



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

Consolidated Financial Statements and Supplementary Schedules

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

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

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**KPMG LLP**  
Aon Center  
Suite 5500  
200 East Randolph Drive  
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, 2014 and 2013, 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 19 percent and 29 percent, respectively, of consolidated total assets at December 31, 2014 and 2013, and total revenues constituting 22 percent and 32 percent, respectively, of consolidated total revenues 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.



***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, 2014 and 2013, 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**

June 29, 2015  
Chicago, Illinois

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

Consolidated Statements of Financial Position

December 31, 2014 and 2013

<b>Assets</b>	<b>2014</b>	<b>2013</b>
<b>Investing assets:</b>		
Cash and cash equivalents	\$ 460,853	12,769
Restricted cash and investments	4,265,434	2,238,006
Other receivables and prepaid expenses	104,431	21,505
Due from parent	8,431,206	3,051,315
Notes receivable, net	2,630,574	1,930,000
Furniture and equipment, net of accumulated depreciation of \$11,551	139,888	—
Investment in other institutions	6,865,251	11,464,639
Total investing assets	22,897,637	18,718,234
<b>Banking assets:</b>		
Cash and cash equivalents	74,746,251	61,069,479
Loans receivable, net of allowance of \$7,960,554 and \$11,313,374 in 2014 and 2013, respectively	202,108,761	210,384,519
Prepaid expenses and other assets	19,366,223	15,499,433
Building, furniture, and equipment, net of accumulated depreciation of \$20,368,031 and \$19,123,600, respectively	22,624,397	25,881,424
Total banking assets	318,845,632	312,834,855
Total assets	\$ 341,743,269	331,553,089
<b>Liabilities and Net Assets</b>		
<b>Investing liabilities:</b>		
Accounts payable and accrued liabilities	\$ 929,307	2,302,052
Notes payable	38,467,490	17,715,461
Total investing liabilities	39,396,797	20,017,513
<b>Banking liabilities:</b>		
Accounts payable and accrued liabilities	18,390,120	21,642,612
Deposits from customers	164,332,808	154,244,210
Notes payable	52,398,781	55,924,655
Deferred revenue	8,436,772	4,425,024
Total banking liabilities	243,558,481	236,236,501
Total liabilities	282,955,278	256,254,014
Noncontrolling interest	9,178,014	19,473,699
Unrestricted net assets	49,609,977	55,825,376
Total liabilities and net assets	\$ 341,743,269	331,553,089

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Investing activities:		
Revenue, support, gains, and losses:		
Contributions	\$ 6,378,928	910,336
Equity in loss from investment in other institutions	(559,800)	(354,645)
Loss on sale of investment in subsidiaries and noncontrolling interests	(615,906)	(619,010)
Miscellaneous income (loss)	<u>306,285</u>	<u>(403,345)</u>
Total investing revenue, support, gains, and losses	5,509,507	(466,664)
Expenses:		
Management and general	<u>2,690,709</u>	<u>2,308,028</u>
Increase (decrease) in net assets from investing activities	<u>2,818,798</u>	<u>(2,774,692)</u>
Banking activities:		
Revenue:		
Loan interest income	74,568,710	70,792,630
Other fees and income	<u>16,648,091</u>	<u>17,017,342</u>
Total banking revenue	<u>91,216,801</u>	<u>87,809,972</u>
Expenses:		
Interest on notes payable	6,730,034	5,423,688
Interest on customer deposits	7,957,857	7,191,313
Provision for loan losses	8,346,848	7,389,337
Management and general	<u>73,530,083</u>	<u>73,537,306</u>
Total banking expenses	<u>96,564,822</u>	<u>93,541,644</u>
Decrease in net assets from banking activities	(5,348,021)	(5,731,672)
Unrealized loss on foreign currency translation	8,448,784	5,114,703
Net loss attributable to noncontrolling interests	<u>(4,762,608)</u>	<u>(3,380,276)</u>
Decrease in net assets	(6,215,399)	(10,240,791)
Net assets, beginning of year	<u>55,825,376</u>	<u>66,066,167</u>
Net assets, end of year	<u>\$ 49,609,977</u>	<u>55,825,376</u>

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, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Change in net assets	\$ (6,215,399)	(10,240,791)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	5,471,989	5,507,993
Foreign currency translation loss	8,448,784	5,114,703
Equity in loss of investment in other institutions	559,800	354,645
Realized gain on restricted cash and investments	—	(146,435)
Unrealized gain on restricted cash and investments	—	37,926
Net loss attributable to noncontrolling interests	(4,762,608)	(3,380,276)
Provision for loan losses	8,346,847	7,389,337
Changes in assets and liabilities:		
Other receivables and prepaid expenses (investing assets)	(82,926)	79,696
Due to/from parent	(5,379,891)	1,908,151
Prepaid expenses (banking assets)	(3,866,790)	4,239,670
Accounts payable and accrued liabilities	(4,625,237)	5,654,808
Deferred revenue	4,011,749	(601,555)
Noncontrolling interest	(5,533,077)	1,679,486
Net cash (used in) provided by operating activities	(3,626,759)	17,597,358
Cash flows from investing activities:		
Loan originations, net of principal collections	(71,089)	(46,375,642)
Sale (purchase) of investments in unconsolidated affiliates	4,039,588	(5,104,658)
Sale (purchase) of restricted cash and investments	(2,027,429)	2,357,172
Additions of building, furniture, and equipment, net	(2,354,850)	(5,951,341)
Collections (issuance) of notes receivable, net	(700,574)	1,314,879
Net cash used in investing activities	(1,114,354)	(53,759,590)
Cash flows from financing activities:		
Proceeds from notes payable	24,430,512	27,459,459
Principal payments of notes payable	(7,204,357)	(18,662,953)
Deposits from customers, net	10,088,598	27,599,592
Net cash provided by financing activities	27,314,753	36,396,098
Effect of exchange rate changes on cash	(8,448,784)	(5,114,703)
Net increase (decrease) in cash and cash equivalents	14,124,856	(4,880,837)
Cash and cash equivalents at beginning of year	61,082,248	65,963,085
Cash and cash equivalents at end of year	\$ 75,207,104	61,082,248
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 11,723,853	9,702,802
Cash paid for taxes	883,352	1,889,195
Supplemental disclosure of noncash investing and financing activities:		
Conversion of notes receivable into investment in subsidiaries	\$ 179,920	3,280,935

See accompanying notes to consolidated financial statements.

**OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**  
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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

**(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 micro businesses 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 partners in developing countries. A partner organization is an implementer of microenterprise development and provider of financial services within the Opportunity network. Funds are disbursed to partner organizations to capitalize various local commercial start-up ventures and to fund their own operations. While partner organizations are critical in assisting Opportunity to achieve its purpose, they are not legally affiliated with Opportunity, with the exception of the eighteen institutions as described below in which Opportunity Transformation Investments, Inc. (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 partner 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 partners, to develop an accreditation process for participating partners, 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.

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 eleven banks or financial institutions at December 31, 2014 as described below, and thus, those institutions are consolidated in OTI's financial statements. If a majority interest is 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, 2014, OTI had minority equity positions in seven institutions as follows: Opportunity Kauswagan Bank in the Philippines, Zambuko Trust Limited in Zimbabwe, Growing Opportunity Finance Private Limited 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, 2014, OTI held several notes receivable from partners who were in the process of either becoming a commercial lending institution or increasing their capitalization. During 2014, OTI converted several notes receivable into equity, providing additional capital for financial institutions in which OTI had ownership interests.



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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

On May 20, 2014, OTI incorporated Opportunity Shared Services Limited (OSSL) in Ghana to provide information technology services to other Opportunity Network members. During 2014, OSSL provided services to eight of the OTI majority-owned banks. The assets and liabilities of OSSL are included in the investing assets and liabilities and the expenses of OSSL are including in the investing activities.

On October 16, 2014, OTI registered Opportunity Transformation Investments B.V. in the Netherlands to hold the assumed notes from EFSE (note 8). There was no activity in 2014.

The acquired majority interests in the microfinance organizations are as follows:

- (i) In July 2002, Opportunity International Stock Savings Bank, Novi Sad (Opportunity Bank Serbia) was capitalized with an initial investment of \$1,100,000 from OTI to acquire all outstanding shares of common stock of Opportunity Bank Serbia. In December 2002, additional common stock was sold for \$1,000,000, of which an investment was made by OTI in the amount of \$200,000. This resulted in OTI's ownership percentage decreasing to 62.0% at December 31, 2002. In December 2003, OTI made an additional investment in Opportunity Bank Serbia, increasing its ownership percentage to 77.0%. During 2005, OTI made a \$2.4 million investment in Opportunity Bank Serbia, bringing its ownership percentage up to 93.6%. OTI made an additional investment of \$5.7 million in December 2005. In 2006, in compliance with the National Bank of Serbia's (NBS) new law recognizing only banks, Opportunity Bank Serbia was dissolved, and Opportunity Banka a.d. Novi Sad became the legal successor of all Opportunity Bank Serbia's rights and obligations. On February 7, 2007, NBS issued the permanent banking license to Opportunity Banka a.d. Novi Sad (Opportunity Bank Serbia). During 2007, two institutions purchased shares in Opportunity Bank Serbia, which diluted OTI's ownership to 63.5%. During 2010, OTI made an additional equity investment of \$2,480,127. In 2012, OTI made an equity investment of \$1,591,193. As of December 31, 2012 and 2013, OTI owned 67% of the outstanding shares of Opportunity Bank Serbia. During 2014, OTI purchased 33% of the shares from the minority shareholders and made a separate investment of \$292,899 increasing OTI's ownership to 100% as of December 31, 2014.
- (ii) In February 2003, Oportunidad Microfinanzas, S.A. de C.V., SOFOM ENR (Opportunity Mexico) was capitalized with an initial investment by OTI. OTI made additional investments in Opportunity Mexico until 2013, when OTI sold 100% of its shares in Opportunity Mexico for a total purchase price of \$550,000. The purchase price is to be paid by the buyer in two installments: \$200,000 and \$350,000 on May 1, 2015 and May 1, 2016, respectively.
- (iii) In February 2005, Banco Oportunidade de Mocambique, SARL (Opportunity Bank Mozambique) was capitalized with an initial OTI investment of \$1,220,900 for 58.7% ownership in Opportunity Bank Mozambique. During 2006, OTI made an additional investment of \$839,142 in Opportunity Bank Mozambique to maintain 58.7% ownership. During 2008, OTI purchased 292 shares from minority investors for \$392,635. During 2009 and 2008, OTI advanced \$280,489 and \$326,520, respectively, in convertible loans. During 2010, OTI invested an additional \$556,413 and converted the outstanding loans to equity. During 2013 and 2011, OTI made additional equity investments of \$1,361,310 and \$482,824, respectively. As of December 31, 2014 and 2013, OTI owned 64.7% and 60.6% of the outstanding shares of Opportunity Bank Mozambique, respectively.

## **OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**

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### Notes to Consolidated Financial Statements

December 31, 2014 and 2013

- (iv) As of December 31, 2005, OTI had an investment of \$1,139,725 or 35.1% of Opportunity International Savings & Loans Limited in Ghana (Opportunity Bank Ghana). In May 2006, OTI made an additional investment of \$1,082,332 in Opportunity Bank Ghana increasing its percentage of ownership to 44.9%. In July 2006, OTI made another investment of \$933,268, which included the conversion of notes receivable of \$323,753, in Opportunity Bank Ghana further increasing its percentage of ownership to 59.6%, making OTI the majority shareholder. The results of operations of Opportunity Bank Ghana were included in the consolidated financial statements of OTI starting in the year 2006. Even though OTI invested an additional \$1,030,349 of equity in Opportunity Bank Ghana during 2007, its percentage of ownership was diluted by other shareholder investments to 51.5%. During 2010 and 2009, OTI advanced \$843,504 and \$186,000, respectively, in convertible loans. During 2011, OTI made a \$2,107,641 equity investment and converted \$1,029,504 of loans to equity. In 2012 and 2013, OTI made additional investments of \$1,416,756 and \$262,500, respectively. During 2014, OTI invested an additional \$1,044,500 as equity and \$623,244 as convertible loans. Shares will be issued after shareholder approval is received. As of December 31, 2014 and 2013, OTI owned 64.6% and 68.4%, respectively, of the outstanding shares of Opportunity Bank Ghana.
- (v) As of December 31, 2005, OTI had a net investment of \$1,011,020 or 27.1% in Opportunity International Bank of Malawi, Ltd. (Opportunity Bank Malawi). During 2006, OTI made investments totaling \$1,567,087 in Opportunity Bank Malawi through conversion of notes receivable to equity and additional cash payments increasing its ownership to 53.7%. The results of Opportunity Bank Malawi were included in the consolidated financial statements beginning in 2006. During March 2008, OTI converted \$362,764 of loans to equity and made an additional equity investment of \$1,404,878. During 2011, OTI converted \$1,069,000 of loans to equity and made an additional investment of \$1,992,929. During 2012 and 2013, OTI made equity investments of \$1,784,965 and \$1,005,000, respectively. During 2014, OTI invested an additional \$2,117,710 as well as purchased the shares of a minority investor for \$11,707. As of December 31, 2014 and 2013, OTI owned 56.6% and 51.3%, respectively, of the outstanding shares of Opportunity Bank Malawi.
- (vi) In June 2006, OTI made an initial investment of \$178,336 in Opportunity International Bank Rwanda, S.A. (Opportunity Bank Rwanda) for which it received 961 shares or 96.6% of the common stock of Opportunity Bank Rwanda. Opportunity International – Deutschland and the officers and directors owned the other shares. In July 2006, OTI was gifted equity totaling \$249,975 from Opportunity International Canada. In September 2006, OTI made an additional investment of \$2,450,000, which increased its ownership percentage to 99.8%. The financial statements of Opportunity Bank Rwanda are included in the consolidated financial statements of OTI beginning in the year 2006. On July 1, 2007, Opportunity International Bank Rwanda merged with Urwego Community Banking S.A. A new entity called Urwego Opportunity Microfinance Bank S.A. (Opportunity Bank Rwanda) was formed and its financial statements were included in the OTI consolidated financial statements beginning in 2007. During March 2008, minority shareholders purchased 9.6% of outstanding shares of Opportunity Bank Rwanda from OTI for \$331,821. During 2009, OTI issued \$321,000 in convertible loans. OTI advanced \$613,900 and \$88,362 as convertible loans during 2012 and 2011, respectively. During 2013, OTI converted \$505,500 to equity. During 2014, OTI sent \$172,000 as a convertible loan. As of December 31, 2014 and 2013, OTI owned 49.9% of the outstanding stock of Opportunity Bank Rwanda.

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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

- (vii) In 2006, OTI made an initial capital investment of \$15, along with \$1,266,000 of loans convertible to equity, in Opportunity Finance (Proprietary) Limited, South Africa (Opportunity South Africa). OTI owned 100% of Opportunity South Africa and its financial statements were included in the OTI consolidated financial statements beginning in 2006. The 2006 loans totaling \$1,266,000 plus 2007 convertible loans of \$418,658 were converted to equity in November 2007. During 2008, additional convertible loans of \$2,071,000 were made to Opportunity South Africa, which were converted to equity in March 2009. During 2009, OTI's ownership percentage was diluted by an equity investment from a new shareholder. During 2012 and 2011, OTI made additional investments of \$164,966 and \$1,000,000, respectively. As of December 31, 2013, OTI owned 76.5% of the outstanding shares of Opportunity South Africa. On June 30, 2014, OTI sold its shares in Opportunity South Africa to a lender operating in South Africa. The purchase price is to be paid in equal installments over 36 months. As of December 31, 2014, the balance due was \$1,123,908. OTI recognized a loss of \$1,062,253 on the sale of the shares.
- (viii) On July 31, 2006, OTI acquired specific assets of Wedco Enterprises Development Ltd. for \$700,000. A new entity was formed in Kenya, Opportunity International-Wedco Limited (Opportunity Kenya). During 2008, the company changed its name to Opportunity Kenya Limited. OTI owned 51% of the common shares and Wedco Enterprises owned 49% of the common shares. The financial statements of Opportunity Kenya were included in the consolidated financial statements of OTI beginning in 2006. During 2008 and 2007, convertible loans of \$98,776 and \$1,900,000 were made to Opportunity Kenya, respectively. During 2009, \$354,662 of the loans was converted to equity and OTI advanced additional convertible loans of approximately \$1,000,000. During 2010, OTI advanced additional convertible loans of approximately \$1,200,000. During 2011, \$3,850,894 of convertible loans were converted to equity and an additional \$462,545, of convertible loans were advanced. During 2012, OTI advanced additional convertible loans of \$1,228,317, which were converted to equity in 2013. OTI invested an additional \$85,000 of equity in 2013. During 2014, OTI sent \$727,402 in equity for which shares were not yet issued as of December 31, 2014. As of December 31, 2014 and 2013, OTI owned 88% of the outstanding shares of Opportunity Kenya.
- (ix) On December 15, 2006, OTI purchased 31.5% of the common shares of Faulu Uganda Limited for \$347,870. During May 2007, OTI acquired another 31.5% of the outstanding common shares of Faulu Uganda from Opportunity International Australia for \$300,000 making it majority owner with 63.0% ownership. During May 2007, OTI made an additional equity investment of \$750,000. The results of operations of Faulu Uganda were included in the consolidated financial statements beginning in the year 2007. During October 2008, OTI made an additional equity investment of \$1,115,000. On December 16, 2008, the company acquired a license from the Bank of Uganda as a two tier financial institution. During 2009, the company changed its registered name to Opportunity Bank Uganda Limited (Opportunity Bank Uganda) and OTI made an equity investment of \$500,000 and advanced an additional \$200,000 of convertible loans. During 2010, the \$200,000 of convertible loans was converted to equity, and OTI made an additional equity investment of \$1,334,309. During 2012 and 2011, OTI made equity investments of \$2,091,434 and \$2,213,285, respectively. As of December 31, 2014 and 2013, OTI owned 85.7% of the outstanding shares of Opportunity Bank Uganda.

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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

- (x) On December 20, 2007, OTI acquired 60% of the stock of Faulu Tanzania Limited for \$1. During 2008, the company changed its name to Opportunity Tanzania Limited (Opportunity Tanzania). The results of operations of Opportunity Tanzania were included in the consolidated financial statements of OTI beginning in 2007. During 2008, OTI made convertible loans of \$1,700,000 to Opportunity Tanzania, which were converted to equity in May 2009. Additional equity investments of \$887,415, \$1,712,040, and \$749,217 were made by OTI in 2012, 2011, and 2010, respectively. During 2012, \$920,080 of convertible loans were converted to equity. During 2014, OTI made an additional investment of \$437,631. As of December 31, 2014 and 2013, OTI owned 67.5% and 66.1%, respectively, of the outstanding shares of Opportunity Tanzania.
- (xi) As of December 31, 2009, OTI had a net investment of \$193,976, or 34.5% of the shares in Opportunity Microcredit Romania IFN SA (Opportunity Romania). On October 27, 2010, OTI purchased an additional interest in Opportunity Romania for \$1,482,910 increasing its ownership position to 57.2%. The results of Opportunity Romania are included in the consolidated financial statements as of October 2010. During 2012, OTI made an additional equity investment of \$900,000. As of December 31, 2014 and 2013, OTI owned 66.5% of the outstanding shares of Opportunity Romania.
- (xii) During 2010, OTI invested \$2,000,000 to establish a microfinance company, Opportunity International DRC SPRL (Opportunity DRC) in the Democratic Republic of Congo. Opportunity DRC was incorporated and 32,400 shares were issued to OTI for its \$2,000,000 investment. The financial statements of Opportunity DRC were included in the consolidated financial statements during 2010. During 2014, 2013, and 2012, OTI invested \$521,305, \$434,000, and \$1,544,695, respectively. During 2014, OTI sent an additional \$217,605 for which shares were not yet issued as of December 31, 2014. As of December 31, 2014 and 2013, OTI owned 100% of the outstanding shares of Opportunity DRC.
- (xiii) During 2012, OTI invested \$7,636,220 to establish a microfinance company, Opportunity International Colombia S.A. Compania de Financiamiento (Opportunity Colombia) in Colombia. Opportunity Colombia became legally authorized to operate as a regulated financial intermediary in June 2012 and issued 1,351,731,310 shares to OTI for its initial investment. As of December 31, 2014 and 2013, OTI owned 71.1% of the outstanding shares of Opportunity Colombia.

**(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 nine microfinance institutions that OTI has majority interests in Opportunity Bank Malawi, Opportunity Bank Mozambique, Opportunity Bank Ghana, Opportunity Bank Rwanda, Opportunity Kenya, Opportunity Bank Uganda, Opportunity Tanzania, Opportunity Romania, and Opportunity Colombia. The outside investors' shares are shown in OTI's consolidated financial statements as a noncontrolling interest.

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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

The investing assets, liabilities, revenue, and expenses represent the activity for OTI as the parent and OSSSL as the 100% owned, nonbanking subsidiary. The banking assets, liabilities, revenue, and expenses represent the activity for the overseas bank subsidiaries.

**(b) *Accrued Interest Receivable on Loans***

Interest is accrued on loans when earned. 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. Fee and commission income are recognized when earned.

**(c) *Allowance for Loan Losses***

Allowances have been established for probable loan losses. 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.

**(d) *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.

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**(e) *Restricted Cash and Investments***

Restricted cash and investments at December 31, 2014 and 2013 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). Gates Foundation funds yet to be distributed remain in a segregated, interest-bearing account and will be utilized to extend member loans in accordance with the loan agreement. All interest earned on funds in the segregated account and 1% interest on the amounts withdrawn from the segregated account for member loans is remitted quarterly to the Gates Foundation.

**(f) *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.

**(g) *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 50 years.

**(h) *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.

**(i) *Allocation of Expenses***

OTI considers Network and Opportunity management fee expenses a component of its management and general expense. The amounts related to the Network are dues, which in turn support the Network partners and the OTI program objectives. The management fee expenses paid to Opportunity relate to certain management services provided to OTI by Opportunity.

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**(j) 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 exempt from federal income taxes under Section 501(c)(3) of Internal Revenue Code, and accordingly, no tax provision has been made in the accompanying consolidated financial statements for charitable activities.

OTI has adopted the requirements for accounting for uncertain tax positions in accordance with ASC 740-10 *formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes*. The only significant tax position management has identified is that of OTI's tax-exempt status. No other tax positions, certain or uncertain, have been identified.

The microfinance institutions included in these consolidated financial statements pay taxes in accordance with their respective country's laws at rates ranging from 9% to 32% of taxable income and current tax expense is recorded for these amounts. 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.

**(k) 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.

**(l) Use of Estimates/Risks and Uncertainties**

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.

**(m) Subsequent Events**

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 29, 2015, the date the financial statements were issued.

**(3) Fair Value of Financial Instruments**

In 2008, OTI adopted Accounting Standards Codification (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).

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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 financial statements.

OTI's other financial instruments, including cash, 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 totaling \$1,416,637 related to the Gates Foundation loan remain in a segregated, interest-bearing account, and will be utilized to extend partner loans in accordance with the loan agreement. All interest earned on funds in the segregated account and 1% interest on the amounts withdrawn from the segregated account for partner loans is remitted quarterly to the Gates Foundation.

The following tables classify OTI's cash equivalents, restricted investments, and the foreign currency swap, within the fair value hierarchy, as of December 31, 2014 and 2013:

		<b>December 31, 2014</b>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money-market funds	\$	1,416,637	—	—
Short-term investments		—	—	—
U.S. government securities and bonds		—	—	—
U.S. corporate bonds		—	—	—
Foreign currency swap asset		—	191,348	—
Non-U.S. government securities and bonds		9,435,766	—	—
Total	\$	<u>10,852,403</u>	<u>191,348</u>	<u>—</u>

		<b>December 31, 2013</b>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money-market funds	\$	2,329,079	—	—
Short-term investments		—	—	—
U.S. government securities and bonds		—	—	—
U.S. corporate bonds		—	—	—
Foreign currency swap liability		—	(95,195)	—
Non-U.S. government securities and bonds		1,776,840	—	—
Total	\$	<u>4,105,919</u>	<u>(95,195)</u>	<u>—</u>



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**(4) Notes Receivable**

Notes receivable as of December 31, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Microfinance Loan Obligations S.A. (MLO), interest rate at 0%	\$ 141,728	208,789
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%	650,000	1,250,000
HIGO Investments, interest rate at 0%	550,000	550,000
ASPIRE, interest rate 0%	176,666	—
Thuthukani Financial Services (Pty) Ltd. (TFS), interest rate 0%	1,123,908	—
Subtotal	2,772,302	2,138,789
Less allowance for uncollectible amounts	(141,728)	(208,789)
Net notes receivable	\$ 2,630,574	1,930,000

The MLO, ASODENIC, SAT, and ASPIRE notes are all convertible to equity upon demand. The note from SAT was reduced by \$600,000 to estimated fair value of \$650,000. The \$550,000 HIGO and \$1,123,908 TFS notes represent the amounts due from the purchasers of the shares of Opportunity Mexico and Opportunity South Africa, respectively.

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**(5) Investment in Other Financial Institutions**

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

	<u>2014</u>	<u>2013</u>
Zambuko Trust Limited – Zimbabwe (25%)	\$ 250,000	250,000
BFSE General Partner BV (0% and 40%, respectively)	—	42,299
Balkan Financial Sector Equity Fund C.V. (4.3%)	1,260,245	1,374,217
MFX Solutions LLC (1.9%)	209,858	204,530
Opportunity Kauswagan Bank, Inc. (18%)	144,021	444,706
Opportunity Kauswagan Bank, Inc. (preferred shares)	1,235,000	1,235,000
Growing Opportunity Finance (India) Pvt. Ltd (1.6% and 25.8%)	10,484	2,356,407
SEAF Opportunity Serbia Fund (60%)	15,743	—
Opportunity International China Ltd. (32.8%)	3,989,900	3,941,658
Redeemable noncontrolling interest in Opportunity Serbia	—	2,127,032
Subtotal	<u>7,115,251</u>	<u>11,975,849</u>
Less amounts reserved	<u>(250,000)</u>	<u>(511,210)</u>
Total investment in other institutions	<u>\$ 6,865,251</u>	<u>11,464,639</u>

On March 14, 2014, OTI sold the majority of its shares of Growing Opportunity Finance in India to another Opportunity Network member for an amount equal to OTI's original investment.

Under the terms of a shareholder agreement, originally dated September 14, 2006 and amended September 27, 2012, between Opportunity Transformation Investments, Inc. (OTI), its subsidiary Opportunity Bank Serbia (OBS) and three other noncontrolling shareholders, the noncontrolling interest owners had the right to require OTI to purchase (the Put Option) their interest (a total of approximately 33%) of the outstanding capital stock of OBS. OTI purchased all the shares of the noncontrolling shareholders on August 27, 2014 simultaneously terminating the Put Option.

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Equity income (loss) from the investments in the other institutions consists of the following:

	<u>2014</u>	<u>2013</u>
BFSE General Partner BV	\$ (42,299)	—
Balkan Financial Sector Equity Fund C.V.	(197,068)	(219,872)
MFX Solutions LLC	5,328	4,734
Opportunity Kauswagan Bank, Inc.	(300,685)	(139,507)
SEAF Opportunity Serbia Fund	(73,317)	—
Opportunity International China Ltd.	48,241	—
Total equity loss from other institutions	<u>\$ (559,800)</u>	<u>(354,645)</u>

**(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 eight years at interest rates of between 12.00% and 60.00%. Certain loans may be collateralized by security such as cash or mortgages. Loans outstanding as of December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Loans receivable	\$ 210,069,315	221,697,893
Less loan loss allowance	(7,960,554)	(11,313,374)
Net loan portfolio	<u>\$ 202,108,761</u>	<u>210,384,519</u>

Gross loan portfolio by product for the years ended December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Individual	\$ 108,815,576	102,965,652
Small and medium enterprise (SME)	52,732,756	58,063,661
Individual groups	38,926,334	48,053,807
Nonbusiness	2,163,038	1,404,059
Other	7,431,611	11,210,714
Total gross loans	<u>\$ 210,069,315</u>	<u>221,697,893</u>

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A summary of the activity in the allowance for loan losses for the years ended December 31, 2014 and 2013 is as follows:

	<b>2014</b>	<b>2013</b>
Balance at beginning of year	\$ 11,313,374	10,560,469
Provision for loan losses	8,346,847	7,389,367
Subsidiary loans charged off	(10,379,782)	(6,387,049)
Subsidiary loans foreign currency translation loss	(1,319,885)	(249,413)
Balance at end of year	\$ 7,960,554	11,313,374

The following tables summarize the activity in the loan loss allowance by product for the years ended December 31, 2014 and 2013:

<b>Year ended December 31, 2014</b>	<b>Individual</b>	<b>SME</b>	<b>Individual groups</b>	<b>Nonbusiness</b>	<b>Other</b>	<b>Total</b>
Balance at beginning of year	\$ 6,095,314	3,681,229	1,254,134	65,307	217,390	11,313,374
Provision for loan losses	2,341,673	1,463,660	1,869,731	188,228	2,483,555	8,346,847
Loans charged off, net	(3,521,558)	(2,226,709)	(2,409,524)	(141,016)	(2,080,975)	(10,379,782)
Foreign currency translation loss	(763,713)	(399,214)	(79,710)	22,215	(99,462)	(1,319,884)
Balance at end of year	\$ 4,151,716	2,518,966	634,631	134,734	520,508	7,960,555
Reserve components:						
Individually evaluated for impairment	\$ 3,208,178	1,162,285	782,866	106,807	247,045	5,507,181
Collectively evaluated for impairment	943,538	1,356,681	(148,235)	27,927	273,463	2,453,374
Total	\$ 4,151,716	2,518,966	634,631	134,734	520,508	7,960,555

<b>Year ended December 31, 2013</b>	<b>Individual</b>	<b>SME</b>	<b>Individual groups</b>	<b>Nonbusiness</b>	<b>Other</b>	<b>Total</b>
Balance at beginning of year	\$ 5,535,706	3,853,764	808,936	25,159	336,904	10,560,469
Provision for loan losses	4,317,038	1,124,460	1,414,369	204,948	328,552	7,389,367
Loans charged off, net	(4,016,346)	(674,446)	(1,154,005)	(232,690)	(309,562)	(6,387,049)
Foreign currency translation loss	258,916	(622,549)	184,834	67,890	(138,504)	(249,413)
Balance at end of year	\$ 6,095,314	3,681,229	1,254,134	65,307	217,390	11,313,374
Reserve components:						
Individually evaluated for impairment	\$ 4,155,083	2,553,880	598,058	32,970	193,253	7,533,244
Collectively evaluated for impairment	1,940,231	1,127,349	656,076	32,337	24,137	3,780,130
Total	\$ 6,095,314	3,681,229	1,254,134	65,307	217,390	11,313,374

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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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Opportunity Bank Serbia	\$ 76,637,210	76,627,288
Opportunity Bank Mozambique	6,844,472	6,474,512
Opportunity Bank Ghana	26,124,766	28,397,061
Opportunity Bank Malawi	13,410,537	18,394,300
Opportunity Bank Rwanda	13,502,168	13,991,770
Opportunity Romania	10,305,329	13,412,980
Opportunity South Africa	—	2,649,777
Opportunity Kenya	6,179,641	6,049,442
Opportunity Bank Uganda	13,046,211	12,201,693
Opportunity Tanzania	2,155,098	3,100,649
Opportunity DRC	2,606,969	2,983,164
Opportunity Colombia	31,296,360	26,101,883
Balance at end of year	<u>\$ 202,108,761</u>	<u>210,384,519</u>

The following is a summary of expected loan maturities as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Less than 1 month	\$ 13,591,554	17,185,894
From 1 to 3 months	23,325,850	19,647,195
From 3 to 12 months	62,717,527	78,092,758
Over 1 year	102,473,830	95,458,672
Balance at end of year	<u>\$ 202,108,761</u>	<u>210,384,519</u>

Aging analysis of past-due gross loans receivable as of December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Current	\$ 195,426,839	205,321,213
30–59 days past due	3,666,398	2,536,172
60–89 days past due	2,349,537	1,604,164
90 days and over past due	8,626,541	12,236,344
Total gross loans receivable	<u>\$ 210,069,315</u>	<u>221,697,893</u>

Loans to employees and officers of these banks totaled \$2,559,253 and \$3,119,179 at December 31, 2014 and 2013, respectively.

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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, 2014 and 2013 was \$18.6 million and \$23.2 million, respectively. Impaired loan statistics are summarized in the following tables:

<b>December 31, 2014</b>	<b>Amount with impairment reserves</b>	<b>Amount without impairment</b>	<b>Total impaired loans</b>	<b>Impairment reserve</b>	<b>Interest income recognized</b>
Individual	\$ 1,680,049	4,914,404	6,594,453	1,013,035	2,378
SME	2,264,204	2,116,943	4,381,147	1,617,431	8,340
Groups	600,706	6,866,626	7,467,332	472,207	—
Nonbusiness	76,024	76,121	152,145	64,157	—
Other	7,822	—	7,822	5,036	—
Total	<u>\$ 4,628,805</u>	<u>13,974,094</u>	<u>18,602,899</u>	<u>3,171,866</u>	<u>10,718</u>

<b>December 31, 2013</b>	<b>Amount with impairment reserves</b>	<b>Amount without impairment</b>	<b>Total impaired loans</b>	<b>Impairment reserve</b>	<b>Interest income recognized</b>
Individual	\$ 4,195,525	5,576,643	9,772,168	2,764,699	353,944
SME	3,066,124	2,045,622	5,111,746	2,351,140	56,479
Groups	521,191	7,323,673	7,844,864	159,991	46,774
Nonbusiness	28,425	213,947	242,372	—	—
Other	45,012	225,059	270,071	—	—
Total	<u>\$ 7,856,277</u>	<u>15,384,944</u>	<u>23,241,221</u>	<u>5,275,830</u>	<u>457,197</u>

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Troubled debt restructurings (TDR) represent loans for which the original contractual terms have been modified to provide for terms that are less than what we 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, 2014 and 2013, and as a result became classified as TDR's:

<u>December 31, 2014</u>	<u>Amount with allowance</u>	<u>Amount without allowance</u>	<u>Total TDR loans</u>	<u>Related allowance</u>	<u>Average TDR balance</u>	<u>Interest income recognized</u>
Individual	\$ 1,965,546	83,640	2,049,186	120,926	2,079,017	12,067
SME	<u>4,343,820</u>	<u>259,296</u>	<u>4,603,116</u>	<u>1,007,319</u>	<u>3,494,095</u>	<u>94,979</u>
Total	<u>\$ 6,309,366</u>	<u>342,936</u>	<u>6,652,302</u>	<u>1,128,245</u>	<u>5,573,112</u>	<u>107,046</u>

<u>December 31, 2013</u>	<u>Amount with allowance</u>	<u>Amount without allowance</u>	<u>Total TDR loans</u>	<u>Related allowance</u>	<u>Average TDR balance</u>	<u>Interest income recognized</u>
Individual	\$ 1,971,204	137,644	2,108,848	836,506	2,869,316	54,233
SME	<u>1,997,389</u>	<u>387,684</u>	<u>2,385,073</u>	<u>1,506,310</u>	<u>2,068,264</u>	<u>—</u>
Total	<u>\$ 3,968,593</u>	<u>525,328</u>	<u>4,493,921</u>	<u>2,342,816</u>	<u>4,937,580</u>	<u>54,233</u>

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 reporting 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 currency 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

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exchange rate risk is continually monitored to ensure compliance with regulatory and bank policy limits. As of December 31, 2014, OTI had four swap agreements in place to mitigate the effects of foreign currency risk on local currency notes receivable issued to two subsidiaries.

**(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. The majority of loans are short term in nature; about 47.4% and 56% of the loans fall due within one year as of December 31, 2014 and 2013, 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 adhere to. 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 \$75 million and \$61 million as of December 31, 2014 and 2013, respectively, which is 23% and 19% of total assets of the combined banks in 2014 and 2013, respectively.



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**(7) Deposits from Customers**

Deposits from customers as of December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Opportunity Bank Mozambique:		
Demand deposits	\$ 5,032,151	4,521,552
Short-term deposits	2,112,982	2,097,562
Total Opportunity Bank Mozambique	<u>7,145,133</u>	<u>6,619,114</u>
Opportunity Bank Serbia:		
Demand deposits	14,882,534	13,694,343
Short-term deposits	28,548,270	32,732,354
Long-term deposits	22,392,210	17,209,913
Total Opportunity Bank Serbia	<u>65,823,014</u>	<u>63,636,610</u>
Opportunity Bank Ghana:		
Demand deposits	23,084,564	9,553,537
Short-term deposits	1,474,807	15,883,109
Long-term deposits	—	501,388
Total Opportunity Bank Ghana	<u>24,559,371</u>	<u>25,938,034</u>
Opportunity Kenya:		
Demand deposits	2,860,164	3,093,176
Opportunity Bank Malawi:		
Demand deposits	22,550,178	19,999,224
Short-term deposits	2,863,591	2,682,317
Total Opportunity Bank Malawi	<u>25,413,769</u>	<u>22,681,541</u>

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(An Affiliate Controlled by Opportunity International, Inc.)

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Opportunity Bank Rwanda:		
Demand deposits	\$ 12,109,307	10,288,577
Short-term deposits	2,382,903	950,269
Total Opportunity Bank Rwanda	14,492,210	11,238,846
Opportunity Bank Uganda:		
Demand deposits	3,579,466	3,126,090
Short-term deposits	4,401,618	2,821,866
Long-term deposits	—	115,590
Total Opportunity Bank Uganda	7,981,084	6,063,546
Opportunity Tanzania:		
Demand deposits	539,922	848,894
Opportunity DRC:		
Demand deposits	1,154,599	952,748
Opportunity Colombia:		
Demand deposits	452,677	486,956
Short-term deposits	12,744,631	10,671,743
Long-term deposits	1,166,234	2,013,002
Total Opportunity Colombia	14,363,542	13,171,701
Total deposits from customers	\$ 164,332,808	154,244,210

**(8) Notes Payable**

Notes payable as of December 31, 2014 and 2013 include the following:

	<b>2014</b>	<b>2013</b>
Opportunity Bank Serbia:		
Note payable, 4.5% interest, maturity – June 2018	\$ 2,419,170	—
Note payable, 5.50% interest, maturity – equal annual installments from March 2015 to March 2020	7,257,490	8,302,385
Note payable, 8.78% interest until 2014; 12.68% interest thereafter, maturity July 2018 to December 2018	—	8,302,384
Note payable, 7.5% interest – equal semiannual installments from June 2013 to June 2014	—	691,864
Note payable, 12-month Euribor+1.5% interest, maturity – January 2015	604,790	691,864
Note payable, 7.75% interest, maturity Jan 2013–Dec 2015	362,890	691,863
Note payable, 6-month Euribor+5.00% interest, semiannual installments from May 2014 to May 2016	1,209,580	2,075,592

**OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**  
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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Note payable, 4.70% interest, maturity – December 2016 to December 2016	\$ 725,750	1,383,728
Subtotal Opportunity Bank Serbia	12,579,670	22,139,680
Opportunity Bank Ghana:		
Note payable, 5.00% interest, maturity September 2014	—	350,922
Note payable, 12.50% interest, maturity November 2015	12,010	16,371
Note payable, 15% interest, maturity January 2017	621,800	847,600
Note payable, 182 day T-bill rate+4.70% interest, maturity September 2014	—	299,250
Note payable, 16.00% interest, maturity May 2015	119,059	644,176
Note payable, 18.00% interest, maturity September 2014	—	948,041
Note payable, 27.72% interest, maturity December 2017	621,924	—
Note payable, 22.77% interest, maturity October 2019	1,554,500	—
Note payable, 12.25% interest, maturity September 2016	1,939,892	2,644,300
Note payable, 0.00% interest, maturity July 2015	336,991	129,471
Subtotal Opportunity Bank Ghana	5,206,176	5,880,131
Opportunity Bank Malawi:		
Note payable, 8.5% interest, maturity March 2015	3,532,200	—
Note payable, 9.00% interest, maturity September 2015	3,894,295	—
Note payable, 0.00% interest, convertible, maturity March, 2015	—	1,293,188
Subtotal Opportunity Bank Malawi	7,426,495	1,293,188
Opportunity Mozambique:		
Note payable, 14.00% interest, maturity October 2017	1,350,000	234,500
Opportunity Kenya:		
Note payable, 16.00% interest, maturity September 2017	1,078,434	627,509
Note payable, 16.00% interest, maturity April 2016	701,028	—
Note payable, 14.00% interest, maturity July 2014	—	593,375
Subtotal Opportunity Kenya	1,779,462	1,220,884
Opportunity South Africa:		
Note payable, 6.00% interest, maturity February 2019	—	476,750
Note payable, 6.00% interest, maturity February 2017	—	271,938
Subtotal Opportunity South Africa	—	748,688
Opportunity Bank Uganda:		
Note payable, 13.20% interest, maturity December 2013	—	—
Note payable, 13.00% interest, maturity September 2013	—	—
Note payable, 13.00% interest, maturity March 2017	800,000	—
Note payable, 12.00% interest, maturity June 2014	—	218,182

**OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**  
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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Note payable, 15.30% interest, maturity June 2014	\$ —	327,338
Note payable, 14.00% interest 1st quarter then T-bill rate+2.75% up to Max of 12.00%, maturity May 2017	1,333,333	1,866,667
Subtotal Opportunity Bank Uganda	2,133,333	2,412,187
<b>Opportunity Bank Rwanda:</b>		
Note payable, BNR T-bill rate+5.50% interest, maturity November 2014	—	1,127,868
Note payable, 12.00% interest, maturity November 2016	941,581	1,513,255
Note payable, 6.00% interest+SWAP cost, maturity December 2015	662,579	675,012
Note payable, 5.00% interest, maturity May 2016	161,844	173,404
Subtotal Opportunity Bank Rwanda	1,766,004	3,489,539
<b>Opportunity Romania:</b>		
Note payable, 10.50% interest, maturity June 2015	728,172	1,010,993
Note payable, 10.50% interest, maturity December 2015	550,807	808,794
Note payable, 6-month Bubor+3.00%, maturity March 2015	110,650	157,437
Note payable, 6-month Bubor+4.00%, maturity June 2015	421,716	600,113
Note payable, Euro Swap Rate+5.17% maturity June 2015	1,296,607	1,846,027
Note payable, 3-month Bubor+4.60% maturity January 2015	267,132	380,010
Note payable, 3-month Bubor+4.60%, maturity May 2015	727,358	1,034,762
Note payable, 6-month Euribor+4.00% maturity May 2015	972,333	1,384,426
Note payable, 6-month Euribor+4.00% maturity February 2016	486,316	692,213
Subtotal Opportunity Romania	5,561,091	7,914,775
<b>Opportunity Colombia:</b>		
Note payable, 9.13% interest DTF+5.14% maturity November 2015	6,000	146,582
Note payable, 8.73% interest, maturity December 2016	4,000	71,500
Note payable, 8.73% interest, maturity November 2018	42,000	119,167
Note payable, 9.16% interest, maturity November 2016	10,000	83,200
Note payable, 8.91% interest, maturity November 2015	5,920	21,761
Note payable, 8.91% interest, maturity November 2016	6,000	48,978
Line of Credit, variable interest rates (DTF+1.35% to DTF+4.00%), maturity November 2014	—	954,292
Line of Credit, variable interest rates (DTF+1.35% to DTF+4.00%), maturity November 2015	12,180,848	—
Line of Credit, variable interest rates (DTF+1.35% to		

**OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**  
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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Line of Credit, variable interest rates (DTF+1.35% to DTF+4.00%), maturity November 2015	\$ 312,454	5,674,139
Note payable, variable interest rates (DTF+2.25% to DTF+2.50%, maturity November 2015)	2,029,328	3,471,464
Subtotal Opportunity Colombia	14,596,550	10,591,083
Total banking notes payable	\$ 52,398,781	55,924,655
Investing notes payable:		
Note payable, 0.00% interest, maturity July 2015	\$ 250,000	250,000
Notes payable, 1.0% interest, maturity November 2016	10,000,000	10,000,000
Note payable, 16.5% interest on KES drawdown and 17% interest on MZN, maturity October 2016	1,852,552	2,540,461
Note payable, 3.00% interest, maturity July 2015	500,000	—
Note payable, 2.00% interest, maturity April 2017	100,000	—
Note payable, 2.00% interest, maturity April 2018	100,000	—
Note payable, 2.00% interest, maturity April 2019	100,000	—
Note payable, 2.00% interest, maturity April 2020	100,000	—
Note payable, 2.00% interest, maturity April 2021	100,000	—
Note payable, 2.00% interest, maturity January 2021	250,000	—
Note payable, 2.00% interest, maturity September 2015	250,000	250,000
Note payable, 2.00% interest, maturity August 2016	125,000	125,000
Notes payable, 2.00% interest, maturity October 2016	1,000,000	1,000,000
Notes payable, 2.00% interest, maturity November 2016	750,000	750,000
Note payable, 2.00% interest, maturity December 2016	250,000	500,000
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 2021	1,000,000	1,000,000
Note payable, 2.00% interest, maturity August 2021	1,000,000	—
Note payable, 2.00% interest, maturity October 2019	100,000	—
Note payable, 2.00% interest, maturity July 2019	250,000	—
Note payable, 2.00% interest, maturity December 2020	250,000	—
Notes payable, 7% interest, maturity December 2021	13,491,818	—
Notes payable, 6.75% interest, maturity January 2017	5,348,120	—
Total investing notes payable	38,467,490	17,715,461
Total notes payable	\$ 90,866,271	73,640,116

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

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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

On November 22, 2006, OTI entered into a \$10 million loan agreement with the Gates Foundation. The proceeds are used to support microfinance initiatives in the impoverished regions in Africa. As of December 31, 2014 and 2013, there was \$7,983,198 and \$7,000,000 in notes receivable outstanding to six and five majority-owned partners in Africa, respectively, with terms in accordance with the Gates Foundation agreement, which were eliminated in consolidation.

On October 2, 2011, OTI entered into a \$2.5 million loan agreement with Minlam, a microfinance lending company, which provides loans in local currency. On May 1, 2013, Minlam assigned the loan agreement to MicroVest GMG Local Credit Master Fund, Ltd. (MicroVest). The proceeds are used to support microfinance initiatives in Kenya and Mozambique. As of December 31, 2014 and 2013, \$500,000 and \$1,000,000, respectively, in a note receivable from Opportunity Kenya was outstanding, which was eliminated in consolidation.

Impact Investment Fund notes of \$7,525,000 and \$4,925,000 were outstanding as of December 31, 2014 and December 31, 2013, respectively. Maturities range from one to eight years. Annual interest is 2.00%.

On June 4, 2014, OTI entered into a €4,400,000 (\$5,348,120 as of December 31, 2014) loan agreement with the responsAbility Global Microfinance 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 payment due January 23, 2017. The proceeds of the notes were used to purchase the shares of Opportunity Bank Serbia from the noncontrolling interests.

On December 17, 2014, OTI issued ten notes totaling €11,000,000 (\$13,491,818 as of December 31, 2014) with an annual interest rate of 7%. The notes mature on December 17, 2021. Included were notes issued to Opportunity for €2,462,824 (\$2,993,510 as of December 31, 2014), and notes totaling €1,010,346 (\$1,228,056 as of December 31, 2014) 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 (\$7,257,490 as of December 31, 2014) plus accrued interest. Opportunity Bank Serbia is the issuer of the assigned notes.

Aggregate maturities of notes payable as of December 31, 2014 are as follows:

2015	\$	21,562,004
2016		23,117,161
2017		20,360,270
2018		2,604,415
2019		4,324,167
Thereafter		18,898,254
Total notes payable	\$	90,866,271

All debt due prior to May 30, 2015 was renewed, extended, or paid off at maturity.

**OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**  
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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

**(9) Noncontrolling Interest**

Below is the activity of the noncontrolling interest for the years ended December 31, 2014 and 2013:

<b>December 31, 2014</b>					
		<b>Beginning balance</b>	<b>Interest in net gain (loss) of consolidated subsidiaries</b>	<b>Increase (decrease) in share capital</b>	<b>Ending balance</b>
Opportunity Bank Ghana	\$	2,003,343	(650,947)	565,795	1,918,191
Opportunity Kenya		(1,018,577)	(87,001)	—	(1,105,578)
Opportunity Bank Malawi		1,759,065	(2,131,728)	250,798	(121,865)
Opportunity Bank Mozambique		1,120,425	(836,623)	500,000	783,802
Opportunity Romania		1,541,522	(41,142)	(97,416)	1,402,964
Opportunity Bank Rwanda		2,590,884	(428,749)	97,416	2,259,551
Opportunity Bank Serbia		6,108,469	—	(6,108,469)	—
Opportunity South Africa		741,201	—	(741,201)	—
Opportunity Tanzania		1,880,806	(504,746)	—	1,376,060
Opportunity Bank Uganda		1,223,884	46,698	—	1,270,582
Opportunity Colombia		1,522,677	(128,370)	—	1,394,307
Total	\$	19,473,699	(4,762,608)	(5,533,077)	9,178,014

<b>December 31, 2013</b>					
		<b>Beginning balance</b>	<b>Interest in net gain (loss) of consolidated subsidiaries</b>	<b>Increase (decrease) in share capital</b>	<b>Ending balance</b>
Opportunity Bank Ghana	\$	2,652,775	(850,776)	201,344	2,003,343
Opportunity Kenya		(969,754)	(48,823)	—	(1,018,577)
Opportunity Bank Malawi		1,567,474	(783,119)	974,710	1,759,065
Opportunity Mexico		(19,231)	—	19,231	—
Opportunity Bank Mozambique		1,110,522	9,903	—	1,120,425
Opportunity Romania		1,915,424	(373,902)	—	1,541,522
Opportunity Bank Rwanda		2,578,009	(471,326)	484,201	2,590,884
Opportunity Bank Serbia		5,668,263	440,206	—	6,108,469
Opportunity South Africa		997,640	(256,439)	—	741,201
Opportunity Tanzania		2,172,473	(291,667)	—	1,880,806
Opportunity Bank Uganda		1,210,544	13,340	—	1,223,884
Opportunity Colombia		2,290,350	(767,673)	—	1,522,677
Total	\$	21,174,489	(3,380,276)	1,679,486	19,473,699

**OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**  
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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

**(10) Management and General Expenses**

Management and general expenses for banking activities consist of the following:

	<u>2014</u>	<u>2013</u>
Salaries and benefits	\$ 33,947,053	36,778,467
Rent and utilities	8,021,375	8,157,014
Professional fees	6,539,023	6,102,862
Depreciation expense	5,460,438	5,507,993
Miscellaneous expense	8,051,575	6,435,169
Postage and shipping	209,369	240,047
Printing and copying	912,162	677,877
Travel and hosting	3,456,649	3,203,992
Income tax expense	1,661,161	973,600
Supplies and office equipment	1,110,785	1,726,505
Telephone	2,191,525	2,224,847
Insurance	1,999,636	1,780,359
Promotional materials	1,027,136	1,063,003
Training	873,468	286,985
Board meetings and conferences	423,701	633,842
Foreign exchange gain	<u>(2,354,973)</u>	<u>(2,255,256)</u>
Total management and general expenses	<u>\$ 73,530,083</u>	<u>73,537,306</u>

**(11) Related-Party Transactions**

During the year ended December 31, 2013, OTI paid the Network dues totaling \$948,919. During the years ended December 31, 2014 and 2013, OTI paid Opportunity investment advisory and management service fees of \$1,318,929 and \$489,932, respectively.

Notes payable totaling \$4,471,566 and \$750,000 as of December 31, 2014 and 2013, respectively, were due to Opportunity and directors of OTI and Opportunity.

**(12) 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, 2014 and 2013, 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



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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

assets, respectively. As of December 31, 2014 and 2013, Opportunity Bank Malawi met these regulatory requirements.

The Central Bank of Mozambique requires Opportunity Bank Mozambique to hold the minimum level of regulatory capital of 70,000,000 MT (approximately \$2,100,000 as of December 31, 2014) and to maintain a prescribed ratio of total capital to total risk-weighted assets of not less than 8%. As of December 31, 2014 and 2013, Opportunity Bank Mozambique met these regulatory requirements. Opportunity Bank Mozambique accumulated losses were over 50% of its capital as of December 31, 2014, which places the Bank under the situation stipulated in Article 119 of the Mozambique Commercial Code. The Bank is taking steps to reduce losses and increase capital to mitigate the consequences of the stipulated Article.

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. As of December 31, 2014 and 2013, 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 (\$12,154,800 as of December 31, 2014). As of December 31, 2014 and 2013, 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, 2014 and 2013, Opportunity Bank Uganda met these regulatory requirements.

The Order of the President of the Board of Administrators of the National Bank of Romania number 27/2011 requires Opportunity Romania's equity to remain above 50% of the subscribed share capital; however, as of December 31, 2014 and 2013, Opportunity Romania's statutory equity fell below this threshold. Opportunity Romania has implemented a long-term plan to restore its equity to the required statutory minimum.

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Notes to Consolidated Financial Statements

December 31, 2014 and 2013

**(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, 2014 and 2013 was \$3,125,557 and \$3,716,072, respectively. Future minimum operating lease payments as of December 31, 2014 are as follows:

2015	\$	1,621,159
2016		1,638,708
2017		1,390,732
2018		1,436,643
2019		1,398,795
Thereafter		2,581,392
Total	\$	10,067,429

**(13) Subsequent Events**

**(a) Exchange Rate Fluctuations (Unaudited)**

Through May 31, 2015, exchange rates fluctuated such that foreign assets and liabilities decreased in value by approximately \$24.8 million and \$19.8 million, respectively, resulting in a decrease in net assets of approximately \$5 million, due solely to exchange rate.

**(b) Reserve and Regulatory Capital Requirements (Unaudited)**

As of May 31, 2015, OTI's foreign for-profit microfinance companies in Ghana, Malawi, Mozambique, Rwanda, Serbia, and Uganda met the regulatory requirements in their respective countries. Opportunity Bank Mozambique and Opportunity Romania continue to be in noncompliance of the Commercial Codes requiring accumulated losses be less than 50% of total capital.

**(c) MicroVest Note Payable (Unaudited)**

On February 4, 2015, OTI paid in full the principal and accrued interest on the MicroVest note.

**(d) Investment in Opportunity Bank Serbia (Unaudited)**

On February 6, 2015, OTI converted a €2,000,000 (\$2,289,840) note into 4,081 shares of Opportunity Serbia Bank. OTI owns 100% of the 29,599 ordinary shares issued by Opportunity Serbia Bank.

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Consolidating Schedules of Statements of Financial Position – Banking Operations Only

Years ended December 31, 2014 and 2013

	<b>Opportunity Bank Ghana</b>	<b>Opportunity Bank Malawi</b>	<b>Opportunity Bank Mozambique</b>	<b>Opportunity Bank Rwanda</b>	<b>Opportunity Bank Serbia</b>
<b>December 31, 2014</b>					
Banking assets:					
Cash and cash equivalents	\$ 6,202,008	16,869,264	3,659,440	6,230,267	21,049,020
Loan portfolio, net of allowance	26,124,765	13,410,537	6,844,471	13,502,168	76,637,210
Prepaid expenses and other assets	5,561,312	3,105,796	986,351	3,049,174	2,813,930
Building, furniture, and equipment, net of accumulated depreciation	3,229,907	8,592,546	1,633,807	2,189,431	3,217,090
Total banking assets	\$ 41,117,992	41,978,143	13,124,069	24,971,040	103,717,250
Banking liabilities:					
Accounts payable and accrued liabilities	\$ 3,916,096	1,716,888	485,265	2,160,768	2,137,070
Deposits from customers	24,559,371	25,413,770	7,145,133	15,136,316	65,914,460
Notes payable	6,322,585	10,454,659	2,358,000	2,003,488	19,837,160
Deferred revenue	1,274,252	182,220	22,770	959,250	1,115,650
Total banking liabilities	36,072,304	37,767,537	10,011,168	20,259,822	89,004,340
Unrestricted net assets – banking	5,045,688	4,210,606	3,112,901	4,711,218	14,712,910
Total liabilities and net assets	\$ 41,117,992	41,978,143	13,124,069	24,971,040	103,717,250
	<b>Opportunity Bank Ghana</b>	<b>Opportunity Bank Malawi</b>	<b>Opportunity Bank Mozambique</b>	<b>Opportunity Bank Rwanda</b>	<b>Opportunity Bank Serbia</b>
<b>December 31, 2013</b>					
Banking assets:					
Cash and cash equivalents	\$ 6,445,522	7,776,590	2,917,825	3,703,142	23,648,377
Loan portfolio, net of allowance	28,397,061	18,394,300	6,474,512	13,991,770	76,627,288
Prepaid expenses and other assets	4,393,525	1,964,599	628,462	2,274,679	1,867,941
Building, furniture, and equipment, net of accumulated depreciation	4,035,505	9,644,684	2,188,893	1,671,387	3,786,420
Total banking assets	\$ 43,271,613	37,780,173	12,209,692	21,640,978	105,930,026
Banking liabilities:					
Accounts payable and accrued liabilities	\$ 3,309,268	3,888,398	385,961	824,007	4,419,103
Deposits from customers	25,938,034	22,681,541	6,619,114	11,238,846	63,636,610
Notes payable	6,327,325	4,444,027	1,242,181	3,564,839	22,139,680
Deferred revenue	1,370,625	14,000	343,490	446,410	—
Total banking liabilities	36,945,252	31,027,966	8,590,746	16,074,102	90,195,393
Unrestricted net assets – banking	6,326,361	6,752,207	3,618,946	5,566,876	15,734,633
Total liabilities and net assets	\$ 43,271,613	37,780,173	12,209,692	21,640,978	105,930,026

See accompanying independent auditors' report.

Supplementary Schedule 1

Opportunity Colombia	Opportunity DRC	Opportunity Kenya	Opportunity Romania	Opportunity South Africa	Opportunity Tanzania	Opportunity Bank Uganda	Eliminations	2014 Banks consolidated
2,124,565	2,608,677	3,104,579	1,079,105	—	2,838,264	8,981,062	—	74,746,251
31,296,360	2,606,970	6,179,642	10,305,328	—	2,155,099	13,046,211	—	202,108,761
842,713	791,073	521,424	133,430	—	280,726	1,780,294	(500,000)	19,366,223
499,806	257,562	111,478	75,911	—	820,542	1,996,317	—	22,624,397
34,763,444	6,264,282	9,917,123	11,593,774	—	6,094,631	25,803,884	(500,000)	318,845,632
1,040,709	2,578,616	1,678,860	2,841,362	—	1,069,607	1,097,822	(2,332,943)	18,390,120
14,363,542	1,154,599	2,860,164	—	—	539,922	7,981,084	(735,553)	164,332,808
14,596,551	—	3,264,911	7,372,165	—	—	4,353,185	(18,163,923)	52,398,781
—	—	104,296	137,498	—	1,584,598	3,056,238	—	8,436,772
30,000,802	3,733,215	7,908,231	10,351,025	—	3,194,127	16,488,329	(21,232,419)	243,558,481
4,762,642	2,531,067	2,008,892	1,242,749	—	2,900,504	9,315,555	20,732,419	75,287,151
34,763,444	6,264,282	9,917,123	11,593,774	—	6,094,631	25,803,884	(500,000)	318,845,632
Opportunity Colombia	Opportunity DRC	Opportunity Kenya	Opportunity Romania	Opportunity South Africa	Opportunity Tanzania	Opportunity Bank Uganda	Eliminations	2013 Banks consolidated
2,567,459	1,248,564	2,926,903	1,872,266	968,470	1,963,319	5,031,042	—	61,069,479
26,101,883	2,983,164	6,049,442	13,412,980	2,649,777	3,100,649	12,201,693	—	210,384,519
1,344,009	596,125	343,767	195,407	63,026	275,985	2,570,905	(1,018,997)	15,499,433
779,179	258,404	131,036	103,179	262,583	811,652	2,208,502	—	25,881,424
30,792,530	5,086,257	9,451,148	15,583,832	3,943,856	6,151,605	22,012,142	(1,018,997)	312,834,855
1,822,303	2,132,136	614,349	4,044,279	159,044	573,501	860,527	(1,390,264)	21,642,612
13,171,701	952,748	3,093,176	—	—	848,894	6,063,546	—	154,244,210
10,591,083	—	2,912,285	9,976,273	748,688	182,683	4,720,287	(10,924,696)	55,924,655
—	—	98,286	197,878	44,719	531,255	1,378,361	—	4,425,024
25,585,087	3,084,884	6,718,096	14,218,430	952,451	2,136,333	13,022,721	(12,314,960)	236,236,501
5,207,443	2,001,373	2,733,052	1,365,402	2,991,405	4,015,272	8,989,421	11,295,963	76,598,354
30,792,530	5,086,257	9,451,148	15,583,832	3,943,856	6,151,605	22,012,142	(1,018,997)	312,834,855

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

Consolidating Schedules of Statements of Activities – Banking Operations Only

Years ended December 31, 2014 and 2013

	<b>Opportunity Bank Ghana</b>	<b>Opportunity Bank Malawi</b>	<b>Opportunity Bank Mozambique</b>	<b>Opportunity Bank Rwanda</b>	<b>Opportunity Bank Serbia</b>	<b>Opportunity Colombia</b>
<b>December 31, 2014</b>						
Operating activities:						
Revenue:						
Loan interest income	\$ 15,271,452	10,427,927	4,208,671	4,157,800	17,150,858	8,617,810
Other fees and income	588,870	3,529,094	1,553,930	2,487,139	670,146	1,009,570
Total revenue	15,860,322	13,957,021	5,762,601	6,644,939	17,821,004	9,627,380
Expenses:						
Interest on notes payable	876,263	1,386,168	148,749	209,718	1,729,250	945,943
Interest on client deposits	587,113	1,396,178	342,062	362,409	3,881,087	1,119,554
Provisions on loan losses	263,614	3,862,615	306,719	371,949	1,304,167	352,193
Management and general	14,115,130	11,400,943	5,593,205	6,325,687	9,053,483	6,308,826
Total operating expenses before taxes	15,842,120	18,045,904	6,390,735	7,269,763	15,967,987	8,726,516
Income tax expense (benefit)	(127,647)	1,584,171	—	(140,294)	290,500	(45,276)
Increase (decrease) in operating net assets	145,849	(5,673,054)	(628,134)	(484,530)	1,562,517	946,140
Nonoperating activities:						
Unrealized gain (loss) on foreign currency translation	(1,983,083)	761,238	(1,739,221)	(371,275)	(2,877,121)	(1,390,940)
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Total nonoperating activities	(1,983,083)	761,238	(1,739,221)	(371,275)	(2,877,121)	(1,390,940)
Increase (decrease) in net assets	\$ (1,837,234)	(4,911,816)	(2,367,355)	(855,805)	(1,314,604)	(444,800)
<b>December 31, 2013</b>						
Operating activities:						
Revenue:						
Loan interest income	\$ 18,871,143	7,299,419	4,120,276	5,457,606	14,479,450	5,120,470
Other fees and income	1,278,834	4,392,100	1,488,476	2,012,362	705,558	1,938,650
Total revenue	20,149,977	11,691,519	5,608,752	7,469,968	15,185,008	7,059,120
Expenses:						
Interest on notes payable	1,120,429	102,995	230,954	606,637	1,596,918	299,171
Interest on client deposits	806,820	1,410,402	256,359	289,499	3,600,369	664,209
Provisions on loan losses	433,420	594,079	771,469	632,894	957,063	150,400
Management and general	16,013,049	9,342,276	5,643,425	6,371,776	8,299,879	7,652,388
Total operating expenses before taxes	18,373,718	11,449,752	6,902,207	7,900,806	14,454,229	8,766,168
Income tax expense (benefit)	424,000	522,925	—	(106,448)	(76,375)	338,583
Increase (decrease) in operating net assets	1,352,259	(281,158)	(1,293,455)	(324,390)	807,154	(2,045,631)
Nonoperating activities:						
Unrealized gain (loss) on foreign currency translation	(4,044,587)	(1,328,009)	1,318,560	(421,205)	524,906	(614,360)
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Total nonoperating activities	(4,044,587)	(1,328,009)	1,318,560	(421,205)	524,906	(614,360)
Increase (decrease) in net assets	\$ (2,692,328)	(1,609,167)	25,105	(745,595)	1,332,060	(2,659,991)

See accompanying independent auditors' report.

## Supplementary Schedule 2

<b>Opportunity DRC</b>	<b>Opportunity Kenya</b>	<b>Opportunity Mexico</b>	<b>Opportunity Romania</b>	<b>Opportunity South Africa</b>	<b>Opportunity Tanzania</b>	<b>Opportunity Bank Uganda</b>	<b>Eliminations</b>	<b>2014 Banks consolidated</b>
1,861,974	2,260,686	—	3,122,460	390,731	1,560,130	5,538,211	—	74,568,710
2,337,170	464,778	—	17,928	192,102	485,613	3,311,751	—	16,648,091
4,199,144	2,725,464	—	3,140,388	582,833	2,045,743	8,849,962	—	91,216,801
72,544	642,858	—	807,955	17,380	—	420,767	(527,561)	6,730,034
7,276	29,366	—	—	—	—	232,812	—	7,957,857
423,605	256,441	—	160,456	145,860	345,021	554,208	—	8,346,848
3,638,013	2,318,577	—	2,124,769	756,284	2,990,881	7,243,124	—	71,868,922
4,141,438	3,247,242	—	3,093,180	919,524	3,335,902	8,450,911	(527,561)	94,903,661
22,107	—	—	—	—	4,680	72,920	—	1,661,161
35,599	(521,778)	—	47,208	(336,691)	(1,294,839)	326,131	527,561	(5,348,021)
(27,211)	(202,380)	—	(169,862)	273,369	(257,561)	2	(464,739)	(8,448,784)
—	—	—	—	—	—	—	4,762,608	4,762,608
(27,211)	(202,380)	—	(169,862)	273,369	(257,561)	2	4,297,869	(3,686,176)
8,388	(724,158)	—	(122,654)	(63,322)	(1,552,400)	326,133	4,825,430	(9,034,197)
<b>Opportunity DRC</b>	<b>Opportunity Kenya</b>	<b>Opportunity Mexico</b>	<b>Opportunity Romania</b>	<b>Opportunity South Africa</b>	<b>Opportunity Tanzania</b>	<b>Opportunity Bank Uganda</b>	<b>Eliminations</b>	<b>2013 Banks consolidated</b>
1,824,626	2,115,305	344,761	3,576,798	941,426	1,638,031	5,003,319	—	70,792,630
147,462	395,796	20,440	13,035	1,435,674	195,541	2,993,414	—	17,017,342
1,972,088	2,511,101	365,201	3,589,833	2,377,100	1,833,572	7,996,733	—	87,809,972
10,359	377,224	—	1,009,820	125,697	—	576,367	(632,883)	5,423,688
2,558	27,951	—	—	—	—	133,146	—	7,191,313
237,978	120,012	23,474	1,107,011	548,297	246,108	1,567,132	—	7,389,337
2,249,476	2,401,078	850,244	2,939,734	2,040,518	2,509,624	6,250,239	—	72,563,706
2,500,371	2,926,265	873,718	5,056,565	2,714,512	2,755,732	8,526,884	(632,883)	92,568,044
17,384	—	6,787	—	—	—	(153,256)	—	973,600
(545,667)	(415,164)	(515,304)	(1,466,732)	(337,412)	(922,160)	(376,895)	632,883	(5,731,672)
(276,121)	8,779	135,758	61,607	(755,503)	62,740	470,062	(257,330)	(5,114,703)
—	—	—	—	—	—	—	3,380,276	3,380,276
(276,121)	8,779	135,758	61,607	(755,503)	62,740	470,062	3,122,946	(1,734,427)
(821,788)	(406,385)	(379,546)	(1,405,125)	(1,092,915)	(859,420)	93,167	3,755,829	(7,466,099)

**OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.**

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

Years ended December 31, 2014 and 2013

<b>Statements of Activities</b>	<b>2014</b>	<b>2013</b>
Operating activities:		
Revenue, support, gains, and losses:		
Contributions	\$ 6,378,928	910,336
Loss from subsidiary banking activities	(585,413)	(2,351,396)
Unrealized loss on foreign currency translation	(8,448,784)	(5,114,703)
Other, including loss on sale of investment in subsidiary	(869,421)	(1,377,000)
Total revenue, support, gains, and losses	<u>(3,524,690)</u>	<u>(7,932,763)</u>
Expenses:		
Management and general	<u>2,690,709</u>	<u>2,308,028</u>
Decrease in net assets from operating activities	<u>(6,215,399)</u>	<u>(10,240,791)</u>
Net assets:		
Beginning of year	<u>55,825,376</u>	<u>66,066,167</u>
End of year	<u>\$ 49,609,977</u>	<u>55,825,376</u>
<b>Statements of Financial Position</b>		
Assets:		
Cash and cash equivalents	\$ 460,853	12,769
Restricted cash and investments	4,265,434	2,238,006
Other receivables, prepaid expenses, and due from parent	8,535,637	5,199,852
Notes receivable	2,630,574	1,930,000
Furniture and equipment, net of accumulated depreciation of \$11,551	139,888	—
Investment in other institutions	<u>72,974,384</u>	<u>66,462,262</u>
Total assets	<u>\$ 89,006,770</u>	<u>75,842,889</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 929,307	2,302,052
Notes payable	<u>38,467,490</u>	<u>17,715,461</u>
Total liabilities	<u>39,396,797</u>	<u>20,017,513</u>
Unrestricted net assets	<u>49,609,973</u>	<u>55,825,376</u>
Total liabilities and net assets	<u>\$ 89,006,770</u>	<u>75,842,889</u>

See accompanying independent auditors' report.