



Let us develop together the financial tools of solidarity

2007 Annual Report

Dear Friends,

I have the tough task of succeeding founding chairman Jean-Paul Vigier, who took the initiative of setting up a working group consisting of Banca Etica, Caisse Solidaire du Nord Pas de Calais, Credal, Hefboom and Tise to reflect about the structuring – on a European level – of ethical, solidarity-based and alternative finance.

I joined this working group in 2000. It laid the groundwork for the FEBEA – the European Federation of Ethical and Alternative Banks, which Jean-Paul Vigier chaired until May of 2007.

Writing these few lines, I take the opportunity to thank him on behalf of all the members who make up our federation.



Photo © Philippe Caumes

Crédit Coopératif, which I represent within the Febea, is a cooperative bank that has existed for over one hundred years and that has always been involved in the financing of the social economy in France. The social economy in France encompasses cooperatives, associations and mutual benefit societies which represent the very essence of the commitments of Crédit Coopératif, and mutual benefit societies.

Crédit Coopératif discovered solidarity-based finance when it created, in 1983, along with the Comité Catholique Contre la Faim et Pour le Développement (Catholic Committee Against Hunger and For Development) (CCFD), the very first mutual fund in Europe, notably the FCP « Faim et Développement » (Hunger and Development). Jean-Paul Vigier thus was our principal interlocutor vis-à-vis the SIDI – international financing tool created by the CCFD -, which is also a member of the FEBEA today.

The idea to form a federation around tools had been a topic of debate in France since 1992/1993 and led to the creation, in 1995, of the FINANSOL group, which today issues a label for ethical and solidarity-based savings products managed in France.

The first attempt Jean-Paul Vigier and I made at creating a European group dates back to 1991/1992. This attempt, which came about through a SICAV (unit trust) called « Europe Solidaire » (Solidarity-based Europe), was initiated, as you can see, 10 years too early!

Subsequently, in May of 2007, I succeeded Jean-Paul Vigier for one year in order to enable our federation, which had grown remarkably fast between 2004 and 2006, to become stabilised. But one year is not enough.

I thus presented my candidature at the meeting of the Board of Directors of 11 April 2008, which reconfirmed their trust for the next two years.

In 2007, Isabelle Lohisse, our Secretary-General since 2005, tendered her resignation, prompting us to reorganise.

Isabelle Lohisse put a lot of time and effort into getting our federation to work and I take this opportunity to thank her.

The Board of Directors then decided to put in place a lighter and more decentralised organisation, marking a return to the origins of sorts.

The Secretariat-General functions will be performed, for one third of the time, by Antoine Van den Bogaert, member of the staff of Hefboom, and each commission and working group will have an autonomous secretariat coordinated by the Secretary-General himself.

The year 2007 was marked by the reinforcement of the means of our members, in particular the doubling of the capital of Cultura Bank, in which several of our members participated, and I hope 2008 will be a year of development and consolidation of our members.

In conclusion, the financial crisis sparked by the subprime situation proves that finance management should neither be purely technical, nor be turned exclusively towards profit-making. On the contrary, ethical approach and usefulness should take precedence.

At FEBEA, we thus have four challenges to rise to, each according to their means :

1° - to initiate and reinforce actions designed to narrow the North-South divide which, if anything, is only widening;

2° - to undertake actions allowing for the consolidation of ethical and alternative finance on our European continent.

The very swift launch of COOPEST, financial company intended for the development of the social economy in Central and Eastern Europe, which is participated in by the SEFEA, Crédit Coopératif, the « Cooperazione Trentina », APS Bank and, in 2008, Cultura Bank, among others, bodes very well for future concrete achievements in that area.

3° - to finance actions that are conducive to the development of alternative energy.

Many of our members are involved in that area and support any endeavours made in that regard.

We mention the innovative operation of La Nef and of Crédit Coopératif which was launched in the form of a joint interest cooperative society named ENERCOOP, a green energy supplier in France.

At the 3rd Mont Blanc meetings, the international forum bringing together leaders from the social economy and expert figures, whose theme in 2007 was « Consuming, Producing and Distributing Energy in a Durable Manner – The Responses from the Social Economy », we as a federation took on a commitment, notably to examine the creation of an innovation fund to promote the development of renewable and alternative energy.

The year 2008 will be a year rich in events and one that I hope will allow for the development of our members.

Kind regards,

*Karol Sachs
Chairman*

CONTENTS

Chairman’s statement	2
CONTENTS	4
1. Events of particular importance	5
2. Members of the FEBEA	6
2.1. Effective members	6
2.2. Candidature and new members	7
3. Permanent Commissions linked to the common tools of the FEBEA	8
3.1. The SEFEA	8
3.2. The “Mutual Guarantee Fund ‘Solidarity Guarantee’” Commission	9
3.3. The « Solidarity Choice » Commission	11
4. Permanent commissions and working groups	12
4.1. The « Financing towards the South and Fair Trade » Commission	12
4.2. The « Micro-credit » Group	16
5. Schedule of the meetings between members of the FEBEA	16
5.1. Executive Committee, Board of Directors and General Assembly meetings	16
5.2. Summary of the main decisions of the governance bodies	18
6. External relations and Communication	23
6.1. Relations with INAISE	23
6.2. Relations with IRIS	23
6.3. Relations with other organisations	23
6.4. Relations with non-European organisations	24
6.5. Participations and speeches abroad	24
7. 2007 profit and loss account in analytical form	26

1. Events of particular importance

Change of chairmanship

The year 2007 was marked by the change of chairmanship at the head of the FEBEA.

Indeed, as announced, Jean-Paul Vigier, one of the founders of the FEBEA, indicated his desire to step down as chairman after 6 years.

Jean-Paul Vigier was succeeded by Karol Sachs. The latter was first appointed as a candidate for the chairmanship by the founding members and elected by the Board of Directors on 15 May, 2007 for a one-year mandate until the annual meeting of the General Assembly of June, 2008.

This change of chairmanship also was the occasion to reshuffle the Board of Directors and the Executive Committee in accordance with the constitution changes voted on in 2006.

Significant common operations:

The year 2007 was also marked by two highlights of solidarity in the ethical and solidarity finance sector and vis-à-vis the social and solidarity economy sector:

- the capital increase operation of the Norwegian ethical bank Cultura Sparebank (see the summary of the activities of the « Sefea » Commission below),
- the bond issue operation of the French fair capital enterprise France Alter Eco (see the summary of the activities « Sefea » Commission above).

These two operations, which mobilised a large number of FEBEA members, reflect the importance and use of the Federation.

From these two common operations it becomes apparent that the SEFEA is a cornerstone of the realisation of solidarity between the members and the consolidation of the activities of the latter.

Changes in Poland

In 2007, Crédit Coopératif and all of the shareholders of the Polish bank BISE sold their stakes in DnB Nord, whose registered office is situated in Copenhagen (Denmark). DnB Nord struck the name « BISE » off the Company Register. This led to BISE's place within our federation being taken by its branch TISE SA, which marks a return to the source, since Tise was one of the founders of the BISE.

2. Members of the FEBEA

2.1. Effective members

As of 31/12/2007, the FEBEA has 24 members in 13 different countries.



Allemagne		
BANK FÜR SOZIALWIRTSCHAFT	Dietmar KRÜGER - Vice-Président de la FEBEA Berthold BECHER	Membre effectif* Comité Exécutif Conseil d'Administration
Belgique		
CREDAL	Michel GENET	Membre Fondateur* Conseil d'Administration
HEFBOOM	Dirk DALLE Rony MELS	Membre fondateur*
Danemark		
MERKUR BANK	Lars PEHRSON	Membre effectif
Espagne		
BBK SOLIDARIOA	Jon MANCISIDOR	Membre effectif
CAIXA POLLENCA	Antonio AMENGUAL	Membre effectif Conseil d'Administration
FIARE	Angel TONA	Membre effectif
UN SOL MON	Angel FONT	Membre effectif
France		
Caisse Solidaire du Nord-Pas-de-Calais	Catherine MARTIN	Membre Fondateur*
CREDIT COOPERATIF	Karol SACHS - Président de la FEBEA	Membre Fondateur* Comité Exécutif Conseil d'Administration
FEMU QUI	Jean-Nicolas ANTONIOTTI Jean-François STEFANI	Membre effectif
LA NEF	Jacky BLANC	Membre effectif* Conseil d'Administration
SIDI	Christian SCHMITZ	Membre effectif* Conseil d'Administration
SIFA	Jacques PIERRE	Membre effectif* Conseil d'Administration



<u>Italie</u>		
BANCA ETICA	Fabio SALVIATO - Vice-Président de la FEBEA Gabriele GIUGLIETTI	Membre Fondateur* Conseil d'Administration
Cassa Centrale Cassa Rurali Trentine	Marco MODENA Roméo DALLACHIESA	Membre effectif
ETIMOS	Marco SANTORI Laura FOSCHI	Membre effectif Conseil d'Administration
<u>Malte</u>		
APS BANK	Edward CACHIA Emanuel P. DELIA	Membre effectif
<u>Norvège</u>		
CULTURA SPAREBANK	Lars HEKTOEN	Membre effectif
<u>Pologne</u>		
TISE SA	Michal RADZIWILL	Membre Fondateur*
<u>Royaume-Uni</u>		
CHARITY BANK	Malcom HAYDAY	Membre effectif
<u>Slovaquie</u>		
INTEGRA	Allan BUSSARD	Membre effectif
<u>Suède</u>		
EKOBANKEN	Annika LAUREN	Membre effectif
<u>Suisse</u>		
BAS	Claudia NIELSEN - Vice-Présidente de la FEBEA	Membre effectif Comité Exécutif Conseil d'Administration

GERMANY		
BANK FÜR SOZIALWIRTSCHAFT	Dietmar KRÜGER – Vice- chairman of the FEBEA Berthold BECHER	Effective member* Executive Committee Board of Directors
BELGIUM		
CREDAL	Michel GENET	Founding member* Board of Directors
HEFBOOM	Dirk Dalle Rony Mels	Founding member*
	DENMARK	
MERKUR BANK	Lars PEHRSON	Effective member
SPAIN		
BBK SOLIDARIOA	Jon MANCISIDOR	Effective member
CAIXA POLLENCA	Antonio AMENGUAL	Effective member Board of Directors
FIARE	Angel TONA	Effective member
UN SOL MON	Angel FONT	Effective member
FRANCE		
Caisse Solidaire du Nord- Pas-de-Calais	Catherine MARTIN	Founding member*
CREDIT COOPERATIF	Karol SACHS – Chairman of the FEBEA	Founding member* Executive Committee Board of Directors
FEMU QUI	Jean-Nicolas ANTONIOTTI Jean-François STEFANI	Effective member
LA NEF	Jacky BLANC	Effective member* Board of Directors
SIDI	Christian SCHMITZ	Effective member* Board of Directors
SIFA	Jacques PIERRE	Effective member* Board of Directors

ITALY		
BANCA ETICA	Fabio SALVIATO – Vice-Chairman of the FEBEA	Founding member* Board of Directors
CASSA CENTRALE CASSA RURALI TARENTINE	Marco MODENA Roméo DALLACHIESA	Effective member
ETIMOS	Marco SANTORI Laura FOSCHI	Effective member Board of Directors
MALTA		
APS BANK	Edward CACHIA Emanuel P. DELIA	Effective member
NORWAY		
CULTURA SPAREBANK	Lars HEKTOEN	Effective member
POLAND		
TISE SA	Michal RADZIWILL	Founding Member*
UNITED KINGDOM		
CHARITY BANK	Malcom HAYDAY	Effective member
SLOVAKIA		
INTEGRA	Allan BUSSARD	Effective member
SWEDEN		
EKOBANKEN	Annika LAUREN	Effective member
SWITZERLAND		
BAS	Claudia NIELSEN – Vice-chairperson of the FEBEA	Effective member Executive Committee Board of Directors

* According to article 4 of the statutes, « among the effective members are the original founding members as well as the members co-opted unanimously by the original founding members, all of whom are referred to as « founding members ». The BFS and the NEF will be co-opted from among the founding members in 2008.

2.2. Candidature and new members

OEKOGENO e.G. (Germany) expressed its desire to become a member of the FEBEA prior to the May 15 decision of the FEBEA's Board of Directors to suspend any new memberships until 2008.

The joining procedure resulted, at the meeting of the Board of Directors of 11 April, 2008 in Berlin, in Oekogeno e.G. being admitted as a member of the FEBEA.

3. Permanent Commissions linked to the common tools of the FEBEA

3.1. The « SEFEA » Commission

The SEFEA- Société Européenne de Finance Ethique et Alternative – (European Ethical and Alternative Banking Company) is a cooperative society governed by Italian law, established at the end of 2002, whose members are credit institutions and organisations, cooperatives and companies whose aim is to promote economic and durable development from an environmental and social viewpoint. It developed out of the collaboration of 10 members of the F.E.B.E.A.

The main objectives of the company are:

- To support and further the development of the solidarity economy and of ethical finance in Europe;
- To support economic, human and social development relying on the values of civil solidarity;
- To provide financial and advisory assistance to the solidarity and ethical credit institutions that currently exist or that are in the process of being created;
- To support the creation of financial institutions who recognise themselves in the principles of social and solidarity finance;
- To finance the activities that contribute to economic and social development, that enhance and protect the environmental, cultural and human patrimony of all countries of the European Union and that stem from its enlargement.

SEFEA intervenes by means of financial and non-financial tools in the institutions that currently exist or that are in the process of being created.

The financial tools take the form of:

- medium- and long-term credits
- share capital being brought in
- investment funds promoting social cooperation (example of the CoopEst fund which is an investment fund used to develop and reinforce the SMEs of the countries of Eastern Europe)
- other tools allowing for the financing of fair trade players (Alter Eco, Biocoop, Ethiquable etc...)

The non-financial tools represent participations in various European projects of ethical finance, of the social economy, and of finance for development.

The year 2007 saw the SEFEA confirming its supporting role of the ethical and solidarity finance structures and as well its role as a financial instrument at the service of the development of the social and solidarity economy in Europe.

Share capital and associates

Among the 25 associates of SEFEA, 15 are members of the FEBEA.

All the members of the Board of Directors of the SEFEA represent the members of the FEBEA.

As of 31/12/2007, the share capital of the SEFEA amounts to 3.152 million euros. (+ 170K€, + 5.7% from 31/12/2006).

The SEFEA has three new associates since 31/12/2006, notably: Cultura Sparebank (Norway), L’APE – Agence Pour la Promotion de la Coopération Sociale (Agency for the Promotion of Social Cooperation) – (Italy) and ARIELE HOLDING SPA (Italy)

Profit

As of 31/12/2007, the SEFEA shows a profit of 29K€.

Financing

As of 31/12/2007, SEFEA had invested a total amount of € 8,993,856, to be broken down as follows :

- 7,525 million euros worth of financing (loans, subordinated loans and credit lines),
- 1,200 million euros worth of funds (guarantee funds and funds for the development of social cooperation) and in bonds
- 268,856 K€ worth of stakes

Of 14 financing arrangements, the SEFEA intervenes :

- for 5 in the sector of ethical finance and social cooperation
- for 4 in fair trade
- for 2 in biological agriculture
- for 2 towards the founding members
- for 1 in a micro-finance institution.

It is in the sector of ethical finance and social cooperation (1.4M€) and in the biological sector (6.2M€) that the SEFEA intervenes the most.

By the end of the year 2007, the financing arrangements granted were as follows :

- a credit line to the cooperative ENSIEME worth 100,000 euros, which is a renewal
- a loan to ARIELE Holding SPA worth 6 million euros
- a subscription of 100,000 euros for bonds of France Alter Eco
- a stake of 200,000 euros in the capital of Cultura SpareBank.

Totalling 6,400,000 euros.

The financing provided by the SEFEA to Ariele Holding Spa reflects the strong growth of the SEFEA in the biological sector. In this way, the SEFEA participates in the bio distribution in Northern Italy with the refinancing of Crédit Coopératif, of the NEF and of Banca Etica.

It seems that the SEFEA has become an important financial partner and player to be reckoned with in the sector.

The subscription for the share capital of Cultura Sparebank is also a strong signal for the entire ethical financial system. For the SEFEA, it corresponds to a 290% increase in its stakes compared to 2006.

This operation is an important one for the FEBEA as 9 members of the FEBEA (APS Bank, BAS, Banca Etica, Credal, Crédit Coopératif, Ekobanken, La Nef, Merkur Bank, SIDI) are involved in the reinforcement and consolidation of the Norwegian ethical bank, which had to increase its capital to meet the requirements of the Norwegian Banking Commission.

Participation in projects and offer of services

During the course of the year 2007, the SEFEA participated in numerous projects. The two main projects are European :

- the project Equal Transnazionale « Eurosol »
- the project Subvention Globale « Piccoli Sussidi » *Programme Opérationnel Régional des Pouilles.*

Thanks to this involvement, the SEFEA gathers know-how and increasingly presents itself as a competent interlocutor in the sector of ethical finance and as a promoter of the social and solidarity economy.

The SEFEA has developed an offer of services. The profits generated by this activity (65K€) rose 83% compared to 2006.

Prospects

For 2008, the SEFEA envisions an active capitalisation campaign designed to consolidate its role in providing support to ethical finance, social cooperation, the biological sector, as well as to the social and solidarity economy in Western Europe, Eastern Europe and the Balkans.

3.2. The «Mutual Guarantee Fund ‘Solidarity Guarantee’ » Commission

The « Solidarity Guarantee » is a mutual guarantee fund set up in 2002 on behalf of the FEBEA by Crédit Coopératif, who is also its depositary. A guarantee fund has no legal status. The aim of the fund is to guarantee credits as well as all other commitments, notably by signature put in favour of the beneficiaries of the fund, by any financial institution recognised by the FEBEA, both in France and abroad. The guarantee of the Fund is obtained after approval from the deciding authorities through subscription for a guarantee deposit.

The Fund consists of:

- all the guarantee deposits of the beneficiaries and mutualised between them (Section A)
- the grants from all public and private organisations which can be obtained with a view to its development, mutualised with the fund of section A.
- the so-called sponsorship guarantee deposits constituted by the sponsoring organisations in support of their counter guarantee, non-mutualised between them and managed by separate agreement.

Internal regulations ratified by the FEBEA and Crédit Coopératif as well as separate agreements govern the functioning of the mutual guarantee fund, notably with regard to the dossiers' eligibility conditions, the amount of the subscriptions, the utilization of the fund etc.

For the sake of simplification, a joint decision of February, 2003 of Febea and Crédit Coopératif allowed for the merger of the Funds' commitment committee and the Fund's management committee into a single Management Committee made up of 6 members: three members appointed by Crédit Coopératif and three members of the FEBEA, notably La Nef, Hefboom and La Caisse Solidaire du Nord Pas de Calais.

The Management Committee of the mutual guarantee fund « Solidarity Guarantee » met in Nanterre (France) on 11 June, 2007 and ratified new internal regulations of the

Management Committee of the Fund, providing for a minimum of three members to 12 members. :

- at least 2 members of Febea
- at least 1 member of Crédit Coopératif

Are represented in this management committee today :

- the Nef and Hefboom as representatives of the FEBEA,
- and Crédit Coopératif as depositary-manager of the guarantee fund.

The 2007 activity report of the fund « Solidarity Guarantee » was confirmed by the Management Committee which convened in Nanterre (France) on 2 April, 2008.

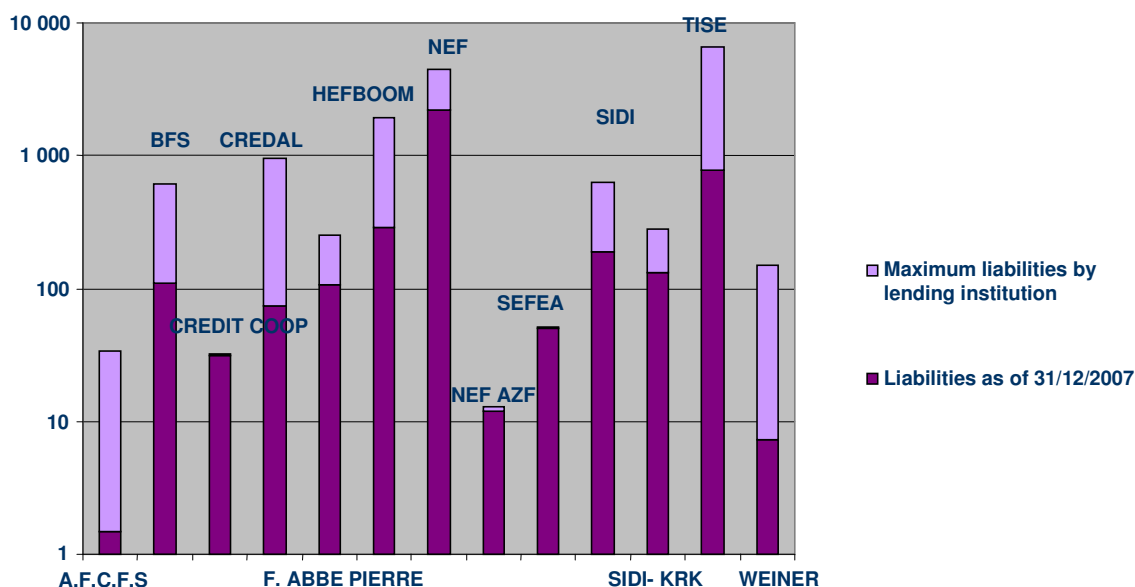
Total guaranteed liabilities

The total liabilities guaranteed by the mutual guarantee fund « Solidarity Guarantee » as of 31/12/2007 was 3.987 million euros, a 8% drop compared to the amount as of 31/12/2006.

This decrease can be explained by the fact that certain guarantees concerning short-term bridging loans, the liabilities from day J, do not reflect the reality of the intensity of the activity of the fund over the year.

During the course of 2007, the number of dossiers presented by the BFS doubled and the number of guarantee requests on the part of the Nef and the TISE rose.

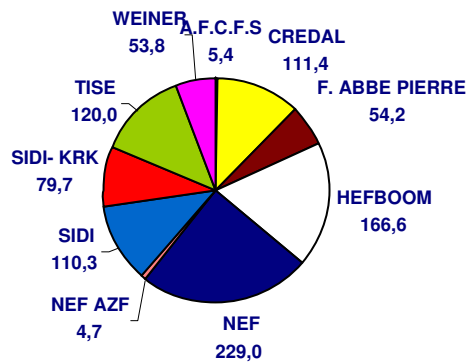
Use of the mutual guarantee fund in terms of guaranteed liabilities as of 31/12/2007 in K€



Sponsorship deposits

The sponsorship deposits overall are not used as much as they could be. As of 31/12/2007, the sponsorship deposits represented € 935K.

Sponsorship deposits of the Mutual Guarantee Fund "Solidarity Guarantee"
As of 31/12/2007 in K€

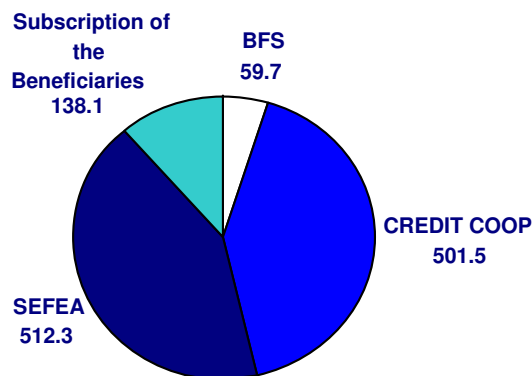


Section A

Section A amounts to 1.212 million euros as of 31/12/2007, of which 138 K€ corresponds to the subscriptions of the beneficiaries of the fund.

Section A alone guarantees liabilities in the amount of 2.178 million euros. Its current multiplication coefficient is 1.8.

Section A of the Mutual Guarantee Fund "Solidarity Guarantee"
as of 31/12/2007



Stakes of the fund

The total allocation as of 31/12/2007 was 32 K€ and involves 8 dossiers.

The stakes of the fund were divided by more than 2 compared to 2006.

Since its creation, the mutual guarantee fund Solidarity Guarantee has suffered a loss of 202 K€ on a guaranteed total of 13,427 K€, which corresponds to 1.5% of that total.

Perspectives 2008

Those who use the fund today wish to see the possibilities grow to make this tool available to new beneficiaries. New agreements will be put in place to meet the needs expressed by the members of the FEBEA.

3.3. The « Solidarity Choice » Commission

As of 31/12/2007, the total of owned capital (amount representative of the net assets) of the Solidarity Choice SICAV (unit trust) was 37.178 million euros.

As of 31/12/2007, this diversified SICAV (unit trust) has a portfolio worth 2.955 million euros in solidarity-based securities not listed on any regulated market, accounting for 7.9% of its net assets. The 18 solidarity-based institutions concerned work in the following solidarity-based and alternative sectors :

- Micro-finance and solidarity-based finance (ADIE, NEF, Caisse Solidaire Nord-pas-de-Calais)
- Non-profit retirement homes (Pierre Angulaire)
- Sanitary and social sector (Bank für Sozialwirtschaft)
- Council housing (Habitats solidaires, Chênelet Insertion, SCIC Finantoit)
- Assistance in the creation and follow-up of enterprises (Boutiques de Gestion de Paris IdF, Garrigue)
- Disabled (Websourd)
- Renewable Energy (Enercoop)
- Fair trade (Alter Eco, Artisanat SEL, Max Havelaar, Ethiquable)
- North-South development (Acted, GRET)

Four members of the FEBEA have used this tool since its creation, enabling them to support their development. The BFS and Caisse Solidaire du Nord-Pas-de-Calais are still part of the portfolio of the Solidarity Choice SICAV (unit trust).

4. Permanent commissions and working groups

4.1. The « Financing towards the South and Fair Trade » Commission

The « Financing towards the South and Fair Trade » commission has designed a tool dedicated to supporting micro-finance and fair trade initiatives in Africa.

This tool takes the form of a dedicated investment fund.

This commission is made up of:

- CONSORZIO ETIMOS (Italy)
- SIDI (France)
- UN SOL MON (Spain)
- As well as a non-member organisation: ALTERFIN (Belgium)

This year has been very active since the members of the commission met every month and a half and paved the way for the presentation project of FEFISOL – Fonds Européen de Financement Solidaire pour l’Afrique- which is set out in detail below.

This « FEFISOL » tool will be set up as a specialised investment fund in Luxembourg.

In the past six months, the founders have taken a new strategic course, in addition to the fund’s initial orientation, designed to pave the way for the fund’s growth (30 million euros) after the first four years.

The investment policy of FEFISOL focuses solely on Africa and gives priority to rural activities.

The objective is to attain 30 million euros worth of commitments during the fund’s first 4 years, of which :

- 80% is invested in the compartment of local currencies
- 20% is invested in the compartment of strong currencies

	Strong Currency Compartment				Local Currency Compartment					
Total volume	20%				80%					
					70%				10%	
CURRENCIES	Euro Dollar				Local currencies				Local currencies	
CLIENTS	IMF in consolidation Mature IMF Second-level institutions Organisations of producers (OP) (having export activities), linked to Bio and/or fair trade networks, among others.				IMF in consolidation Mature IMF Second-level institutions Organisation of producers				Emerging IMF Consolidated IMF developing innovative products for particularly vulnerable target clients (disabled, displaced people etc....)	
TYPES OF INVESTMENTS	Loans Loans/guaranteed for loan transactions in local currencies with local banks (search for leverage effect)				Loans Participating interests and loans on current account of associate (only to mature IMF, second-level institutions)				Loans	
	M IMF	IMF C	OP/EC	OP	M IMF	IMF C	OP/EC	OP	E IMF	OP
Local currency loans					X	X		X	X	X
Strong currency loans			X							

PP					X				
Surety / loans BB	X	X							

AMOUNT	Loan: €100,000 – €1,000,000 Guarantee: €50,000 – €1,000,000	Loan €100,000– €1,000,000 Stake: €500,000 – €1,000,000	Loan: €50,000- €1,000,000
TERM	Loan and guarantee to OP (financing of working capital) 12 months Loan and guarantee to IMF: 18 to 60 months	Loan: 18 to 60 months Stake: 7 to 10 years	Loan: 18 to 60 months
GRANT SPECIFICATIONS		Stake < 20% of the capital Obtaining of a seat on the BD Right of pre-emption Freedom of withdrawal	Disbursement in several instalments subject to meeting and compliance with the social and financial requirements set forth in the loan contract with the institution.
REIMBURSEMENT	Half-yearly basis for IMF After delivery of goods for OP	Half-yearly basis	Half-yearly basis
FINANCIAL CONDITIONS	Market rate (<i>weighted by social and financial criteria of the IMF</i>)	Market rate (<i>weighted by social and financial criteria of the IMF</i>)	Concession rate
INTEREST PAYMENT	Half-yearly basis for IMF During first payment for OP	Half-yearly basis	Half-yearly basis

The terms of constitution and follow-up of the fund's portfolio comprise:

- Identification of the partners, which will be performed by the four founders. Following a pre-selection stage, the entire dossier will be presented to the investment committee by its contributor. The decision will be taken based on the information furnished and according to criteria relating to the viability and social performance of the institution, its institutional and organisational characteristics, its viability, lasting quality and financial performance.
- The follow-up of the partners, which will be ensured by the dossier contributor, in exchange for a fixed remuneration rate paid by the fund. Each founder will be required to visit the financed institution at least once every 18 months in connection with the portfolio follow-up. Each founder will be required to communicate, every 6 months, to the Investment Committee financial and institutional information, as well as a summary report by the manager on the situation and the evaluation of the risk related to their dossier.
- The guidance of the partners (Technical assistance): specific missions of technical support can be undertaken by the founders, based upon reference terms, according to the needs of each financed institution and thanks to external financial resources, negotiated bilaterally to that effect by the dossier contributors. These tasks may entail guidance being given to the IMF/OP in :
 - diversifying, adapting and improving the quality of their products and services,
 - reflecting strategically on and putting in place strategic planning tools,

- putting in place and perfecting systems of information and management,
- putting in place and perfecting systems of internal and external verification,
- ...

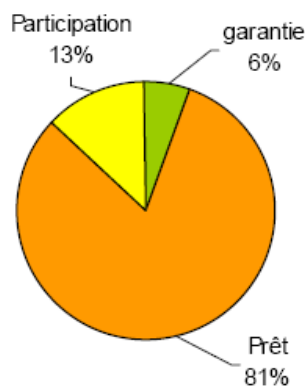
Any FEFISOL financing to an emerging or consolidated IMF developing innovative products for particularly vulnerable target clients, will be accompanied by a technical assistance project being implemented at the institution.

Notably in regard to mature institutions and second-level institutions enjoying a stake, the guidance of FEFISOL can be realised as follows:

- Discussions and strategic guidance/ strategic and commercial planning
- Creation of leverage effect through the mobilisation of local investments
- Legal guidance
- Guidance for the development of new agencies, notably in rural and isolated areas)
- Support of technological innovation, information technology
- Support of product diversification / development of new products (transfers of funds, ... notably for products appropriate for rural areas)
- Perfecting of the SIG and of internal procedures
- Support of the adaptation of the internal organisation to the growth of the institution

Portfolio structure

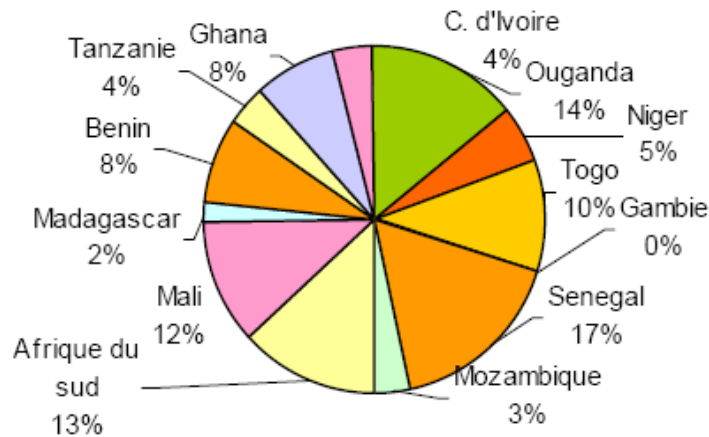
Répartition du portefeuille par produits financiers (N1)



[Portfolio breakdown by financial product (N1)]

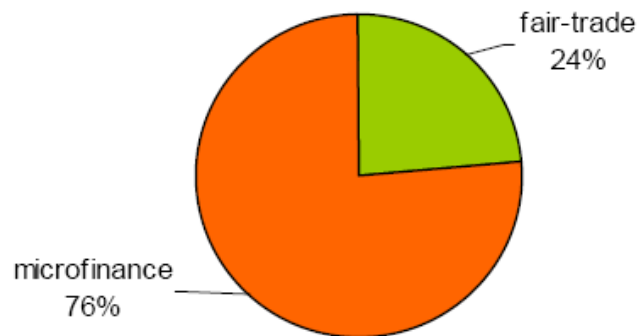
stake / guarantee
loan

Répartition du portefeuille par pays (N1)



[Breakdown of the portfolio by country (N1)]

Répartition du portefeuille par secteurs (N1)



[Breakdown of the portfolio by sector (N1)]

4.2. The « Micro-Credit » Group

The Micro-Credit Group met twice in 2007 – on 13 February in Brussels and on 16 June in Barcelona.

The members of the FEBEA represented in this group are Caixa Pollença (Antonio Amengual), Banca Etica (Laura Callegaro), France Active (Laurence Zebus), Crédit Coopératif (Priscilla Carpenter et Yael Zlotowsky), APS Bank (Edward Cachia and Edward Calleja), Intégra Coop (Allan Bussard), Cultura Bank (Lars Hektoen) and BFS (Holger Seifert).

During the year 2007, the participants reached agreement on the following points:

- a. objectives of the group

The objective of the group is to assist the members of the FEBEA in the development of professional and effective financial products in order to increase their ability to help people who are financially and socially excluded (as well as the associations working with these people) in Europe

b. creation of a table listing the participants' current activities for micro-credit

c. initiating contacts with the European Investment Fund regarding the Jeremie programme and possible cooperation with the FEI (Patrice Liauzu)

5. Schedule of the meetings between members of the FEBEA

5.1. Executive Committee, Board of Directors and General Assembly meetings

The Executive Committee (formerly called the Bureau) is composed of the Chairperson (Karol Sachs – Crédit Coopératif) as well as three Vices-Chairpersons (Dietmar Krüger – BFS, Claudia Nielsen – BAS, Fabio Salviato – Banca Etica).

The Executive Committee met :

- on 24 January, 2007 by teleconference,
- on 20 February, 2007 in Brussels (Belgium),
- on 30 May, 2007 in Brussels (Belgium)
- on 2 August, 2007 in Zurich (Switzerland),
- on 5 October, 2007 in Bari (Italy).



At Maison de la Province Boeverbos, on 16 March, 2007

From left to right and from top to bottom (some people could not be identified) : E. Cachia (APS Bank), K. Sachs (Crédit Coopératif), A. Bussard (Integra Cooperative), A. Tonat (Fiare), D. Krüger (BFS), C. Nielsen (BAS), A. Mc Carthy (APS Bank), M. Radziwill (TISE), A. Amengual (Caixa Pollença), I. Lohisse (Secretary-General of the FEBEA), L. Zébus (SIFA), M. Torras (Un Sol Mon), B. Becher (BFS), The Chairperson of the Province Boeverbos, J.P. Vigie (Chairperson of the Febea), D. Dalle (Hefboom).

During 2007, some changes were made to the composition of the **Board of Directors**. Jean-Paul Vigier tendered his resignation. Laurence Zébus, representative of the SIFA, also resigned, Jacques Pierre then took his place to complete the three-year mandate.

As of 31/12/2007, the Board of Directors is composed of 11 directors:

- Banca Etica – Fabio Salviato, Gabriele Giuglietti
- BAS – Claudia Nielsen

- BFS – Dietmar Krüger
- Caixa Colonya – Antonio Amengual
- Credal – Michel Genêt
- Crédit Coopératif – Karol Sachs
- Consorzio Etimos – Chiara Benvegna
- La Nef – Jacky Blanc
- SIDI – Christian Schmitz
- SIFA – Jacques Pierre

The Board of Directors convened :

- on 16 March, 2007 in Bruges (Belgium),
- on 15 May in Brussels (Belgium),
- on 14 June in Barcelona (Italy)
- on 13 September in Brussels (Belgium),
- on 30 November, 2007 in Trento (Italy)

The Extraordinary General Assembly convened :

- on 16 March, 2007 in Bruges (Belgium)

The Annual General Assembly meeting was held:

- on 14 and 15 June, 2007 in Barcelona (Spain)

5.2. Summary of the main decisions of the governance bodies

Here is a rundown of the main decisions of the governance bodies of the Febea. Are not included in the list: decisions relating to the budget, the accounts, the activity report and any decision of common management.

Executive Committee

EC - 3 May, 2007 in Brussels

- Accounting delegation to the fiduciary INCOGE
- Finalisation of the brochure of the FEBEA
- Proposition by the founding members regarding the chairmanship of the FEBEA. During an interim period of one year, the chairmanship would be ensured by Karol Sachs alongside vice-chairmen Dietmar Kruger and Fabio Salviato. Rony Mels would be the treasurer; on the other hand, an enlarged executive committee would be charged mainly, during this year of transition, with preparing the future chairmanship (person, role, cost, ...).

EC - 2 August, 2007 in Zurich

- Presentation of the final report submitted by IRIS to the European Commission as part of the call for proposition relating to the financing of the functioning of the networks.
- Maintaining privileged contacts with the REM (Réseau européen de micro finance – European Micro-Finance Network) as part of the opening of the guarantee fund of the FEBEA to members of the REM.

- Delegation of powers to INAISE concerning the membership of RIPESS (Réseau intercontinental de promotion de l'économie solidaire et sociale – Intercontinental Network for the Promotion of the Solidarity and Social Economy)
- Organisation by CHARITY BANK of a joint presentation meeting between the FEBEA and the EUROPEAN FOUNDATION CENTER.
- Organisation of an information meeting on the FINEUROSOL project on 13 September, 2007 from 9:00 am to 10:30 am right ahead of the meeting of the BD of the FEBEA.
- Execution of the capital increase operation of Cultura Bank
- Announcement of the organisation of a second meeting between members of the FEBEA and the various CARITAS in May, 2008.
- Proposition regarding the compiling of specifications for the function of chairperson, vice-chairperson(s) and secretary-general to serve as the basis for drawing up a list of objectives and, subsequently, for performing an assessment. It was also decided, for the month of June 2008, to have clear documents on the functioning of the FEBEA, the role of every authority, the significance of membership, ...
- Decision not to move with INAISE
- Reconsideration of the candidature of Oekogeno
- Relaunch of the propositions of Berthold Becher on internal communications (newsletter)

EC - 5 October, 2007 in Giovinazzo, Bari - Italy

- Meeting of Trento : compiling of the programme of the workshops organised by the FEBEA
- Isabelle Lohisse announces her decision to leave the FEBEA, adding that this decision will be confirmed by a letter to the Executive Committee during the month of October. She is leaving the FEBEA on 31st January, 2008.

Board of Directors

BD - 16 March, 2007 to la Maison de la Province Boeverbos, Bruges - Belgium

- Decision of Jean-Paul Vigier to resign the chairmanship of the FEBEA (letter dated 8 May, 2007)
- Presentation by Samir Barghouti, General Manager of the ACAD - Arab Center for Agricultural Development, micro-finance institution in Palestine, explaining the activities undertaken by the institution and the economic situation in Palestine in particular.
- List of the candidatures to the Board of Directors:
Free candidatures :
 - **Jean-Paul Vigier**
 - **Claudia Nielsen**
 - **Laurence Zébus-Jones**
 - **Antonio Amengual**
- Candidatures of the commissions :
 - **Fabio Salviato** (candidate director vice-chairman) and **Gabriele Giuglietti** : Sefea Commission proposition ;

- **Christian Schmitz** and **Chiara Benvegna** : « Financing towards the South and Fair Trade » Commission ;
 - **Dietmar Kruger** and **Jacky Blanc** : « Guarantee Fund » Commission ;
 - **Michel Genet** and **Karol Sachs** : « Solidarity Choice » Commission,
 - **Mark Lambrechts**, permanent guest
- Strategy and plan of action :
 - Confirmation of the consensus on the vision, the identity and the mission of the FEBEA
 - Agreement on the principle of a three-year action programme
 - Priority for the year 2007 given to communications and the exchange of experiences
 - Fineurosol :
 - Decision that Isabelle Lohisse will participate in the steering committee of the Fineurosol project and that the Febea is one of the three leaders of the project
 - Creation of a working group on the subject
 - Financing towards the South Commission: start of FEFISOL scheduled for 2009
 - Micro-Credit working group : defining of the objectives and missions of the group and participation following an invitation to the annual conference of the European Micro-Finance Network (Réseau Européen de la Microfinance - REM). Un Sol Mon will represent the FEBEA at that conference.
 - IRIS : presentation of the evolution of the work of the European Inter-network of Ethical and Solidarity-based Initiatives (Inter-réseau Européen des Initiatives Ethiques et Solidaires) and of the importance for the Febea to participate in it given the opportunities afforded by the Council of Europe.

BD - 15 May, 2007 in Brussels – Belgium

- Election of Karol Sachs to the chairmanship of the Board of Directors
- Election of Dietmar Krüger, Claudia Nielsen and Fabio Salviato to the vice-chairmanship of the Board of Directors
- Suspension of any new membership procedure for a period of one year, with the option of rediscussing this decision, if need be, within the Board of Directors

BD – 14 June, in Palau Centelles – Barcelona - Italy

- End of Francesco Bicciato's mandate as treasurer.
 - No appointment of treasurer.
- Hefboom is at the disposal of the Secretariat-General to compile the budget and its execution.
- Vote on the following motion which will be effective for one year before being proposed to the General Assembly :

« On the initiative of the chairperson, the decisions can be taken in the form of written approval given to a proposition within 5 workdays of being sent by email, provided that no discussion at the next meeting is required by one of the members of the board of directors. »

BD – 13 September in Brussels – Belgium

- Table compiled by Holger Seifert as a reference for fixing the amount of the contributions
- Reflections about the opening of the guarantee fund to the REM
- Proposition regarding the creation of an « associate » category with payment of a contribution for participation in the work of the Febea and in the GA, but without voting rights for the latter.

BD – 30 November in Federazione della Cooperazione Trentina – Trento – Italy

- Decision to reorganise the Febea with a trimmed secretariat-general and an active chairmanship. Decision to search for a secretary-general who works a three-fold schedule for the federation's functioning as previously described.
- Replacement to the Board of Directors of Laurence Zébus (SIFA) by Jacques Pierre (General Manager of SIFA), co-opted as provisional director until the next meeting of the General Assembly
- Announcement of the return to the General Assembly of the mandate of vice-chairperson of Claudia Nielsen (BAS)

2007 EGA - 16 March, 2007 in Bruges (Maison de la Province Boeverbos)

- 12 directors were appointed to the Board of Directors :
 - Jean-Paul Vigier
 - Claudia Nielsen
 - Laurence Zébus-Jones
 - Antonio Amengual
 - Fabio Salviato
 - Gabriele Giuglietti
 - Christian Schmitz
 - Chiara Benvegna
 - Dietmar Kruger
 - Jacky Blanc
 - Michel Genet
 - Karol Sachs

GA – 14 and 15 June, 2007, Barcelona - Spain

- Debate on the 4 priorities for 2007 of the FEBEA, notably :
 - exchanges between the members, by Bertold Becher,

- lobbying – European regulations, by Gabriele Giuglietti,
- the Fineurosol project, by Jacky Blanc, Philippe Leconte and Isabelle Lohisse,
- reinforcement of the tools of the Febea, by Karol Sachs.

One priority was added: participation in the European Inter-network of Ethical and Solidarity-based Initiatives (IRIS)

Publication in the Belgian Statute Book

The changes in the constitution of the Board of Directors as well as the composition of the Executive Committee were published in the Belgian Statute Book on 03/08/2007.

The change of the registered office of the FEBEA, formerly located at 333 rue du Progrès in 1030 Brussels and currently at 4-6 rue de Pascale in 1040 Brussels, was published in the Belgian Statute Book on 23/11/2007.

6. External relations and Communication

6.1. Relations with INAISE – International Association of Investors in the Social Economy : the ties are maintained between the Febea and Inaise, the two organisations that have devised a joint strategy integrated into the « Global Inaise » project.

The FEBEA participated in the workshop proposed by Inaise during its annual meeting in Canterbury on 10 and 11 May, 2007 and the theme of which was « management of a network ».

www.inaise.org

6.2. Relations with IRIS – Inter-réseau Européen des Initiatives Ethiques et Solidaires (European Inter-network of Ethical and Solidarity Initiatives): the Febea immediately responded when it had to bring together the various families of ethical and solidarity citizen initiatives, such as ethical and solidarity (FEBEA, INAISE), fair trade (IFAT), responsible consumption (URGENCI, ASECO), socio-economic integration based on solidarity (ENSIE). The Febea thus participated from the very beginning in this initiative, which, in her opinion, could only further exchanges and collaboration for concrete actions directed towards the fight against poverty, social exclusion and the promotion of sustainable social development. The Inter-network was formally created at the beginning of the year 2007, four years after the initiation by the Council of Europe of a process of political dialogue designed to facilitate the expression of new ways of fighting poverty and social exclusion by relying on the citizen initiatives and the consultation with the authorities as part of their strategy of social cohesion, defined as the ability of society ensure the welfare of all on a principle of co-responsibility of the public and private players, including the citizens themselves. The Council of Europe and the Autonomous Province of Trento are the institutional partners of the Inter-network IRIS.

Several meetings were held as part of the IRIS and the FEBEA was, of course, very active during the seminar entitled « Develop the potential of ethical and solidarity initiatives for a durable society » organised by IRIS in Trento (Italy) on 29 and 30 November, 2007. The FEBEA indeed organised two workshops as part of this seminar; The first workshop was devoted to ethical finance and integration enterprises and the second to the creation of a European label of ethical finance.

www.iris-network.eu

6.3. Relations with other organisations

- The FEBEA participates in the European project FINEUROSOL conducted in partnership with the French association FINANSOL and the Belgian association RFA (Réseau Financement Alternatif – Alternative Financing Network). Following the conference held in Paris on 11 December, 2006, the project's management committee convened several times in 2007. Preparatory bilateral contacts were established in Poland, Spain, Luxembourg, Belgium and France.

And during the seminar of IRIS in Trento, the FINEUROSOL project was presented as part of a workshop on the creation of a European label of ethical finance.

www.finansol.org

www.rfa.be

- The ties with the BEI were also maintained during the year 2007, through the contacts established as part of the group « Financing towards the South and Fair Trade ».

www.bei.org

Contacts were also maintained with the FEI, in particular as part of the European programme JEREMIE. One of the representatives of the FEI also intervened as part of a meeting of the Micro-Credit group of the FEBEA in order to report on the progress of the said project.

www.eif.org

The ties were also tightened with the European Microfinance Network (REM). Collaboration with the Network is in the works for 2008, which centres around the use by the members of the REM of the guarantee fund of the FEBEA.

www.european-microfinance.org

The FEBEA also maintained its ties with COOPEST, development fund for enterprises of the social economy in the target countries of Central Europe and of the East, notably through Crédit Coopératif, BISE and SEFEA who established it in 2004 and APS Bank and Cooperazione Trentina who invested in it.

<http://coopest.typepad.com/coopest/>

6.4. Relations with non-European organisations

The FEBEA is a part of the RIPESS - Réseau Intercontinental pour la Promotion de la Finance Solidaire (Intercontinental Network for the Promotion of Solidarity Finance) and, though frequently represented by INAISE, the FEBEA participated in a few meetings to prepare for Lux 09, the next intercontinental meeting of the RIPESS to be held in Luxembourg in May, 2009.

www.ripess.net

Representatives of the World Bank were met with on several occasions.

www.banquemondiale.org

6.5. Various activities: the FEBEA has often been asked to make its expertise available to various projects and conventions. The FEBEA individually or collectively participated in the following events:

- **BARCELONA** : presentation of the Fineurosol project as part of a conference organised by FETS on ethical banks.
- **BERLIN** : address at the annual conference of the REM in Berlin on 26 and 27 April 2007.
- **BERLIN** : meeting of 4 of the members of the FEBEA (Crédit Coopératif, APS Bank, BISE and BFS) with the CARITAS of Europe on 12 and 13

April 2007. This first meeting was a real success, rich in exchanges and knowledge. This enabled the Caritas to express their needs, and to find a listening ear in their banking partners.

- **BRUSSELS** : address as part of the Equal project conducted by the Bise bank.

7. 2007 profit and loss account in analytical form

2007 PROFIT AND LOSS ACCOUNT in analytical form			
EXPENDITURES	2007 Accounts	INCOME	Comptes 2007
Functioning of the FEBEA		Functioning of the FEBEA	
Expenses related to the Secretariat-General (remuneration, social security charges, meal vouchers, provisions etc.)	79.201	Contributions from the First Group (10 members)	31.500
Rent (Office on Rue de Pascale)	6.000	1- Caisse Solidaire du Nord Pas de Calais (France)	3.000
Fees (INCOGE, F. Maillard)	2.795	2- Charity Bank (United Kingdom)	3.000
Finneurosol	2.388	3- Credai (Belgium)	3.000
Rental of conference rooms	831	4- ETIMOS (Italy)	3.000
Telephone, Post and Office Supplies	1.675	5- Femu Qui (France)	3.000
Advertising and legal publications (website, Belgian Statute Book etc.)	923	6- FIARE (Spain)	3.000
Contributions (Inaise-Hris etc.) and other participations	3.200	7- Heboom (Belgium)	3.000
Translators and interpreters	5.316	8- Integra (Slovakia)	3.000
Travel costs (transport and accommodation)	14.168	9- SID! (France)	4.500
Other expenses (depreciation allowances, financial interest, all-risk insurance policies etc.)	3.664	10- TISE (Poland)	3.000
Reserves		11- Oekogena e.G. (Germany)	
For the purpose of the Secretariat General - Old Formula		Contributions from the Second Group (9 members)	31.600
Staff expenditures (remuneration+social security charges) as of January and February, 2008		12- APS Bank (Malta)	4.500
Rental of office space		13- BAS (Switzerland)	4.500
		14- Caixa Poliença Catalunya (Spain)	4.500
		15- La NEF (France)	4.500
		16- SIFA (France)	4.500
		17- Un Sol Min (Spain)	4.500
		18/19/20 - Merkur Bank + Cultura Bank + Exobanken (Scandinavian countries)	4.500
		Contributions from 6 special cases	50.000
		21- BANCA ETICA (Italy)	8.000
		22- Credit Rural de Trento (Italy)	8.000
		23- BPS (Germany)	9.000
		24- Crédit Coopératif (France)	20.000
		25- BBK Solidaria Fundazioa (Spain)	9.000
		Total of Contributions	113.000
		Exceptional contributions	9.356
		Crédit Coopératif	
		CC - Finneurosol Project	8.000
		Other income + investment income	1.356
		Costs of joining - Oekogena	
Subtotal - Functioning of FEBEA	111.162	Subtotal - Functioning of FEBEA	122.356
Functioning of CEP-CMAF*		Functioning of CEP-CMAF*	
Expenditures related to salaries and social security charges of Karline Pflüger	24.055	Contribution from Crédit Coopératif	24.775
Other charges (subscriptions, transport, costs of meetings)	629		
Subtotal - Functioning CEP-CMAF	24.684	Subtotal - Functioning CEP-CMAF	24.775
TOTAL	135.846	TOTAL	147.131
Surplus	11285,46		

Notes:

In 2007, Crédit Coopératif, by way of exception, paid the annual contributions of Caisse Solidaire, Charity Bank and Tise.

* At the Board of Directors meeting of 15 May, 2007, the Board of Directors agreed to collaborate with CEP-CMAF (Conférence Européenne Permanente des Coopératives, Mutualités, Associations et Fondations – Permanent European Conference of Cooperatives, Mutuals and Foundations)

It is a lobbying group that has been around for 7 or 8 years and that had no legal entity of its own. Its secretariat was run by Coopfond. Mr. Detilleux, Chairman of the CEP-CMAF, had asked the FEBEA's permission to put the accounting of the CEP-CMAF and that of the FEBEA back to back. The sole operations of CEP-CMAF pertain to the payment of the personnel charges relating to the permanent representative of CEP-CMAF.

This collaboration received the support of the FEBEA.

The portion of the accounts relating to the functioning of the CEP-CMAF was thus isolated to make sure that the members have an accurate picture of the FEBEA. All costs relating to the functioning of the CEP-CMAF were borne by Crédit Coopératif.