

NOTES TO FINANCIALS – U.S. FINANCIAL STATEMENTS

REVENUE

Opportunity International-U.S. revenue was \$22.1 million, a decrease of \$27 million compared to 2014. A drop in fundraising revenue occurred as several large multi-year donations from corporate and private donors were recognized in 2013/14, without large new donations in 2015. Opportunity International received a large grant of \$22.4 million in 2013/14 for transformative work in Africa, for which program activities will continue through 2018. The accrual revenue for this grant was recorded in 2013 and 2014 for \$8.8 and \$13.6 million respectively. In addition, a \$3 million pledge in 2014 was reversed in 2015, as Opportunity determined the project did not align with our strategy moving forward. Government grants decreased by \$0.2 million. Other Income includes fees received for services.

PROGRAM ACTIVITIES

Equity investments in Opportunity banks: Direct equity investments were \$11.8 million in 2015, including a \$5.6 million investment in Malawi and a \$4.1 million investment in Dia Vikas, our partner in India. Investments were made in countries with continuing equity needs. In addition, Opportunity International raised debt and equity of \$21 million from third parties for Implementing Members (our in-country microfinance institutions that serve clients) to facilitate capital requirements and growth in lending.

Grants to member organizations: Grants were \$9.2 million in 2015, a decline of 1% compared to 2014. Grants to African partners declined \$0.9 million to \$6.5 million overall, while grants to Asia and Latin America increased by a similar amount.

Business development and training services:

The Opportunity International-U.S. expenditures for business development and training services provided to Implementing Members by Opportunity International operations personnel increased by \$1.6 million from 2014 funding levels due to investments in mobile and business intelligence technology and transformation services. These services include: (i) performance and risk monitoring, (ii) recruitment and training of personnel of Implementing Members, (iii) development of client training modules and (iv) technology enhancements.

Operations: Expenditures for operations support were down slightly year over year. These services include building and managing Opportunity banks and overseeing the range of technical services provided to them by Opportunity International banking and operations personnel. Also included are expenditures for general management, governance and administrative services.

Other program expenditures: Program expenses increased 4% in 2015 due, in part, to activities from prior year donations, such as grants management activities, regional banking activities, general community education and communications.

FUNDRAISING AND GENERAL & ADMINISTRATIVE (G&A) ACTIVITIES

Fundraising and G&A expenditures declined by \$0.3 million or 2%. The ratio of FG&A as a percentage of funds raised, which includes equity and debt raised for the Implementing Members, increased to 26%. The ratio of FG&A as a percentage of expenditures remained constant at 22% in 2015.

OPPORTUNITY INTERNATIONAL-U.S.

STATEMENT OF OPERATING REVENUE AND EXPENDITURES

\$ in thousands (unaudited)	FOR THE YEAR ENDED	
	December 31, 2015	December 31, 2014
REVENUE		
Private contributions and pledges	\$ 20,899	\$ 48,255
Government grants	477	647
Other income	754	180
TOTAL REVENUE	22,130	49,082
EXPENDITURES		
Program Activities		
Equity investments in Opportunity banks	11,793	13,844
Grants to member organizations	9,239	9,298
Business development and training services	5,232	3,633
Operations	1,112	1,126
Other program expenses	12,714	12,258
Total Program Activities	40,090	40,159
Fundraising and G&A Activities		
Fundraising and G&A	11,096	11,375
TOTAL EXPENDITURES	51,186	51,534
NET OPERATING SURPLUS (DEFICIT)	\$ (29,056)	\$ (2,452)

STATEMENT OF FUNDS RAISED

\$ thousands (unaudited)	2015	2014
Contributions, pledges, grants & other income	22,130	49,082
Equity and debt raised for Implementing Members	21,097	29,993
TOTAL FUNDS RAISED	\$ 43,227	\$ 79,075

OPERATING SURPLUS (DEFICIT)

The operating deficit is a result of the decline in revenue, along with flat expenses year over year, a large portion of which were program activities related to multi-year grants that had revenue recorded in the previous year. Restructuring and repositioning changes have been implemented and will result in improved financial performance going forward.

NON-OPERATING ACTIVITY (not shown in table above)

In 2015, Opportunity International-U.S. entered into a share purchase agreement with MyBucks, a Luxembourg-based financial technology company, to sell six majority-owned banks in Africa. In 2016, share purchase agreements were signed between Opportunity and two additional parties for the two remaining majority-owned banks in Africa. The net value of these banks, as established in the purchase agreements, is reflected in current assets under Net Banking Assets Held for Sale (page 2) and has been accounted for in accordance with guidelines for discontinued operations. A net unrealized non-operating loss of \$10 million was recorded as a result of the pending transactions.

ADDITIONAL NOTES

Opportunity International, Inc. serves clients in 24 countries through MicroEnsure and 43 Implementing Members, and we work with Supporting Members in the United States, Australia, Canada, Germany, Hong Kong and the United Kingdom.

Opportunity raises funds from many sources, including charitable gifts and government grants, which it sends to its Implementing Members in the form of grants, loans and equity investments. A portion of these funds is also used for fundraising and G&A activities.

In addition to these sources of funds, Opportunity raises equity and debt from third parties for its Implementing Members, shown in the Statement of Funds Raised. Although these funds do not flow through Opportunity International-U.S., the investments increase the funding the Implementing Members have available for client loans and operating expenses.

These statements include information compiled from the financial statements of independent organizations around the world, using foreign exchange rates in effect at year-end or during the periods shown. The Implementing Members' statements represent a combination of the revenue and expenditures and balance sheets compiled from the financial statements of the Implementing Members, also without regard to ownership status.

The selected financial data shown in these statements reflects certain adjustments to GAAP or IFRS made in each year for presentation purposes, including presenting the equity investments made to the Implementing Members as an expenditure.

Complete audited financial statements by KPMG are available upon request.

SUPPORTING MEMBERS

Supporting Members raise funds for our microfinance institutions

COMBINED STATEMENT OF OPERATING REVENUE AND EXPENDITURES

	FOR THE YEAR ENDED			
	December 31, 2015		December 31, 2014	
\$ in thousands (unaudited)	U.S.	Outside U.S.	Total	Total
REVENUE				
Private contributions and pledges	\$ 20,899	\$ 16,783	\$ 37,682	\$ 64,204
Government grants	477	3,851	4,328	6,201
Other Income	754	1,150	1,904	1,044
TOTAL REVENUE	22,130	21,784	43,914	71,449
EXPENDITURES				
Program Activities				
Equity investments in Opportunity banks	11,793	2,310	14,103	16,861
Grants to member organizations	9,239	6,581	15,820	19,541
Program development activities	19,058	2,889	21,947	24,565
Total program services	40,090	11,780	51,870	60,967
Fundraising and G&A Activities				
Fundraising	7,840	2,751	10,591	10,449
G&A	3,256	1,106	4,362	4,658
Total fundraising and G&A	11,096	3,857	14,953	15,107
TOTAL EXPENDITURES	51,186	15,637	66,823	76,074
NET OPERATING SURPLUS (DEFICIT)	\$ (29,056)	\$ 6,147	\$ (22,909)	\$ (4,625)

COMBINED BALANCE SHEET

	FOR THE YEAR ENDED			
	December 31, 2015		December 31, 2014	
\$ in thousands (unaudited)	U.S.	Outside U.S.	Total	Total
ASSETS				
Current				
Cash and cash equivalents	\$ 7,806	\$ 4,249	\$ 12,055	\$ 27,245
Restricted cash and cash equivalents	2,195	6,440	8,635	11,226
Current receivables	13,818	1,949	15,767	18,537
Banking assets held for sale, net of liabilities	14,119	–	14,119	–
Other current assets	1,947	122	2,069	9,119
Total current assets	39,885	12,760	52,645	66,127
Long-Term				
Long-term receivables	4,472	–	4,472	12,423
Capital in Opportunity banks	32,720	46,981	79,701	101,926
Investments – other	18,428	5,533	23,961	25,413
Net property and equipment	2,399	62	2,461	1,669
Total long-term assets	58,019	52,576	110,595	141,431
TOTAL ASSETS	\$ 97,904	\$ 65,336	\$ 163,240	\$ 207,558
LIABILITIES				
Current				
Current portion of long-term debt	\$ 12,557	\$ 254	\$ 12,811	\$ 5,484
Accounts payable and other current liabilities	5,678	837	6,515	12,833
Total current liabilities	18,235	1,091	19,326	18,317
Long-Term				
Total long-term debt and other liabilities	22,538	131	22,669	32,517
TOTAL LIABILITIES	40,773	1,222	41,995	50,834
NET ASSETS				
Unrestricted net assets	27,744	8,221	35,965	54,629
Restricted net assets	29,387	55,893	85,280	102,095
Total net assets	57,131	64,114	121,245	156,724
TOTAL LIABILITIES AND NET ASSETS	\$ 97,904	\$ 65,336	\$ 163,240	\$ 207,558

SUPPORTING MEMBERS

FINANCIAL STATEMENT PRESENTATION

The financial information included in these statements was compiled from the financial statements of independent organizations around the world, using foreign exchange rates in effect at year-end or during the periods shown. The selected financial data shown here reflects certain adjustments to GAAP or IFRS made in each year for presentation purposes, including presenting the equity investments made to the Implementing Members as an expenditure.

The Supporting Members' statements reflect the revenue, expenditures and balance sheet for charitable operations of the combination of the six independent fundraising members (Australia, Canada, Germany, Hong Kong, United Kingdom and United States), without regard to ownership positions in certain Implementing Members.

Opportunity International-U.S. capital in Opportunity banks in 2015 was reduced by the amount shown as banking assets held for sale, net of liabilities. In addition, we are reporting the capital in Opportunity banks net of the accumulated losses of the banks consistent with the audited consolidated financial statements. For comparative purposes, the 2014 amount for capital in Opportunity banks is also net of accumulated losses.

The U.S. restricted net assets include restricted cash, current and long term receivables (future pledge and grant installments) and assets included in long-term investments that serve as collateral for the line of credit. The restricted assets outside of U.S. include investments in Opportunity banks. The decrease in net assets from 2014 to 2015 resulted from the 2015 net deficit and the non-operating losses on investments.

IMPLEMENTING MEMBERS

Implementing Members are in-country microfinance institutions that serve our clients

COMBINED STATEMENT OF REVENUE AND EXPENDITURES

	FOR THE YEAR ENDED					
					December 31, 2015	December 31, 2014
\$ in thousands (unaudited)	Africa	Asia	Eastern Europe	Latin America	Total	Total
INCOME & EXPENSES						
Financial income	\$ 60,457	\$ 166,291	\$ 26,844	\$ 22,128	\$ 275,720	\$ 250,352
Financial expenses	9,707	51,948	6,808	4,219	72,682	59,088
Gross financial margin	50,750	114,343	20,036	17,909	203,038	191,264
Provision for loan losses	3,243	5,864	1,075	1,100	11,282	13,596
Net financial margin	47,507	108,479	18,961	16,809	191,756	177,668
Operating expenses	60,080	93,491	15,935	15,341	184,847	171,002
Net income from operations	(12,573)	14,988	3,026	1,468	6,909	6,666
Contributions and grants	5,829	243	0	–	6,072	5,980
Other income	284	51	25	–	360	579
Net income before taxes	(6,460)	15,282	3,051	1,468	13,341	13,225
Provision for income taxes	(1)	3,482	300	69	3,850	4,437
NET INCOME (LOSS)	\$ (6,459)	\$ 11,800	\$ 2,751	\$ 1,399	\$ 9,491	\$ 8,788

COMBINED BALANCE SHEET

	FOR THE YEAR ENDED					
					December 31, 2015	December 31, 2014
\$ in thousands (unaudited)	Africa	Asia	Eastern Europe	Latin America	Total	Total
ASSETS						
Current						
Cash and cash equivalents	\$ 22,469	\$ 55,422	\$ 18,702	\$ 2,029	\$ 98,622	\$ 106,780
Interest bearing deposits and investments	25,499	62,392	7,435	1,257	96,583	74,428
Net loan portfolio	97,310	532,030	110,058	61,072	800,470	677,515
Other current assets	10,751	39,639	3,038	1,964	55,392	50,776
Total current assets	156,029	689,483	139,233	66,322	1,051,067	909,499
Long-term						
Fixed and other long-term assets	21,975	44,096	4,748	4,799	75,618	91,929
TOTAL ASSETS	\$ 178,004	\$ 733,579	\$ 143,981	\$ 71,121	\$ 1,126,685	\$ 1,001,428
LIABILITIES & NET ASSETS/EQUITY						
Current						
Short-term debt	\$ 367	\$ 116,310	\$ 11,008	\$ 4,458	\$ 132,143	\$ 112,637
Client savings deposits	98,817	68,702	70,639	25,168	263,326	261,395
Other current liabilities	7,511	36,915	5,499	2,292	52,217	61,323
Total current liabilities	106,695	221,927	87,146	31,918	447,686	435,355
Long-term						
Total liabilities and long-term debt	32,336	363,278	30,007	23,739	449,360	347,067
TOTAL LIABILITIES	139,031	585,205	117,153	55,657	897,046	782,422
NET ASSETS/EQUITY						
Total net assets/equity	38,973	148,374	26,828	15,464	229,639	219,006
TOTAL LIABILITIES AND NET ASSETS/EQUITY	\$ 178,004	\$ 733,579	\$ 143,981	\$ 71,121	\$ 1,126,685	\$ 1,001,428

IMPLEMENTING MEMBERS

Opportunity serves clients through 43 Implementing Members (non-governmental organizations and commercial microfinance institutions) in 24 developing countries. Supporting Members provide financial support to Implementing Members in the form of equity or grants. Implementing Members are not all legally affiliated with Opportunity International-U.S. As of December 31, 2015, Opportunity had majority or minority ownership in 15 of the 43 Implementing Members, all of which are microfinance institutions. The Implementing Members' statements represent a combination of the revenue, expenditures and balance sheets compiled from the financial statements of the Implementing Members, regardless of ownership status.

Financial income: Implementing Members' financial income increased by 10% to \$276 million in 2015 as growth occurred in Asia, Eastern Europe and Latin America. In India alone, the combined growth of the 14 Implementing Members was 29%.

Net income: Implementing Members' net income increased 8%. The improvement in operating results was driven by growth in the loan portfolio, combined with lower loan loss provisions.

Loan portfolio: The net loan portfolio increased by 18% at the end of 2015 to \$800 million. The net loan portfolio has grown at a 10% compound annual growth rate over the last five years.

Customer deposits: Client savings deposits increased 0.7% to end the year at \$263 million. Excluding the impact of foreign exchange, deposits in Africa grew 25%.