OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.

(An Affiliate Controlled by Opportunity International, Inc.)

Consolidated Financial Statements and Supplementary Schedules

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)

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KPMG LLP
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Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
Opportunity Transformation Investments, Inc.:

We have audited the accompanying consolidated financial statements of Opportunity Transformation Investments, Inc. and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, which statements reflect total assets constituting 0% and 15%, respectively, of consolidated total assets at December 31, 2016 and 2015, and total revenues constituting 18% and 15%, respectively, of consolidated total revenues, inclusive of revenues attributed to discontinued operations, for the years then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors in accordance with International Standards on Auditing, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of those subsidiaries, which conform those financial statements to U.S. generally accepted accounting principles. Our opinion, insofar as it relates to the amounts included for those subsidiaries, prior to the conversion adjustments, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Opportunity Transformation Investments, Inc. and Affiliates as of December 31, 2016 and 2015, and the changes in their financial position and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of statements of financial position – banking operations only, the consolidating schedules of statements of activities – banking operations only, and the schedules of statements of activities and statements of financial position – OTI parent only are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Chicago, Illinois
September 29, 2017

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)

Consolidated Statements of Financial Position

December 31, 2016 and 2015

Assets		**2016**	**2015**
Investing assets:			
Cash and cash equivalents	$	1,976,909	744,214
Restricted cash and investments		47,839	1,435,163
Other receivables and prepaid expenses		1,317,713	593,617
Due from parent		—	2,684,210
Notes receivable, net		2,501,396	3,080,292
Furniture and equipment, net of accumulated depreciation of $378,358 and $60,307 in 2016 and 2015, respectively		1,657,459	112,752
Investment in other institutions		5,931,467	11,227,491
Total investing assets		13,432,783	19,877,739
Banking assets:			
Cash and cash equivalents		23,320,001	23,703,377
Loans receivable, net of allowance of $3,552,717 and $3,845,881 in 2016 and 2015, respectively		124,532,195	117,429,503
Prepaid expenses and other assets		3,508,705	3,371,253
Building, furniture, and equipment, net of accumulated depreciation of $3,653,302 and $3,221,166, respectively		3,101,305	3,273,392
Total banking assets		154,462,206	147,777,525
Assets of disposal group classified as held for sale		69,167,924	130,355,986
Total assets	$	237,062,913	298,011,250
Liabilities and Net Assets			
Investing liabilities:			
Accounts payable and accrued liabilities	$	2,360,410	2,934,113
Due to parent		1,051,150	—
Notes payable		20,603,904	24,074,017
Total investing liabilities		24,015,464	27,008,130
Banking liabilities:			
Accounts payable and accrued liabilities		5,021,243	5,786,926
Deposits from customers		81,154,316	76,708,549
Notes payable		33,429,829	34,869,833
Deferred revenue		1,633,464	1,222,128
Total banking liabilities		121,238,852	118,587,436
Liabilities of disposal group classified as held for sale		60,721,513	109,320,440
Total liabilities		205,975,829	254,916,006
Noncontrolling interest		3,398,064	4,994,362
Unrestricted net assets		27,689,020	38,100,882
Total liabilities and net assets	$	237,062,913	298,011,250

See accompanying notes to consolidated financial statements.

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)

Consolidated Statements of Activities

Years ended December 31, 2016 and 2015

		2016	2015
Investing activities:			
Revenue, support, gains, and losses:			
Contributions	$	1,845,396	11,154,709
Equity in loss from investment in other institutions (including $3,731,294 and $600,000 impairment in 2016 and 2015, respectively)		(3,901,778)	(995,929)
Miscellaneous income		67,560	403,558
Total investing revenue, support, gains, and losses		(1,988,822)	10,562,338
Expenses:			
Program services		1,650,323	977,153
Subsidiary operating expenses		3,001,374	3,244,398
Total expenses		4,651,697	4,221,551
(Decrease) increase in net assets from investing activities		(6,640,519)	6,340,787
Banking activities:			
Revenue:			
Loan interest income		27,194,148	27,206,170
Other fees and income		1,482,045	2,130,777
Total banking revenue		28,676,193	29,336,947
Expenses:			
Interest on notes payable		2,311,666	2,996,114
Interest on customer deposits		4,241,729	4,047,203
Provision for loan losses		1,355,567	1,424,974
Management and general		16,805,468	17,125,549
Total banking expenses		24,714,430	25,593,840
Increase in net assets from banking activities		3,961,763	3,743,107
(Decrease) increase in net assets from continuing operations		(2,678,756)	10,083,894
Discontinued operations:			
Loss from operations of discontinued banking activities (including loss on disposal of $1,016,873 and $13,949,971 in 2016 and 2015, respectively)		(9,051,546)	(24,953,578)
Unrealized loss on foreign currency translation for continuing operations		(844,677)	(3,583,508)
Net loss attributable to noncontrolling interests		2,163,117	6,944,097
Decrease in net assets		(10,411,862)	(11,509,095)
Net assets, beginning of year		38,100,882	49,609,977
Net assets, end of year	$	27,689,020	38,100,882

See accompanying notes to consolidated financial statements.

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)

Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ (1,360,316)	13,444,483
Discontinued operations	(9,051,546)	(24,953,578)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	639,726	752,017
Foreign currency translation loss	844,677	3,583,508
Equity in loss from investment in other institutions	170,484	395,929
Impairment of investment in other institutions	3,731,294	600,000
Net gain (loss) attributable to noncontrolling interests	191,489	(114,579)
Provision for loan losses	1,355,567	1,424,974
Changes in assets and liabilities:		
Other receivables and prepaid expenses (investing assets)	(724,096)	(489,186)
Due to/from parent	3,735,360	5,746,996
Prepaid expenses and other assets (banking assets)	(137,452)	418,820
Accounts payable and accrued liabilities	(1,339,386)	2,040,964
Deferred revenue	411,336	(31,020)
Noncontrolling interest	566,819	2,760,445
Net cash (used in)provided by operating activities of continuing operations	(966,044)	5,579,773
Net cash provided by operating activities of discontinued operations	2,470,147	19,286,906
Net cash provided by operating activities	1,504,103	24,866,679
Cash flows from investing activities:		
Loan originations, net of principal collections	(8,458,259)	(615,579)
Sale (purchase) of investments in unconsolidated affiliates	874,418	(5,358,169)
Sale of restricted cash and investments	1,387,324	2,830,271
Additions of building, furniture, and equipment, net	(521,708)	(205,466)
Collections (issuance) of notes receivable, net	391,237	(449,718)
Net cash used in investing activities of continuing operations	(6,326,988)	(3,798,661)
Net cash provided by investing activities of discontinued operations	5,144,391	8,431,182
Net cash (used in) provided by investing activities	(1,182,597)	4,632,521
Cash flows from financing activities:		
Proceeds from notes payable	9,000,958	10,713,107
Principal payments of notes payable	(13,911,075)	(22,974,058)
Deposits from customers, net	4,445,767	(3,478,007)
Net cash used in financing activities of continuing operations	(464,350)	(15,738,958)
Net cash provided by (used in) financing activities of discontinued operations	1,836,840	(10,442,686)
Net cash provided by (used in) financing activities	1,372,490	(26,181,644)
Effect of exchange rate changes on cash	(844,677)	(3,583,508)
Net increase (decrease) in cash and cash equivalents	849,319	(265,952)
Cash and cash equivalents at beginning of year	24,447,591	24,713,543
Cash and cash equivalents at end of year	$ 25,296,910	24,447,591
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 13,895,346	13,329,974
Cash paid for taxes	315,728	733,655
Supplemental disclosure of noncash investing and financing activities:		
Conversion of notes receivable into investment in subsidiaries	$ 970,810	5,426,896
Sale of majority interest resulting in notes receivable to organization	783,151	—

See accompanying notes to consolidated financial statements.

(1) Organization

Opportunity Transformation Investments, Inc. (OTI) is an affiliate controlled by Opportunity International, Inc. (Opportunity). Opportunity is a tax-exempt, publicly supported Christian-based corporation whose purpose is to create employment and improve income for the poor by assisting in the establishment of small and microbusinesses in developing countries. Opportunity's programs are financed through direct solicitation of funds from individuals, corporations, foundations, churches, and government grants.

Opportunity fulfills its mission through nongovernmental organizations and commercial microfinance institution members in developing countries. A member organization is an implementer of microenterprise development and provider of financial services within the Opportunity network. Funds are disbursed to member organizations to capitalize various local commercial start-up ventures and to fund their own operations. While member organizations are critical in assisting Opportunity to achieve its purpose, they are not legally affiliated with Opportunity, with the exception of institutions as described below in which OTI is a shareholder. Effective June 19, 2000, Opportunity incorporated OTI, which is intended to invest in and hold ownership positions in microfinance institutions as they convert from nongovernmental organizations to commercial microfinance institutions.

Effective January 1, 1998, all affiliated member organizations of Opportunity signed a membership agreement formalizing the Opportunity International Network (the Network). The Network was established to coordinate a common strategy among all members, to develop an accreditation process for participating members, and to manage standardization and quality throughout the Network member organizations. The Network operates a service organization that provides training, consulting, and other services to member organizations. The Network is not consolidated in the accompanying financial statements, as the Network is not a legal subsidiary of OTI.

Effective April 1, 2014, Opportunity and two other Network support members signed a strategic alliance agreement with Opportunity, Inc., a nonprofit entity incorporated January 23, 2014. Opportunity, Inc. was established (i) to provide relief to the poor and to help end extreme poverty in the world by providing financial services to microfinance clients; (ii) to provide support and management services to Network affiliates; and (iii) to develop investment and global branding strategies for Network members. Opportunity, Inc. is not consolidated in the accompanying financial statements, as it is not a legal subsidiary of OTI.

OTI's board of directors is controlled by Opportunity. Accordingly, OTI's financial statements are consolidated in Opportunity's financial statements.

OTI held majority interests in five banks or financial institutions as of December 31, 2016, and eleven banks or institutions as of December 31, 2015, as described below, and thus, those institutions are consolidated in OTI's financial statements. If a majority interest was acquired in more than one transaction at different dates, cost is determined separately for the percentage of ownership interest in net assets acquired at the date of each transaction. All intercompany transactions have been eliminated in consolidation.

At December 31, 2016 and 2015, OTI had minority equity positions in other institutions, as follows: Opportunity Kauswagan Bank in the Philippines, Growing Opportunity Finance Private Limited and Dia Vikas Pvt. Ltd. in India, the Balkan Financial Sector Equity Fund C.V., MFX Solutions LLC., SEAF Opportunity Serbia Fund, and Opportunity International China Limited.

At December 31, 2016 and 2015, OTI held notes receivable from Dia Vikas, Opportunity Kauswagan Remit Inc., and Opportunity Romania who were in the process increasing their capitalization. During 2016 and 2015, OTI converted several notes receivable into equity, providing additional capital for financial institutions in which OTI had ownership interests.

On January 23, 2014, OTI incorporated Opportunity International Nicaragua, Inc. (OINIC) to provide (i) assistance in the operation and maintenance of agricultural processing plants in Nicaragua that can assist in local community development, improve agricultural methods, and provide assistance to poor farmers; (ii) assistance to local artisans in production, management, and marketing of their products based on principles of fair trade practices; (iii) support and develop community-led projects and promote leadership development among youth and adults in selected communities in Nicaragua; (iv) operation of technical schools to impart education and technical skills to needy children, youth, and/or adults in selected parts of Nicaragua; (v) help to build local self-sufficiency for poor people with locally run, sustainable institutions; (vi) engage in other areas of business which fulfill the purposes of the Corporation; and (vii) make grants, distributions, and equity investments in organizations both in the U.S. and abroad in furtherance of its exempt purpose. Net assets of approximately $1.4 million including land, buildings, and equipment owned by Opportunity were transferred to OINIC during the year ended December 31, 2016. The assets and liabilities of OINIC are included in investing assets and liabilities on the consolidated statements of financial position, and the revenue and expenses of OINIC are included in investing activities on the consolidated statements of activities.

On May 20, 2014, OTI incorporated Opportunity Shared Services Limited (OSSL) in Ghana to provide information technology services to other Opportunity Network members. During 2016 and 2015, OSSL provided services to eight of the OTI majority-owned banks. The assets and liabilities of OSSL are included in investing assets and liabilities and the revenue and expenses of OSSL are included in the investing activities. OSSL ceased operations and sold remaining assets to a local partner as of September 30, 2016.

On December 18, 2014, OTI incorporated Opportunity Transformation Investments B.V. (OTI BV), a private company with limited liability under the laws of the Netherlands to hold the assumed notes from EFSE (note 8). The assets and liabilities of OTI BV are included in the investing assets and liabilities and the revenue and expenses of OTI BV are included in the investing activities.

The majority interests in the microfinance organizations included in continuing operations are as follows:

(i) Opportunity Banka a.d. Novi Sad (Opportunity Bank Serbia) – During 2015, OTI converted $2,289,840 of debt to Equity and maintained 100% ownership as of December 31, 2016 and 2015.

(ii) Opportunity Microcredit Romania IFN SA (Opportunity Romania) – As of December 31, 2016 and 2015, OTI owned 66.5% of the outstanding shares of Opportunity Romania.

(Continued)

(iii) Opportunity International Colombia S.A. Compania de Financiamiento (Opportunity Colombia) – During 2016, OTI made an additional capital investment of $474,804. No additional investment was made during 2015. As of December 31, 2016 and 2015, OTI owned 72.1% and 71.1%, respectively, of the outstanding shares of Opportunity Colombia.

The controlling interests in the microfinance organizations included in discontinued operations as of December 31, 2016 are as follows (note 9):

(iv) Banco Oportunidade de Mocambique, SARL (Opportunity Bank Mozambique) – During 2015, OTI made an additional investment of $647,723 and owned 66.7% of the outstanding shares of Opportunity Bank Mozambique. During 2016, OTI made an additional investment of $560,552. Effective June 30, 2016, OTI sold its ownership interest in Opportunity Bank Mozambique to an unrelated third party.

(v) Opportunity International Savings & Loans Limited in Ghana (Opportunity Bank Ghana) – During 2016, an unrelated member's ownership interest was transferred to OTI in fulfillment of an outstanding debt to OTI. As of December 31, 2016 and 2015, OTI owned 75.9% and 70.7%, respectively, of the outstanding shares of Opportunity Bank Ghana.

(vi) Opportunity International Bank of Malawi, Ltd. (Opportunity Bank Malawi) – During 2015, OTI converted debt of $2,500,000 to equity and made an additional investment of $3,059,000. During 2016, OTI made additional capital investments of $2,493,930. As of December 31, 2016 and 2015, OTI owned 80.5% and 71.1%, respectively, of the outstanding shares of Opportunity Bank Malawi.

(vii) Opportunity International Bank Rwanda, S.A. (Opportunity Bank Rwanda) – During 2015, OTI purchased $585,770 of equity, $280,400 through conversion of prior years' loans and the balance with additional funds. As of December 31, 2015, OTI owned 47.4% of the outstanding shares of Opportunity Bank Rwanda. Another Opportunity Network member owns 2.6% of the outstanding shares and has granted OTI the voting rights of their shares. Effective December 15, 2016, OTI sold its ownership interest in Opportunity Bank Rwanda to an unrelated third party.

(viii) Opportunity Kenya Limited (Opportunity Kenya) – As of December 31, 2015, OTI owned 89.1% of the outstanding shares of Opportunity Kenya. Effective June 30, 2016, OTI sold its ownership interest in Opportunity Kenya to an unrelated third party.

(ix) Opportunity Bank Uganda Limited (Opportunity Bank Uganda) – As of December 31, 2016 and 2015, OTI owned 36.7% and 85.7%, respectively, of the outstanding shares of Opportunity Bank Uganda. Effective September 30, 2016, OTI sold 49% of its ownership interest in Opportunity Bank Uganda to an unrelated third party. OTI's remaining investment of $3,789,617 less impairment of $1,136,885 is accounted for under the equity method and included in assets of disposal group classified as held for sale as of December 31, 2016.

(x) Opportunity Tanzania Limited (Opportunity Tanzania) – As of December 31, 2015, OTI owned 67.5% of the outstanding shares of Opportunity Tanzania. Effective June 30, 2016, OTI sold its ownership interest in Opportunity Tanzania to an unrelated third party.

(Continued)

(xi) Opportunity International DRC SPRL (Opportunity DRC) – As of December 31, 2015, OTI owned 100% of the outstanding shares of Opportunity DRC. Effective September 26, 2016, OTI sold 80% of its ownership interest in Opportunity DRC to an unrelated third party in exchange for consideration of one dollar. As of December 31, 2016, OTI maintains a 20% ownership interest in Opportunity DRC accounted for under the equity method. The value of its ownership interest has been reduced to zero. The write-down of the investment was included in loss on discontinued operations in 2015.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

OTI's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and are presented on the accrual basis of accounting. Assets and liabilities of foreign investments are translated at year-end exchange rates with the related translation adjustments reported as a change in unrestricted net assets. Income statement accounts are translated at the average exchange rate during the period. Minority investors own portions of microfinance institutions that OTI owns majority interest. The outside investors' shares are shown in OTI's consolidated financial statements as a noncontrolling interest.

The investing assets, liabilities, revenue, and expenses represent the activity for OTI as the parent and OSSL, OINIC and OTI BV as the 100% owned, nonbanking subsidiaries. The banking assets, liabilities, revenue, and expenses represent the activity for the overseas bank subsidiaries not held for sale as of December 31, 2016 (note 9).

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid, short-term investments with original maturities of 90 days or less.

(d) Restricted Cash and Investments

Restricted cash and investments at December 31, 2016 and 2015 consists of cash proceeds of the notes restricted for investment in Opportunity Bank Serbia through equity and debt instruments, and the balance of loan proceeds lent to OTI from the Bill and Melinda Gates Foundation (the Gates Foundation).

(e) Investments in Other Institutions

Investments in other institutions in which OTI does not control and holds less than 50% of equity are recorded using the equity method of accounting. Accordingly, the initial investment is increased or decreased by OTI's proportionate share of income or loss.

OTI reviews investments in other institutions for impairment whenever events or changes in circumstances indicate the carrying amount of the investment may not be recoverable. OTI recognized an impairment loss on its investments in other institutions of $3,731,294 and $600,000 as of December 31, 2016 and 2015, respectively. This amount has been included in the equity in loss from investment in other institutions on the consolidated statements of activities.

(f) Accrued Interest Receivable on Loans

Interest is accrued on loans when earned and included in banking other assets. Accrual of interest is ceased on loans when interest is more than six months delinquent. Interest accrued at the date a loan is placed on nonaccrual status is reversed and charged against income.

(g) Allowance for Loan Losses

Allowances have been established for loan losses that are probable as of the balance sheet date. While the allowance calculation varies by country, each OTI member assesses exposure to their loan portfolio on both an individual and aggregate level. Individually significant loans are evaluated for specific impairment based on management's best estimate of the timing and amount of future cash flows that will be collected. Groups of loans with similar credit risk characteristics that are not individually significant are collectively evaluated for impairment on the basis of historical loss experience adjusted for current economic conditions, the value of the underlying collateral, and management's judgment.

Management believes that these allowances represent the best estimate of the credit losses inherent in the loan portfolio. While management uses available information to recognize losses on loans, future additions to the allowances may be necessary based on changes in economic or political conditions or significant changes in the borrower's financial position. OTI monitors credit risk exposure by product and customer and regularly reviews the methodology and assumptions used for estimating future cash flows in order to reduce any differences between loss estimates and actual loss experience.

A loan is considered impaired when it is probable that all principal and interest amounts due will not be collected in accordance with the loan's contractual terms. Impairment is recognized by allocating a portion of the allowance for loan losses to such a loan to the extent that the recorded investment of an impaired loan exceeds its value. A loan's value is based on the loan's underlying collateral or the calculated present value of projected cash flows discounted at the contractual interest rate. Allocations on impaired loans are considered in relation to the overall adequacy of the allowance for loan losses and adjustments are made to the provision for loan losses as deemed necessary.

The recorded investment in impaired loans is periodically adjusted to reflect cash payments, revised estimates of future cash flows, and increases in the present value of expected future cash flows due to the passage of time. Cash payments representing interest income are reported as such. Other cash payments are reported as reductions in recorded investment. Increases or decreases due to changes in estimates of future payments and the passage of time are considered in relation to the overall adequacy of the allowance for loan losses.

(h) Building, Furniture, and Equipment

Building, furniture, and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 40 years.

(i) Derivatives

Derivatives (swap agreements) are used by OTI principally in the management of its foreign currency exposure. OTI records the swap agreements on the consolidated balance sheet at fair value in restricted cash and investments, and records the changes in the fair value through the consolidated statement of activities in miscellaneous income. OTI does not hold or issue derivatives for speculative purposes.

(j) Revenue and Expense

Revenue is reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

The consolidated results of the banks presented in the accompanying consolidated financial statements recognize fee and commission income for the services provided by each bank. Fee and commission income is recognized when the related service is performed. Loan fees are offset by the costs of originating such loans.

Revenue from governmental grant agreements is recognized as it is earned through expenditure in accordance with the agreement. Revenue from governmental grant agreements to operate and maintain loan portfolios over an extended period of time under specific conditions is recognized on a straight-line basis over the grant period until the conditions are fulfilled. Amounts received in advance of expenditure are recorded as deferred revenue and recognized over the grant period.

(k) Allocation of Expenses

OTI considers Opportunity, Inc. and Opportunity management fee expenses a component of its management and general expense. The amounts related to Opportunity, Inc. support the Network members and the OTI program objectives. The management fee expenses paid to Opportunity relate to certain management services provided to OTI by Opportunity.

(Continued)

(l) Income Taxes

OTI's U.S. operations has received a determination letter from the Internal Revenue Service dated December 21, 2000 indicating that OTI is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Code, as amended. Accordingly, it is generally not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. No provision for federal or state income taxes has been made as OTI is not engaged in any unrelated business income activities. OTI believes it has taken no significant uncertain tax positions as of December 31, 2016 or 2015.

The microfinance institutions included in these consolidated financial statements pay taxes in accordance with their respective country's laws at rates ranging from 15% to 34% of taxable income and current tax expense is recorded for these amounts. Income tax expense is included in management and general banking expenses on the consolidated statement of activities. Deferred taxes and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax carryforwards. Deferred tax assets and liabilities are measured using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(m) Recently Adopted Accounting Standards

In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which changes the definition of, and certain reporting requirements for, discontinued operations. Specifically, ASU 2014-08 limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have a major effect on an entity's operations and financial results. The new standard is effective for OTI for any disposals of components of OTI in annual periods in fiscal years beginning after December 15, 2014. The Company adopted ASU 2014-08 as of January 1, 2015. The effect of adopting the new standard in the current period is addressed in note 9 to the consolidated financial statements.

(n) Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 29, 2017, the date the financial statements were issued (note 15).

(3) Notes Receivable

Notes receivable as of December 31, 2016 and 2015 are as follows:

		2016	2015
Microfinance Loan Obligations S.A. interest rate 0%	$	—	144,455
Association de Oportunidad y Desarrollo Economico de Nicaragua (ASODENIC), interest rate 0%		130,000	130,000
Sinapi Aba Trust (SAT), Ghana, interest rate at 0%		—	400,477
ASPIRE, interest rate 0%		176,666	176,666
Thuthukani Financial Services (Pty) Ltd. (TFS), interest rate 0%		—	820,931
Dia Vikas Capital Pvt. Ltd, interest rate 12%		1,035,000	1,035,000
Opportunity Kauswagan Remit Inc., interest 0%		200,000	200,000
Opportunity International China Ltd., interest 0%		—	570,333
Opportunity Uganda, Interest 0%		102,500	—
Opportunity Kenya, Interest 10%		268,151	—
Opportunity Tanzania, interest 0%		412,500	—
Coop ASPIRE, interest 10%		306,579	315,166
Subtotal		2,631,396	3,793,028
Less allowance for uncollectible amounts		(130,000)	(712,736)
Net notes receivable	$	2,501,396	3,080,292

The ASODENIC, ASPIRE, Dia Vikas, OK Remit, and Opportunity International China Ltd. notes are convertible to equity upon demand. During 2016, the note with Opportunity International China Ltd. was converted to a grant. During 2015, the note from SAT was reduced by $249,523 to the estimated value of the collateral, shares of Opportunity Bank Ghana. In 2016, this note was satisfied by the transfer to of the collateral shares in Opportunity Bank Ghana to OTI. The $820,931 TFS note represents the amount due from the purchaser of the shares of Opportunity South Africa. TFS paid the outstanding principal in February 2016, net a prepayment discount of $186,200.

(4) Investment in Other Financial Institutions

OTI holds varying minority interests in other financial institutions, five of which are members of the Opportunity Network, as follows:

		2016	2015
BFSE Holding B.V. (4.3%)	$	—	1,135,724
MFX Solutions, LLC. (1.2%)		235,644	226,876
Opportunity Kauswagan Bank, Inc. (preferred and common shares)		—	635,000
Growing Opportunity Finance (India) Pvt. Ltd (0.8%)		18,722	13,423
Opportunity International Nicaragua, Inc.		—	1,490,638
SEAF Serbia Impact Fund B.V. (60%)		83,332	57,214
Opportunity International China Ltd. (32.8%)		2,495,995	3,918,484
Dia Vikas Capital Pvt. Ltd – India (8.63%)		2,507,580	3,096,224
Redeemable noncontrolling interest in Opportunity Colombia		590,194	653,908
Total investment in other institutions	$	5,931,467	11,227,491

Under the terms of an Opportunity Colombia shareholder agreement dated December 2, 2010 between OTI and four other noncontrolling shareholders, one of the noncontrolling shareholders has the right to require OTI to purchase (the Put Option) their interest, approximately 10.21%, of the outstanding capital stock of Opportunity Colombia. The shareholder agreement was amended during 2016, allowing the Put Option to be exercisable between 42 and 72 months from when the noncontrolling shareholder puts in additional capital, which is to be completed prior to December 31, 2017. The price paid upon exercise will be determined based on the greater of established fair market value of the Opportunity Colombia shares or the initial investment of the shareholder adjusted for inflation. Accordingly, OTI recorded approximately $590,194 and $653,908 in the investment in other financial institutions and in accrued liabilities in the accompanying consolidated statements of financial position as of December 31, 2016 and 2015, respectively.

Equity income (loss) from the investment in other institutions, including impairment loss of $3,731,294 and $600,000 in 2016 and 2015, respectively, consists of the following:

		2016	2015
BFSE Holding B.V.	$	(1,160,750)	(95,440)
MFX Solutions, LLC.		8,768	17,018
Opportunity Kauswagan Bank, Inc.		(635,000)	(744,021)
SEAF Serbia Impact Fund B.V.		(108,964)	(96,233)
Opportunity International China Ltd.		(1,422,488)	(71,416)
Growing Opportunity Finance India		5,299	2,939
Dia Vikas Capital Pvt. Ltd		(588,643)	(8,776)
Total equity loss from other institutions	$	(3,901,778)	(995,929)

(5) Fair Value of Financial Instruments

OTI follows ASC Topic 820, *Fair Value Measurement*, as amended, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3).

OTI's loans receivable and notes payable in the accompanying consolidated financial statements are generated by the charitable activities of OTI. The terms of these receivables and loans are not commensurate with current market terms in a commercial environment as they are executed for the purpose of furthering OTI's mission. Fair value cannot be determined for these loans and notes due to their charitable nature and they are carried at book value in OTI's consolidated financial statements.

OTI's other financial instruments, including cash and cash equivalents, other receivables and prepaid expenses, accounts payable and accrued liabilities, and deferred revenue are carried at historical cost, which approximates their fair values because of the short-term nature of these instruments.

Funds held totaling $500,106 as of December 31, 2015 related to the Gates Foundation loan remained in a segregated, interest-bearing account, and were utilized to pay the remaining principal of the loan. No such funds were held as of December 31, 2016.

(Continued)

The following tables classify OTI's assets measured at fair value, within the fair value hierarchy, as of December 31, 2016 and 2015:

		December 31, 2016		
		Level 1	**Level 2**	**Level 3**
Foreign currency swap asset	$	—	38,768	—
Non-U.S. government securities and bonds		—	1,382,086	—
Total	$	—	1,420,854	—

		December 31, 2015		
		Level 1	**Level 2**	**Level 3**
Money-market funds	$	500,106	—	—
Foreign currency swap asset		—	48,550	—
Non-U.S. government securities and bonds		3,429,348	—	—
Total	$	3,929,454	48,550	—

Foreign currency swap asset is included in restricted cash and investments on the consolidated statements of financial position. Non-U.S. government securities and bonds are included in banking assets cash and cash equivalents in the consolidated statement of financial position.

(6) Loans Receivable

Loans represent microloans granted to individuals and private entrepreneurs by microfinance banks for the purpose of providing financing support to small enterprises. In addition, loans may be made for the purpose of financing agriculture activities. These loans are granted generally for a period of between one month and ten years at interest rates of between 3% and 53%. Certain loans may be collateralized by security such as cash or mortgages. Loans outstanding as of December 31, 2016 and 2015 consist of the following:

		2016	**2015**
Loans receivable	$	128,084,912	121,275,384
Less loan loss allowance		(3,552,717)	(3,845,881)
Net loan portfolio	$	124,532,195	117,429,503

Gross loan portfolio by product for the years ended December 31, 2016 and 2015 is as follows:

		2016	2015
Individual	$	81,207,040	78,341,291
Small and medium enterprise (SME)		45,683,946	41,410,685
Individual groups		238,368	263,947
Nonbusiness		955,558	1,259,461
Total gross loans	$	128,084,912	121,275,384

A summary of the activity in the allowance for loan losses for the years ended December 31, 2016 and 2015 is as follows:

		2016	2015
Balance at beginning of year	$	3,845,881	4,248,803
Provision for loan losses		1,355,567	1,424,974
Loans charged off		(2,121,384)	(1,332,701)
Recovery of loans previously written off		568,768	84,366
Foreign currency translation loss		(96,115)	(579,561)
Balance at end of year	$	3,552,717	3,845,881

The following tables summarize the activity in the loan loss allowance by product for the years ended December 31, 2016 and 2015:

Year ended December 31, 2016		Individual	SME	Individual groups	Nonbusiness	Total
Balance at beginning of year	$	2,306,965	1,502,029	23,937	12,950	3,845,881
Provision for loan losses		821,183	534,384	—	—	1,355,567
Loans charged off, net of recoveries		(879,129)	(673,487)	—	—	(1,552,616)
Foreign currency translation loss		(51,824)	(39,979)	(5,625)	1,313	(96,115)
Balance at end of year	$	2,197,195	1,322,947	18,312	14,263	3,552,717
Reserve components:						
Individually evaluated for impairment	$	1,488,035	775,875	18,312	14,263	2,296,485
Collectively evaluated for impairment		709,160	547,072	—	—	1,256,232
Total	$	2,197,195	1,322,947	18,312	14,263	3,552,717

(Continued)

Year ended December 31, 2015		Individual	SME	Individual groups	Nonbusiness	Total
Balance at beginning of year	$	2,754,930	1,489,044	4,038	791	4,248,803
Provision for loan losses		361,931	1,045,924	—	17,119	1,424,974
Loans charged off, net		(382,286)	(866,049)	—	—	(1,248,335)
Foreign currency translation loss		(427,610)	(166,890)	19,899	(4,960)	(579,561)
Balance at end of year	$	2,306,965	1,502,029	23,937	12,950	3,845,881
Reserve components:						
Individually evaluated for impairment	$	1,797,522	851,964	23,937	12,950	2,686,373
Collectively evaluated for impairment		509,443	650,065	—	—	1,159,508
Total	$	2,306,965	1,502,029	23,937	12,950	3,845,881

OTI's banks' lending activities are primarily conducted within their respective countries. The following is a summary of loans outstanding, net of the related allowance, by country as of December 31, 2016 and 2015 of continuing operations:

		2016	2015
Opportunity Bank Serbia	$	83,909,658	77,350,320
Opportunity Romania		5,540,976	8,847,836
Opportunity Colombia		35,081,561	31,231,347
Balance at end of year	$	124,532,195	117,429,503

The following is a summary of expected loan maturities as of December 31, 2016 and 2015:

		2016	2015
Less than 1 month	$	4,092,483	5,196,189
From 1 to 3 months		2,014,026	2,393,998
From 3 to 12 months		18,069,907	18,942,494
Over 1 year		100,355,779	90,896,822
Balance at end of year	$	124,532,195	117,429,503

(Continued)

Aging analysis of gross loans receivable as of December 31, 2016 and 2015 is as follows:

		2016	2015
Current	$	122,277,856	115,684,858
30–59 days past due		908,915	661,332
60–89 days past due		517,240	193,043
90 days and over past due		4,380,901	4,739,151
Total gross loans receivable	$	128,084,912	121,278,384

There were no loans to employees and officers of these banks as of December 31, 2016. Loans to employees and officers of these banks totaled $48,861 at December 31, 2015.

OTI's banks will often make loans to borrowers that would be unable to secure financing from commercial sources. The ability of each borrower to repay its respective bank depends on the entrepreneurial success of each borrower. In addition, payments to OTI banks depend on the economic and political environment of each locality in which loans are made.

OTI's banks carry their impaired loans based on the present value of expected future cash flows discounted at the loan's effective interest rate. The balance of impaired loans at OTI's banks at December 31, 2016 and 2015 was approximately $3.1 million and $3.8 million, respectively. Impaired loan statistics are summarized in the following tables:

December 31, 2016		Amount with impairment reserves	Amount without impairment	Total impaired loans	Impairment reserve	Interest income recognized
Individual	$	1,943,150	58,993	2,002,143	1,096,574	28,879
SME		998,995	59,438	1,058,433	777,126	10,324
Total	$	2,942,145	118,431	3,060,576	1,873,700	39,203

December 31, 2015		Amount with impairment reserves	Amount without impairment	Total impaired loans	Impairment reserve	Interest income recognized
Individual	$	1,790,828	240,577	2,031,405	1,128,571	86,179
SME		1,410,788	279,512	1,690,300	937,217	13,189
Groups		—	27,659	27,659	—	—
Nonbusiness		—	6,377	6,377	—	—
Total	$	3,201,616	554,125	3,755,741	2,065,788	99,368

Troubled debt restructurings (TDR) represent loans for which the original contractual terms have been modified to provide for terms that are less than what management would be willing to accept for new loans with comparable risk because of deterioration in the borrower's financial condition. Loan restructurings occur for reasons including delinquency or anticipation of financial difficulty due to seasonal issues or natural disasters. Modifications may include one or more of the following changes to the terms of the loan, including, but not limited to, a change in interest rate, reduction in the payment amount, or an extension of the reimbursement period. Once a loan is restructured, loss provision is determined in the same manner as that of a regular loan. The following tables present information about receivables for which the original contractual terms were modified during the years ended December 31, 2016 and 2015, and as a result became classified as TDR's:

December 31, 2016		Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$	1,883,092	186,514	2,069,606	924,171	3,007	55,548
SME		1,239,680	289,052	1,528,732	1,404,577	8,854	5,054
Total	$	3,122,772	475,566	3,598,338	2,328,748	11,861	60,602

December 31, 2015		Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$	1,233,033	241,076	1,474,109	556,823	2,753	5,016
SME		950,212	232,579	1,182,791	812,632	8,742	6,464
Total	$	2,183,245	473,655	2,656,900	1,369,455	11,495	11,480

(7) Deposits from Customers

Deposits from customers as of December 31, 2016 and 2015 consist of the following:

		2016	2015
Opportunity Bank Serbia:			
Demand deposits	$	17,780,731	15,440,192
Short-term deposits		23,809,867	20,314,152
Long-term deposits		18,724,163	24,417,488
Total Opportunity Bank Serbia		60,314,761	60,171,832
Opportunity Colombia:			
Demand deposits		411,835	382,523
Short-term deposits		9,010,110	7,019,141
Long-term deposits		11,417,610	9,135,053
Total Opportunity Colombia		20,839,555	16,536,717
Total deposits from customers	$	81,154,316	76,708,549

(8) Notes Payable

Notes payable as of December 31, 2016 and 2015 include the following:

		2016	2015
Opportunity Bank Serbia:			
Note payable, 5.50% interest, maturity – equal annual installments from March 2016 to March 2020	$	4,148,668	5,412,364
Note payable, 4.5% maturity June 2017 to May 2018		5,185,841	5,412,348
Note payable, 6.5% interest, maturity November 2023		2,074,338	—
Note payable, 7.5% interest, maturity February 2023		2,074,330	2,164,943
Note payable, 6-month Euribor +5.3% interest, maturity December 2017 to December 2020		5,185,832	3,247,415
Note payable, 6-month Euribor +5.8% interest, maturity June 2016 to December 2020		1,185,332	1,855,667
Note payable, 4.70% interest, maturity May and June 2016		—	324,744
Subtotal Opportunity Bank Serbia		19,854,341	18,417,481

		2016	2015
Opportunity Romania:			
Note payable, 10.50% interest, maturity June 2017	$	311,039	646,280
Note payable, 10.50% interest, maturity December 2017		235,074	488,862
Note payable, 6-month Bubor+3.00%, maturity March 2018		454,631	98,206
Note payable, 6-month Bubor+4.00%, maturity September 2016		—	374,289
Note payable, Euro Swap Rate+5.17% maturity June 2017		560,935	1,161,616
Note payable, 3-month Bubor+4.60% maturity January 2017		114,179	237,090
Note payable, 3-month Bubor+4.60% maturity May 2017		310,576	645,557
Note payable, 6-month Euribor+4.00% maturity May 2017		420,586	871,406
Note payable, 6-month Euribor+4.00% maturity February 2017		210,293	435,234
Subtotal Opportunity Romania		2,617,313	4,958,540
Opportunity Colombia:			
Note payable, 0.5% interest Maturity May 2017		—	5,000
Note payable, 8.11% interest, maturity June 2016		—	1,500
Note payable, 2.24% interest, maturity June 2016		—	2,500
Note payable, 3.35% interest, maturity May 2018		—	1,500
Note payable, 1.5% interest, maturity June 2018		—	7,373
Note payable, 2.44% interest, maturity June 2018		—	7,500
Line of Credit, variable interest rates 1.70% to 8.81%, maturity 2017		1,016,800	1,246,749
Line of Credit, variable interest rates 1.70% to 8.81%, maturity 2017		382,801	2,990,956
Line of Credit, variable interest rates 0.08% to 9.51%, maturity 2018		3,454,048	3,644,187
Line of Credit, variable interest rates 0.08% to 9.51%, maturity 2019 to 2026		6,104,526	3,586,547
Subtotal Opportunity Colombia		10,958,175	11,493,812
Total banking notes payable		33,429,829	34,869,833

		2016	2015
Investing notes payable:			
Note payable, 0.00% interest, maturity July 2017	$	250,000	250,000
Notes payable, 1.0% interest, maturity November 2016		—	665,844
Note payable, 2.00% interest, maturity April 2017		100,000	100,000
Note payable, 2.00% interest, maturity April 2018		100,000	100,000
Note payable, 2.00% interest, maturity April 2019		100,000	100,000
Note payable, 2.00% interest, maturity April 2020		100,000	100,000
Note payable, 2.00% interest, maturity April 2021		100,000	100,000
Note payable, 2.00% interest, maturity January 2021		250,000	250,000
Note payable, 2.00% interest, maturity August 2019		125,000	125,000
Notes payable, 2.00% interest, maturity October 2019		—	1,000,000
Notes payable, 2.00% interest, maturity November 2017		500,000	750,000
Note payable, 2.00% interest, maturity December 2016		—	250,000
Notes payable, 2.00% interest, maturity December 2017		800,000	800,000
Note payable, 2.00% interest, maturity December 2018		500,000	500,000
Note payable, 2.00% interest, maturity May 2020		250,000	—
Note payable, 2.00% interest, maturity May 2021		1,000,000	1,000,000
Note payable, 2.00% interest, maturity August 2021		1,000,000	1,000,000
Note payable, 2.00% interest, maturity October 2019		600,000	100,000
Note payable, 2.00% interest, maturity July 2019		250,000	250,000
Note payable, 2.00% interest, maturity December 2020		—	500,000
Note payable, 2.00% interest, maturity January 2018–2020		1,750,000	—
Notes payable, 7% interest, maturity December 2021		11,672,199	12,127,193
Notes payable, 6.75% interest, maturity January 2017		1,156,705	4,005,980
Total investing notes payable		20,603,904	24,074,017
Total notes payable	$	54,033,733	58,943,850

The banking notes payable are the obligations of each individual bank. These borrowings are nonrecourse to OTI.

On November 22, 2006, OTI entered into a $10 million loan agreement with the Gates Foundation. The proceeds were used to support microfinance initiatives in the impoverished regions in Africa. As of December 31, 2015, there was $832,117 in notes receivable outstanding to one majority-owned partner in Africa, with terms in accordance with the Gates Foundation agreement, which was eliminated in consolidation. On October 15, 2015, the Gates Foundation agreed to grant $3,800,000 of the loan and OTI agreed to pay the reminder of the loan by December 31, 2015. There is no obligation remaining as of December 31, 2016.

Impact Investment Fund notes of $5,775,000 and $7,025,000 were outstanding as of December 31, 2016 and December 31, 2015, respectively. Maturities range from one to eight years. Annual interest is 2.00%.

(Continued)

On June 4, 2014, OTI entered into € 4,400,000 ($4,626,820 and $4,798,640 as of December 31, 2016 and 2015, respectively, with $1,156,705 and $4,005,980 outstanding as of December 31, 2016 and 2015, respectively, loan agreements with the respons Ability Global Microfinance Fund and respons Ability SICAV Microfinance Leaders Fund. The notes bear the interest rate of 6.75% per annum. The principal and interest are to be paid in four installments beginning January 21, 2015 with the final payments due January 23, 2017. The proceeds of the notes were used to purchase the shares of Opportunity Bank Serbia from the noncontrolling interests. These notes were paid in full in January 2017.

On December 17, 2014, OTI issued ten notes totaling €11,100,000 ($11,672,205 and $12,127,194 as of December 31, 2016 and 2015, respectively) with an annual interest rate of 7%. The notes mature on December 17, 2021. Included were notes issued to Opportunity for €2,462,824 ($2,589,782 and $2,690,730 as of December 31, 2016 and 2015, respectively) and notes totaling €1,010,346 ($1,062,429 and $1,103,842 as of December 31, 2016 and 2015, respectively) to OTI board members. The notes are nonrecourse but are secured by OTI's shares in Opportunity Bank Serbia. OTI will use the proceeds of the notes to invest in Opportunity Bank Serbia through equity and debt instruments. A portion of the proceeds of the notes were used to assume the rights and obligations of three notes from the European Fund for Southeast Europe S.A. (EFSE) with principal of €6,000,000 ($6,309,300 and $6,543,600 as of December 31, 2016 and 2015, respectively) plus accrued interest. Opportunity Bank Serbia is the issuer of the assigned notes. €2,000,000 of the notes was converted to equity in Opportunity Bank Serbia during 2015. Opportunity sold its note to another noteholder in 2016 for face value.

Aggregate maturities of notes payable as of December 31, 2016 are as follows:

2017	$ 6,430,709
2018	10,981,444
2019	6,880,970
2020	6,130,505
2021	14,743,043
Thereafter	8,867,062
Total notes payable	$ 54,033,733

All debt due prior to July 31, 2017 was renewed, extended, or paid off at maturity.

(9) Discontinued Operations

OTI considers a component to be classified as discontinued operations when it meets the criteria established under guidance that was effective for OTI on January 1, 2015 related to reporting discontinued operations and disclosures of disposals of components of OTI. Disposals that represent a strategic shift that should have or will have a major effect on OTI's operations and financial results qualify as discontinued operations. The results of discontinued operations are reported in discontinued operations in the consolidated statements of activities for current and prior periods commencing in the period in which the business meets the criteria of a discontinued operation, and include any gain or loss recognized on closing or adjustment of the carrying amount to fair value less cost to sell.

During 2015, OTI made the decision to sell its banking activities located in Africa. Because the banking activities in this region are a major part of OTI's operations and financial results, OTI has determined that this disposal represents a strategic shift. Accordingly, the assets and liabilities of the banking activities located in Mozambique, Ghana, Malawi, Rwanda, Kenya, Uganda, Tanzania, and the Democratic Republic of Congo have been segregated and reported as held for sale in the consolidated statements of financial position as of December 31, 2016, with comparative presentation for 2015. Furthermore, the banking activities in these regions have been segregated and reported as discontinued operations in the consolidated statements of activities for all periods presented.

OTI does not plan to retain any ownership interest for these banking activities after disposal, except for its interest in Opportunity DRC. On March 31, 2016, OTI signed an agreement to sell 80% of its shares in Opportunity DRC to VisionFund International, a nonprofit religious corporation established under the laws of California. The transaction received regulatory approval on August 29, 2016 and closed on September 26, 2016. As of December 31, 2015, OTI owned 100% of this banking activity. After the sale, OTI retained a 20% ownership interest. The estimated fair value of the banking activity of Opportunity DRC is zero and was written down in 2015. After the sale, OTI began to account for its remaining 20% interest in Opportunity DRC by the equity method. Due to nominal activity in 2016, OTI's investment in DRC remains at zero as of December 31, 2016.

On October 27, 2015, OTI and Opportunity entered into a share purchase agreement to sell its shares in six banks serving sub-Saharan Africa to MyBucks S.A. (MyBucks); a Luxembourg based financial technology company. Opportunity will be a minority shareholder in MyBucks and retain at least one board seat at the parent level and one board seat of each bank. Each transaction is subject to regulatory approval. On July 1, 2016, the shares of Opportunity Kenya, Opportunity Tanzania, and Opportunity Bank Mozambique were sold to MyBucks. The Central Bank of Uganda approved the sale of a portion of OTI's shares of Opportunity Bank Uganda. The transfer will result in a phased reduction of OTI's ownership of Opportunity Bank Uganda. Effective September 30, 2016, OTI sold 49% of total shares in Opportunity Bank Uganda to MyBucks. As of December 31, 2016, OTI will account for its remaining interest of 36.7% under the equity method until all shares are sold. OTI recognized an additional loss on impairment on its investments in Opportunity Bank Uganda of $1,136,885 during the year ended December 31, 2016. OTI's investment in Opportunity Bank Uganda is $2,652,732 as of December 31, 2016, and has been included in "Assets of disposal group classified as held for sale" on the consolidated statements of financial position. Opportunity Inc. has assumed the responsibility for the warranties in connection with the sale of Opportunity Bank Mozambique, Opportunity Kenya, Opportunity Tanzania, and Opportunity Bank Uganda for the consideration of $2,250,000 of MyBucks shares. The partnership with MyBucks will combine cutting edge financial inclusion technology solutions with Opportunity's transformation, agriculture, and education services.

Applications for the sale of shares in Opportunity Bank Ghana and Opportunity Bank Malawi were not approved by the Central Bank of Ghana and the Reserve Bank of Malawi, respectively, during 2016. The banking activities of these two banks are reported as discontinued operations in 2016 as OTI continues to implement its divestiture strategy.

On September 9, 2016, OTI signed an agreement to sell all of its shares in Opportunity Bank Rwanda to Hope Advancement, Inc., a nonprofit corporation established under the laws of Delaware and owner of the other 49% of the shares of the bank. The transaction closed on December 15, 2016.

OTI estimated a loss on the disposal of its banking activities classified as held for sale as of December 31, 2015, of approximately $13.9 million. The loss was recognized as a reduction in value of the assets of the disposal group as of December 31, 2015. $3.8 million of the loss on disposal group was attributable to noncontrolling interests. As of December 31, 2016, OTI recognized an additional write-down in its remaining ownership interest in Opportunity Bank Uganda of $1,016,873.

The following table presents a reconciliation of the carrying amounts of major classes of assets and liabilities of the discontinued operations to total assets and liabilities of the disposal group classified as held for sale in the consolidated statements of financial position as of December 31, 2016 and 2015:

		2016	2015
Carrying amounts of major classes of assets included as part of discontinued operations:			
Cash and cash equivalents	$	27,928,878	43,510,776
Loans receivable, net of allowance		25,547,108	72,106,883
Prepaid expenses and other assets		10,099,977	13,690,858
Building, furniture, and equipment, net of accumulated depreciation		8,869,979	14,997,440
Loss on assets of disposal group classified as held for sale		(5,930,750)	(13,949,971)
Equity investment in Opportunity Bank Uganda		2,652,732	—
Total assets of the disposal group classified as held for sale in the consolidated statements of financial position	$	69,167,924	130,355,986
Carrying amounts of major classes of liabilities included as part of discontinued operations:			
Accounts payable and accrued liabilities	$	3,483,716	9,775,174
Deposits from customers		50,420,291	81,189,441
Notes payable		4,687,875	12,175,594
Deferred revenue		2,129,631	6,180,231
Total liabilities of the disposal group classified as held for sale in the consolidated statements of financial position	$	60,721,513	109,320,440

The following table represents a reconciliation of the major classes of line items constituting the results of discontinued operations for the years ended December 31, 2016 and 2015:

		2016	2015
Major classes of line items constituting the loss of discontinued operations:			
Revenue:			
Loan interest income	$	34,531,004	40,871,854
Other fees and income		9,796,714	13,811,021
Total revenue		44,327,718	54,682,875
Expenses:			
Interest on notes payable		1,714,121	2,564,630
Interest on customer deposits		3,711,992	3,155,357
Provision for loan losses		4,434,611	3,365,341
Management and general, including income tax expense		39,269,646	49,451,125
Total operating expenses		49,130,370	58,536,453
Nonoperating activities:			
Net loss on assets of disposal group classified as held for sale		(1,016,873)	(13,949,971)
Net loss from cumulative effect of change in ownership		(853,003)	—
Net unrealized loss on foreign currency translation		(2,379,018)	(7,150,029)
Loss from discontinued banking activities		(9,051,546)	(24,953,578)
Net loss attributable to noncontrolling interests		2,354,606	6,829,518
Net loss attributable to OTI	$	(6,696,940)	(18,124,060)

(10) Noncontrolling Interest

Below is the activity of the noncontrolling interest for the years ended December 31, 2016 and 2015:

	December 31, 2016			
	Beginning balance	Interest in net gain (loss) of consolidated subsidiaries	Change in share capital and other changes in ownership	Ending balance
Noncontrolling interest of continuing operations:				
Opportunity Romania	$ 286,510	(34,826)	25,833	277,517
Opportunity Colombia	1,264,255	226,315	215,613	1,706,183
Subtotal – continuing operations	1,550,765	191,489	241,446	1,983,700
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Mozambique	346,825	(383,354)	36,529	—
Opportunity Bank Ghana	996,423	171,683	335,638	1,503,744
Opportunity Bank Malawi	(307,517)	(434,234)	652,371	(89,380)
Opportunity Bank Rwanda	1,445,256	(1,287,912)	(157,344)	—
Opportunity Kenya	90,243	(54,687)	(35,556)	—
Opportunity Bank Uganda	812,083	(102,176)	(709,907)	—
Opportunity Tanzania	60,284	(263,926)	203,642	—
Subtotal – disposal group	3,443,597	(2,354,606)	325,373	1,414,364
Total	$ 4,994,362	(2,163,117)	566,819	3,398,064

	December 31, 2015			
	Beginning balance	Interest in net gain (loss) of consolidated subsidiaries	Change in share capital and other changes in ownership	Ending balance
Noncontrolling interest of continuing operations:				
Opportunity Romania	$ 1,402,964	(104,527)	(1,011,927)	286,510
Opportunity Colombia	1,394,307	(10,052)	(120,000)	1,264,255
Subtotal – continuing operations	2,797,271	(114,579)	(1,131,927)	1,550,765

		December 31, 2015			
		Beginning balance	Interest in net gain (loss) of consolidated subsidiaries	Change in share capital and other changes in ownership	Ending balance
Noncontrolling interest of disposal group classified as held for sale:					
Opportunity Bank Mozambique	$	783,802	(628,348)	191,371	346,825
Opportunity Bank Ghana		1,918,191	(161,738)	(760,030)	996,423
Opportunity Bank Malawi		(121,865)	(3,367,652)	3,182,000	(307,517)
Opportunity Bank Rwanda		2,259,551	(1,423,326)	609,031	1,445,256
Opportunity Kenya		(1,105,578)	(204,179)	1,400,000	90,243
Opportunity Bank Uganda		1,270,582	(258,499)	(200,000)	812,083
Opportunity Tanzania		1,376,060	(785,776)	(530,000)	60,284
Subtotal – disposal group		6,380,743	(6,829,518)	3,892,372	3,443,597
Total	$	9,178,014	(6,944,097)	2,760,445	4,994,362

(11) Management and General Expenses

Management and general expenses for banking activities (continuing operations) consist of the following:

		2016	2015
Salaries and benefits	$	8,936,505	9,063,715
Rent and utilities		1,272,121	1,351,365
Professional fees		1,646,250	1,741,648
Depreciation expense		602,297	703,261
Miscellaneous expense		1,526,526	1,517,307
Postage and shipping		114,358	130,145
Travel and hosting		593,626	611,574
Income tax expense		549,182	529,507
Supplies, printing and office equipment		315,408	295,620
Telephone		216,409	252,815
Insurance		800,794	672,475
Promotional materials		136,861	167,912
Training		78,489	44,712
Board meetings and conferences		15,030	22,292
Foreign exchange loss		1,612	21,201
Total management and general expenses	$	16,805,468	17,125,549

(Continued)

(12) Related-Party Transactions

During the years ended December 31, 2016 and 2015, OTI paid Opportunity, Inc. investment advisory fees of $827,849 and $1,029,291, respectively. During 2016 and 2015, OTI paid Opportunity management service fees of $413,931 and $514,651, respectively. The fees are included in subsidiary operating expenses in the consolidated statement of activities.

Notes payable totaling $1,062,429 and $4,044,572 as of December 31, 2016 and 2015, respectively, were due to Opportunity and directors of OTI and Opportunity. In April 2016, Opportunity sold the €2,462,824 ($2,778,680) note receivable from OTI to another noteholder for face value. All rights were transferred and the terms of the note remain the same. Interest paid to related parties was $141,438 and $268,080 in 2016 and 2015, respectively.

(13) Commitments and Contingencies

(a) Reserve and Regulatory Capital Requirements

OTI's foreign for-profit microfinance companies have certain regulatory capital requirements that they must maintain.

The Bank of Ghana requires Opportunity Bank Ghana to maintain a prescribed ratio of total capital to total risk-weighted assets. A minimum capital adequacy ratio of 10% must be maintained. As of December 31, 2016 and 2015, Opportunity Bank Ghana met these regulatory requirements.

The Reserve Bank of Malawi requires Opportunity Bank Malawi to maintain a 1% general provision against risk assets and a minimum ratio of 10% for core and 15% of total capital to risk-weighted assets, respectively. As of December 31, 2016 and 2015, Opportunity Bank Malawi met these regulatory requirements.

The Central Bank of Mozambique required Opportunity Bank Mozambique to hold the minimum level of regulatory capital of 70,000,000 MT (approximately $1,106,000 and $1,484,000 as of June 30, 2016 and December 31, 2015, respectively), and to maintain a prescribed ratio of total capital to total risk-weighted assets of not less than 8%. Effective June 30, 2016, OTI sold its ownership interest in Opportunity Bank Mozambique to an unrelated third party. As of December 31, 2015, Opportunity Bank Mozambique met these regulatory requirements.

The National Bank of Rwanda requires Opportunity Bank Rwanda to maintain minimum reserves of 8% of deposits, 100% liquidity of three-month assets to three-month liabilities, and 10% capital adequacy. Effective December 15, 2016, OTI sold its ownership interest in Opportunity Bank Rwanda to another shareholder of the bank. As of December 31, 2015, Opportunity Bank Rwanda met these regulatory requirements.

Opportunity Bank Serbia is required to maintain a minimum capital adequacy ratio of 12% as established by the National Bank of Serbia. Pursuant to the Law on Banks and Other Financial Institutions, savings banks registered in Serbia are required to maintain total qualifying capital at a minimum amount of €10 million in dinar counter-value ($10,536,000 and $10,906,000 as of December 31, 2016 and 2015, respectively). As of December 31, 2016 and 2015, Opportunity Bank Serbia met these regulatory requirements.

Opportunity Bank Uganda is required to maintain ratios of core capital to risk-weighted assets of 12.5% and total capital to risk-weighted assets of 14.5% under the Financial Institutions Act 2004 of Uganda. As of December 31, 2016 and 2015, Opportunity Bank Uganda met these regulatory requirements.

The Superintendency of Colombia requires Opportunity Colombia to maintain Technical Equity above 9% of the assets in local and foreign currency weighted by risk level, pursuant to what is indicated in Article 2 of Decree 1720 of 2001. As of December 31, 2016 and 2015, Opportunity Colombia met these regulatory requirements.

(b) Lease Obligations

The banks lease office space and equipment in the various countries in which they are located under operating leases. Lease expense for the years ended December 31, 2016 and 2015 was $687,225 and $751,093, respectively, which is included in banking management and general expenses on the consolidated statement of activities. Future minimum operating lease payments as of December 31, 2016 are as follows:

		Continuing operations	Disposal group	Total
2017	$	572,739	126,347	699,086
2018		480,321	269,138	749,459
2019		437,928	86,479	524,407
2020		420,094	1,846	421,940
2021		133,636	127,317	260,953
Thereafter		—	73,757	73,757
Total	$	2,044,718	684,884	2,729,602

(14) Risks and Uncertainties

The commercial microfinance banks in which OTI holds an interest are exposed to a number of risks. The following outlines some of these risks:

(a) Credit Risk

Credit Risk is the risk of financial loss arising from the failure of a customer to settle financial obligations to the bank as they fall due. This is an inherent risk associated with the microfinance industry. OTI’s financial institutions manage exposure to credit risk on a regular basis by closely monitoring credit limits, loan portfolios, and concentration of exposure. Credit policies cover collateral requirements, credit assessment, risk grading and report documentary and legal procedures, and compliance with regulatory and statutory requirements.

(b) Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The risk is managed by each OTI financial institution by controlling the size of the difference in value between its foreign assets and foreign liabilities. The exposure to exchange rate risk is continually monitored to ensure compliance with regulatory and bank policy limits. As of December 31, 2016 and 2015, OTI had two swap agreements in place to mitigate the effects of foreign currency risk on local currency notes receivable.

(c) Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. OTI financial institutions manage interest rate risk by monitoring market conditions and applying pricing based on the cost analysis of each product. A portion of loans are short-term in nature; about 11.9% and 22.6% of the loans fall due within one year as of December 31, 2016 and 2015, respectively.

(d) Liquidity Risk

Liquidity risk is the risk that the banks will encounter difficulty in raising funds to meet the commitment associated with financial instruments. Each country has minimum capital requirements that the microfinance institutions must meet. Additionally, each institution monitors liquidity on a daily basis to meet its internal liquidity requirements. Total cash and cash equivalents of the combined banks is $23 million and $24 million as of December 31, 2016 and 2015, respectively, which is approximately 15% and 16% of total assets of the combined banks in 2016 and 2015.

(15) Subsequent Events

(a) Investment in Other Institutions

On July 7, 2017, the shareholders of BFSE Holding B.V. agreed to sell all BFSE shares to an unrelated third party. OTI's portion of the estimated net proceeds is € 622,740 ($731,812 as of July 31, 2017).

(b) Notes Payable

On June 23, 2017, OTI and the payee of a $500,000 note due to mature on November 15, 2017, agreed to amend the maturity date to November 15, 2020, and interest rate to 3% per annum.

(c) Reserve and Regulatory Capital Requirements

As of September 29, 2017, OTI's foreign for profit microfinance companies in Ghana, Colombia, Serbia, and Uganda met the regulatory requirements in their respective countries.

Subsequent to December 31, 2016, Opportunity Bank Malawi has been unable to meet the minimum capital adequacy levels required by the Malawi Financial Services Act Directive 2012. The Reserve Bank of Malawi granted a waiver to Opportunity Bank Malawi (OIBM) to meet minimum capital ratios by July 31, 2017. The Directors of Opportunity Bank Malawi have concluded that, on the basis of a successful completion of the acquisition of OIBM by First Merchant Bank, OIBM will be able to realize its assets and settle its liabilities in the ordinary course of business, and that the use of the going concern assumption is appropriate in the preparation of these financial statements.

(d) Sale and Purchase Agreement

The shareholders of OIBM and First Merchant Bank (FMB) agreed on a 100% acquisition of OIBM shares and an approval from the Reserve Bank of Malawi (RBM) was granted on July 11, 2017. Management control was passed over to FMB immediately upon receiving the approval from RBM and the two banks are now reporting joint daily Liquidity Reserve Requirement (LRR) to RBM as well as meeting the LRR.

In accordance with local regulations, final approval is pending from Competition and Fair Trade Commission of Malawi (CFTC), as at the date of these financial statements. FMB submitted their application to CFTC on July 31, 2017, with final approval expected within the mandatory 45 day period. However, interim consent to proceed with the transaction from CFTC was granted on August 9, 2017 on the basis that should the CFTC's assessment establish that the transaction would likely raise serious competition concerns, OIBM and FMB risk being asked to unwind the acquisition.

On August 18, 2017, the shareholders of OIBM sold all shares to FMB for the agreed purchase price. The estimated loss on the disposal of OIBM's net assets was included in loss on discontinued operations in 2015.

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)

Consolidating Schedules of Statements of Financial Position – Banking Operations Only

Years ended December 31, 2016 and 2015

	Continuing operations				
December 31, 2016	**Opportunity Bank Serbia**	**Opportunity Romania**	**Opportunity Colombia**	**Eliminations**	**Total continuing operations**
Banking assets:					
Cash and cash equivalents	$ 20,465,021	633,596	2,221,384	—	23,320,001
Loans receivable, net of allowance	83,909,658	5,540,976	35,081,561	—	124,532,195
Prepaid expenses and other assets	2,256,257	57,510	1,194,938	—	3,508,705
Building, furniture, and equipment, net of accumulated depreciation	2,782,113	41,693	277,499	—	3,101,305
Loss on assets of disposal group classified as held for sale	—	—	—	—	—
Total banking assets	$ 109,413,049	6,273,775	38,775,382	—	154,462,206
Banking liabilities:					
Accounts payable and accrued liabilities	$ 3,122,431	1,232,740	865,397	(199,324)	5,021,244
Deposits from customers	61,512,368	—	20,839,555	(1,197,607)	81,154,316
Notes payable	24,003,017	4,164,052	10,958,061	(5,695,301)	33,429,829
Deferred revenue	1,583,820	49,644	—	—	1,633,464
Total banking liabilities	90,221,636	5,446,436	32,663,013	(7,092,232)	121,238,853
Unrestricted net assets (deficit) – banking	19,191,413	827,339	6,112,369	7,092,232	33,223,353
Total liabilities and net assets	$ 109,413,049	6,273,775	38,775,382	—	154,462,206

December 31, 2015	**Opportunity Bank Serbia**	**Opportunity Romania**	**Opportunity Colombia**	**Eliminations**	**Total continuing operations**
Banking assets:					
Cash and cash equivalents	$ 21,460,081	1,061,496	1,181,800	—	23,703,377
Loans receivable, net of allowance	77,350,320	8,847,836	31,231,347	—	117,429,503
Prepaid expenses and other assets	2,480,305	89,687	801,261	—	3,371,253
Building, furniture, and equipment, net of accumulated depreciation	2,907,425	54,162	311,805	—	3,273,392
Loss on assets of disposal group classified as held for sale	—	—	—	—	—
Total banking assets	$ 104,198,131	10,053,181	33,526,213	—	147,777,525
Banking liabilities:					
Accounts payable and accrued liabilities	$ 2,750,706	2,445,118	767,917	(176,815)	5,786,926
Deposits from customers	60,254,317	—	16,536,717	(82,485)	76,708,549
Notes payable	22,747,385	6,565,935	11,493,812	(5,937,299)	34,869,833
Deferred revenue	1,111,165	110,963	—	—	1,222,128
Total banking liabilities	86,863,573	9,122,016	28,798,446	(6,196,599)	118,587,436
Unrestricted net assets (deficit) – banking	17,334,558	931,165	4,727,767	6,196,599	29,190,089
Total liabilities and net assets	$ 104,198,131	10,053,181	33,526,213	—	147,777,525

See accompanying independent auditors' report.

Discontinued operations										
Opportunity Bank Mozambique	**Opportunity Bank Ghana**	**Opportunity Bank Malawi**	**Opportunity Bank Rwanda**	**Opportunity Kenya**	**Opportunity Bank Uganda**	**Opportunity Tanzania**	**Opportunity DRC**	**Eliminations**	**Total discontinued operations**	**2016 Banks consolidated**
—	18,534,506	9,394,372	—	—	—	—	—	—	27,928,878	51,248,879
—	20,027,401	5,519,707	—	—	—	—	—	—	25,547,108	150,079,303
—	4,643,571	5,456,406	—	—	—	—	—	—	10,099,977	13,608,682
—	3,172,880	5,697,099	—	—	—	—	—	—	8,869,979	11,971,284
—	(1,049,909)	(4,880,841)	—	—	—	—	—	—	(5,930,750)	(5,930,750)
—	45,328,449	21,186,743	—	—	—	—	—	—	66,515,192	220,977,398
—	2,677,148	806,568	—	—	—	—	—	—	3,483,716	8,504,960
—	29,779,385	20,640,906	—	—	—	—	—	—	50,420,291	131,574,607
—	4,687,875	—	—	—	—	—	—	—	4,687,875	38,117,704
—	1,931,490	198,141	—	—	—	—	—	—	2,129,631	3,763,095
—	39,075,898	21,645,615	—	—	—	—	—	—	60,721,513	181,960,366
—	6,252,551	(458,872)	—	—	—	—	—	—	5,793,679	39,017,032
—	45,328,449	21,186,743	—	—	—	—	—	—	66,515,192	220,977,398

Opportunity Bank Mozambique	**Opportunity Bank Ghana**	**Opportunity Bank Malawi**	**Opportunity Bank Rwanda**	**Opportunity Kenya**	**Opportunity Bank Uganda**	**Opportunity Tanzania**	**Opportunity DRC**	**Eliminations**	**Total discontinued operations**	**2015 Banks consolidated**
1,944,721	10,199,579	16,293,409	3,939,392	2,648,957	5,639,215	1,280,619	1,564,884	—	43,510,776	67,214,153
5,344,210	22,273,910	7,355,300	17,629,500	3,698,228	11,568,069	1,995,444	2,242,222	—	72,106,883	189,536,386
721,502	5,704,973	998,931	3,022,712	445,910	1,854,871	281,274	660,685	—	13,690,858	17,062,111
1,169,348	2,938,537	6,223,945	2,500,198	67,516	1,181,815	595,949	320,132	—	14,997,440	18,270,832
(492,485)	(1,049,909)	(4,880,841)	(2,189,551)	(1,072,491)	—	(2,000,380)	(2,264,314)	—	(13,949,971)	(13,949,971)
8,687,296	40,067,090	25,990,744	24,902,251	5,788,120	20,243,970	2,152,906	2,523,609	—	130,355,986	278,133,511
317,245	3,033,110	542,691	2,279,093	353,501	1,624,140	313,528	1,332,056	(20,190)	9,775,174	15,562,100
5,282,571	25,751,881	21,993,882	16,883,137	2,205,533	7,564,059	316,825	1,191,553	—	81,189,441	157,897,990
954,000	4,388,786	4,036,102	1,167,883	2,178,125	918,569	430,000	—	(1,897,871)	12,175,594	47,045,427
55,943	1,354,619	276,533	1,066,441	190,080	2,626,975	609,640	—	—	6,180,231	7,402,359
6,609,759	34,528,396	26,849,208	21,396,554	4,927,239	12,733,743	1,669,993	2,523,609	(1,918,061)	109,320,440	227,907,876
2,077,537	5,538,694	(858,464)	3,505,697	860,881	7,510,227	482,913	—	1,918,061	21,035,546	50,225,635
8,687,296	40,067,090	25,990,744	24,902,251	5,788,120	20,243,970	2,152,906	2,523,609	—	130,355,986	278,133,511

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)

Consolidating Schedules of Statements of Activities – Banking Operations Only

Years ended December 31, 2016 and 2015

	Continuing operations				
December 31, 2016	**Opportunity Bank Serbia**	**Opportunity Romania**	**Opportunity Colombia**	**Eliminations**	**Total continuing operations**
Operating activities:					
Revenue:					
Loan interest income	$ 18,368,235	1,906,892	6,919,021	—	27,194,148
Other fees and income	491,256	18,426	972,363	—	1,482,045
Total revenue	18,859,491	1,925,318	7,891,384	—	28,676,193
Expenses:					
Interest on notes payable	1,639,161	328,630	995,273	(651,398)	2,311,666
Interest on customer deposits	2,744,838	—	1,496,891	—	4,241,729
Provisions on loan losses	1,119,132	122,361	114,074	—	1,355,567
Management and general	9,875,826	1,547,205	4,833,255	—	16,256,286
Total operating expenses before taxes	15,378,957	1,998,196	7,439,493	(651,398)	24,165,248
Income tax expense (benefit)	447,633	—	101,549	—	549,182
Increase (decrease) in operating net assets	3,032,901	(72,878)	350,342	651,398	3,961,763
Nonoperating activities:					
Unrealized gain (loss) on foreign currency translation	(1,176,046)	(30,947)	460,427	(98,111)	(844,677)
Net (gain) loss attributable to noncontrolling interests	—	—	—	(191,489)	(191,489)
Total nonoperating activities	(1,176,046)	(30,947)	460,427	(289,600)	(1,036,166)
Increase (decrease) in net assets	$ 1,856,855	(103,825)	810,769	361,798	2,925,597

December 31, 2015	**Opportunity Bank Serbia**	**Opportunity Romania**	**Opportunity Colombia**	**Eliminations**	**Total continuing operations**
Operating activities:					
Revenue:					
Loan interest income	$ 16,817,701	2,293,741	8,094,728	—	27,206,170
Other fees and income	469,007	27,596	1,634,174	—	2,130,777
Total revenue	17,286,708	2,321,337	9,728,902	—	29,336,947
Expenses:					
Interest on notes payable	1,417,711	609,025	1,219,262	(249,884)	2,996,114
Interest on customer deposits	3,143,226	—	903,977	—	4,047,203
Provisions on loan losses	1,031,960	103,676	289,338	—	1,424,974
Management and general	9,115,243	1,786,743	5,694,056	—	16,596,042
Total operating expenses before taxes	14,708,140	2,499,444	8,106,633	(249,884)	25,064,333
Income tax expense (benefit)	448,288	—	81,219	—	529,507
Increase (decrease) in operating net assets	2,130,280	(178,107)	1,541,050	249,884	3,743,107
Nonoperating activities:					
Loss on assets of disposal group classified as held for sale	—	—	—	—	—
Unrealized gain (loss) on foreign currency translation	(1,798,474)	(133,477)	(1,575,920)	(75,637)	(3,583,508)
Net loss attributable to noncontrolling interests	—	—	—	114,579	114,579
Total nonoperating activities	(1,798,474)	(133,477)	(1,575,920)	38,942	(3,468,929)
Increase (decrease) in net assets	$ 331,806	(311,584)	(34,870)	288,826	274,178

See accompanying independent auditors' report.

Discontinued operations										
Opportunity Bank Mozambique	Opportunity Bank Ghana	Opportunity Bank Malawi	Opportunity Bank Rwanda	Opportunity Kenya	Opportunity Bank Uganda	Opportunity Tanzania	Opportunity DRC	Eliminations	Total discontinued operations	2016 Banks consolidated
1,513,766	17,722,313	4,937,857	4,180,589	764,837	3,901,590	463,631	1,046,421	—	34,531,004	61,725,152
378,626	832,100	3,252,551	3,097,795	99,179	1,564,517	184,570	387,376	—	9,796,714	11,278,759
1,892,392	18,554,413	8,190,408	7,278,384	864,016	5,466,107	648,201	1,433,797	—	44,327,718	73,003,911
47,011	1,059,097	101,977	181,413	154,829	210,315	38,112	—	(78,633)	1,714,121	4,025,787
117,809	1,765,426	993,615	493,755	—	329,094	—	12,293	—	3,711,992	7,953,721
145,561	610,630	1,031,240	1,356,800	268,270	518,270	203,711	300,129	—	4,434,611	5,790,178
2,073,055	13,014,525	9,450,735	7,222,843	595,204	4,857,594	958,971	1,745,632	(410,434)	39,508,125	55,764,411
2,383,436	16,449,678	11,577,567	9,254,811	1,018,303	5,915,273	1,200,794	2,058,054	(489,067)	49,368,849	73,534,097
—	706,100	(1,365,745)	354,445	—	64,977	1,744	—	—	(238,479)	310,703
(491,044)	1,398,635	(2,021,414)	(2,330,872)	(154,287)	(514,143)	(554,337)	(624,257)	489,067	(4,802,652)	(840,889)
(647,214)	(684,778)	(207,931)	(115,629)	(348,812)	(199,446)	(257,394)	78,568	3,618	(2,379,018)	(3,223,695)
—	—	—		—	—	—	—	2,354,606	2,354,606	2,163,117
(647,214)	(684,778)	(207,931)	(115,629)	(348,812)	(199,446)	(257,394)	78,568	2,358,224	(24,412)	(1,060,578)
(1,138,258)	713,857	(2,229,345)	(2,446,501)	(503,099)	(713,589)	(811,731)	(545,689)	2,847,291	(4,827,064)	(1,901,467)

Opportunity Bank Mozambique	Opportunity Bank Ghana	Opportunity Bank Malawi	Opportunity Bank Rwanda	Opportunity Kenya	Opportunity Bank Uganda	Opportunity Tanzania	Opportunity DRC	Eliminations	Total discontinued operations	2015 Banks consolidated
3,947,792	15,304,339	7,850,244	4,636,662	1,970,193	4,555,116	810,283	1,797,225	—	40,871,854	68,078,024
1,412,484	1,459,357	2,938,814	2,668,695	266,610	2,415,869	1,714,771	934,421	—	13,811,021	15,941,798
5,360,276	16,763,696	10,789,058	7,305,357	2,236,803	6,970,985	2,525,054	2,731,646	—	54,682,875	84,019,822
109,734	1,124,769	753,812	157,988	466,631	219,403	—	49,803	(317,510)	2,564,630	5,560,744
300,671	786,545	1,264,676	508,062	—	277,225	—	18,178	—	3,155,357	7,202,560
542,523	(97,600)	1,854,402	(34,406)	451,030	206,076	242,946	200,370	—	3,365,341	4,790,315
4,815,743	14,064,934	13,134,560	6,831,157	876,318	5,476,229	2,212,004	2,931,925	(642,840)	49,700,030	66,296,072
5,768,671	15,878,648	17,007,450	7,462,801	1,793,979	6,178,933	2,454,950	3,200,276	(960,350)	58,785,358	83,849,691
—	391,751	(846,634)	(85,679)	—	268,493	3,900	19,264	—	(248,905)	280,602
(408,395)	493,297	(5,371,758)	(71,765)	442,824	523,559	66,204	(487,894)	960,350	(3,853,578)	(110,471)
(492,485)	(1,049,909)	(4,880,841)	(2,189,551)	(1,072,491)	—	(2,000,380)	(2,264,314)	—	(13,949,971)	(13,949,971)
(986,445)	5,118	(1,400,471)	(444,205)	(1,245,747)	(2,328,887)	(483,415)	3,536	(269,513)	(7,150,029)	(10,733,537)
—	—	—	—	—	—	—	—	6,829,518	6,829,518	6,944,097
(1,478,930)	(1,044,791)	(6,281,312)	(2,633,756)	(2,318,238)	(2,328,887)	(2,483,795)	(2,260,778)	6,560,005	(14,270,482)	(17,739,411)
(1,887,325)	(551,494)	(11,653,070)	(2,705,521)	(1,875,414)	(1,805,328)	(2,417,591)	(2,748,672)	7,520,355	(18,124,060)	(17,849,882)

Supplementary Schedule 3

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.

(An Affiliate Controlled by Opportunity International, Inc.)

Schedules of Statements of Activities and Statements of Financial Position – OTI Parent Only

Years ended December 31, 2016 and 2015

Statements of Activities		**2016**	**2015**
Operating activities:			
Revenue, support, gains, and losses:			
Contributions	$	1,845,396	11,154,709
Gain from subsidiary banking activities		3,770,274	3,857,686
Unrealized loss on foreign currency translation		(844,677)	(3,583,508)
Other, including loss on investment in other institutions		(3,834,218)	(592,371)
Total revenue, support, gains, and losses		936,775	10,836,516
Expenses:			
Program services		1,650,323	977,153
Subsidiary operating expenses		3,001,374	3,244,398
Total expenses		4,651,697	4,221,551
(Decrease) increase in net assets from operating activities		(3,714,922)	6,614,965
Discontinued operations:			
Loss from operations of discontinued banking activities (including loss on disposal of $1,016,873 and $13,949,971 in 2016 and 2015, respectively)		(6,696,940)	(18,124,060)
Decrease in net assets		(10,411,862)	(11,509,095)
Net assets:			
Beginning of year		38,100,882	49,609,977
End of year	$	27,689,020	38,100,882

Statements of Financial Position			
Assets:			
Cash and cash equivalents	$	1,976,909	744,214
Restricted cash and investments		47,839	1,435,163
Other receivables, prepaid expenses, and due from parent		1,317,713	3,277,827
Notes receivable, net		2,501,396	3,080,292
Furniture and equipment, net of accumulated depreciation		1,657,459	112,752
Investment in other institutions		37,171,122	38,866,814
Investment in other institutions classified as held for sale		7,032,047	17,591,950
Total assets	$	51,704,485	65,109,012
Liabilities:			
Accounts payable, accrued liabilities and due to parent	$	3,411,561	2,934,113
Notes payable		20,603,904	24,074,017
Total liabilities		24,015,465	27,008,130
Unrestricted net assets		27,689,020	38,100,882
Total liabilities and net assets	$	51,704,485	65,109,012

See accompanying independent auditors' report.