financial Income	71,473	71,786.39	50,000.00
Financial costs	4,012,896	6,843,687.86	2,729,871.90
Current financial costs	3,474,162	6,641,060.23	2,616,212.51
Non current financial costs	538,734	202,627.63	113,659.39
Profit (loss) for the period, before tax	754,601	861,400	-882,897
Withdrawal of deferred taxes	0	0	0
Transfer to deferred taxes	0	0	0
Taxes on income	967.45	364.15	0
Profit (loss) for the period	753,634	861,036	-882,897
Withdrawal from tax-free reserves	0	0	0
Transfer to tax-free reserves	0	0	0
Profit of the period to be allocated	753,633.96	861,035.97	-882,897.01

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, ImpactAssets, 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 2015, the Alterfin team consisted of 17.2 employees and, at the end of 2017, the Alterfin team consisted of 17.8 employees (full time equivalent). Additionally, in 2016, a new group insurance system was put in place.

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

- The decrease in income from our loan portfolio in the South, which came to EUR 3.2 million (-13%), resulting from the decrease in the size of our loan portfolio during a significant part of the year;
- The decrease 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 decreased from EUR 1,600,417 in 2015 to EUR 1,170,678 in 2016.
- The decrease of the income related to positive currency exchange result (from EUR 5,341,812 in 2015 to EUR 1,444,127 in 2016). The income related to positive currency exchange result was particularly important in 2015, however it was largely compensated by financial costs related to negative currency exchange results. In 2015, the net currency exchange result amounted to EUR 5,864. In 2016, this result amounted to EUR 13,836.

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. End of 2016, 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 evolution of this account:

	31/12/2014	31/12/2015	31/12/2016
Amount portfolio written down in the year	881,706	1,604,015	2,316,902
Amount portfolio recovered in the year	-130,198	-73,788	-136,983
Net portfolio written down in the year	751,508	1,530,228	2,179,920
Total Portfolio	42,882,575	46,176,813	48,493,539
% Net portfolio written down/Total Portfolio	1.75%	3.31%	4.50%

Having observed a deterioration in the quality of its portfolio, Alterfin has taken a series of measures over the last two years. First, Alterfin has adapted and improved its management systems in order to identify internal risks more accurately.

- In organisational and human resources terms, internal controls and procedure compliance verification have been reinforced. New loan managers have also joined the team.
- Partners' risk analysis tools and procedures have been improved. In particular, stricter partner limits and a risk scoring system have been introduced.
- Alterfin has also strengthened the financing selection process by improving the functioning of the Investment Committee, which is responsible for approving investment proposals. The Committee's organisational structure has been redesigned, and new experts have joined it.

Second, Alterfin has focused on diversifying its business to identify external risks more accurately.

- Alterfin has established new maximum investment limits per partner based on its risk level.
- Alterfin has developed new partnerships (ImpactAssets, Kampani), which reduce its exposure to certain partners.
- Financing has been developed in new countries, particularly in Africa, thus reducing the geographical concentration of our portfolio.

- Alterfin has also gradually reduced its exposure in the agriculture portfolio, particularly to organisations operating in the coffee sector. Coffee accounted for 30% of the investment portfolio in 2013, compared with 18% at the end of 2016⁸.

Finally, the legal and administrative response to defaults has also been reinforced.

These measures are bearing fruit, with a much lower default rate on loans issued since 2015. However, in 2016 Alterfin had to record additional impairments which had a significant impact on the net result in 2016.

As can be seen from the table below, 98.6% of the value of these impairments relates to investments made before 2015, i.e. before the introduction of the new measures. In addition, they are particularly concentrated in the agricultural portfolio.

The case of our partner active in sesame has been a particularly difficult one. This sesame processing and exporting company, which at the time when financing was issued to it was working with nearly 20,000 Paraguayan producers, has been in default since 2015. After unsuccessfully attempting to resolve the recovery of its debt amicably, and due to suspicions of fraud on the part of this organisation, Alterfin decided to initiate legal proceedings. The outcome of these proceedings is still uncertain, which is why it has been decided to write off the risk associated with this partner in full.

Improving the quality of the investment portfolio will remain a key priority for Alterfin in the years to come. However, the low number of defaults on new investments shows that the measures taken are starting to bear fruit.

Sector	Country	Issuance	Reason of default	Impairment
Microfinance	Ecuador	2014	Fraud	185,281
Microfinance	Guatemala	2013	Misuse of funds	20,859
Microfinance	Honduras	2012	Poor managerial decision, unsustainable level of activity	1,580
Microfinance	Honduras	2014	Misuse of funds, governance problem	169
Coffee	Nicaragua	2014	Speculation on (volatile) coffee prices, insufficient equity, excessive level of indebtedness, over-rapid and uncontrolled growth	461,219
Coffee	Bolivia	2014	Speculation on (volatile) coffee prices, misuse of funds	162,592
Coffee	Peru	2014	Speculation on (volatile) coffee prices, coffee leaf disease	151,695
Coffee	Bolivia	2014	Speculation on (volatile) coffee prices, misuse of funds	149,970
Coffee	Mexico	2013	Poor managerial decision, misuse of funds	101,060
Coffee	Tanzania	2015	Excessive level of indebtedness, over-rapid and uncontrolled growth	31,333
Coffee	Peru	2013	Poor managerial decision, unsustainable level of activity	5,414
Coffee	Peru	2012	Speculation on (volatile) coffee prices, poor managerial decision	1,470
Sesame	Paraguay	2014	Excessive level of indebtedness, over-rapid and uncontrolled growth, insufficient equity, fraud	1,044,261
Total impairments in 2016				2,316,902
sector			microfinance	207,889
			sustainable agriculture	2,109,013
year			issuance before 2015	2,285,570
			issuance after 2015	31,333

⁸ As Alterfin, we know that our coffee partners will always be affected by the evolution of prices on the coffee market. This is why, on top limiting the total exposure of our portfolio in coffee, we closely assess the pricing policy of our coffee partners during the due diligence process and we closely monitor their sales during the whole coffee campaign.

9.5. Summary cash flow statement

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

Operating cash flow	31/12/2014	31/12/2014	31/12/2014
Result	753,634.05	861,035.97	-882,897.01
Transitory Assets Accounts	-395,287.95	162,113.19	3,645.47
Transitory Liability Accounts	50,515.50	-23,957.68	33,162.53
Depreciations	4,996.28	13,466.80	12,696.96
Provisions	0.00	0.00	0.00
Write-down	679,383.17	1,719,344.97	1,720,098.89
Changes in reserves	0.00	0.00	0.00
Year-1 result allocated	-864,437.92	-583,291.15	-828,139.62
Other debts	79,514.03	-94,775.07	286,685.17
Other receivables	-113,630.79	-167,150.91	202,200.23
Other operating cash flow adjustments		0.00	
	194,686.37	1,886,786.12	547,452.62
Investment cash flow			
Tangible fixed assets	284,931.49	137,794.35	-402,134.91
Financial fixed assets	90,362.64	-342,203.58	-781,308.47
Other changes in financial fixed assets	0.00	0.00	0.00
	375,294.13	-204,409.23	-1,183,443.38
Financing cash flow			
Credit portfolio	-14,923,144.35	-3,952,423.45	327,933.28
Debt financing	12,535,593.64	2,352,341.09	-1,740,074.35
	-2,387,550.71	-1,600,082.36	-1,412,141.07
Capital flows	9,508,875.00	7,135,125.00	7,255,062.50
Cash and cash equivalents	7,691,304.79	7,217,419.53	5,206,930.67

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. To cover the risk related to our investment portfolio Alterfin takes write-downs to adapt the value of a specific loan in our balance sheet. The write-down policy is described below.

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 restructure	50%	50%	at the date of the restructure	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%*(USD 540,000 -50%*USD 300,000) = 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:

- 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.

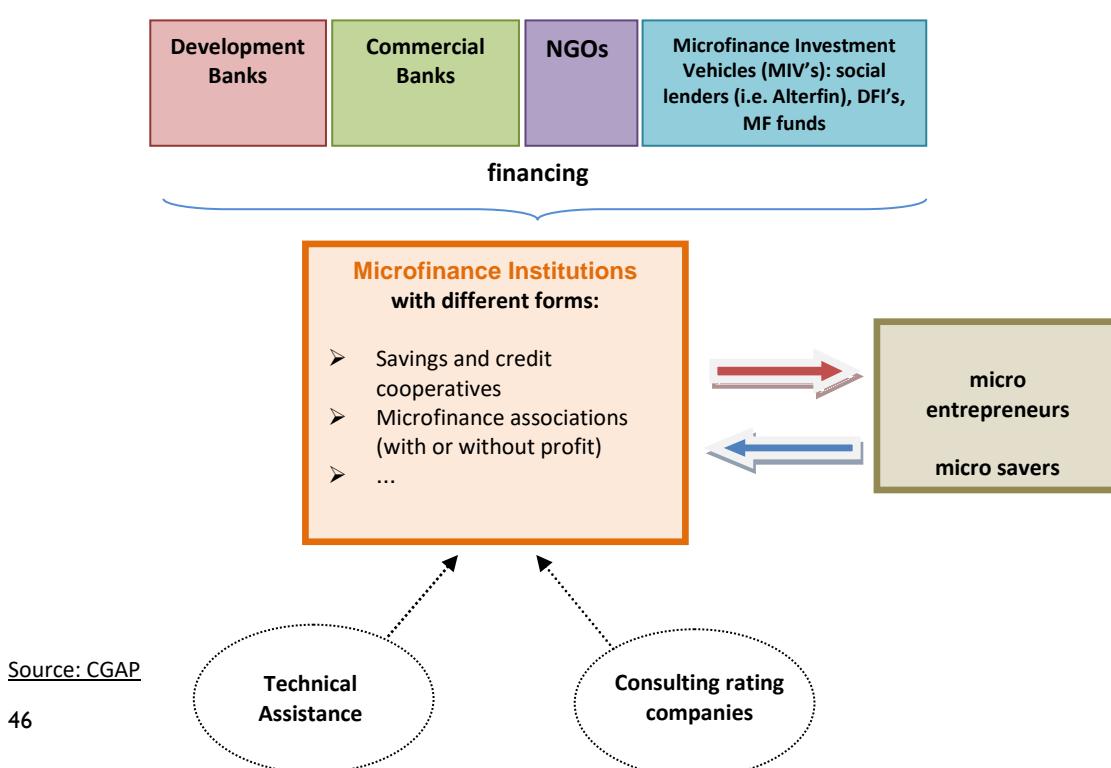
10.1.2. Brief history

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. The different actors in the microfinance market

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



10.1.4. 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.

"Agriculture is an inherently risky industry, and 2015 was a year of increased risk for farmers, agricultural businesses, and, in turn, CSAF members and others that finance them. For borrowers, a range of production, price, and market challenges have compressed operating margins and strained cash flows. As a result, we have observed a slowdown in the number of new businesses requesting and qualifying for loans, as well as a weakening of credit quality among existing borrowers, with slower repayment and increased loan restructurings. For lenders, this has resulted in a clear uptick in the number of nonperforming loans and higher provisioning costs. [...] Several factors have led to this decline in credit quality. The majority of CSAF members cited commodity price volatility and crop failure due to disease and extreme weather events among the top factors adversely affecting the quality of their portfolios."

It is important to note that, while agricultural SMEs represent one of the most effective channels through which smallholder farmers can integrate into formal markets, many of these businesses are undercapitalized and often have limited financial and managerial capacity. This, in turn, inhibits their growth and makes them particularly vulnerable to external shocks and stresses." Source: 2015 Year in Review: Increasing Impact & Managing Risk, Council on Smallholder Agricultural Finance (CSAF).

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. Why does Alterfin finance Fair Trade ?

76% 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.

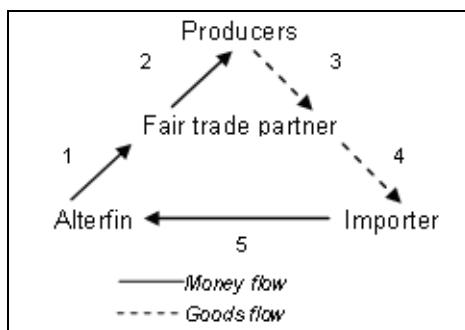
The way in which international trade currently takes place means that small farmers in developing countries are unable to live in a dignified manner from their farming activities. Fair trade proposes a new model, based on more balanced relationships between the trading partners:

- 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.

10.2.3. How does Alterfin finance fair trade?

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



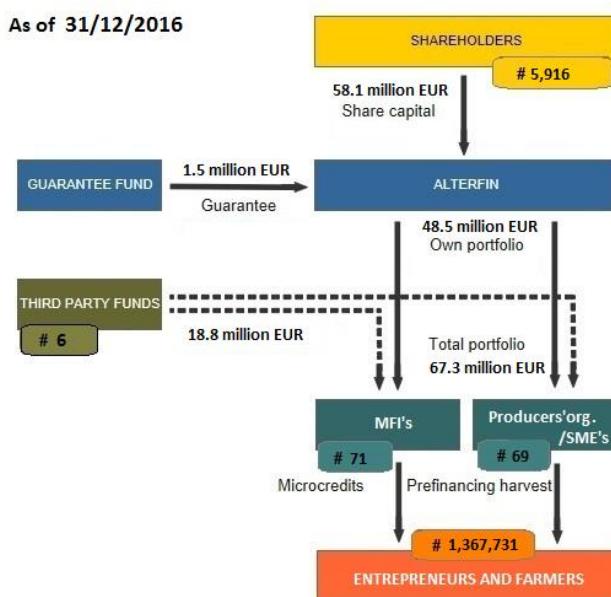
In such cases Alterfin typically makes a loan to a farmers' cooperative in the South (1) which, in turn, gives prefinancing to its members in the form of an advance (2). The producers undertake to deliver their produce to the cooperative after the harvest (3) and are paid the balance on delivery. After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

10.2.4. Other type of investments in sustainable agriculture

Although historically Alterfin has given wide-ranging support to organizations active in fair trade, we also finance organizations that are not certified but that adopt practices that are respectful of people and the environment. At the same time, while Alterfin's partners in the sustainable agriculture sector were mainly farmers' cooperatives in the 2000s, Alterfin is now turning to small and medium-sized enterprises (SMEs) focusing on small farming, which bring added value to producers in the South. Such businesses are usually too large to benefit from microfinance but too small to be granted loans by commercial banks.

11.The company's activities

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



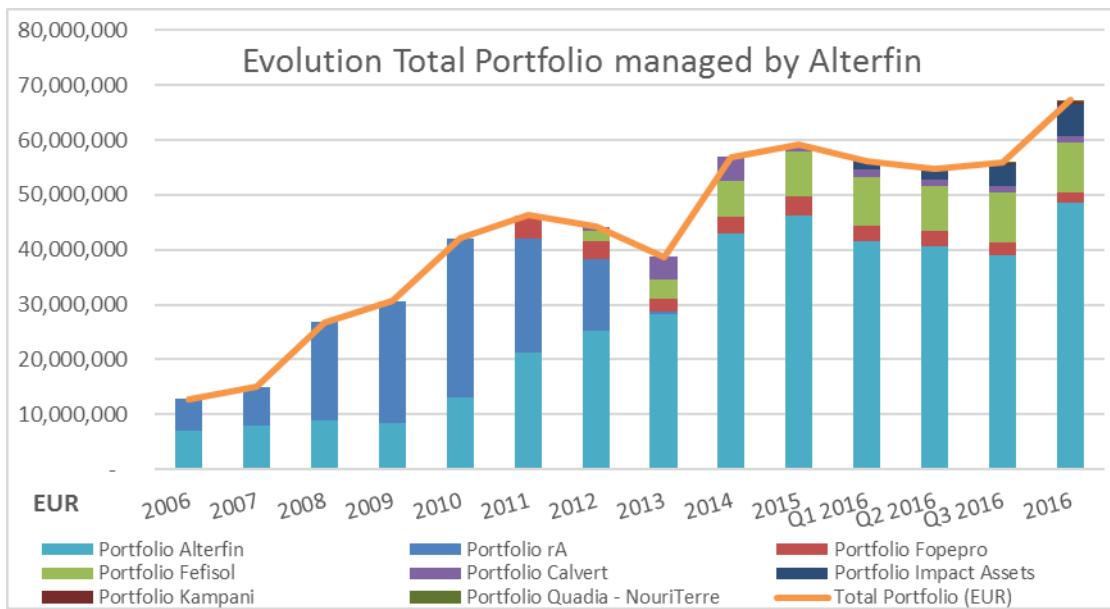
11.1. Share capital

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

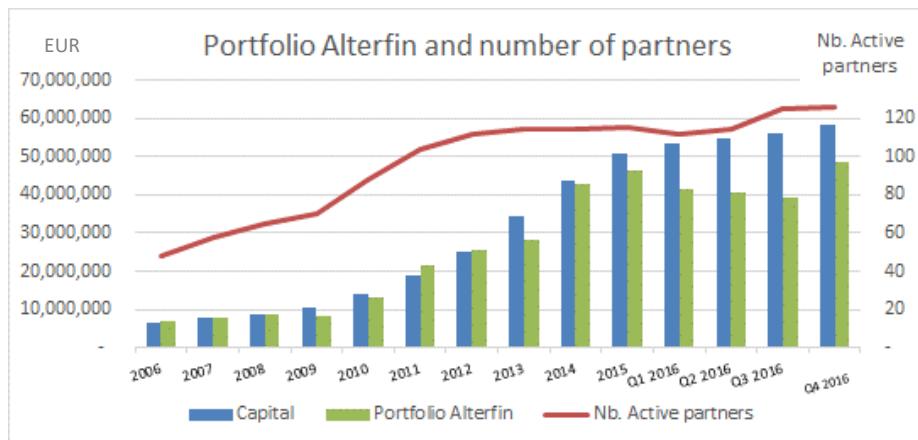
End of 2016, Alterfin portfolio experienced a strong growth and exceeded EUR 60 million for the very first time. End of December 2016, the total portfolio at Alterfin (including the portfolios of Fopepro, Fefisol, Calvert, ImpactAssets, Quadia, and Kampani managed by Alterfin) amounted to EUR 67.3 million (USD 71 million).



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 June 2017 "(included as Appendix 3 of the Prospectus) and form at the date of publication of this Prospectus the basis for any credit decisions.

At December 2016, Alterfin's own portfolio amounts to EUR 48.5 million (or USD 51.1 million) spread over 126 active partner organizations, out of which 122 have open contracts with current outstanding.



Breakdown per sector and region

For the Alterfin outstanding portfolio, the sustainable agriculture sector (SA) stands at 36.4%, the MFI concentration at 58.5% and Funds at 5.1%, reflecting the sector target set in the new investment policy.

	EUR	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Yearly growth
Microcredit		23,075,208.79	24,134,386.63	23,023,511.28	28,375,160.55	6%
Fair Trade		16,303,227.56	14,317,951.96	13,388,931.31	17,651,572.26	3%
Funds		2,229,730.97	2,280,094.93	2,701,170.80	2,466,806.56	8%
Grand Total		41,608,167.32	40,732,433.52	39,113,613.39	48,493,539.38	5%
	%	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Yearly growth
Microcredit		54%	58%	41%	58.5%	8%
Fair Trade		42%	38%	55%	36.4%	-13%
Funds		4%	4%	5%	5.1%	28%
Grand Total		100%	100%	100%	100%	NA

"Funds" as a sector means the investments made in Fefisol, Fopepro, MFX, PYMECAPITAL and Kampani. Those investments are fully in line with our mission as those funds also focus on microfinance and/or on sustainable agriculture.

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 2016 annual report (www.alterfin.be).

EUR	Q1 2016	Q2 2016	Q3 2016	Q4 2016
<i>Latin America</i>	34,466,967.06	33,488,804.46	32,423,568.14	39,478,352.84
<i>Africa</i>	4,167,092.30	4,476,647.90	4,851,373.86	5,138,585.19
<i>Asia</i>	2,161,046.94	2,194,969.59	1,434,309.52	2,940,506.47
<i>International</i>	313,061.02	316,727.01	314,486.84	376,094.88
<i>Middle East</i>	500,000.00	255,284.56	89,875.03	560,000.00
Grand Total	41,608,167.32	40,732,433.52	39,113,613.39	48,493,539.38
%	Q1 2016	Q2 2016	Q3 2016	Q4 2016
<i>Latin America</i>	83%	82%	83%	81%
<i>Africa</i>	10%	11%	12%	11%
<i>Asia</i>	5%	5%	4%	6%
<i>International</i>	1%	1%	1%	1%
<i>Middle East</i>	1%	1%	0%	1%
Grand Total	100%	100%	100%	100%

Investments in Asia and Middle East experienced a strong growth in Q4 thanks to renewals which highly impacted these regional portfolios (loan of USD 1 million for an MFI in Cambodia and loan of EUR 560 K for an oil producers' organization in Palestine).

Breakdown per country

Alterfin has an active portfolio in the following 25 countries.

Country	limits	Q1	Q2	Q3	Q4	Gross in EUR
		Gross in %	Gross in %	Gross in %	Gross in %	
<i>Africa</i>	NA	2.1%	2.6%	2.7%	2.2%	1,050,000.00
<i>Argentina</i>	10%	2.9%	2.5%	2.6%	4.4%	2,155,098.90
<i>Bolivia</i>	10%	8.5%	9.0%	8.3%	7.3%	3,526,139.94
<i>Burkina Faso</i>	10%	0.7%	0.7%	0.8%	0.6%	300,000.00
<i>Burundi</i>	10%	0.4%	0.9%	0.9%	0.0%	-
<i>Cambodia</i>	10%	5.1%	5.3%	3.6%	4.1%	1,974,258.70
<i>Chile</i>	20%	4.3%	2.7%	2.7%	2.3%	1,113,849.61
<i>Colombia</i>	15%	0.2%	0.2%	0.2%	0.2%	78,813.27
<i>Costa Rica</i>	20%	2.1%	1.1%	1.0%	2.1%	1,008,960.10
<i>Democratic Republic of Congo</i>	10%	0.3%	0.2%	0.1%	0.0%	-
<i>Ecuador</i>	15%	10.3%	13.4%	14.7%	11.5%	5,590,363.75
<i>El Salvador</i>	10%	7.1%	6.9%	7.1%	6.6%	3,193,932.95
<i>Guatemala</i>	15%	6.3%	6.0%	5.0%	6.1%	2,935,817.12
<i>Honduras</i>	15%	10.0%	6.5%	7.0%	8.2%	3,970,945.63
<i>International</i>	20%	0.8%	0.8%	0.8%	0.8%	376,094.88
<i>Ivory Coast</i>	10%	3.8%	2.5%	3.1%	2.5%	1,230,441.60
<i>Kenya</i>	10%	1.4%	1.4%	1.2%	2.6%	1,279,374.97
<i>Laos</i>	10%	0.1%	0.0%	0.1%	2.0%	966,247.77
<i>Latin America</i>	NA	2.5%	2.2%	3.4%	2.1%	1,040,711.68
<i>Mexico</i>	20%	0.3%	0.3%	0.3%	0.2%	112,059.85
<i>Nicaragua</i>	15%	9.6%	11.0%	9.0%	13.3%	6,430,058.76
<i>Niger</i>	10%	0.0%	0.0%	0.0%	0.0%	3,430.10
<i>Palestine</i>	10%	1.2%	0.6%	0.2%	1.2%	560,000.00
<i>Panama</i>	20%	3.2%	3.3%	3.4%	2.7%	1,328,827.97
<i>Paraguay</i>	10%	3.3%	3.4%	3.4%	3.9%	1,871,511.14
<i>Peru</i>	20%	12.3%	13.9%	14.8%	10.6%	5,121,262.15
<i>Senegal</i>	10%	1.1%	1.1%	1.3%	1.0%	502,000.00
<i>Tanzania</i>	10%	0.3%	0.2%	0.2%	0.2%	118,811.85
<i>Togo</i>	10%	0.0%	0.0%	0.0%	0.2%	73,690.35
<i>Uganda</i>	10%	0.0%	1.4%	2.2%	1.2%	580,836.32
Grand Total		100.0%	100.0%	100.0%	100.0%	48,493,539.38

In the following charts, “Africa” represents the investment in FEFISOL, “Latin America” represents the investment in FOPEPRO and PYMECAPITAL, “International” the investments in SIDI⁹, MFX¹⁰ and Kampani.

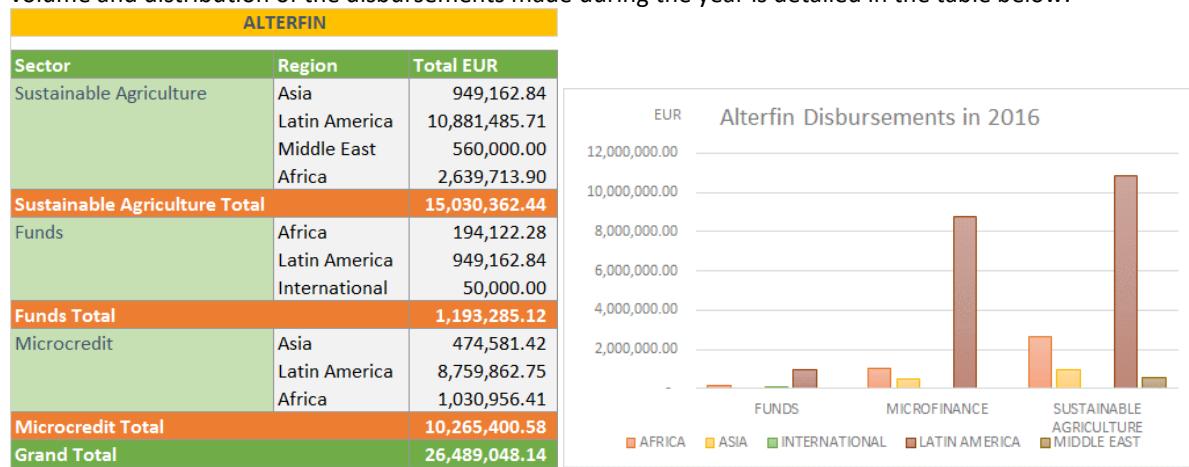
Breakdown per currency

The major part of financing (78.2%) is in USD, while 10.3% of our investments are done in EUR and 11.4% in local currency. To mitigate currency risk for the partner and be more competitive in several countries, Alterfin significantly increased the proportion of loans 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.

Disbursements from 01/01 to 31/12/2016:

The disbursements during the year give a better representation of the volume of activity during the year. The volume and distribution of the disbursements made during the year is detailed in the table below:



As a comparison, in 2015, EUR 17 million were disbursed for Agriculture and EUR 6 million for Microfinance.

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. Thanks to the fees paid for the services that Alterfin provides, 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).

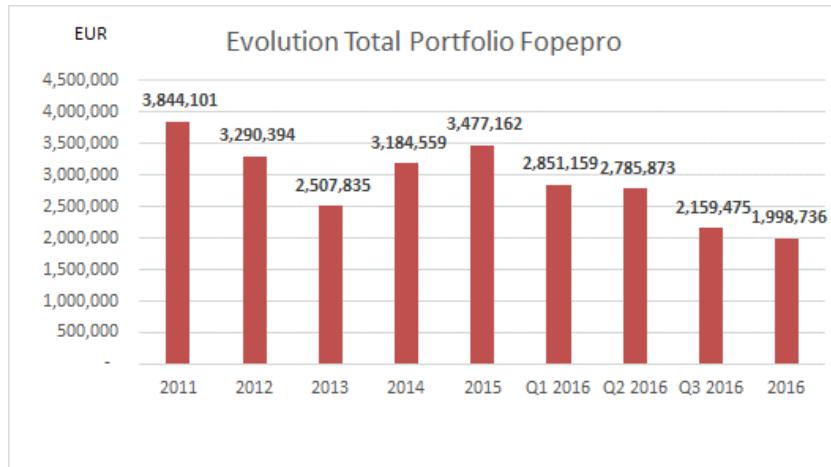
Overview Portfolio FOPEPRO

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.

⁹ SIDI, Solidarité Internationale pour le Développement et l’Investissement, is a social investor based in Paris which co-founded Fefisol and Fopepro with Alterfin.

¹⁰ MFX Microfinance Currency Risk Solutions is a company providing currency hedging facilities.

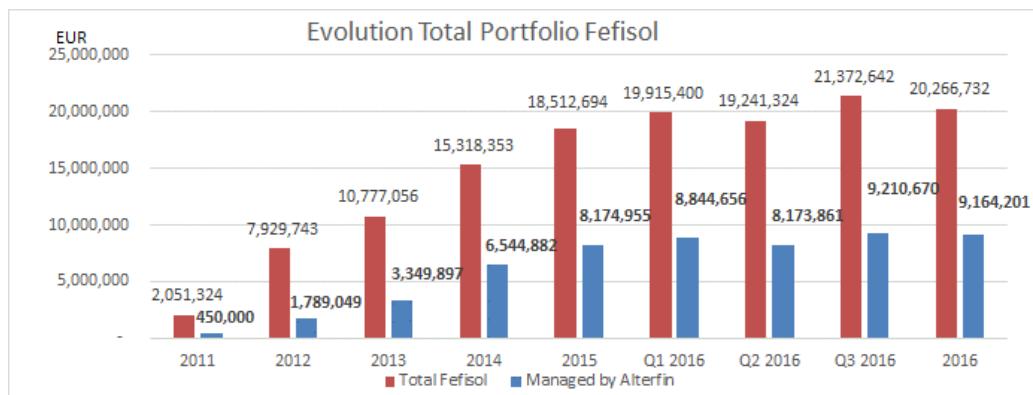
At December of 2016, FOPEPRO's portfolio stood at EUR 2 million spread over 16 organizations with an outstanding balance. The fund is in a closing strategy: no additional amount, renewal nor increase will be disbursed. The fund has a duration of 10 years and will be closed by the end of 2019.



Overview Portfolio 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. Originally, Alterfin's activities in Africa were developed preferably through the fund because it benefited from financing opportunities in local currencies and in technical assistance. In the last year, Alterfin has been growing its African investments within its own portfolio as well.

At the end of 2016, Fefisol's gross portfolio is equivalent to EUR 20.3 million.



At the end 2016, the part of the outstanding amount balance managed by Alterfin stood at EUR 9.2 million with 24 partners.

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 31/12/2016, we had an outstanding with 2 partners (in delay), for a total amount of 1.1 million EUR.

Overview Portfolio Impact Assets

From February 2016 onwards, Alterfin started managing agricultural sector 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.

Outstanding portfolio at 31/12/2016:

ImpactAssets						
Partner	Country	Region	Currency	Product	Gross Outstanding EUR	Net outstanding EUR
Apicoop	Chile	Latin America	USD	Honey	834,643	834,643
COCAFICAL	Honduras	Latin America	USD	Coffee	474,581	474,581
Wiracocha	Peru	Latin America	USD	Quinoa	237,291	237,291
COOPECAN	Peru	Latin America	USD	Textiles	522,040	522,040
CEISWEC	Guatemala	Latin America	USD	Fruits & Vegetables	474,581	474,581
ECOOKIM	Ivory Coast	Africa	EUR	Cocoa	817,433	817,433
UNICAFEC	Peru	Latin America	USD	Coffee	113,928	113,928
COCAFELOL	Honduras	Latin America	USD	Coffee	569,498	569,498
UCA San Juan Rio Coco	Nicaragua	Latin America	USD	Coffee	474,581	474,581
San Juan Del Oro	Peru	Latin America	USD	Coffee	26,190	26,190
Papecafes	Ecuador	Latin America	USD	Coffee	200,923	200,923
COMSA	Honduras	Latin America	USD	Coffee	664,414	664,414
Café de Altura	Costa Rica	Latin America	USD	Coffee	316,071	316,071
Grand Total					5,726,174	5,726,174

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 portfolio as of 31/12/2016:

Kampani						
Partner	Country	Region	Currency	Product	Gross Outstanding EUR	Net outstanding EUR
Horamama	Burundi	Africa	USD	Coffee	107,548.08	107,548.08
VERT	Kenya	Africa	KES	Vegetables	373,866.50	373,866.50
Grand Total:					481,415	481,415

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.

Three participations in loans to three of our partners were done: 'La Riojana' in May, 'Terral' in July, and 'Ecookim' in November. This has enabled us to reduce our relative exposure on these three partners.

Outstanding at 31/12/2016:

Quadia						
Partner	Country	Region	Currency	Product	Outstanding EUR	Net outstanding EUR
La Riojana	Argentina	Latin America	USD	Wine	71,187	71,187
Terral	Senegal	Africa	EUR	Rice	138,000	138,000
Ecookim	Ivory Coast	Africa	EUR	Rice	150,000	150,000
Grand Total:					359,187	359,187

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 with company number 0474.048.797, whose

registered office is at Chaussée de Haecht 159, B-1030 Schaerbeek, Belgium. 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 2016, the Guarantee Fund held EUR 1,515,557 of equity. The guarantees granted amounted to EUR 1,501,634 (6 partners were guaranteed by Alterfin Guarantee Fund against commercial/country risk and 7 files were guaranteed against currency risk). Out of a total outstanding portfolio of EUR 48.5 million, 3,10% of Alterfin's portfolio (EUR 1,501,634/EUR 48.5 million) was covered by Alterfin Guarantee Fund.

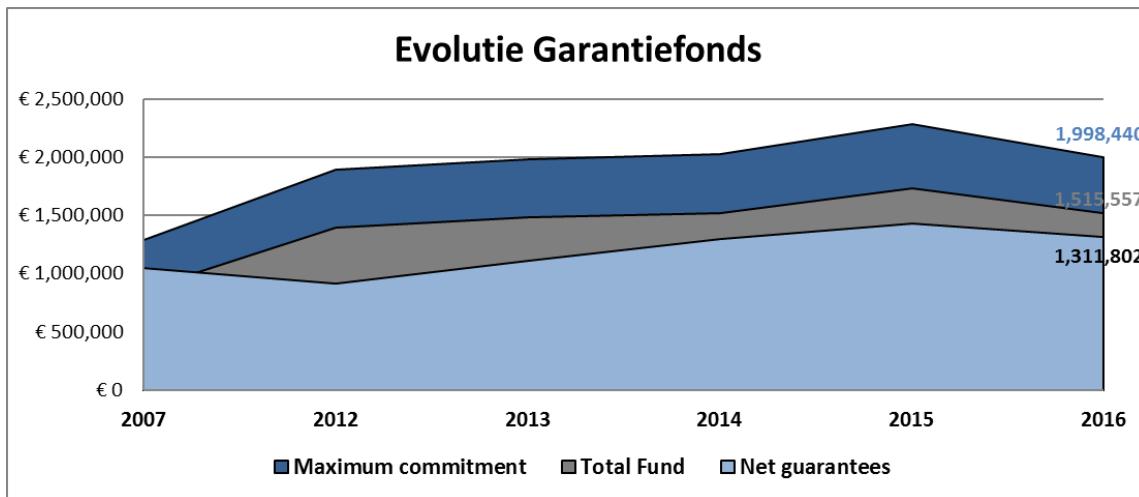
Partner	Amount guarantee	Sector	Product	Country	Region
PAMF	57,168.38	Microfinance	Microfinance	Ivory Coast	Africa
Idesi Nacional	46,983.56	Microfinance	Microfinance	Peru	Latin America
Kampani	50,000.00	Funds	Funds	International	International
MFX	47,458.14	Funds	Funds	International	International
FEFISOL	262,500.00	Funds	Funds	International	International
Arasy	189,832.57	Agriculture	Sesame	Paraguay	Latin America
APACOOP (CRC/USD)	90,379.26	Microfinance	Microfinance	Costa Rica	Latin America
PAMF-CI (XOF/EUR)	61,508.42	Microfinance	Microfinance	Ivory Coast	Africa
PAMF-BF (XOF/EUR)	161,387.50	Microfinance	Microfinance	Burkina Faso	Africa
Musoni (KES/EUR)	40,233.41	Microfinance	Microfinance	Kenya	Africa
UGAFODE (UGS/EUR)	170,550.00	Microfinance	Microfinance	Uganda	Africa
REFICOM (GTQ/USD)	258,599.42	Microfinance	Microfinance	Guatemala	Latin America
SAGRADA FAMILIA (BOB/USD)	65,033.47	Microfinance	Microfinance	Bolivia	Latin America
TOTAL	1,501,634.12				

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 1,501,634 in 2016, the provided guarantees didn't reach the maximum, i.e. EUR 1,998,440.

	2013	2014	2015	2016
Total guarantees (including provisions)	1,108,068	1,298,842	1,431,471	1,501,634
Net guarantees	1,108,068	1,298,842	1,431,471	1,311,802
Total Fund (capital)	1,480,248	1,517,172	1,733,469	1,515,557
% Net guarantee/Fund	75%	86%	83%	87%
Maximum commitment	1,977,842	2,023,598	2,282,204	1,998,440

Available	869,774	724,756	850,734	686,638
% Net guarantee/Maximum commitment	56%	64%	63%	66%



Payments and recoveries of guarantees in 2016:

In 2016, two requests of payments of guarantees have been made, for a total amount of USD 35,312. Alterfin cvba also repaid a total amount of EUR 3,827 as recoveries.

11.3. Income source

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

Sources of Income	2013	2014	2015	2016
Income from own portfolio	65.16%	69.71%	65.32%	67.21%
Income from EUR investments	27.23%	26.04%	28.88%	24.96%
Income from portfolio managed for third parties	7.11%	4.24%	5.78%	7.82%
Income from Triodos	0.48%	0.01%	0.02%	0.01%
Income (net) from consultancy	0.01%	0.00%	0.00%	0.00%
Total income	100%	100%	100%	100%

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. At the end of 2016, Alterfin managed its own portfolio amounting to EUR 48.5 million.

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 67.21% of the financial and operational income of Alterfin in 2016.

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 24.96% of the financial and operational income of Alterfin in 2016.

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/Nourriterre.

These revenues represented 7.82% of the financial and operational income of Alterfin in 2016.

11.3.4. Income from the collaboration with Triodos Bank

Since 2014 no income is longer expected.

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*"¹¹.
- **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

¹¹ Bron: http://nobelprize.org/nobel_prizes/peace/laureates/2006/press.html.

- **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 20th 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

The principles of Alterfin's investment policy have been formally set out in the "Investment strategy June 2017" (included as Appendix 3) 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 repay the financing.

Currently Alterfin invests 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

Making a difference for thousands of people in the South is Alterfin's raison d'être. The social performance of the investments is the starting point for all financing undertaken by Alterfin.

11.6.1. Our contribution to the United Nations' Sustainable Development Goals¹²

¹² The Sustainable Development Goals (SDGs), officially known as *Transforming our world: the 2030 Agenda for Sustainable Development* is a set of 17 "Global Goals" spearheaded by the United Nations and adopted by its 193 Member States in 2015

With its financing, Alterfin contributes to most of the UN's sustainable development goals (SDGs) (see symbols below). In particular the fight against poverty (1) and hunger (2), access to health (3), gender equality (5), access to decent work and economic growth (8), the reduction of inequalities (10), responsible consumption and production (12), the fight against climate change (13) and the protection of life on land (15) are encouraged by Alterfin's investments in sustainable agriculture and microfinance, and partnerships for the achievement of the goals.

THE 17 SUSTAINABLE DEVELOPMENT GOALS



11.6.2. General Social Performance Results

82,012 families have benefited directly from Alterfin's work

At the end of 2016, our partners were working with over 1,367,000 clients or producers, of whom 82,012 people and their families directly benefited from the services provided by Alterfin (through its own investments or funds managed for third parties).

Most of them are in Africa (50%), followed by Latin America, where 42% of our ultimate beneficiaries live. Southeast Asia and the Middle East represent a smaller number of clients (8% and 0.1% respectively). It is interesting to note that the scope of Alterfin's investments in Africa is broader than in Latin America: the volume of our investments there is lower, but because the average loan amount granted to microfinance institution clients is much lower, we therefore reach more people.

61% of Alterfin's work benefits women

Alterfin continues to focus on promoting women and supporting their independence. Several factors make us continue to pay attention to the scope of our financing for women. Economic inequalities between the sexes, which hold back economic growth and development, and the disproportionate presence of women among the world's poorest people, are both justifications for providing specific support for women. Moreover, women tend to spend more on their families, so that increasing their incomes means ensuring a financial autonomy which benefits the whole family.

In line with our ambition, 61% of our partners' clients or producers are women (SDG 5).

11.6.3. Social performance of our Microfinance (MFI) partners

At the end of 2016, our microfinance partners were financing 1,297,995 clients throughout the world. By accessing a source of financing, these populations can initiate and develop income-generating activities, make a living from decent work and integrate into the local economic fabric (SDG 8). At the same time, loans for education or housing, as well as non-financial services (various forms of training, health care (SDG 3), etc.)

respond to the more general needs of these people and their families, who experience an improvement in their quality of life as a result.

Microfinance can also be a tool for lifting people out of poverty (SDG 1) and reducing inequalities (SDG 10).

Client protection

Alterfin supports the Smart Campaign, a global initiative that aims to unite stakeholders in the microfinance sector around a common goal: to ensure the protection of clients of microfinance institutions (MFIs) in all aspects of their relationship with MFIs. This initiative has established itself as a benchmark in the world of microfinance through the definition of seven Client Protection Principles which are key to ethical and client-friendly microfinance. 67% of our partners have signed the Client Protection Principles. Moreover, during every visit, the credit manager checks on the microfinance institution's compliance with these principles. For example, he or she looks at the list of products and services provided by the MFI in order to assess whether the institution is meeting its clients' needs. He/she also examines how the terms and conditions are explained to clients and how the MFI assesses the client's repayment capacity so as to avoid situations of over-indebtedness.

Responsible interest rates

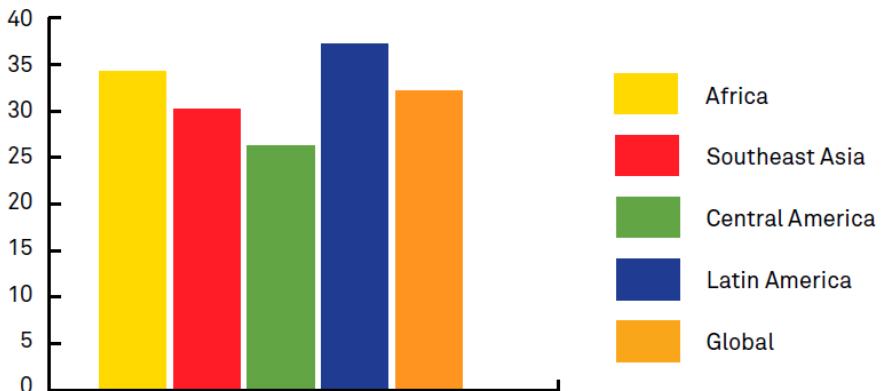
The general public is often surprised by the interest rates that the clients of microfinance institutions have to pay, since at first sight they seem very high. However, there are many reasons why the interest rates charged by the MFIs are higher than those applied by ordinary banks. First, an MFI's operating costs are inevitably higher: granting 10,000 loans of USD 100 is operationally much more expensive than granting one loan of USD 1 million. Microcredit involves high costs on the ground (social and technical support, travel by loan agents visiting clients in their home or workplace, etc.), since as well as granting credit, providing support for micro-entrepreneurs lies at the heart of the relationship between the MFI and its clients.

Moreover, Alterfin mainly focuses on MFIs working in rural areas. Their clients therefore often live in more remote areas, entailing higher travel expenses in order to finance them and manage their repayments. Other factors include the cost of financing for the MFI and the cost of protecting against the default risk of its clients, who provide little or no security.

To cover all its costs, which are much higher than those of a conventional bank, the institution applies interest rates that are necessarily higher. At Alterfin, we believe that MFIs must cover their operating costs legitimately, but we encourage them to improve their efficiency to keep these costs as low as possible. In addition, under no circumstances should high interest rates be used to pay huge amounts of profits to MFI shareholders.

Alterfin therefore also keeps a close eye on the level of its partner MFIs' profits, and how those profits are used.

Annual interest rates of our MFI partners



MFIs generally practice weekly or monthly rates according to their clients' repayment schedule. These rates here are translated on an annual basis for comparative purposes.

Tailor-made services

Besides microcredit facilities, most of our microfinance partners offer other financial services: 77% of our partners also offer insurance services (life insurance, health insurance, etc.) and 54% of them offer savings services.

In addition to financial services, most of our partner MFIs offer their clients a series of nonfinancial services. 75% of our partners offer adult education services to help their clients make better use of the financial products and services provided. 53% of our partner MFIs offer women's empowerment services aimed at alleviating social inequalities and the constraints faced by women (SDG 5). Finally, 22% offer health-care services. It is the complementary nature of all these services that enables micro-entrepreneurs to develop their activities in the long term.

Support for marginalised groups: a priority for Alterfin

In the countries where Alterfin operates, the traditional banks often refuse to finance small-scale farmers as they cannot provide guarantees. Microfinance is therefore an alternative for these people whose activity is mainly agricultural, or more generally in rural areas. Supporting rural people making a living from family farming is essential to the fight against hunger in the world (SDG 2). Alterfin looks carefully at the rural reach of the activities of its microfinance partners. Thus 69% of our microfinance partners' clients live in rural areas.

In addition, the female population is particularly affected by financial exclusion and poverty. By providing women with the means to develop a business (SDG 5), microcredit represents a tool for their economic and social emancipation. Aware of this reality, many of our partners in microfinance have set themselves the goal of including a high percentage of women among their clients. Thus, 63% of our microfinance partners' clients are women.

Average microloans less than the average GDP per inhabitant

The average loan granted to our partners' clients varies considerably from region to region: EUR 435 in Africa, EUR 1,708 in Central America, EUR 1,980 in South America and EUR 2,000 in Asia. In each country, the average loan is well below the average gross domestic product per inhabitant, which proves that our partners are working with relatively poor population groups.

11.6.4. Social performance of our Sustainable Agriculture partners

Supporting smallholder agriculture is one way of stimulating local economies and fighting extreme poverty (SDG 1). As such, it also reduces rural emigration, which, in contexts where there are no economic alternatives, contributes to chaotic urban growth. With the proper support, family farming is also an agricultural model that can improve the food and nutritional security of populations (SDG 2), while conserving natural resources over

time (SDGs 13 and 15). For these reasons, above and beyond supporting microfinance, Alterfin is also committed to financing sustainable smallholder agriculture.

At the end of 2016, 38 partner organisations shared their social results. Together they represent nearly 69,736 producers, including more than 20,000 women farmers and almost 2,100 permanent employees. Collectively, their sales amounted to EUR 369 million in 2016, 66% of which were certified (as fair trade and/or organic farming products, or by means of another type of certification such as UTZ or the Rainforest Alliance) (SDG 12).

Using fair trade premiums to secure the future

In addition to the minimum price, fair trade buyers also agree to pay a premium. The total premium granted to our fair trade partners amounted to EUR 15.5 million in 2016. The producers decide democratically how to use the premiums within the farmers' organisation. In 2016, the premiums were mainly paid out to the producers (41%), but a large proportion was also used to improve infrastructure (33%), enhance the quality of the products and ensure certification (17%), or for projects linked to education (3%) or health (2%).

More than a business relationship

Our partners in the sustainable agriculture sector plan to establish long-term relationships with farmers, as is clear from several key aspects of these relationships. A very large majority of our partners offer producers services in addition to the collection and processing of harvested produce. Thus, 91% provide technical assistance to support producers and enable them to grow better quality products but also to obtain better yields. More than 80% of them also provide financial services, an essential contribution for farmers whose investments prior to the crop year are often high. It should also be noted that producers often benefit from inputs in kind, such as seeds or fertilisers. Finally, various education and health care services and women's and community projects are provided by the organisation, which seeks in this way to help improve the quality of life of farmers and their families.

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.

An audit committee is in place. The members of the committee were selected by the Board of Directors for their accounting and audit skills and experience.

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 25 March 2017:

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	25/03/2017	25/03/2022
Dominique Morel	Independant	29/03/2014	29/03/2019
Klaartje Vandersypen	Private shareholders	25/03/2017	25/03/2022
Mark Breusers	Independant	25/03/2017	25/03/2022
Anne-Marie Hendricks	Private shareholders	25/03/2017	25/03/2022

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
Mark Breusers	Experience in rural development	Researcher in anthropology of development cooperation - Desk officer pour Caritas International
Anne-Marie Hendricks	None	Long experience in the banking sector. Former Financial Manager of Rode Kruis Vlaanderen

Other mandates

Name	Current mandates	Mandates over the last 5 years
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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 Amuz and Streven. Chairman Sint-Lievenscollege (Antwerpen) 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	Chair of the Board of Spelend Leren vzw	Board of Directors of Socrowd (previously Netwerk Rentevrij) Chair of the Board of Spelend Leren vzw
Mark Breusers	Advisory Board of Damiaanfonds (K.U, Leuven)	Advisory Board of Damiaanfonds (K.U, Leuven)
Anne-Marie Hendricks	Board of Directors of Soroptimist International of Europe	Board of Directors of Soroptimist International of Europe

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:
 - o Permanent votes: General Manager + Head of Finance and Administration + Head of Legal & Compliance (when hired)
 - o 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	Vredeseiland
Vincent de Brouwer	Private shareholders
Frederick De Gryse	Triodos Bank
Mark Lambrechts	Independent
Jean Matton	Private shareholders
Dominique Morel	Independent
Klaartje Vandervelden	Private shareholders
Mark Breuers	Independant

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 2016 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 31 December 2016, six (out of eight) members of the board of directors personally owned Existing Shares in Alterfin. The Existing Shares owned by directors represent 1,29% of the total capital. No member of the board of directors owns more than 0,57% of the capital.

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

On 31 December 2016, none of the four external experts member of the investment committee personally owned Existing Shares in Alterfin.

12.6.3. Management

On 31 December 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 2016 financial year, there were twenty employees (17.8 full-time equivalents) enrolled on the personnel register, namely:

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

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 2016 financial year, Alterfin had 5.915 shareholders or members, together investing more than EUR 58.12 million. 86% of this capital is held by private individuals:

Situation on 31/12/2016	Category A		Category B		Total
	Legal entities		Private persons		
Number of shareholders	213	4%	5,702	96%	5,915
Share capital in EUR	7,982,500.00	14%	50,141,750.00	86%	58,124,250
Number of shares	31,930	4%	802,268	96%	834,198

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 2016:

Situation on 31/12/2016	Category A		Category B		Total
	Legal entities		Private persons		
Number of shareholders	213	4%	5,702	96%	5,915
Share capital in EUR	7,982,500.00	14%	50,141,750.00	86%	58,124,250
Number of shares	31,930	4%	802,268	96%	834,198

14.2.2. Capital increase

The intended maximum total amount of the capital increase is EUR 9,000,000.00 (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 2016, the basic amount of EUR 125 is index-adjusted to EUR 190.

Above this amount a withholding tax of 30% applies.

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 30% applies.

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 30% applies. 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 litigation concerns the repayment of a loan of around 1.2 million EUR. The results of that litigation might affect Alterfin's financial results:the loan is partially written-down and the remaining net amount is covered by a guarantee provided by the Alterfin Guarantee Fund, however in case of a negative outcome of the litigation procedure, Alterfin might be obliged to pay a procedure indemnity to the opposite party.

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

Since the date of the financial figures (31 December 2016), no significant changes have been recorded in Alterfin's financial or trading position.

APPENDIX 1: Alterfin Shareholder registration form

https://www.alterfin.be/nl/intekenen-op-aandelen/word-vennoot-van-alterfin Word vennoot van Alterfin | A... x

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Word vennoot van Alterfin

Ik ben nog geen vennoot van Alterfin en wens het te worden!

Voor particulieren kost één aandeel €2,50 euro en voor rechtspersonen 250 euro.

Ik ben reeds vennoot van Alterfin en hoeft dit formulier niet te vullen. Voor meer info klik [hier](#).

Ik wens in te tekennen op *

aandelen van Alterfin

als * particulier bedrijf

Daarbij stort ik euro

op de rekening van Alterfin:
IBAN nummer BE35 5230 4527 2706 (BIC code TRIO BE BB) met vermelding van uw persoonlijke gestructureerde mededeling die u via e-mail zal ontvangen.

Mevrouw Mijnheer

Naam * Voornaam *

Adres * Nummer * Bus *

Postcode * Gemeente * Land *

Rijkregistratienummer *
75.25.49-613.74

Telefoon

Mobiel

E-mail *

Inschrijvingen moeten gebaseerd op basis van alle informatie die u kan vinden in het prospectus dat ter beschikking wordt gesteld op de maatschappelijke zetel en hier gratis kan worden geraadpleegd.

Van zodra u/jij u/s jullie storting op onze rekening ontvangen hebben, sturen we u een afschrift van het vennootschapsregister op.

Als aandeelhouder ontvangt u ook onze driemaandelijke nieuwsbrief: [Alterfin Info](#).

Contacteer ons voor meer informatie over het aandeelhouderschap of lees er hier meer over.

Begrotingen in aandelen zijn niet zonder risico's: de mogelijkheid bestaat dat u het volledige door u geïnvesteerde bedrag niet terug krijgt. Het dividend kan dalen of stijgen. Microfinanciering gaat gepaard met risico's, inclusief valutaschommelingen en risico's aan investeringen in opkomende markten. Rendementen beïnvloed in het vervolg bedoen geen garantie voor de toekomst en geen enkele garantie wordt gegeven wat betreft de toekomstige rendementen.

Uw privacy is belangrijk. Uw gegevens worden enkel gebruikt door Alterfin. Zij worden zonder uw toestemming nooit doorgegeven aan derden. Deze gegevens worden bewaard door Alterfin en u kan ten allen tijde inzage vragen. Op uw eenvoudig verzoek verwijderen wij deze gegevens uit onze bestanden.

Alterfin contacteert me liefst via * e-mail post

Ik heb Alterfin leren kennen via *

Ik ben een bestuurspersoon/meer
Ik weet het niet meer
Opzoeking op internet
een huisje
Alterfin.be
De Standard
De Tijd
Finance Avenue

Houd de 'ctrl'-toets ingedrukt om meerdere opties te selecteren.

* Verplichte velden

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Teken in op aandelen van Alterfin

Teken in op aandelen van Alterfin en maak het verschil voor duizenden mensen in het Zuiden.

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APPENDIX 2: Audited financial statements 2016, 2015, 2014

		JAARREKENING		
BALANS NA WINSTVERDELING				
ACTIVA	Codes	2016	2015	2014
OPRICHTINGSKOSTEN	20			
VASTE ACTIVA	21/28	2,623,922	1,827,779	1,636,812
<i>Immateriële vaste activa</i>	21			86
<i>Materiële vaste activa</i>	22/27	34,160	19,333	170,508
Terreinen en gebouwen	22			
Installaties, machines en uitrusting	23	2,090	427	72
Meubilair en rollend materieel	24	32,070	18,906	17,995
Leasing en soortgelijke rechten	25			
Overige materiële vaste activa	26			152,441
Activas in aanbouw en vooruitbetalingen	27			
<i>Financiële vaste activa</i>	28	2,589,762	1,808,446	1,466,218
VLOTTENDE ACTIVA	29/58	95,012,343	91,684,686	82,229,175
<i>Vorderingen op meer dan één jaar</i>	29	18,724,825	20,148,580	26,948,341
Handelsvorderingen	290			
Overige vorderingen	291	18,724,825	20,148,580	26,948,341
<i>Voorraden en bestellingen in uitvoering</i>	3	374,611		
Voorraden	30/36	374,611		
Bestellingen in uitvoering	37			
<i>Vorderingen op ten hoogste één jaar</i>	40/41	22,243,869	23,070,354	13,870,389
Handelsvorderingen	40	44,562	13,775	7,327
Overige vorderingen	41	22,199,307	23,056,579	13,863,062
Geldbeleggingen	50/53	52,009,870	45,280,766	39,753,384
Liquide middelen	54/58	294,336	1,816,509	126,471
Overlopende rekeningen	490/1	1,364,832	1,368,477	1,530,590
TOTAAL VAN DE ACTIVA	20/58	97,636,265	93,512,465	83,865,987

	Codes	2016	2015	2014
EIGEN VERMOGEN	10/15	58,857,168	52,485,002	45,316,981
<i>Kapitaal</i>	10	58,124,250	50,869,188	43,734,063
Geplaatst kapitaal	100	58,124,250	50,869,188	43,734,063
Niet-opgevraagd kapitaal	101			
<i>Uitgiftepremies</i>	11			
<i>Herwaarderingsmeerwaarden</i>	12			
<i>Reserves</i>	13	732,918	1,601,332	1,552,415
Wettelijke reserve	130	348,425	348,425	305,373
Onbeschikbare reserves	131			
Voor eigen aandelen	1310			
Andere	1311			
Belastingvrije reserves	132			
Beschikbare reserves	133	384,493	1,252,907	1,247,042
<i>Overgedragen winst (verlies) (+)/(-)</i>	174		14,483	30,503
<i>Kapitaalsubsidies</i>	15			
<i>Voorschot aan de vennoten op de verdeling van het nettoactief</i>	19			
VOORZIENINGEN EN UITGESTELDE BELASTINGEN	16			
Voorzieningen voor risico's en kosten	160/5			
Uitgestelde belastingen	168			
SCHULDEN	17/49	38,779,096	41,027,463	38,549,006
<i>Schulden op meer dan één jaar</i>	17	5,373,161	590,349	5,022,216
Financiële schulden	170/4	5,263,548	463,719	4,870,808
Kredietinstellingen, leasingschulden en soortgelijke schulden	172/3	5,184,802	362,473	4,782,061
Overige leningen	174/0	78,746	101,246	88,746
Handelsschulden	175			
Ontvangen vooruitbetalingen op bestellingen	176			
Overige schulden	178/9	109,613	126,630	151,408
<i>Schulden op ten hoogste één jaar</i>	42/48	33,156,023	40,212,413	33,077,911
Schulden op meer dan één jaar die binnen het jaar vervallen	42	198,025	221,494	265,390
Financiële schulden	43	32,120,225	38,619,642	31,791,538
Kredietinstellingen	430/8	32,120,225	38,619,642	31,791,538
Overige leningen	439			
Handelsschulden	44	169,591	126,899	108,109
Leveranciers	440/4	169,591	126,899	108,109
Te betalen wissels	441			
Ontvangen vooruitbetalingen op bestellingen	46			
Schulden met betrekking tot belastingen, bezoldigingen en sociale lasten	45	153,255	179,025	140,205
Belastingen	450/3			
Bezoldigingen en sociale lasten	454/9	153,255	179,025	140,205
Overige schulden	47/48	514,928	1,065,353	772,669
<i>Overlopende rekeningen</i>	492/3	249,913	224,702	448,879
TOTAAL VAN DE PASSIVA	10/49	97,636,264	93,512,465	83,865,987

RESULTATENREKENING	Codes	2016	2015	2014
Bedrijfsopbrengsten en bedrijfskosten				
Brutomarge (+)/(-)	9900	- 514,934	- 237,621	- 87,122
Waarvan: niet-recurrente bedrijfsopbrengsten	76A	41		
Omzet	70	541,609	438,483	313,312
Handelsgoederen, grond- en hulpstoffen, diensten en diverse goederen	60/61	1,056,584	676,104	400,434
Bezoldigingen, sociale lasten en pensioenen (+)/(-)	62	1,142,591	1,085,349	891,256
Afschrijvingen en waardeverminderingen op oprichtingskosten, op immateriële en materiële vaste activa	630	13,809	13,467	14,630
Waardeverminderingen op voorraden, op bestellingen in uitvoering en op handelsvorderingen: toevoegingen (terugnemingen) (+)/(-)	631/4	1,720,099	1,719,345	679,383
Voorzieningen voor risico's en kosten: toevoegingen (bestedingen en terugnemingen) (+)/(-)	635/8			
Andere bedrijfskosten	640/8	923,127	13,226	8,624
Als herstructureringskosten geactiveerde bedrijfs-kosten	649			
Niet-recurrente bedrijfskosten	66A			
Bedrijfswinst (Bedrijfsverlies) (+)/(-)	9901	- 4,314,559	- 3,069,008	- 1,681,015
Financiële opbrengsten	75/76B	6,161,534	10,774,095	6,448,513
Recurrente financiële opbrengsten	75	6,111,534	10,702,309	6,377,619
Waarvan: kapitaal- en interestsubsidies	753			
Niet-recurrente financiële opbrengsten	76B	50,000	71,786	70,894
Financiële kosten	65/66B	2,729,872	6,843,688	4,012,896
Recurrente financiële kosten	65	2,616,213	6,641,060	3,474,162
Niet-recurrente financiële kosten	66B	113,659	202,628	538,734
Winst (Verlies) van het boekjaar vóór belasting (+)/(-)	9903	- 882,897	861,400	754,602
Onttrekking aan de uitgestelde belastingen	780			
Overboeking naar de uitgestelde belastingen	680			
Belastingen op het resultaat (+)/(-)	67/77		364	967
Winst (Verlies) van het boekjaar (+)/(-)	9904	- 882,897	861,036	753,634
Onttrekking aan de belastingvrije reserves	789			
Overboeking naar de belastingvrije reserves	689			
Te bestemmen winst (verlies) van het boekjaar (+)/(-)	9905	- 882,897	861,036	753,634

RESULTAATVERWERKING	Codes	2016	2015	2014
Te bestemmen winst (verlies) (+)/(-)	9906	-868,414	891,539	768,594
Te bestemmen winst (verlies) van het boekjaar (+)/(-)	(9905)	-882,897	861,036	753,634
Overgedragen winst (verlies) van het vorige boekjaar (+)/(-)	14P	14,483	30,503	14,960
Onttrekking aan het eigen vermogen	791/2	882,250		
Toevoeging aan het eigen vermogen	691/2	13,836	48,916	154,800
aan het kapitaal en aan de uitgiftepremies	691			
aan de wettelijke reserve	6920		43,052	37,682
aan de overige reserves	6921	13,836	5,864	117,118
Over te dragen winst (verlies) (+)/(-)	(14)			
Tussenkomst van de vennoten in het verlies	794			
Uit te keren winst	694/7		828,140	583,291
Vergoeding van het kapitaal	694		828,140	583,291
Bestuurders of zaakvoerders	695			
Werknemers	696			
Andere rechthebbenden	697			

JAARVERSLAG

1. Overzicht van de ontwikkeling en resultaten van Alterfin

Portefeuille : In 2016 heeft Alterfin zijn portefeuille gediversifieerd : op het niveau van de partners, de gefinancierde producten, maar eveneens op het niveau van de voor derden beheerde fondsen en op het niveau van de valuta in dewelke de financieringen werden gerealiseerd.

Aldus heeft Alterfin 21 nieuwe partners gefinancierd en zijn portefeuille in Afrika uitgebreid door onder meer in Oeganda nieuwe partnerships aan te gaan. Einde 2016, bedroegen de totale investeringen beheerd door Alterfin (inclusief deze voor derden) 67,33 miljoen euro (+ 13,9% ten opzichte van 2015), verdeeld over 146 partners in 31 landen. 70,6% van de portefeuille was geïnvesteerd in Latijns-Amerika, 23,6% in Afrika, 4,4%, in Azië, 0,8% in het Midden-Oosten en 0,6% internationaal.

52,4% van de portefeuille was geïnvesteerd in microfinancieringsinstellingen (MFI), 43,9% in producentenorganisaties of KMO's die gericht zijn op kleine familiale landbouw en 3,7% in instellingen die actief zijn in beide sectoren.

Einde 2016, waren Alterfin financieringen gerealiseerd in 13 verschillende valuta's, waarvan 5 valuta werden toegevoegd in de loop van 2016. 11,5% van de uitstaande portefeuille op het einde van 2016 was in lokale munt tegenover slechts 3,8% het jaar voordien.

De portefeuille van Alterfin zelf bedraagt 72% (48.493.539 euro) van de totaal beheerde investeringsportefeuille. Alterfin financiert dus het grootste gedeelte van haar investeringen dankzij het kapitaal van de coöperatie. Alterfin associeert zich nochtans ook met andere actoren om aldus een schaalvergroting van zijn investeringen te realiseren, alsmede een spreiding van de risico's. Alterfin beheert voor derden een portefeuille van 18,8 miljoen euro, hetzij een groei van 45% ten opzicht van het jaar daarvoor.

Deze sterke groei wordt verklaard door nieuwe samenwerkingen, onder andere met ImpactAssets en Quadia. De eerste is een Amerikaans investeringsfonds terwijl de tweede Zwitsers is. Beiden hebben als missie om via leningen, organisaties met een belangrijke sociale et ecologische impact te financieren. In 2016 werd niet minder dan 6 miljoen euro door Alterfin geïnvesteerd voor rekening van deze fondsen.

Alterfin is tevens portefeuille beheerder van Kampani, een impact investeringsfonds opgezet in 2015 door Alterfin, Belgische NGO's, de Koning Boudewijnstichting en enkele private investeerders. Kampani ondersteunt KMO's via een participatie in hun kapitaal of via een achtergestelde lening. De eerste investeringen werden gerealiseerd in 2016 voor een totaal bedrag van bijna 500.000 euro.

Verder volgt Alterfin partners op voor fondsen die het mede heeft opgezet : FEFISOL (gericht op financieringen in Afrika) en FOPEPRO (gericht op financieringen in Latijns-Amerika) en dit voor investeringen ten bedrage van respectievelijk 9,16 miljoen euro en 2 miljoen euro op 31 december 2016.

Alterfin volgt ook kredieten op voor Calvert Social Foundation voor een totaal bedrag van 1,1 miljoen euro op 31 december 2016.

Balans: Op 31 december 2016 bedroeg het totaal der activa van Alterfin 97,6 miljoen euro. Dit is een verhoging met 4% ten opzicht van vorig jaar.

Het eigen vermogen van Alterfin (na toewijzing van het resultaat) bedraagt op dezelfde datum 58,9 miljoen euro, tegenover 52,5 miljoen euro op 31 december 2015. Het maatschappelijk kapitaal steeg van 50,9 naar 58,1 miljoen euro dankzij de intrede van nieuwe aandeelhouders, maar ook dankzij de verhoging van de participatie van bestaande aandeelhouders. Het eigen vermogen is nochtans beïnvloed door het negatieve jaarresultaat.

Op het niveau van de activa, wordt de verhoging van de materiële vaste activa verklaard door de verwerving van een vastgoed in Peru dat Alterfin verkregen heeft ter vervanging van een achterstallig krediet.

De totale investeringsportefeuille van Alterfin in het Zuiden is onderverdeeld in financieringen in de vorm van krediet (40,5 miljoen euro in 2016) en in vaste financiële activa (2,6 miljoen euro in 2016). De evolutie van de vaste financiële activa is verklaard als volgt :

- een nieuwe financiële participatie in een microfinancieringsinstelling in Nicaragua, voor bijna 900.000 euro ;
- de verhoging van Alterfin's participatie in de fondsen FEFISOL en KAMPANI ;
- een waardevermindering van bijna 110.000 euro op de participatie in het fonds FOPEPRO.

Het merendeel van de financieringen van de partners is in US dollar, het kapitaal van Alterfin daarentegen is in euro. De politiek van Alterfin bestaat erin om kapitaal in euro te plaatsen bij banken, om op basis hiervan kredietlijnen te verkrijgen in US dollar. Op deze wijze wordt tegemoet gekomen aan de behoefte van de partners (voor financieringen in US dollar), terwijl tegelijkertijd het wisselrisico euro/dollar wordt ingedekt. Deze politiek verklaart het hoge schuldniveau (38.779.097 euro) en het eveneens hoge niveau van beleggingen en beschikbare middelen (52.304.206 euro).

Resultatenrekening: In 2016 bedroeg het totaal van financiële en operationele inkomsten 4,7 miljoen euro, hetzij 15% minder dan in 2015. Deze vermindering wordt verklaard door:

- De vermindering van inkomsten uit de kredietportefeuille (in het Zuiden), die 3,2 miljoen euro bedroegen (-13%), als gevolg van een vermindering van de kredietportefeuille gedurende een belangrijk gedeelte van het jaar;

- De vermindering van de inkomsten uit beleggingen in euro (in het Noorden), die 1,2 miljoen euro bedroegen (-27%), ten gevolge van de sterk verminderde rendementen op beleggingen ten gevolge van de zeer lage deposito-interessen.

We wijzen erop dat de groei van de kredietportefeuille zich hersteld heeft tijdens het laatste trimester van 2016 en mooie vooruitzichten biedt voor 2017.

De financiële kosten bedroegen 1,1 miljoen euro, hetzij 10% minder dan in 2015. Dit wordt verklaard door de vermindering van onze kredietportefeuille en dus van de behoefte aan dollar kredieten en dit gedurende een belangrijk gedeelte van het jaar. Daarnaast had Alterfin toegang tot minder dure dollarkredieten.

De operationele kosten bedroegen 2,1 miljoen euro. Dit is 25% meer dan in 2015. Deze stijging is een gevolg van de toegenomen activiteiten enerzijds, maar anderzijds ook een gevolg van de stijging van de kosten voor de recuperatie van achterstallige kredieten.

De waardeverminderingen op de portefeuille die in 2016 dienen genomen te worden, zijn gestegen met 44% ten opzichte van 2015. Een belangrijk gedeelte van deze waardeverminderingen betreft een krediet aan een bedrijf in Paraguay dat sesamzaad verwerkt en exporteert. Dit bedrijf is sinds 2015 zijn betalingsverplichtingen niet nagekomen. Alterfin zag zich verplicht om een juridische procedure op te starten, nadat een minnelijke schikking niet mogelijk bleek en toen er tevens vermoedens van fraude waren. De uitslag van de juridische procedure is nog onzeker. Daarom heeft Alterfin beslist het risico op deze partner volledig af te schrijven. Hiervoor heeft het Alterfin Garantiefonds vzw een garantie gegeven van 200.000 US dollars en de rest van het krediet werd volledig binnen de balans afgeschreven (1.044.261 euro).

Het bedrag van de terugnames van waardeverminderingen is eveneens gestegen ten opzicht van 2015 (+86%). De recuperatie van achterstallige kredieten is een langzaam en moeizaam proces dat veel geduld vereist, zoals in 2016 gebleken is.

2016 wordt afgesloten met een negatief resultaat van 882.897 euro. Dit verlies is voornamelijk te wijten aan de waardeverminderingen die we dienden te nemen op onze portefeuille. Echter, de waardeverminderingen dienden voornamelijk genomen te worden op portefeuille van voor 2015. De maatregelen die sindsdien genomen werden, moeten ons toelaten om de kwaliteit van de portefeuille gevoelig te verbeteren in de komende jaren.

De Algemene Vergadering van de aandeelhouders, die zal plaatsvinden op 25 maart 2017, zal beslissen over de toewijzing van het resultaat.



Verslag van de commissaris aan de algemene vergadering van Alterfin CVBA over het boekjaar afgesloten op 31 december 2016

Overeenkomstig de wettelijke en statutaire bepalingen, brengen wij u verslag uit in het kader van ons mandaat van commissaris. Dit verslag omvat ons verslag over de jaarrekening voor het boekjaar afgesloten op 31 december 2016, zoals hieronder gedefinieerd, en omvat tevens ons verslag betreffende overige door wet- en regelgeving gestelde eisen.

Verslag over de jaarrekening - Oordeel zonder voorbehoud

Wij hebben de controle uitgevoerd van de jaarrekening van Alterfin CVBA ("de Vennootschap") over het boekjaar afgesloten op 31 december 2016, opgesteld in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel. Deze jaarrekening omvat de balans op 31 december 2016, de resultatenrekening voor het boekjaar afgesloten op die datum, evenals de toelichting. Het balanstotaal bedraagt EUR 97.636.264,44 en de resultatenrekening sluit af met een verlies van het boekjaar van EUR 882.897,01.

Verantwoordelijkheid van het bestuursorgaan voor het opstellen van de jaarrekening

Het bestuursorgaan is verantwoordelijk voor het opstellen van de jaarrekening die een getrouw beeld geeft in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel, alsook voor het implementeren van een interne beheersing die het bestuursorgaan noodzakelijk acht voor het opstellen van een jaarrekening die geen afwijkingen van materieel belang bevat, die het gevolg zijn van fraude of van fouten.

Verantwoordelijkheid van de commissaris

Het is onze verantwoordelijkheid een oordeel over deze jaarrekening tot uitdrukking te brengen op basis van onze controle. Wij hebben onze controle volgens de internationale controlestandaarden (ISA's) zoals deze in België werden aangenomen, uitgevoerd. Die standaarden vereisen dat wij aan de deontologische vereisten voldoen alsook de controle plannen en uitvoeren om een redelijke mate van zekerheid te verkrijgen dat de jaarrekening geen afwijkingen van materieel belang bevat.

Een controle omvat werkzaamheden ter verkrijging van controle-informatie over de in de jaarrekening opgenomen bedragen en toelichtingen. De geselecteerde werkzaamheden zijn afhankelijk van de beoordeling door de commissaris, met inbegrip van diens inschatting van de risico's van een afwijking van materieel belang in de jaarrekening als gevolg van fraude of van fouten. Bij het maken van die risico-inschatting neemt de commissaris de interne beheersing van de Vennootschap in aanmerking die relevant is voor het opstellen door de Vennootschap van de jaarrekening, die een getrouw beeld geeft, teneinde controlewerkzaamheden op te zetten die in de gegeven omstandigheden geschikt zijn maar die niet gericht zijn op het geven van een oordeel over de

effectiviteit van de interne beheersing van de Vennootschap. Een controle omvat tevens een evaluatie van de geschiktheid van de gehanteerde waarderingsregels en van de redelijkheid van door het bestuursorgaan gemaakte schattingen, alsmede een evaluatie van de presentatie van de jaarrekening als geheel.

Wij hebben van de verantwoordelijken en van het bestuursorgaan van de Vennootschap de voor onze controle vereiste ophelderingen en inlichtingen verkregen.

Wij zijn van mening dat de door ons verkregen controle-informatie voldoende en geschikt is om daarop ons oordeel zonder voorbehoud te baseren.

Oordeel zonder voorbehoud

Naar ons oordeel geeft de jaarrekening een getrouw beeld van het vermogen en de financiële toestand van de Vennootschap op 31 december 2016 evenals van haar resultaten voor het boekjaar eindigend op die datum, in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel.

Overige aangelegenheid

Zonder afbreuk te doen aan ons hierboven tot uitdrukking gebracht oordeel, vestigen wij de aandacht op toelichting VTK 4 en VTK 10 in de jaarrekening waarin vermeld staat dat de Vennootschap een nettoverlies van EUR 882.897,01 heeft geleden tijdens het boekjaar afgesloten op 31 december 2016 voornamelijk als gevolg van de waardevermindering genomen op een verleende krediet aan een Paraguay onderneming.

Verslag betreffende overige door wet- en regelgeving gestelde eisen

Het bestuursorgaan is verantwoordelijk voor het opstellen en de inhoud van het jaarverslag, het naleven van de wettelijke en bestuursrechtelijke voorschriften die van toepassing zijn op het voeren van de boekhouding, alsook van het naleven van het Wetboek van vennootschappen en van de statuten van de Vennootschap.

In het kader van ons mandaat en overeenkomstig de Belgische bijkomende norm bij de in België van toepassing zijnde internationale controlestandaarden, is het onze verantwoordelijkheid om, in alle van materieel belang zijnde opzichten, de naleving van bepaalde wettelijke en bestuursrechtelijke voorschriften na te gaan. Op grond hiervan doen wij de volgende bijkomende verklaringen die niet van aard zijn om de draagwijdte van ons oordeel over de jaarrekening te wijzigen:

- Het jaarverslag, opgesteld overeenkomstig de artikelen 95 en 96 van het Wetboek van vennootschappen en neer te leggen overeenkomstig artikel 100 van het Wetboek van vennootschappen, behandelt, zowel qua vorm als qua inhoud, de door de wet vereiste inlichtingen, stemt overeen met de jaarrekening en bevat geen van materieel belang zijnde inconsistenties ten aanzien van de informatie waarover wij beschikken in het kader van ons mandaat.

6.

- De sociale balans, neer te leggen overeenkomstig artikel 100 van het Wetboek van vennootschappen, behandelt, zowel qua vorm als qua inhoud, de door de wet vereiste inlichtingen en bevat geen van materieel belang zijnde inconsistenties op basis van de informatie waarover wij beschikken in ons controledossier.
- Onvermindert formele aspecten van ondergeschikt belang, werd de boekhouding gevoerd overeenkomstig de in België van toepassing zijnde wettelijke en bestuursrechtelijke voorschriften.
- De resultaatverwerking, die aan de algemene vergadering wordt voorgesteld, stemt overeen met de wettelijke en statutaire bepalingen.
- Wij dienen u geen verrichtingen of beslissingen mede te delen die in overtreding met de statuten of het Wetboek van vennootschappen zijn gedaan of genomen.

Kontich, 9 maart 2017

KPMG Bedrijfsrevisoren
Commissaris
vertegenwoordigd door



Erik Clinck
Bedrijfsrevisor

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 interesses 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.



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Verslag van de commissaris aan de algemene vergadering van Alterfin CVBA over het boekjaar afgesloten op 31 december 2015

Overeenkomstig de wettelijke en statutaire bepalingen, brengen wij u verslag uit in het kader van ons mandaat van commissaris. Dit verslag omvat ons verslag over de jaarrekening voor het boekjaar afgesloten op 31 december 2015, zoals hieronder gedefinieerd, en omvat tevens ons verslag betreffende overige door wet- en regelgeving gestelde eisen.

Verslag over de jaarrekening - oordeel zonder voorbehoud

Wij hebben de controle uitgevoerd van de jaarrekening van Alterfin CVBA ("de Venootschap") over het boekjaar afgesloten op 31 december 2015, opgesteld in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel. Deze jaarrekening omvat de balans op 31 december 2015, de resultatenrekening voor het boekjaar afgesloten op die datum, evenals de toelichting. Het balanstotaal bedraagt EUR 93.512.465,22 en de resultatenrekening sluit af met een winst van het boekjaar van EUR 861.035,97.

Verantwoordelijkheid van het bestuursorgaan voor het opstellen van de jaarrekening

Het bestuursorgaan is verantwoordelijk voor het opstellen van de jaarrekening die een getrouw beeld geeft in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel, alsook voor het implementeren van een interne beheersing die het bestuursorgaan noodzakelijk acht voor het opstellen van een jaarrekening die geen afwijkingen van materieel belang bevat, die het gevolg zijn van fraude of van fouten.

Verantwoordelijkheid van de commissaris

Het is onze verantwoordelijkheid een oordeel over deze jaarrekening tot uitdrukking te brengen op basis van onze controle. Wij hebben onze controle volgens de internationale controlestandaarden (ISA's) uitgevoerd. Die standaarden vereisen dat wij aan de deontologische vereisten voldoen alsook de controle plannen en uitvoeren om een redelijke mate van zekerheid te verkrijgen dat de jaarrekening geen afwijkingen van materieel belang bevat.

Een controle omvat werkzaamheden ter verkrijging van controle-informatie over de in de jaarrekening opgenomen bedragen en toelichtingen. De geselecteerde werkzaamheden zijn afhankelijk van de beoordeling door de commissaris, met inbegrip van diens inschatting van de risico's van een afwijking van materieel belang in de jaarrekening als gevolg van fraude of van fouten. Bij het maken van die risico-inschatting neemt de commissaris de interne beheersing van de Venootschap in aanmerking die relevant is voor het opstellen door de Venootschap van de jaarrekening, die een getrouw beeld geeft, teneinde controlewerkzaamheden op te zetten die in de gegeven omstandigheden geschikt zijn maar die niet gericht zijn op het geven van een oordeel over de effectiviteit van de interne beheersing van de Venootschap. Een controle omvat tevens een evaluatie van de geschiktheid van de gehanteerde waarderingsregels en van de redelijkheid van door het bestuursorgaan gemaakte schattingen, alsmede een evaluatie van de presentatie van de jaarrekening als geheel.

Wij hebben van de verantwoordelijken en van het bestuursorgaan van de Venootschap de voor ons controle vereiste ophelderingen en inlichtingen verkregen.

Wij zijn van mening dat de door ons verkregen controle-informatie voldoende en geschikt is om daarop ons oordeel zonder voorbehoud te baseren.

Oordeel zonder voorbehoud

Naar ons oordeel geeft de jaarrekening, een getrouw beeld van het vermogen en de financiële toestand van de Vennootschap op 31 december 2015 evenals van haar resultaten voor het boekjaar eindigend op die datum, in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel.

Verslag betreffende overige door wet- en regelgeving gestelde eisen

Het bestuursorgaan is verantwoordelijk voor het opstellen en de inhoud van het jaarverslag, het naleven van de wettelijke en bestuursrechtelijke voorschriften die van toepassing zijn op het voeren van de boekhouding, alsook van het naleven van het Wetboek van vennootschappen en van de statuten van de Vennootschap.

In het kader van ons mandaat en overeenkomstig de Belgische bijkomende norm bij de in België van toepassing zijnde internationale controlestandaarden, is het onze verantwoordelijkheid om, in alle van materieel belang zijnde opzichten, de naleving van bepaalde wettelijke en bestuursrechtelijke voorschriften na te gaan. Op grond hiervan doen wij de volgende bijkomende verklaringen die niet van aard zijn om de draagwijdte van ons oordeel over de jaarrekening te wijzigen:

- Het jaarverslag behandelt de door de wet vereiste inlichtingen, stemt in alle van materieel belang zijnde opzichten overeen met de jaarrekening en bevat geen van materieel belang zijnde inconsistenties ten aanzien van de informatie waarover wij beschikken in het kader van ons mandaat.
- Onverminderd formele aspecten van ondergeschikt belang, werd de boekhouding gevoerd overeenkomstig de in België van toepassing zijnde wettelijke en bestuursrechtelijke voorschriften.
- De resultaatverwerking, die aan de algemene vergadering wordt voorgesteld, stemt overeen met de wettelijke en statutaire bepalingen.
- Wij dienen u geen verrichtingen of beslissingen mede te delen die in overtreding met de statuten of het Wetboek van vennootschappen zijn gedaan of genomen.

Kontich, 3 maart 2016

KPMG Bedrijfsrevisoren
Commissaris
vertegenwoordigd door

Erik Clinck
Bedrijfsrevisor

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 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 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 vennooten (+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 interesses 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.



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Verslag van de commissaris aan de algemene vergadering van Alterfin CVBA over het boekjaar afgesloten op 31 december 2014

Overeenkomstig de wettelijke en statutaire bepalingen, brengen wij u verslag uit in het kader van ons mandaat van commissaris. Dit verslag omvat ons verslag over de jaarrekening voor het boekjaar afgesloten op 31 december 2014, zoals hieronder gedefinieerd, en omvat tevens ons verslag betreffende overige door wet- en regelgeving gestelde eisen.

Verslag over de jaarrekening - oordeel zonder voorbehoud

Wij hebben de controle uitgevoerd van de jaarrekening van Alterfin CVBA ("de Vennootschap") over het boekjaar afgesloten op 31 december 2014, opgesteld in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel. Deze jaarrekening omvat de balans op 31 december 2014, de resultatenrekening voor het boekjaar afgesloten op die datum, evenals de toelichting. Het balanstotaal bedraagt EUR 83.865.987,06 en de resultatenrekening sluit af met een winst van het boekjaar van EUR 753.634,05.

Verantwoordelijkheid van het bestuursorgaan voor het opstellen van de jaarrekening

Het bestuursorgaan is verantwoordelijk voor het opstellen van de jaarrekening die een getrouw beeld geeft in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel, alsook voor het implementeren van een interne beheersing die het bestuursorgaan noodzakelijk acht voor het opstellen van een jaarrekening die geen afwijkingen van materieel belang bevat, die het gevolg zijn van fraude of van fouten.

Verantwoordelijkheid van de commissaris

Het is onze verantwoordelijkheid een oordeel over deze jaarrekening tot uitdrukking te brengen op basis van onze controle. Wij hebben onze controle volgens de internationale controlestandaarden (ISA's) uitgevoerd. Die standaarden vereisen dat wij aan de deontologische vereisten voldoen alsook de controle plannen en uitvoeren om een redelijke mate van zekerheid te verkrijgen dat de jaarrekening geen afwijkingen van materieel belang bevat.

Een controle omvat werkzaamheden ter verkrijging van controle-informatie over de in de jaarrekening opgenomen bedragen en toelichtingen. De geselecteerde werkzaamheden zijn afhankelijk van de beoordeling door de commissaris, met inbegrip van diens inschatting van de risico's van een afwijking van materieel belang in de jaarrekening als gevolg van fraude of van fouten. Bij het maken van die risico-inschatting neemt de commissaris de interne beheersing van de Vennootschap in aanmerking die relevant is voor het opstellen door de Vennootschap van de jaarrekening, die een getrouw beeld geeft, teneinde controlewerkzaamheden op te zetten die in de gegeven omstandigheden geschikt zijn maar die niet gericht zijn op het geven van een oordeel over de effectiviteit van de interne beheersing van de Vennootschap. Een controle omvat tevens een evaluatie van de geschiktheid van de gehanteerde waarderingsregels en van de redelijkheid van door het bestuursorgaan gemaakte schattingen, alsmede een evaluatie van de presentatie van de jaarrekening als geheel.

Wij hebben van de verantwoordelijken en van het bestuursorgaan van de Vennootschap de voor onze controle vereiste ophelderingen en inlichtingen verkregen.

Wij zijn van mening dat de door ons verkregen controle-informatie voldoende en geschikt is om daarop ons oordeel zonder voorbehoud te baseren.

Oordeel zonder voorbehoud

Naar ons oordeel geeft de jaarrekening, een getrouw beeld van het vermogen en de financiële toestand van de Vennootschap op 31 december 2014 evenals van haar resultaten voor het boekjaar eindigend op die datum, in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel.

Verslag betreffende overige door wet- en regelgeving gestelde eisen

Het bestuursorgaan is verantwoordelijk voor het opstellen en de inhoud van het jaarverslag, het naleven van de wettelijke en bestuursrechtelijke voorschriften die van toepassing zijn op het voeren van de boekhouding, alsook van het naleven van het Wetboek van vennootschappen en van de statuten van de Vennootschap.

In het kader van ons mandaat en overeenkomstig de Belgische bijkomende norm bij de in België van toepassing zijnde internationale controlesstandaarden, is het onze verantwoordelijkheid om, in alle van materieel belang zijnde opzichten, de naleving van bepaalde wettelijke en bestuursrechtelijke voorschriften na te gaan. Op grond hiervan doen wij de volgende bijkomende verklaringen die niet van aard zijn om de draagwijdte van ons oordeel over de jaarrekening te wijzigen:

- Het jaarverslag behandelt de door de wet vereiste inlichtingen, stemt in alle van materieel belang zijnde opzichten overeen met de jaarrekening en bevat geen van materieel belang zijnde inconsistenties ten aanzien van de informatie waarover wij beschikken in het kader van ons mandaat.
- Onverminderd formele aspecten van ondergeschikt belang, werd de boekhouding gevoerd overeenkomstig de in België van toepassing zijnde wettelijke en bestuursrechtelijke voorschriften.
- De resultaatverwerking, die aan de algemene vergadering wordt voorgesteld, stemt overeen met de wettelijke en statutaire bepalingen.
- Wij dienen u geen verrichtingen of beslissingen mede te delen die in overtreding met de statuten of het Wetboek van vennootschappen zijn gedaan of genomen.

Kontich, 13 maart 2015

KPMG Bedrijfsrevisoren
Commissaris
vertegenwoordigd door

Erik Clinck
Bedrijfsrevisor

APPENDIX 3: Investment Strategy June 2017

These are the main sections of the Investment Strategy as reviewed and approved by the Board on 14th June 2017. It will be updated in time as the case may be.

Implementation effective immediately.

GLOSSARY

AGF:	Alterfin Garantie Fond
CEL:	Counterparty exposure limit
CL:	Country limit
CM:	Credit manager
CSAF:	Council for Small Holder Finance
DD:	Due diligence
DF:	Discount factor
EAD:	Exposure at default
EC:	Economic capital
ECC:	External credit committee
EoD:	Event of default
ERL:	Exchange rate limit
ESG:	Environmental, social and governance
FTE:	Full time employee
GM:	General manager
HoI:	Head of investments
IC:	Investment committee
ICC:	Internal credit committee
IM:	Investment manager
LGD:	Loss given default
MFI:	Microfinance institution
NGO:	Non-governmental development organization
ORR:	Overall risk report
PD:	Probability of default
PL:	Partner limit
PM:	Portfolio manager
PO:	Producer organization
PrL:	Product (commodity) limit
SA:	Sustainable agriculture
SDG:	Sustainable Development Goals
SME:	Small and medium size enterprises
TA:	Technical assistance

SECTION I – MISSION, ELIGIBLE INVESTMENTS

INVESTMENT MISSION

New Mission Statement:

“Alterfin aims to improve the livelihood and overall living conditions of the socially and economically disadvantaged people and communities mainly in rural areas in low- and middle-income countries worldwide.

To achieve this Alterfin provides financial and non-financial services to its partners in low- and middle-income countries worldwide by:

- (i) mobilizing funds primarily from individual investors and other socially responsible institutions,*
- (ii) Structuring and promoting ethical and sustainable investments, and*
- (iii) developing networks of like-minded organizations.*

With this, Alterfin contributes to the Sustainable Development Goals. “

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 three 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.
- SA (the sustainable agriculture sector) which includes financing sustainable agricultural value chains aiming at having an impact on smallholder farmers. This will translate into financing (working capital/OPEX, fixed asset financing/CAPEX) of various value chain stake holder/actors, such as POs and SMEs, active in production, transformation commercialization, etc. of crops produced by smallholder famers. Alterfin will focus, when possible, on fair trade certified and organic crops.
- In sectors generating a positive environmental and social impact such as sustainable fisheries, agro-forestry, green technologies (renewable energies, etc.). Where possible, this will have a direct impact on socially and economically disadvantaged people and communities, but could also have indirect impact. Investments done through funds and other organisations (SMEs, cooperatives etc.)

This is done through the following investments:

- Loans (and other forms of fixed income instruments): senior or subordinated, secured or unsecured, of various maturities and amounts, subject to limits, IC approval and appropriate documentation.
- Equity participations: purchase of an equity stake in the target MFI or SA partner, subject to IC and Board approval (see Equity Policy in Annex IV).

ELIGIBILITY CRITERIA

The following criteria have been defined not as hard conditions to be met by all proposals for investment, but as preferred conditions. Should a proposal make a compelling case for social impact, it need not to adhere to all criteria. This will be left to the appreciation of the IC.

The following criteria shall apply to assess eligibility for MFI investments:

Criteria	Figures
Number of years of operation	>2
Gross Loan Portfolio	> USD 1 million
Broad outreach	> 1,000 clients or members
Deep outreach	oriented towards poorer sections of society: rural, agricultural, women, ...
PAR 30 days + Rescheduled + Write-off	< 10%
Operational Self Sufficiency	> 80% + positive trend
Leverage Ratio	< = 5

The following criteria shall apply to assess eligibility for SA investments:

Criteria	Figures
Number of years of operation	>2
Number of farmers benefiting	> 150
Yearly sales	> USD 500,000
Operational Self Sufficiency	> 90% + positive trend
Benefits for smallholder farmers should be demonstrated (e.g. by fairtrade label)	

The following criteria shall apply to assess eligibility for other investments:

We will develop a framework for each sector financed.

SECTION II - PORTFOLIO MANAGEMENT

GUIDING PRINCIPLES

Historically, the investment portfolio grew in an opportunistic way. Whilst this approach made sense for a smaller portfolio in a phase of growth, it is questionable for a mature portfolio and for the development stage now reached by Alterfin. In 2015 we proposed to address this by implementing a more systematic and effective portfolio management.

The portfolio management activity aims to give:

- More direction to the growth and re-balancing of the portfolio by promoting exposure to specific continents / countries / regions / sectors / clients / commodities (products);
- More pro-active decisions to increase / reduce existing exposures;
- More partnerships with like-minded organisations open to share risk pari passu so as to avoid over-concentrations of risk for Alterfin;
- More pro-active decisions to convert, wherever feasible, hard currency loans into local currencies (fully hedged);
- More active role in the definition and implementation of the tools to be used by all IMs.

To achieve this, we need leadership, collegiality, ownership/responsibility and efficiency.

To run the portfolios we need a portfolio management team made of professionals who have demonstrated great integrity, a good understanding of the Alterfin model, sound technical knowledge and an ability to coach / monitor IM colleagues. Each PM is allocated a specific portfolio for which she/he will be responsible and accountable. Particular attention will be taken at spreading the portfolio management attributions so that we minimize Key Person risk.

Concrete actions:

- Regional development plans by the Head of Investments;
- Integration of portfolio metrics for each new deal presented to the IC, implementation of a stricter discipline to adhere to risk and limits (see Section III);
- Involvement of the PMs within the Investment Approval Process and the definition and implementation of resources;
- Creation of a Portfolio Analyst role, with dual reporting (Front and Back Office);
- Setting up of a Portfolio Management Committee that includes the main PMs, Head of Finance and Administration, Portfolio Analyst and GM, meets monthly to set priorities for the development of tools and addresses outstanding portfolio issues;
- Setting up of a weekly working meeting with the Portfolio Analyst, HoI and the GM, to follow-up on the development of tools, analyse the pipeline and other portfolio issues.

STRATEGIC DEVELOPMENT

For the 2020 horizon, we propose that the following strategic development be implemented:

Geographical balance:

Until 2015, the portfolio was massively exposed to Latin America which represented up to 85% of total portfolio. To dilute this risk, without compromising our historical commitment to the Latin American microfinance and sustainable agriculture sectors, we have started to grow the relative importance of the African and Asian exposures since 2015.

For the 2020 horizon, we propose a target of 50% for Latin America and 50% for Africa-Asia. This would not only serve our diversification needs but also answer the needs of deserving partners in less developed regions of the world, or in regions where microfinance and sustainable agriculture have been historically less developed/mature than in Latin America.

We will aim to add new countries in i) Southeast Asia (for instance, the Philippines, Vietnam, Myanmar (Burma) and Indonesia), ii) South Asia (for instance Sri Lanka and Nepal), iii) Central Asia (for instance Kyrgyzstan and Tajikistan), iv) Northern Africa (for instance Morocco and Tunisia), v) West Africa (for instance Ghana and Sierra Leone), vi) East Africa (for instance Rwanda and Madagascar). Projects in new countries will only be submitted 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 at least two projects, or one project and a pipeline of opportunities rather than a one-off and iii) it is specifically IC-Special Quorum 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 balance of 60% MFI - 35% SA and 5% for other environmental and socially sustainable investments (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 (see overall business projections in Annex II).

Please note that whilst the outstanding by period end may have a split of 60% MFI – 35% SA and 5% for other environmental and social investments, in favour of the microfinance sector, the intra-period activity remains very much geared towards the sustainable agriculture sector, with a split of 60% SA – 35% MFI and 5% for other environmental and social investments as far as disbursements are concerned. This is due to shorter cycles for sustainable agriculture investments compared to microfinance.

Product balance:

Until 2015, the portfolio had a strong bias towards coffee, with up to 35% of the total portfolio exposed to coffee, mainly in Latin America. We propose to keep it under the 20% limit, to diversify coffee exposure regionally, to introduce new products (commodities) and grow the exposures on other already approved products (commodities). The introduction of ESG investments further consolidates that diversification effort.

Local currency offering:

Acknowledging that a number of our partners, particularly in the microfinance sector, have funding needs in local currency. For the horizon 2020, our strategic objective is that 20-25% of our funding be provided in local currency (see Section III).

Social/economic balance:

In the ongoing buildup of the portfolio, we will strive to achieve the optimal selection of investments combining wide outreach, effective funding of weaker/lower tier partners and economic viability for the portfolio itself. Not every single investment will necessarily achieve this but, as a whole, the portfolio is expected to strike the right balance between more social and more economically balanced investments.

SECTION III – RISK AND LIMITS

RISK SCORING

In the 18 months, we have been testing and implementing a Risk Scoring system which is currently being applied to all MFI investments and will in time be applied to agriculture and other investments.

When performing the initial DD or the regular monitoring, the IM will compile information in order to answer a number of questions on various issues such as: ownership and governance, management, systems, products and procedures and financial analysis. Each question will receive a raw score from 1 to 5, which is then weighted. The aggregated total will then be derived into a letter expressing the level of risk: A+ for the lowest risk and D for the highest risk (see below charts).

	2 - Adjusted	UMF	
		Raw Score	Wgt. Score
A. Existing ownership and governance	1. Ownership	1.1 Ownership composition and stability	2 0,08
		2.1 BoD engagement	2 0,08
	2. Corporate Governance	2.2 Quality of the BoD	2 0,08
		2.3 Quality of information to the BoD	1 0,04
		2.4 BoD organization	2 0,08
B. Management	3. Quality and integrity of management	3.1 CEO	2 0,08
		3.2 CFO	2 0,08
		3.3 COO	2 0,08
		3.4 Adequate organization	1 0,04
	4. Succession and key person risk	4.1 Succession & key person risk	2 0,08
C. Systems	5. Information systems	5.1 Information accuracy / reliability	4 0,08
		5.2 Security	1 0,02
		5.3 Speed of information flow	3 0,06
		5.4 Reporting function	2 0,04
	6. Internal control & risk management	6.1 Ex-ante: quality of policies and procedures	2 0,04
D. Products and procedures	7. HR management systems	6.2 Internal audit system	3 0,06
		6.3 Risk management	2 0,04
		7.1 HR policy and processes	2 0,04
		7.2 Turnover & staff allocation	4 0,08
		7.3 Incentive: design & effectiveness	3 0,06
E. Financial Analysis (3-year average)	8. Product Analysis	8.1 Range of products offered	2 0,08
		8.2 Quality & Adequacy of product design	3 0,24
		8.3 Credit policies and procedures	2 0,16
	9. Historical Analysis	9.1 Portfolio quality and credit risk	2 0,04
		9.2 Solvency and capital risk	1 0,02
		9.3 Leverage Risk	3 0,06
		9.4 Liquidity Risk (Quarterly Basis)	3 0,03
		9.5 Maturity Gap Risk	1 0,02
		9.6 Liability structure	2 0,02
		9.7 Foreign Exchange Risk	1 0,02
		9.8 Profitability & Sustainability	2 0,04
		9.9 Efficiency	3 0,06
		Total Points	69 2,03
		Rating - Unadjusted	B+
		Years in Operation - Adjusted Score	3+ Years 2,03
		Rating - Adjusted	B+

ECONOMIC CAPITAL

We propose to have a new model in place, which would i) provide an approximation of Economic Capital (EC), as the amount of risk capital that Alterfin estimates in order to remain solvent at a given confidence level and time horizon, and ii) provide portfolio limits for every new investment.

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	Partner Risk Scoring	MFI sector	SA sector
Low	A+/A	2.5%	5%
Low/Medium	A-/B+	5%	10%
Medium	B/B-	10%	20%
Medium/High	C+/C	15%	30%
High	C-/D	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, AGF	50%	50%

Government guarantee	100%	0%
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(*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 social performance but not comply with the overall limit, the proposal can be approved as a one-off by IC on a Special Quorum. For the avoidance of doubt, all investment proposals need to demonstrate social performance, regardless of their EC performance.

PORFOLIO 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 don't have access to formal financial resources. 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;
- Analysing operations, processes and systems;
- Regularly reporting on the evolution of the activities;
- Following-up adequately 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:

Partner Risk Category	Partner Risk Scoring	MFI sector	SA sector
Low	A+/A	4%	2%
Low/Medium	A-/B+	3%	1.5%
Medium	B/B-	2%	1%
Medium/High	C+/C	1.5%	0.75%
High	C-/D	1%	0.5%

(*Maximum Exposure as a Percentage of Total Portfolio*)

When investment proposals are reviewed by the IC, a limit simulation will systematically be produced in order to ensure compliance with limit. The final Compliance check will also include the limit check and any argument/justification in case of breach. Below are two examples of such checks:

29/05/2017		ORO VERDE		
Exchange rate EUR	0,89482	CATEGORY	SA	RISK LEVEL
1 USD =	Currency	Max Exp (% of USD GLP)	1,50%	
GLP EUR		MAX. EXP.	USD	Jun-17
40.912.037,75		691.214,54		Sep-17
GLP USD				Dec-17
45.720.969,30		691.214,54		691.214,54
		TOTAL EXPOSURE	USD	400.000,00
				360.000,00
				360.000,00
				GREEN LIGHT
				GREEN LIGHT
				GREEN LIGHT

(For SA investment proposal)

22/05/2017		FUNDENUSE		
Exchange rate EUR	0,89181	CATEGORY	MF	RISK LEVEL
1 USD =	Currency	Max Exp (% of USD GLP)	2,50%	Low-Medium
GLP EUR		MAX. EXP.	USD	May-17
41.058.405,33		1.163.485,22		Aug-17
GLP USD				Nov-17
46.039.408,99		1.163.485,22		1.163.485,22
		TOTAL EXPOSURE	USD	750.000,00
				700.000,00
				700.000,00
				GREEN LIGHT
				GREEN LIGHT
				GREEN LIGHT

(For MFI investment proposal)

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 most of these risks, Alterfin entered into an insurance policy from Delcredere Durocroire, which insures up to EUR4.75 million per country on a portfolio of MFI investments amounting to EUR21.2 million against the above mentioned risk (with a deductible of 10% and a cap of EUR3.6 million for Bolivia).

Alterfin diversifies its investment portfolio and distributes its risks carefully based on a risk distribution policy determined by the IC. This policy provides that the exposure to any country may not exceed the limits set in the below chart. Rather than setting arbitrary limits, we have defined a constantly updated model with the following inputs: i) a limit derived from Delcredere ONDD rating, ii) a limit derived from the assessment by the HoI based on opportunities for mission development.

Country	PREVIOUS LIMIT	ONDD INPUT	NEW LIMIT
Argentina	10%	10%	10%
Benin		10%	10%
Bolivia	10%	10%	10%
Burkina Faso	10%	5%	5%
Burundi	10%	5%	5%
Cambodia	10%	10%	10%
Chile	20%	20%	20%
Colombia	15%	15%	15%
RDC	10%	5%	5%
Costa Rica	20%	20%	20%
Ivory Coast	10%	5%	5%
Dominican Republic		15%	10%
Ecuador	15%	10%	15%
El Salvador	10%	15%	10%
Ghana		15%	15%
Guatemala	15%	15%	15%
Haiti		5%	5%
Honduras	15%	15%	15%
Indonesia		15%	10%
Kenya	10%	10%	10%
Kyrgyzstan		5%	10%
Lao	10%	10%	10%
Madagascar		5%	5%
Mexico	20%	20%	20%
Morocco		20%	20%
Myanmar		5%	10%
Nicaragua	15%	10%	15%
Niger	10%	5%	5%
Palestine	10%	5%	5%
Panama	20%	20%	20%
Paraguay	10%	15%	5%
Peru	20%	20%	20%
Philippines	10%	20%	20%
Rwanda		5%	10%
Senegal	10%	10%	10%
Sierra Leone		5%	5%
Sri Lanka		15%	10%
Tadjikistan		5%	5%
Tanzania	10%	15%	15%
Togo	10%	10%	10%
Uganda	10%	10%	10%
Uruguay		20%	10%
Vietnam		15%	15%

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 Ducroire.

When investment proposals are reviewed by the IC, a country and product overview analysis will systematically be produced in order to ensure that the proposed investment is compatible with the existing portfolio and that, once added, it complies with country limits.

Relative risk and limits:

When investing in a partner, we are exposed to more risk when the investment size represents a substantial portion of its activity, we have defined this as the “relative risk”. For investment proposals in the microfinance sector, we will apply limits based on total size of the gross loan portfolio (GLP) of the MFI. For the sustainable agriculture sector, we will apply limits based on the total size of sales (turnover).

Relative Risk Limits	Partner Risk	MFI sector	SA sector
Scoring			
Low	A+/A	25%	25%
Low/Medium	A-/B+	20%	20%
Medium	B/B-	15%	15%
Medium/High	C+/C	12.5%	12.5%
High	C-/D	10%	10%

(Maximum Exposure as a Percentage of GLP, for MFI, and turnover, for SA)

Market risk (product) 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. These were set by defining “Product Tiers” in line with the average exposure per product within CSAF members (as of Q1-2017) but adjusted to Alterfin’s own portfolio management guidelines and objectives.

Product	CSAF	ALTERFIN	GROUP (I,II,III,IV)
Coffee	39%	20%	I
Cocoa	11%	10%	III
Wine	NA		IV
Sesame	1%		IV
Honey	1%		IV
Green products	NA		IV
Nuts	12%		II
Rice	2%		IV
Quinoa	4%		IV

Sugar cane	1%	IV
Tara	NA	IV
Olive oil	1%	IV
Vegetables	NA	IV
Textiles	NA	IV
Fruits	1%	IV
Soy	1%	IV
Wool	NA	IV
Fish	NA	III
Cattle	NA	IV
Shea Butter	NA	IV
Microcredit	NA	
Funds	NA	

GROUP	LIMIT
I	20%
II	15%
III	10%
IV	5%

When investment proposals are reviewed by the IC, a country and product overview analysis will systematically be produced in order to ensure that the proposed investment is compatible with the existing portfolio and that, once added, it complies with product limits (see Annex VIII).

Exchange rate risk and limits:

Alterfin mitigates as much as possible its exchange rate risk.

USD exchange rate risk:

Each investment in USD is match-funded in USD by, as the case may be i) taping 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 Reserves for General Risks (as of 31st Dec 2016, the reserves amounts to EUR384,493).

Local currency exchange rate risk:

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.

Since 2015, we have been increasingly making use of the MfX hedging capabilities to transform our USD or EUR denominated funding into local currencies (mainly in non-deliverable format). This resulted in a substantial increase of notional amounts hedged, from less than USD250k equivalent before January 2015 to just under USD4.5 million in May 2017. We propose to continue this effort, working together with MfX and TCX (the pricing engine behind MfX) in order to reach levels acceptable to our partners and open new markets on an opportunistic basis.

In parallel, half of the AGF capital will be dedicated to the hedging of currency risk (and the other half to credit risk mitigation for weak partners, see below). It will then be leveraged five

times, offering therefore a 20% first loss protection against currency depreciation. The total amount will constitute the maximum notional amount of currency hedges that the AGF can provide to Alterfin. The objective is to build a pool of 10 different currencies with a cap of 10% of the maximum amount per currency.

Over time, the rate differential paid into the AGF will contribute to an organic capital increase for the AGF and therefore expand its capabilities whilst constituting an additional loss protection.

Credit (Partner) risk limits for weak partners:

Acknowledging the fact that Alterfin i) caters for a category of partners with little access to traditional funding networks and ii) has accumulated a fairly substantial non performing portfolio, particularly in its Latin American and sustainable agriculture portfolio, we plan to use the AGF in a more systematic way in order to reduce what we qualify as “weak partner” risk.

To achieve this, the AGF will continue to write guarantees to Alterfin, to mitigate the credit risk of these weaker (non-performing partners). Half of the AGF capital will be dedicated to the credit risk mitigation for weak partners.

Proposals for guarantees will be taken by the IC and validated by the executive director of the AGF.

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 IMs 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.

Performance risk:

This specifically refers to the risk borne by Alterfin when an SA partner fails to perform its contractual obligation for the good execution of a sales contract for soft commodities. To mitigate this risk, we have increased the coverage ratios of sales contracts endorsements (see Section VI) and implemented appropriate rules and procedures into the Monitoring Policy.

IMs and Back Office should demonstrate that i) they are monitoring the existence of sales contract and the timing of crop production, purchases and deliveries, ii) they are tracking the whereabouts of the commodity, iii) they are scheduling contracts so as to avoid being fully exposed to buyers until the end of the financing facility, iv) the buyers are committed to pay Alterfin directly and v) where feasible, IMs are proposing alternative methods of mitigating this risk (such as, but not limited to, the use of warrants).

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 (see Section II and Section VI). 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 (see Recovery Management Process Policy in Annex IX).

Front Office is still responsible for producing the legal documentation but i) constrained to use the Legal templates made available and ii) Front Office is not allowed to sign the legal documents.

Back Office:

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

When it comes to legal documentation and compliance checks before payment, the Back Office will ensure that each investment proposal complies with the “List of Required Documents”.

The GM is assuming the role of Head of Risk, hence the responsibility for all risks within the Alterfin portfolio and the portfolios managed for third parties (see Section II) and is chairing the IC.

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 4th 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 12th February 2015.

The following transformation of the investment approval process has been in place since July 2015:

- 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 requires one to two-week notification prior to meeting and 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;

To this we are adding:

- Partner reviews (frequency of review based on Risk Scoring, see Monitoring Policy);
- Composition of the IC (total of up to 8 voting (V) members and 4 non-voting members):
 - Voting members:*
 - 4 from Alterfin: 3 permanent members i.e. the GM + Head of Finance and Administration + Senior Advisor, and one PM in case of absence of a permanent member;
 - 2 external experts (see list of Board approved external experts in Annex);
 - 2 from Alterfin Board of Directors (as replacement for external experts);

Non-voting members:

- HoI, Portfolio Analyst and Recovery Manager (for reporting, information, support and participation to the discussions);
- One staff (for minutes);
- Normal Quorum: 3/8 V with no Board member and external, for transactions = or < USD1mn;
- Special Quorum: 5/8 V, with at least 2 external experts OR 2 Board members if experts not available, 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);
- 30-40 min max per application;
- Review of new application:
 - Everybody has read the file;
 - New, shorter template, max 15-20 pages;
 - Including cover page having Risk Scoring and web chart + summary + Portfolio impact metrics calculated by HoI;
 - Partner limit check and Country and product overview;
 - Recommendation of investment signed by IM and supported by HoI.

With the merging of ICC and ECC effective since July 2015 and by using the quorum to validate proposals, we have achieved a number of improvements:

- We maintain the weekly frequency required by Front Office for Normal Quorum proposals;
- We make the IC an integral part of the portfolio development and monitoring process and reduce Key Person risk;
- We increase substantially the cumulative years of investment experience of IC members (40+ years for the 3 permanent members, 100+ years with the addition of 2 external experts);
- We shorten the application process for Special Quorum proposals as they will be reviewed only once;
- We provide an opportunity for Board members and external experts to regularly check how things stand and participate to the votes on Special Quorum proposals;
- We dismiss the concept that a proposal on Normal Quorum is informal and easy going. Any application must be impeccable in both format and content, no matter who reads it.

All deals require prior approval and appropriate signing:

	Approval process	Authorised signatures
Credit facilities	IC	GM
Loans	IC	GM
Equity investments	IC, Board	GM and Chairperson of the Board
Complex or multiple investment deals	IC, Board (approval of final term sheet)	GM and Board member (if relevant)
Notarial acts	GM	GM or Board member (if relevant) or local representative with PoA

Determination of which IC quorum is necessary:

IC Normal	=< USD1mn, AND existing partner (credit), AND senior loan,
Quorum	AND transaction shorter or equal to 5 years, AND secured transaction
IC Special	IF > USD1mn, OR new partner (credit), OR subordinated loan,
Quorum	OR transaction longer than 5 years, OR unsecured transaction OR equity investment

(NB: “unsecured transaction” means a transaction that does not benefit from any credit risk mitigation technique, such as, but not limited to, collateral (see section VI), guarantee, specific insurance or credit default swap).

COMPLIANCE TO STEP-BY-STEP INVESTMENT PROCESS

1. Preliminary analysis by IM based on defined pre-selection criteria;
2. Concept Note by relevant HoI and IM submitted to the IC for pre-selection;
3. Due diligence by IM;
4. Proposal by IM submitted to the IC (on a Normal Quorum or Special Quorum, as the case may be). Partner limit check and Country and product overview;
5. Within IC-approved parameters, a formal decision notice is sent by the GM to the partner;
6. Preparation by the Compliance Officer of all the templated documents before signature;
7. Documentation approved by GM & Compliance and signed by partner and Alterfin authorized signature, saved on the server. Collateral ownership perfected and documented (as the case may be), saved on the server. Swap / hedge agreement executed, documented and signed by Alterfin authorized signature (as the case may be), saved on the server. Authorisation for disbursement form duly completed;
8. Payment ONLY if Steps 1-7 duly completed and Compliance checks performed;
9. Insert in TRAC, check that Steps 1-8 were duly completed.

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, final decision rests with the IC.

SENIOR DEBT

Partner Risk Category	Partner Risk Scoring	MFI sector	SA sector
Low	A+/A	7%	8%
Low/Medium	A-/B+	7.5%	8.5%
Medium	B/B-	8%	9%
Medium/High	C+/C	8.5%	10%
High	C-/D	9%	11%

(Annual rates for a senior loan amount denominated in USD)

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.

ADMIN FEE

Between 0.50-1%, calculated on the full notional amount of the loan and charged upfront (typically deducted from loan proceeds).

SUB DEBT / MEZZ DEBT

Rule of thumb: senior debt pricing in hard currency + 2-3% OR formula-based yield (e.g. base yield + EBITDA-based performance yield). For local currency pricing, the equivalent to the above formula will be calculated.

EQUITY

Rule of thumb: senior debt pricing * 1.5-2, in local currency or hard currency (as the case may be).

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.

The IM is responsible for collecting the relevant information which will be reviewed by Back Office – final decision of eligibility/validity of collateral rests with the IC.

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

Partner Risk Category	Partner Risk Scoring	Over-collateralization	Funding awarded per USD1 of contract
Low	A+/A	120%	83%
Low/Medium	A-/B+	125%	80%
Medium	B/B-	130%	77%
Medium/High	C+/C	135%	74%
High	C-/D	150%+	66%

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

ADDITIONAL CONDITIONS

- **Properties:** 1st rank mortgage, with proper registration of ownership interest, duly signed and registered with the relevant authorities, saved on the server. The IC may decide to award some value to 2nd rank mortgage if the collateralization factor is deep enough.
- **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.

APPENDIX 4: Main articles of the By-laws (the full version is available on www.alterfin.be)

Artikel 1: Rechtsvorm - Naam

Een coöperatieve vennootschap met beperkte aansprakelijkheid wordt opgericht, waarvan de naam luidt 'Alterfin'.

De woorden "coöperatieve vennootschap met beperkte aansprakelijkheid" of de afkorting "CVBA" moeten in alle akten, facturen en documenten die naam onmiddellijk voorafgaan of volgen.

Artikel 6: Categorieën van aandelen

Het kapitaal is samengesteld uit categorie A en categorie B aandelen.

Op datum van vierentwintig maart tweeduizend en één werd de nominale waarde van het A aandeel gebracht op tweehonderd vijftig Euro (250 €) en de nominale waarde van het B aandeel op tweeënzestig Euro en vijftig Eurocent (62,5 €). De waardeverhoging van de bestaande A en B aandelen werd in rekening gebracht van de individuele rekening geopend op naam van de vennoot in de boeken van de vennootschap.

Categorie A aandelen kunnen enkel onderschreven worden door rechtspersonen. Categorie B aandelen kunnen enkel onderschreven worden door natuurlijke personen. Aan alle aandelen, zowel categorie A als categorie B, zijn dezelfde maatschappelijke rechten en verplichtingen verbonden.

Elk aandeel moet minstens voor één/vierde worden volgestort.

Buiten de aandelen die een inbreng vertegenwoordigen, mag geen enkele andere soort effecten, ongeacht hun naam, worden uitgegeven die maatschappelijke rechten vertegenwoordigen of recht geven op een deel in de winst.

Een aantal aandelen overeenstemmend met het vaste gedeelte van het kapitaal moet steeds onderschreven zijn; op dit vast kapitaal moet in totaal minstens twaalfduizend vijfhonderd Euro (12.500 €) zijn gestort.

De aandelen zijn op naam en voorzien van een volgnummer; ten opzichte van de vennootschap zijn ze ondeelbaar. Deze laatste heeft het recht in geval van onverdeelbaarheid de rechten verbonden aan de aandelen op te schorten tot de erkenning van één enkele medeëigenaar als de eigenaar ten opzichte van de vennootschap.

Zijn de aandelen bezwaard met een vruchtgebruik, dan bezit de vruchtgebruiker het stemrecht, behoudens verzet vanwege de blote eigenaar; in dat geval wordt het stemrecht opgeschorst.

Artikel 7: Aansprakelijkheid van de vennoten

De vennoten zijn slechts aansprakelijk ten belope van hun inbreng. Tot dat bedrag zijn de vennoten elk voor zich verbonden zonder hoofdelijkheid.

Artikel 8: Toetredingsvoorwaarden

Om als vennoot aanvaard te worden moet de kandidaat-vennoot:

1. aangenomen worden door de raad van bestuur. De raad van bestuur kan de toetreding van de kandidaat vennoten niet uit speculatieve overwegingen weigeren tenzij deze vennoten niet voldoen aan de algemene toetredingsvoorwaarden of daden verrichten die strijdig zijn met de belangen van de vennootschap;
2. minstens op één aandeel inschrijven;
3. gebeurlijk een inkomgeld betalen dat vastgelegd wordt volgens de modaliteiten bepaald door het reglement van inwendige orde.

De hoedanigheid van vennoot impliceert zonder enig voorbehoud de aanvaarding van deze statuten en het reglement van inwendige orde van de vennootschap.

Artikel 9: Overdracht van aandelen

De raad van bestuur beslist over alles wat de aanvaarding, de ontslagneming en de uitsluiting van vennoten betreft en beslist over alles wat de bijneming, de terugneming en de overdracht van aandelen betreft. De aandelen kunnen slechts tussen vennoten overgedragen worden, mits voorafgaande toestemming van de raad van bestuur.

Artikel 11: Storting of terugbetaling op aandelen

De raad van bestuur beslist bij meerderheid van stemmen over de storting op aandelen of de terugbetaling op aandelen. Bij de beslissing wordt het tijdstip en de wijze van betaling bepaald. Indien niet op de vervaldag gestort wordt, zal een interest verschuldigd zijn die bij de beslissing wordt vastgesteld en bij gebreke daaraan gelijk is aan *twaalf percent*.

Zolang de opgevraagde opeisbare storting op de aandelen van een vennoot niet volledig is gedaan volgens deze bepaling, blijft de uitoefening van zijn vennootschappelijke rechten geschorst, onverminderd het recht om de vennoot uit te sluiten.

Artikel 12: Aandelenregister

De vennootschap moet in haar zetel een register bijhouden waarvan de vennoten ter plaatse inzage kunnen nemen en waarin voor ieder van hen wordt opgetekend:

1. de naam, de voornamen en de woonplaats;
2. de datum van toetreding, uittreding of uitsluiting;
3. het aantal aandelen waarvan hijhouder is alsmede de inschrijvingen op nieuwe aandelen en de terugbetalingen, de overgangen en overdrachten van aandelen, telkens met opgave van de datum;
4. de stortingen op aandelen en de bedragen die voor de uittreding, de gedeeltelijke terugneming van aandelen en voor de terugneming van stortingen worden aangewend.

De inschrijvingen geschieden op grond van bewijskrachtige, gedateerde en ondertekende documenten.

Ze vinden plaats in de volgorde van hun datum van voorlegging.

De eigendom van de aandelen wordt bewezen door de inschrijving in het desbetreffende register. Van die inschrijvingen worden certificaten afgegeven aan de houders van de aandelen.

De overdrachten en de overgangen gelden ten aanzien van de vennootschap en van derden eerst vanaf de datum van inschrijving in het aandelenregister.

In geval van overlijden, faillissement, onbekwaamverklaring, kennelijk onvermogen of ontbinding van een vennoot, wordt de datum van het feit of het vonnis in het aandelenregister opgetekend.

Op schriftelijk verzoek gericht aan de raad van bestuur kunnen de vennoten van de inschrijvingen in het register die op hen betrekking hebben, een afschrift verkrijgen. Deze afschriften kunnen niet worden aangewend als bewijs tegen de vermeldingen in het register van de vennoten.

De raad van bestuur of de directeur wordt met de inschrijvingen in het aandelenregister belast.

Artikel 13: Voorwaarden tot uittreding

Categorie B vennoten kunnen *enkel* uittreden of verzoeken om een gedeeltelijke terugneming van hun aandelen tijdens de eerste zes maanden van het boekjaar.

Categorie A vennoten kunnen uittreden of verzoeken om een gedeeltelijke terugneming van hun aandelen in de eerste drie maanden van het boekjaar.

De vennootschap kan de terugbetaling geheel of ten dele spreiden over een periode van maximaal drie jaar.

De raad van bestuur mag de uittreding of terugneming van aandelen weigeren in geval de vennoot verplichtingen tegenover of lopende overeenkomsten met de vennootschap heeft of indien, door de uittreding of de terugneming van aandelen:

- a) het maatschappelijk kapitaal daardoor wordt teruggebracht op een bedrag dat minder is dan het statutair vaste gedeelte verhoogd met de niet-uitkeerbare reserves;
- b) de financiële toestand in gevaar zou gebracht worden.

De raad van bestuur oordeelt hierbij soeverein.

Artikel 14: Uitsluitingsvoorraarden

De vennoot die de bepalingen van de statuten overtreedt, die weigert de geldig getroffen beslissingen van de raad van bestuur of van de algemene vergadering te aanvaarden, die zijn verbintenis tegenover de vennootschap niet naleeft, die handelingen stelt die strijdig zijn met de belangen van de vennootschap, kan door de raad van bestuur uitgesloten worden.

De raad van bestuur moet de betrokken vennoot in zijn verdediging horen of hem schriftelijk uitnodigen om zijn verdediging voor te brengen. *De raad van bestuur moet zijn beslissing motiveren en acteren in een proces-verbaal.*

Artikel 18: Rechten van de uittredende vennoten

De ontslagnemende vennoot, de rechthebbenden of schuldeisers respectievelijk van overleden vennoten, gefailleerden, onbekwaamverklaarden of van vennoten in staat van kennelijk onvermogen, kunnen de ontbinding en vereffening van de vennootschap niet vorderen, maar slechts de uitkering van de waarde van het scheidingsaandeel.

De uitgesloten vennoot heeft geen recht op enig scheidingsaandeel.

De voormalde personen mogen geen maatregelen ter bewaring van hun rechten of van hun rechtsvoorganger vorderen en hebben zich te houden aan de boekhouding van de vennootschap. Om geen enkele reden mogen de betrokken personen het leggen van zegels op het opmaken van inventaris vorderen, noch andere maatregelen treffen tot vrijwaring van welkdanige rechten ook tegenover de vennootschap.

Indien verschillende personen samen gerechtigd zijn in een aandeel, uit welke hoofde ook, heeft de vennootschap het recht de uitoefening van de aan dit aandeel verbonden rechten te schorsen tot één enkel persoon ten aanzien van de vennootschap als eigenaar van het aandeel wordt aangewezen.

Artikel 19: Scheidingsaandeel

In alle gevallen van ophouding van het lidmaatschap zoals bepaald in het vorige artikel en bij terugneming van aandelen, wordt het scheidingsaandeel berekend op basis van het op aandelen gestorte bedrag vermindert met de overgedragen verliezen en vermeerderd met de overgedragen winsten, zoals deze blijken uit de jaarrekening van het boekjaar waarin het lidmaatschap ophield. In geen geval echter kan het scheidingsaandeel meer bedragen dan het door de vennoot volgestorte gedeelte op zijn aandeelbewijs.

Het scheidingsaandeel, wanneer dit verschuldigd is, wordt uitbetaald uiterlijk drie maanden na goedkeuring van de jaarrekening. De raad van bestuur kan beslissen de uitbetaling op een vroegere datum te doen.

Geen uitkering van een scheidingsaandeel kan worden gedaan indien daardoor het netto actief van vennootschap zou dalen beneden het statutair vaste gedeelte van het kapitaal, vermeerderd met alle reserves die volgens de wet of de statuten niet mogen uitgekeerd worden.

De benoeming van een bestuurder treedt eerst in werking nadat hij zijn functie heeft aanvaard. De ambtsaanvaarding wordt vermoed plaats te vinden, behoudens een uitdrukkelijke verklaring van de betrokkenen in de notulen van de vergadering dat hij zijn mandaat weigert op te nemen.

Artikel 35: Algemene vergadering van de vennoten

De geldig samengestelde algemene vergadering vertegenwoordigt al de vennoten.

Zij heeft de bevoegdheden die haar door het Wetboek van vennootschappen of deze statuten worden toegekend.

De gewone algemene vergadering - ook jaarvergadering genoemd - wordt gehouden op de laatste zaterdag van de maand maart van ieder jaar, om veertien uur. Zo deze datum in de Paasvakantie valt van scholen uit om het even welke taalgemeenschap in België, zal de vergadering op de eerste zaterdag voor de aanvang van de eerstvolgende Paasvakantie plaatsvinden, op hetzelfde uur.

Te alle tijde kan een buitengewone algemene vergadering worden bijeengeroepen telkens het belang van de vennootschap het vereist.

De algemene vergaderingen worden gehouden op de zetel of op een andere plaats in België zoals aangeduid in de oproepingen.

Artikel 40: Stemrecht

Alle vennoten, zowel van categorie A als van categorie B, hebben in de algemene vergadering gelijk stemrecht in alle aangelegenheden.

Elke vennoot mag een aantal stemmen uitbrengen gelijk aan zijn aantal aandelen in het maatschappelijk kapitaal. Dit aantal uitgebrachte stemmen mag voor hem persoonlijk en als lasthebber van een andere vennoot evenwel niet meer bedragen dan één tiende van de in de algemene vergadering aanwezige of vertegenwoordigde stemmen.

Artikel 48: Winstbestemming

De te bestemmen winst van het boekjaar wordt bij beslissing van de algemene vergadering besteed als volgt:

1. ten minste vijf procent tot vorming van de wettelijke reserve;
2. een vergoeding aan de vennoten, ongeacht de categorie waartoe ze behoren, die ten hoogste de rentevoet mag bedragen die wordt vastgesteld overeenkomstig het Koninklijk Besluit van acht januari negentienhonderd tweeeenzestig tot vaststelling van de voorwaarden tot erkennung van de nationale groeperingen van coöperatieve vennootschappen en van de coöperatieve vennootschappen door de Nationale Raad van de Coöperatie, toegepast op het werkelijk gestorte bedrag van de aandelen;
3. het overschot wordt overgedragen of gereserveerd.

Het staat de algemene vergadering vrij te beslissen dat de gehele winst tot reservering besteed zal worden. Bij verlies mag het nadelig saldo overgedragen worden.

Wanneer in bepaalde boekjaren geen vergoeding aan het gestort kapitaal wordt toegekend, dan mag daarvoor in de volgende boekjaren, en voor zoveel de winst het toelaat, een bepaald procent per renteloos boekjaar toegekend worden aan het gestort kapitaal van het boekjaar waarop het betrekking had.

Geen uitkering mag geschieden indien op de datum van de afsluiting van het laatste boekjaar het netto-actief, zoals het blijkt uit de jaarrekening, is gedaald of ten gevolge van de uitkering zou dalen beneden het bedrag van het vaste gedeelte van het kapitaal of van het gestorte kapitaal, wanneer dit minder bedraagt dan het vaste gedeelte van het kapitaal, vermeerderd met alle reserves die volgens de wet of deze statuten niet mogen uitgekeerd worden.

De eventuele toe te kennen restorno mag aan de vennoten alleen worden uitgekeerd naar rato van de verrichtingen die zij met de vennootschap hebben gedaan.

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