



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

Consolidated Financial Statements and Supplementary Schedules

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

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

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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, 2015 and 2014, 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 15% and 19%, respectively, of consolidated total assets at December 31, 2015 and 2014, and total revenues constituting 15% and 22%, 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, 2015 and 2014, 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

September 29, 2016
Chicago, Illinois

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.

(An Affiliate Controlled by Opportunity International, Inc.)

Consolidated Statements of Financial Position

December 31, 2015 and 2014

Assets	2015	2014
Investing assets:		
Cash and cash equivalents	\$ 744,214	460,853
Restricted cash and investments	1,435,163	4,265,434
Other receivables and prepaid expenses	593,617	104,431
Due from parent	2,684,210	8,431,206
Notes receivable, net	3,080,292	2,630,574
Furniture and equipment, net of accumulated depreciation of \$60,307 and \$11,551 in 2015 and 2014, respectively	112,752	139,888
Investment in other institutions	11,227,491	6,865,251
Total investing assets	<u>19,877,739</u>	<u>22,897,637</u>
Banking assets:		
Cash and cash equivalents	23,703,377	24,252,690
Loans receivable, net of allowance of \$3,845,881 and \$4,248,803 in 2015 and 2014, respectively	117,429,503	118,238,898
Prepaid expenses and other assets	3,371,253	3,790,073
Building, furniture, and equipment, net of accumulated depreciation of \$3,221,166 and \$3,892,876, respectively	3,273,392	3,792,807
Total banking assets	<u>147,777,525</u>	<u>150,074,468</u>
Assets of disposal group classified as held for sale	<u>130,355,986</u>	<u>168,771,164</u>
Total assets	<u>\$ 298,011,250</u>	<u>341,743,269</u>
Liabilities and Net Assets		
Investing liabilities:		
Accounts payable and accrued liabilities	\$ 2,934,113	929,307
Notes payable	24,074,017	38,467,490
Total investing liabilities	<u>27,008,130</u>	<u>39,396,797</u>
Banking liabilities:		
Accounts payable and accrued liabilities	5,786,926	5,750,768
Deposits from customers	76,708,549	80,186,556
Notes payable	34,869,833	32,737,311
Deferred revenue	1,222,128	1,253,148
Total banking liabilities	<u>118,587,436</u>	<u>119,927,783</u>
Liabilities of disposal group classified as held for sale	<u>109,320,440</u>	<u>123,630,698</u>
Total liabilities	254,916,006	282,955,278
Noncontrolling interest	4,994,362	9,178,014
Unrestricted net assets	38,100,882	49,609,977
Total liabilities and net assets	<u>\$ 298,011,250</u>	<u>341,743,269</u>

See accompanying notes to consolidated financial statements.

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
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Consolidated Statements of Activities
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Investing activities:		
Revenue, support, gains, and losses:		
Contributions	\$ 11,154,709	6,378,928
Equity in loss from investment in other institutions	(995,929)	(559,800)
Loss on sale of investment in subsidiaries and noncontrolling interests	(83,236)	(615,906)
Miscellaneous income	486,794	306,285
Total investing revenue, support, gains, and losses	<u>10,562,338</u>	<u>5,509,507</u>
Expenses:		
Management and general	<u>4,221,551</u>	<u>2,690,709</u>
Increase in net assets from investing activities	<u>6,340,787</u>	<u>2,818,798</u>
Banking activities:		
Revenue:		
Loan interest income	27,206,170	29,281,859
Other fees and income	<u>2,130,777</u>	<u>1,889,746</u>
Total banking revenue	<u>29,336,947</u>	<u>31,171,605</u>
Expenses:		
Interest on notes payable	2,996,114	3,415,697
Interest on customer deposits	4,047,203	5,000,641
Provision for loan losses	1,424,974	1,962,676
Management and general	<u>17,125,549</u>	<u>18,488,586</u>
Total banking expenses	<u>25,593,840</u>	<u>28,867,600</u>
Increase in net assets from banking activities	<u>3,743,107</u>	<u>2,304,005</u>
Increase in net assets from continuing operations	10,083,894	5,122,803
Discontinued operations:		
Loss from operations of discontinued banking activities (including disposal group write-down of \$13,949,971 in 2015)	(24,953,578)	(11,896,959)
Unrealized loss on foreign currency translation for continuing operations	(3,583,508)	(4,203,851)
Net loss attributable to noncontrolling interests	<u>6,944,097</u>	<u>4,762,608</u>
Decrease in net assets	<u>(11,509,095)</u>	<u>(6,215,399)</u>
Net assets, beginning of year	<u>49,609,977</u>	<u>55,825,376</u>
Net assets, end of year	<u>\$ 38,100,882</u>	<u>49,609,977</u>

See accompanying notes to consolidated financial statements.

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
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Consolidated Statements of Cash Flows
Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 13,444,483	5,681,560
Discontinued operations	(24,953,578)	(11,896,959)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	752,017	1,045,375
Foreign currency translation loss	3,583,508	4,203,851
Equity in loss from investment in other institutions	995,929	559,800
Net loss attributable to noncontrolling interests	(114,579)	(169,513)
Provision for loan losses	1,424,974	1,962,676
Changes in assets and liabilities:		
Other receivables and prepaid expenses (investing assets)	(489,186)	(82,926)
Due to/from parent	5,746,996	(5,379,891)
Other receivables and prepaid expenses (banking assets)	418,820	(838,687)
Accounts payable and accrued liabilities	2,040,964	(6,060,366)
Deferred revenue	(31,020)	1,010,551
Noncontrolling interest	2,760,445	(5,533,077)
Net cash provided by (used in) operating activities of continuing operations	5,579,773	(15,497,606)
Net cash provided by (used in) operating activities of discontinued operations	19,286,906	(10,854,740)
Net cash provided by (used in) operating activities	24,866,679	(26,352,346)
Cash flows from investing activities:		
Loan originations, net of principal collections	(615,579)	(1,409,646)
Sale (purchase) of investments in unconsolidated affiliates	(5,358,169)	4,039,588
Sale (purchase) of restricted cash and investments	2,830,271	(2,027,429)
Additions of building, furniture, and equipment, net	(205,466)	(46,709)
Collections (issuance) of notes receivable, net	(449,718)	(700,574)
Net cash used in investing activities of continuing operations	(3,798,661)	(144,770)
Net cash provided by (used in) investing activities of discontinued operations	8,431,182	(969,584)
Net cash provided by (used in) investing activities	4,632,521	(1,114,354)
Cash flows from financing activities:		
Proceeds from notes payable	10,713,107	24,430,512
Principal payments of notes payable	(22,974,058)	(12,335,401)
Deposits from customers, net	(3,478,007)	3,378,245
Net cash (used in) provided by financing activities of continuing operations	(15,738,958)	15,473,356
Net cash provided by (used in) financing activities of discontinued operations	(10,442,686)	11,841,397
Net cash provided by (used in) financing activities	(26,181,644)	27,314,753
Effect of exchange rate changes on cash	(3,583,508)	(4,203,851)
Net decrease in cash and cash equivalents	(265,952)	(4,355,798)
Cash and cash equivalents at beginning of year	24,713,543	29,069,341
Cash and cash equivalents at end of year	\$ 24,447,591	24,713,543
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 13,329,974	11,723,853
Cash paid for taxes	733,655	883,352
Supplemental disclosure of noncash investing and financing activities:		
Conversion of notes receivable into investment in subsidiaries	\$ 5,426,896	179,920

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

December 31, 2015 and 2014

(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 (member) 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 the nineteen 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 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 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.

Effective April 1, 2014, Opportunity and two other Network support members signed a strategic alliance agreement with Opportunity, Inc., a non-profit 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 eleven banks or financial institutions at December 31, 2015 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, 2015, OTI had minority equity positions in eight institutions as follows: Opportunity Kauswagan Bank in the Philippines, Zambuko Trust Limited in Zimbabwe, Growing Opportunity Finance

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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, 2015, OTI held several notes receivable from members who were in the process of either becoming a commercial lending institution or increasing their capitalization. During 2015, OTI converted several notes receivable into equity, providing additional capital for financial institutions in which OTI had ownership interests.

On May 20, 2014, OTI incorporated Opportunity Shared Services Limited (OSSL) in Ghana to provide information technology services to other Opportunity Network members. During 2015, OSSL provided services to eight of the OTI controlled banks. The assets and liabilities of OSSL are included in the investing assets and liabilities and the revenue and expenses of OSSL are included in the investing activities.

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 9). 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 acquired majority interests in the microfinance organizations included in continuing operations 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. During 2015, OTI converted \$2,289,840 of debt to equity and maintained 100% ownership as of December 31, 2015.
- (ii) 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

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position to 57.2%. During 2012, OTI made an additional equity investment of \$900,000. As of December 31, 2015 and 2014, OTI owned 66.5% of the outstanding shares of Opportunity Romania.

- (iii) 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, 2015 and 2014, OTI owned 71.1% of the outstanding shares of Opportunity Colombia.

The acquired controlling interests in the microfinance organizations included in discontinued operations are as follows (see note 7):

- (iv) 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. During 2015, OTI made an additional investment of \$647,723. As of December 31, 2015 and 2014, OTI owned 66.7% and 64.7% of the outstanding shares of Opportunity Bank Mozambique, respectively.
- (v) 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. The shares for the 2014 investment were issued in 2015 and the \$623,644 loan was converted to a grant. As of December 31, 2015 and 2014, OTI owned 70.7% and 64.6%, respectively, of the outstanding shares of Opportunity Bank Ghana.
- (vi) 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

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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 and purchased the shares of a minority investor for \$11,707. During 2015, OTI converted debt of \$2,500,000 to equity and made an additional investment of \$3,059,000. As of December 31, 2015 and 2014, OTI owned 71.10% and 56.6%, respectively, of the outstanding shares of Opportunity Bank Malawi.

- (vii) 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 lent \$172,000 as a convertible loan. 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 and 2014, OTI owned 47.4% and 49.9%, respectively, 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.
- (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 \$85,000 and \$727,402 of equity in 2013 and 2014, respectively. Shares for the 2014 investment were issued in 2015. As of December 31, 2015 and 2014, OTI owned 89.1% and 88%, respectively, of the outstanding shares of Opportunity Kenya.

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December 31, 2015 and 2014

- (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, 2015 and 2014, OTI owned 85.7% of the outstanding shares of Opportunity Bank Uganda.
- (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, 2015 and 2014, OTI owned 67.5%, of the outstanding shares of Opportunity Tanzania.
- (xi) 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 \$738,910, \$434,000, and \$1,544,695, respectively. As of December 31, 2015 and 2014, OTI owned 100% of the outstanding shares of Opportunity DRC.

(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 controlling 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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The investing assets, liabilities, revenue, and expenses represent the activity for OTI as the parent and OSSL 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, 2015 (see note 7).

(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, 2015 and 2014 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).

(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 Opportunity, Inc. and Opportunity management fee expenses a component of its management and general expense. The amounts related to Opportunity, Inc. 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 Accounting Standards Codification (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*

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) *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 7 to the consolidated financial statements.

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(n) Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 29, 2016, the date the financial statements were issued (See note 15).

(3) 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 notes receivables, 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 \$500,106 related to the Gates Foundation loan remain in a segregated, interest-bearing account, and will be utilized to pay the remaining principal of the loan.

The following tables classify OTI's cash equivalents, restricted investments, and the foreign currency swap, within the fair value hierarchy, as of December 31, 2015 and 2014:

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

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		December 31, 2014		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money-market funds	\$	1,416,637	—	—
Foreign currency swap asset		—	191,348	—
Non-U.S. government securities and bonds		1,808,030	—	—
Total	\$	<u>3,224,667</u>	<u>191,348</u>	<u>—</u>

(4) Notes Receivable

Notes receivable as of December 31, 2015 and 2014 are as follows:

		<u>2015</u>	<u>2014</u>
Microfinance Loan Obligations S.A. interest rate 0%	\$	144,455	141,728
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	650,000
HIGO Investments, interest rate 0%		—	550,000
ASPIRE, interest rate 0%		176,666	176,666
Thuthukani Financial Services (Pty) Ltd., interest rate 0%		820,931	1,123,908
Dia Vikas Capital Pvt. Ltd, interest rate 12%		1,035,000	—
Opportunity Kauswagan Remit Inc., interest 0%		200,000	—
Opportunity International China Ltd., interest 0%		570,333	—
Coop ASPIRE, interest 10%		315,166	—
Subtotal		<u>3,793,028</u>	<u>2,772,302</u>
Less allowance for uncollectible amounts		<u>(712,736)</u>	<u>(141,728)</u>
Net notes receivable	\$	<u>3,080,292</u>	<u>2,630,574</u>

The ASODENIC, ASPIRE, Dia Vikas, OK Remit, and Opportunity China notes are convertible to equity upon demand. The note from SAT was reduced by \$249,523 to the estimated value of the collateral, shares of Opportunity Bank Ghana. The \$820,931 TFS note represents the amount due from the purchaser of the shares of Opportunity South Africa.

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(5) Investment in Other Financial Institutions

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

	<u>2015</u>	<u>2014</u>
Balkan Financial Sector Equity Fund C.V. (4.3%)	\$ 1,135,724	1,260,245
MFX Solutions LLC (1.9%)	226,876	209,858
Opportunity Kauswagan Bank, Inc. (18%)	—	144,021
Opportunity Kauswagan Bank, Inc. (preferred shares)	635,000	1,235,000
Growing Opportunity Finance (India) Pvt. Ltd (1.6%)	13,423	10,484
Opportunity Nicaragua Ltd.	1,490,638	—
SEAF Opportunity Serbia Fund (60%)	57,214	15,743
Opportunity International China Ltd. (32.8%)	3,918,484	3,989,900
Dia Vikas Capital Pvt. Ltd – India (8.63%)	3,096,224	—
Redeemable noncontrolling interest in Opportunity Colombia	653,908	—
Total investment in other institutions	<u>\$ 11,227,491</u>	<u>6,865,251</u>

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 Put Option is exercisable from June 2017 to June 2020 provided there has not been a change in the shareholding or shareholder agreement. 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 \$654,000 in the investment in other financial institutions and in accrued liabilities in the accompanying consolidated statements of financial position as of December 31, 2015.

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

	<u>2015</u>	<u>2014</u>
BFSE General Partner BV	\$ —	(42,299)
Balkan Financial Sector Equity Fund C.V.	(95,440)	(197,068)
MFX Solutions LLC	17,018	5,328
Opportunity Kauswagan Bank, Inc.	(744,021)	(300,685)
SEAF Opportunity Serbia Fund	(96,233)	(73,317)
Opportunity International China Ltd.	(71,416)	48,241
Growing Opportunity Finance India	2,939	—
Dia Vikas Capital Pvt. Ltd	(8,776)	—
Total equity loss from other institutions	<u>\$ (995,929)</u>	<u>(559,800)</u>

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(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 3.8% and 53.1%. Certain loans may be collateralized by security such as cash or mortgages. Loans outstanding of continuing operations as of December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Loans receivable	\$ 121,275,384	122,487,701
Less loan loss allowance	<u>(3,845,881)</u>	<u>(4,248,803)</u>
Net loan portfolio	<u>\$ 117,429,503</u>	<u>118,238,898</u>

Gross loan portfolio by product for the years ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Individual	\$ 78,341,291	79,719,788
Small and medium enterprise (SME)	41,410,685	42,226,786
Individual groups	263,947	452,390
Nonbusiness	<u>1,259,461</u>	<u>88,737</u>
Total gross loans	<u>\$ 121,275,384</u>	<u>122,487,701</u>

A summary of the activity in the allowance for loan losses for the years ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	\$ 4,248,803	6,764,641
Provision for loan losses	1,424,974	1,962,676
Subsidiary loans charged off	(1,248,335)	(3,633,753)
Subsidiary loans foreign currency translation loss	<u>(579,561)</u>	<u>(844,761)</u>
Balance at end of year	<u>\$ 3,845,881</u>	<u>4,248,803</u>

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The following tables summarize the activity in the loan loss allowance by product for the years ended December 31, 2015 and 2014:

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	<u>\$ 2,306,965</u>	<u>1,502,029</u>	<u>23,937</u>	<u>12,950</u>	<u>3,845,881</u>
Reserve components:					
Individually evaluated for impairment	\$ 1,797,522	851,964	23,937	12,950	2,686,373
Collectively evaluated for impairment	<u>509,443</u>	<u>650,065</u>	<u>—</u>	<u>—</u>	<u>1,159,508</u>
Total	<u>\$ 2,306,965</u>	<u>1,502,029</u>	<u>23,937</u>	<u>12,950</u>	<u>3,845,881</u>

Year ended December 31, 2014	Individual	SME	Individual groups	Nonbusiness	Total
Balance at beginning of year	\$ 4,362,060	2,385,707	14,778	2,096	6,764,641
Provision for loan losses	890,828	1,065,813	5,046	989	1,962,676
Loans charged off, net	(2,014,745)	(1,602,784)	(14,208)	(2,016)	(3,633,753)
Foreign currency translation loss	(483,213)	(359,692)	(1,578)	(278)	(844,761)
Balance at end of year	<u>\$ 2,754,930</u>	<u>1,489,044</u>	<u>4,038</u>	<u>791</u>	<u>4,248,803</u>
Reserve components:					
Individually evaluated for impairment	\$ 2,134,776	906,903	1,895	370	3,043,944
Collectively evaluated for impairment	<u>620,154</u>	<u>582,141</u>	<u>2,143</u>	<u>421</u>	<u>1,204,859</u>
Total	<u>\$ 2,754,930</u>	<u>1,489,044</u>	<u>4,038</u>	<u>791</u>	<u>4,248,803</u>

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, 2015 and 2014 of continuing operations:

	2015	2014
Opportunity Bank Serbia	\$ 77,350,320	76,637,210
Opportunity Romania	8,847,836	10,305,328
Opportunity Colombia	<u>31,231,347</u>	<u>31,296,360</u>
Balance at end of year	<u>\$ 117,429,503</u>	<u>118,238,898</u>

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The following is a summary of expected loan maturities as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Less than 1 month	\$ 5,196,189	6,698,484
From 1 to 3 months	2,393,998	2,243,275
From 3 to 12 months	18,942,494	19,051,754
Over 1 year	90,896,822	90,245,385
Balance at end of year	<u>\$ 117,429,503</u>	<u>118,238,898</u>

Aging analysis of gross loans receivable as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Current	\$ 115,684,858	115,498,328
30–59 days past due	661,332	978,892
60–89 days past due	193,043	266,794
90 days and over past due	4,739,151	5,743,687
Total gross loans receivable	<u>\$ 121,278,384</u>	<u>122,487,701</u>

Loans to employees and officers of these banks totaled \$48,861 and \$55,053 at December 31, 2015 and 2014, respectively.

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, 2015 and 2014 was approximately \$3.8 million and \$2.6 million, respectively. Impaired loan statistics are summarized in the following tables:

<u>December 31, 2015</u>	<u>Amount with impairment reserves</u>	<u>Amount without impairment</u>	<u>Total impaired loans</u>	<u>Impairment reserve</u>	<u>Interest income recognized</u>
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	<u>\$ 3,201,616</u>	<u>554,125</u>	<u>3,755,741</u>	<u>2,065,788</u>	<u>99,368</u>

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<u>December 31, 2014</u>	<u>Amount with impairment reserves</u>	<u>Amount without impairment</u>	<u>Total impaired loans</u>	<u>Impairment reserve</u>	<u>Interest income recognized</u>
Individual	\$ 811,357	—	811,357	599,734	2,378
SME	1,825,454	—	1,825,454	1,511,441	8,340
Nonbusiness	—	97	97	—	—
Total	<u>\$ 2,636,811</u>	<u>97</u>	<u>2,636,908</u>	<u>2,111,175</u>	<u>10,718</u>

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, 2015 and 2014, and as a result became classified as TDR's:

<u>December 31, 2015</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	\$ 1,233,033	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	<u>\$ 2,183,245</u>	<u>473,655</u>	<u>2,656,900</u>	<u>1,369,455</u>	<u>11,495</u>	<u>11,480</u>

<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	\$ 1,881,906	—	1,881,906	117,719	5,070	—
SME	4,084,524	—	4,084,524	962,426	13,893	—
Total	<u>\$ 5,966,430</u>	<u>—</u>	<u>5,966,430</u>	<u>1,080,145</u>	<u>18,963</u>	<u>—</u>

(7) 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

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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, 2015, with comparative presentation for 2014. 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. As of December 31, 2015, OTI owns 100% of this banking activity. Upon disposal, OTI will retain a 20% ownership interest. The estimated fair value of the banking activity of Opportunity DRC is zero; therefore, a loss has been recorded as of December 31, 2015. After disposal, OTI will begin accounting for its remaining 20% interest in Opportunity DRC by the equity method.

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 Banks of Malawi and Uganda have each approved the sale of a portion of OTI's shares of Opportunity Bank Malawi and Opportunity Bank Uganda. The transfers will result in a phased reduction of OTI's ownership of the two banks. OTI will account for any remaining shares by the equity method until all shares are sold. The partnership with MyBucks will combine cutting edge financial inclusion technology solutions with Opportunity's transformation, agriculture, and education services.

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 current owner of 49% of the shares of the bank. The transaction is subject to regulatory approval.

OTI estimates a loss will be incurred on the disposal of its banking activities classified as held for sale as of December 31, 2015, of approximately \$13.9 million. The loss has been 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 the disposal group is attributable to noncontrolling interests.

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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, 2015 and 2014:

	2015	2014
Carrying amounts of major classes of assets included as part of discontinued operations:		
Cash and cash equivalents	\$ 43,510,776	50,493,561
Loans receivable, net of allowance	72,106,883	83,869,863
Prepaid expenses and other assets	13,690,858	15,576,150
Building, furniture, and equipment, net of accumulated depreciation	14,997,440	18,831,590
Loss on assets of disposal group classified as held for sale	(13,949,971)	—
Total assets of the disposal group classified as held for sale in the consolidated statements of financial position	\$ 130,355,986	168,771,164
	2015	2014
Carrying amounts of major classes of liabilities included as part of discontinued operations:		
Accounts payable and accrued liabilities	\$ 9,775,174	12,639,352
Deposits from customers	81,189,441	84,146,252
Notes payable	12,175,594	19,661,470
Deferred revenue	6,180,231	7,183,624
Total liabilities of the disposal group classified as held for sale in the consolidated statements of financial position	\$ 109,320,440	123,630,698

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The following table represents a reconciliation of the major classes of line items constituting the results of discontinued operations for the year ended December 31, 2015 and 2014:

	2015	2014
Major classes of line items constituting the loss of discontinued operations:		
Revenue:		
Loan interest income	\$ 40,871,854	45,286,851
Other fees and income	13,811,021	14,758,345
Total revenue	54,682,875	60,045,196
Expenses:		
Interest on notes payable	2,564,630	3,314,337
Interest on customer deposits	3,155,357	2,957,216
Provisions on loan losses	3,365,341	6,384,172
Management and general	49,451,125	55,041,497
Total operating expenses	58,536,453	67,697,222
Nonoperating activities:		
Loss on assets of disposal group classified as held for sale, net	(13,949,971)	—
Unrealized gain (loss) on foreign currency translation, net	(7,150,029)	(4,244,933)
Loss from discontinued banking activities	(24,953,578)	(11,896,959)
Net loss attributable to noncontrolling interests	6,829,518	4,593,095
Net loss attributable to OTI	\$ (18,124,060)	(7,303,864)

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(8) Deposits from Customers

Deposits from customers of continuing operations as of December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Opportunity Bank Serbia:		
Demand deposits	\$ 15,440,192	14,882,534
Short-term deposits	20,314,152	28,548,270
Long-term deposits	24,417,488	22,392,210
	<u>60,171,832</u>	<u>65,823,014</u>
Total Opportunity Bank Serbia		
Opportunity Colombia:		
Demand deposits	382,523	452,677
Short-term deposits	7,019,141	12,744,631
Long-term deposits	9,135,053	1,166,234
	<u>16,536,717</u>	<u>14,363,542</u>
Total Opportunity Colombia		
Total deposits from customers	<u>\$ 76,708,549</u>	<u>80,186,556</u>

(9) Notes Payable

Notes payable of continuing operations as of December 31, 2015 and 2014 include the following:

	<u>2015</u>	<u>2014</u>
Opportunity Bank Serbia:		
Note payable, 5.50% interest, maturity – equal annual installments from March 2016 to March 2020	\$ 5,412,364	7,257,490
Note payable, 4.5% maturity June 2017 to May 2018	5,412,348	2,419,170
Note payable, 12-month Euribor +1.5% interest, maturity January 2015	—	604,790
Note payable, 7.5% interest, maturity February 2023	2,164,943	362,890
Note payable, 6-month Euribor +5.3% interest, maturity December 2017 to December 2020	3,247,415	—
Note payable, 6-month Euribor +5.8% interest, maturity June 2016 to December 2020	1,855,667	1,209,580
Note payable, 4.70% interest, maturity May and June 2016	324,744	725,750
	<u>18,417,481</u>	<u>12,579,670</u>
Subtotal Opportunity Bank Serbia		

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	2015	2014
Opportunity Romania:		
Note payable, 10.50% interest, maturity June 2016	\$ 646,280	728,172
Note payable, 10.50% interest, maturity December 2016	488,862	550,807
Note payable, 6-month Bubor+3.00%, maturity March 2016	98,206	110,650
Note payable, 6-month Bubor+4.00%, maturity September 2016	374,289	421,716
Note payable, Euro Swap Rate+5.17% maturity June 2016	1,161,616	1,296,607
Note payable, 3-month Bubor+4.60% maturity January 2016	237,090	267,132
Note payable, 3-month Bubor+4.60%, maturity May 2016	645,557	727,358
Note payable, 6-month Euribor+4.00% maturity May 2016	871,406	972,333
Note payable, 6-month Euribor+4.00% maturity February 2016	435,234	486,316
Subtotal Opportunity Romania	4,958,540	5,561,091
Opportunity Colombia:		
Note payable, 0.5% interest Maturity May 2017	5,000	6,000
Note payable, 8.11% interest, maturity June 2016	1,500	4,000
Note payable, 2.24% interest, maturity June 2016	2,500	42,000
Note payable, 3.35% interest, maturity May 2018	1,500	10,000
Note payable, 1.5% interest, maturity June 2018	7,373	5,920
Note payable, 2.44% interest, maturity June 2018	7,500	6,000
Line of Credit, variable interest rates 1.70% to 8.81%, maturity 2016	1,246,749	—
Line of Credit, variable interest rates 1.70% to 8.81%, maturity 2017	2,990,956	12,180,848
Line of Credit, variable interest rates 0.08% to 9.51%, maturity 2018	3,644,187	312,454
Line of Credit, variable interest rates 0.08% to 9.51%, maturity 2019 to 2021	3,586,547	2,029,328
Subtotal Opportunity Colombia	11,493,812	14,596,550
Total banking notes payable	\$ 34,869,833	32,737,311

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	2015	2014
Investing notes payable:		
Note payable, 0.00% interest, maturity July 2016	\$ 250,000	250,000
Notes payable, 1.0% interest, maturity November 2016	665,844	10,000,000
Note payable, 16.5% interest on KES drawdown and 17% interest on MZN, maturity February 2016	—	1,852,552
Note payable, 3.00% interest, maturity July 2015	—	500,000
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 September 2015	—	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	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 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	100,000	100,000
Note payable, 2.00% interest, maturity July 2019	250,000	250,000
Note payable, 2.00% interest, maturity December 2020	500,000	250,000
Notes payable, 7% interest, maturity December 2021	12,127,193	13,491,818
Notes payable, 6.75% interest, maturity January 2017	4,005,980	5,348,120
Total charitable notes payable	\$ 24,074,017	38,467,490
Total notes payable	\$ 58,943,850	71,204,801

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 are used to support microfinance initiatives in the impoverished regions in Africa. As of December 31, 2015 and 2014, there was \$832,117 and \$7,983,198 in notes receivable outstanding to one and six majority-owned partners in Africa, respectively, with terms in accordance with the Gates Foundation agreement, which were 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 remainder of the loan by December 31, 2015.

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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. The principal and interest was paid on February 4, 2015.

Impact Investment Fund notes of \$7,025,000 and \$7,525,000 were outstanding as of December 31, 2015 and December 31, 2014, respectively. Maturities range from one to eight years. Annual interest is 2.00%.

On June 4, 2014, OTI entered into € 4,400,000 (\$4,798,640 as of December 31, 2015) loan agreements with the responsAbility Global Microfinance Fund and responsAbility 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. The balance as of December 31, 2015 is € 3,666,666 (\$3,998,866 as of 12/31/2015).

On December 17, 2014, OTI issued ten notes totaling €11,100,000 (\$12,127,194 as of December 31, 2015) with an annual interest rate of 7%. The notes mature on December 17, 2021. Included were notes issued to Opportunity for €2,462,824 (\$2,690,730 as of December 31, 2015), and notes totaling €1,010,346 (\$1,103,842 as of December 31, 2015) 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 (\$6,543,600 as of December 31, 2015) 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.

Aggregate maturities of notes payable as of December 31, 2015 are as follows:

2016	\$ 13,980,659
2017	7,255,359
2018	9,059,399
2019	3,088,292
2020	6,954,880
Thereafter	<u>18,605,261</u>
Total notes payable	<u>\$ 58,943,850</u>

All debt due prior to August 31, 2016 was renewed, extended, or paid off at maturity.

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(10) Noncontrolling Interest

Below is the activity of the noncontrolling interest for the years ended December 31, 2015 and 2014:

	December 31, 2015			Ending balance
	Beginning balance	Interest in net gain (loss) of consolidated subsidiaries	Increase (decrease) in share capital	
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	<u>2,797,271</u>	<u>(114,579)</u>	<u>(1,131,927)</u>	<u>1,550,765</u>
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	<u>6,380,743</u>	<u>(6,829,518)</u>	<u>3,892,372</u>	<u>3,443,597</u>
Total	<u>\$ 9,178,014</u>	<u>(6,944,097)</u>	<u>2,760,445</u>	<u>4,994,362</u>

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	December 31, 2014			
	Beginning balance	Interest in net gain (loss) of consolidated subsidiaries	Increase (decrease) in share capital	Ending balance
Noncontrolling interest of continuing operations:				
Opportunity Bank Serbia	\$ 6,108,469	—	(6,108,469)	—
Opportunity South Africa	741,201	—	(741,201)	—
Opportunity Romania	1,541,522	(41,143)	(97,416)	1,402,963
Opportunity Colombia	1,522,677	(128,370)	—	1,394,307
Subtotal – continuing operations	9,913,869	(169,513)	(6,947,086)	2,797,270
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Mozambique	1,120,425	(836,623)	500,000	783,802
Opportunity Bank Ghana	2,003,343	(650,947)	565,795	1,918,191
Opportunity Bank Malawi	1,759,065	(2,131,727)	250,798	(121,864)
Opportunity Bank Rwanda	2,590,884	(428,749)	97,416	2,259,551
Opportunity Kenya	(1,018,577)	(87,001)	—	(1,105,578)
Opportunity Bank Uganda	1,223,884	46,698	—	1,270,582
Opportunity Tanzania	1,880,806	(504,746)	—	1,376,060
Subtotal – disposal group	9,559,830	(4,593,095)	1,414,009	6,380,744
Total	\$ 19,473,699	(4,762,608)	(5,533,077)	9,178,014

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(11) Management and General Expenses

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

	<u>2015</u>	<u>2014</u>
Salaries and benefits	\$ 9,063,715	10,285,987
Rent and utilities	1,351,365	1,637,860
Professional fees	1,741,648	1,582,776
Depreciation expense	703,261	929,352
Miscellaneous expense	1,517,307	1,499,734
Postage and shipping	130,145	104,687
Printing and copying	64,836	73,712
Travel and hosting	611,574	699,812
Income tax expense	529,507	245,224
Supplies and office equipment	230,784	248,477
Telephone	252,815	334,455
Insurance	672,475	605,722
Promotional materials	167,912	178,181
Training	44,712	32,399
Board meetings and conferences	22,292	35,871
Foreign exchange gain	21,201	(5,663)
Total management and general expenses	<u>\$ 17,125,549</u>	<u>18,488,586</u>

(12) Related-Party Transactions

During the year ended December 31, 2015, OTI paid Opportunity, Inc. investment advisory fees of \$1,029,291. During 2015, OTI paid Opportunity management service fees of \$514,651 and \$1,318,929 investment advisory and management service fees in 2014.

Notes payable totaling \$4,044,572 and \$4,471,566 as of December 31, 2015 and 2014, respectively, were due to Opportunity and directors of OTI and Opportunity.

(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, 2015 and 2014, Opportunity Bank Ghana met these regulatory requirements.

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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, 2015 and 2014, 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 \$1,484,000 as of December 31, 2015) and to maintain a prescribed ratio of total capital to total risk-weighted assets of not less than 8%. As of December 31, 2015 and 2014, Opportunity Bank Mozambique met these regulatory requirements. Opportunity Bank Mozambique accumulated losses were over 55% of its capital as of December 31, 2015, 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, 2015 and 2014, 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 (\$10,906,000 as of December 31, 2015). As of December 31, 2015 and 2014, 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, 2015 and 2014, Opportunity Bank Uganda met these regulatory requirements.

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(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, 2015 and 2014 was \$751,093 and \$489,631, respectively. Future minimum operating lease payments as of December 31, 2015 are as follows:

	<u>Continuing Operations</u>	<u>Disposal Group</u>	<u>Total</u>
2016	\$ 529,102	1,437,455	1,966,557
2017	491,717	1,050,552	1,542,269
2018	425,387	1,041,926	1,467,313
2019	366,492	1,076,841	1,443,333
2020	323,681	1,024,965	1,348,646
Thereafter	81,773	231,310	313,083
Total	<u>\$ 2,218,152</u>	<u>5,863,049</u>	<u>8,081,201</u>

(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 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 exchange rate risk is continually monitored to ensure compliance with regulatory and bank policy limits. As of December 31, 2015, OTI had two swap agreements in place to mitigate the effects of foreign currency risk on local currency notes receivable.

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(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 large portion of loans are short term in nature; about 22.6% and 23.7% of the loans fall due within one year as of December 31, 2015 and 2014, 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 \$24 million as of December 31, 2015 and 2014, respectively, which is 16% of total assets of the combined banks in 2015 and 2014.

(15) Subsequent Events

(a) Reserve and Regulatory Capital Requirements

As of August 31, 2016, OTI's foreign for-profit microfinance companies in Ghana, Malawi, Mozambique, Romania, Rwanda, Serbia, and Uganda met the regulatory requirements in their respective countries. Opportunity Bank Mozambique continues to be in noncompliance of the Commercial Codes requiring accumulated losses be less than 50% of total capital.

(b) Gates Note Payable

On February 3, 2016, OTI paid in full the remaining principal and accrued interest on the Gates note.

(c) OTI Note Payable to Opportunity

On April 26, 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 remained the same.

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December 31, 2015	Continuing operations				Total Continuing Operations
	Opportunity Bank Serbia	Opportunity Romania	Opportunity Colombia	Eliminations	
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	<u>\$ 104,198,131</u>	<u>10,053,181</u>	<u>33,526,213</u>	<u>—</u>	<u>147,777,525</u>
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	<u>\$ 104,198,131</u>	<u>10,053,181</u>	<u>33,526,213</u>	<u>—</u>	<u>147,777,525</u>
December 31, 2014	Opportunity Bank Serbia	Opportunity Romania	Opportunity Colombia	Eliminations	Total Continuing Operations
Banking assets:					
Cash and cash equivalents	\$ 21,049,020	1,079,105	2,124,565	—	24,252,690
Loan portfolio, net of allowance	76,637,210	10,305,328	31,296,360	—	118,238,898
Prepaid expenses and other assets	2,813,930	133,430	842,713	—	3,790,073
Building, furniture, and equipment, net of accumulated depreciation	3,217,090	75,911	499,806	—	3,792,807
Total banking assets	<u>\$ 103,717,250</u>	<u>11,593,774</u>	<u>34,763,444</u>	<u>—</u>	<u>150,074,468</u>
Banking liabilities:					
Accounts payable and accrued liabilities	\$ 2,137,070	2,841,362	1,040,709	(268,373)	5,750,768
Deposits from customers	65,914,460	—	14,363,542	(91,446)	80,186,556
Notes payable	19,837,160	7,372,165	14,596,551	(9,068,565)	32,737,311
Deferred revenue	1,115,650	137,498	—	—	1,253,148
Total banking liabilities	89,004,340	10,351,025	30,000,802	(9,428,384)	119,927,783
Unrestricted net assets – banking	14,712,910	1,242,749	4,762,642	9,428,384	30,146,685
Total liabilities and net assets	<u>\$ 103,717,250</u>	<u>11,593,774</u>	<u>34,763,444</u>	<u>—</u>	<u>150,074,468</u>

See accompanying independent auditors' report.

Discontinued operations										
Opportunity Bank Mozambique	Opportunity Bank Ghana	Opportunity Bank Malawi	Opportunity Bank Rwanda	Opportunity Bank Kenya	Opportunity Bank Uganda	Opportunity Bank Tanzania	Opportunity Bank 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 Bank Mozambique	Opportunity Bank Ghana	Opportunity Bank Malawi	Opportunity Bank Rwanda	Opportunity Bank Kenya	Opportunity Bank Uganda	Opportunity Bank Tanzania	Opportunity Bank DRC	Eliminations	Total Discontinued Operations	2014 Banks consolidated
3,659,440	6,202,008	16,869,264	6,230,267	3,104,579	8,981,062	2,838,264	2,608,677	—	50,493,561	74,746,251
6,844,471	26,124,765	13,410,537	13,502,168	6,179,642	13,046,211	2,155,099	2,606,970	—	83,869,863	202,108,761
986,351	5,561,312	3,105,796	3,049,174	521,424	1,780,294	280,726	791,073	(500,000)	15,576,150	19,366,223
1,633,807	3,229,907	8,592,546	2,189,431	111,478	1,996,317	820,542	257,562	—	18,831,590	22,624,397
13,124,069	41,117,992	41,978,143	24,971,040	9,917,123	25,803,884	6,094,631	6,264,282	(500,000)	168,771,164	318,845,632
485,265	3,916,096	1,716,888	2,160,768	1,678,860	1,097,822	1,069,607	2,578,616	(2,064,570)	12,639,352	18,390,120
7,145,133	24,559,371	25,413,770	15,136,316	2,860,164	7,981,084	539,922	1,154,599	(644,107)	84,146,252	164,332,808
2,358,000	6,322,585	10,454,659	2,003,488	3,264,911	4,353,185	—	—	(9,095,358)	19,661,470	52,398,781
22,770	1,274,252	182,220	959,250	104,296	3,056,238	1,584,598	—	—	7,183,624	8,436,772
10,011,168	36,072,304	37,767,537	20,259,822	7,908,231	16,488,329	3,194,127	3,733,215	(11,804,035)	123,630,698	243,558,481
3,112,901	5,045,688	4,210,606	4,711,218	2,008,892	9,315,555	2,900,504	2,531,067	11,304,035	45,140,466	75,287,151
13,124,069	41,117,992	41,978,143	24,971,040	9,917,123	25,803,884	6,094,631	6,264,282	(500,000)	168,771,164	318,845,632

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)
Consolidating Schedules of Statements of Activities – Banking Operations Only
Years ended December 31, 2015 and 2014

December 31, 2015	Continuing operations					Total Continuing Operations
	Opportunity Bank Serbia	Opportunity South Africa	Opportunity Romania	Opportunity Colombia	Eliminations	
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	<u>17,286,708</u>	<u>—</u>	<u>2,321,337</u>	<u>9,728,902</u>	<u>—</u>	<u>29,336,947</u>
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	<u>14,708,140</u>	<u>—</u>	<u>2,499,444</u>	<u>8,106,633</u>	<u>(249,884)</u>	<u>25,064,333</u>
Income tax expense (benefit)	448,288	—	—	81,219	—	529,507
Increase (decrease) in operating net assets	<u>2,130,280</u>	<u>—</u>	<u>(178,107)</u>	<u>1,541,050</u>	<u>249,884</u>	<u>3,743,107</u>
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	<u>(1,798,474)</u>	<u>—</u>	<u>(133,477)</u>	<u>(1,575,920)</u>	<u>38,942</u>	<u>(3,468,929)</u>
Increase (decrease) in net assets	<u>\$ 331,806</u>	<u>—</u>	<u>(311,584)</u>	<u>(34,870)</u>	<u>288,826</u>	<u>274,178</u>
December 31, 2014	Opportunity Bank Serbia	Opportunity South Africa	Opportunity Romania	Opportunity Colombia	Eliminations	Total Continuing Operations
Operating activities:						
Revenue:						
Loan interest income	\$ 17,150,858	390,731	3,122,460	8,617,810	—	29,281,859
Other fees and income	670,146	192,102	17,928	1,009,570	—	1,889,746
Total revenue	<u>17,821,004</u>	<u>582,833</u>	<u>3,140,388</u>	<u>9,627,380</u>	<u>—</u>	<u>31,171,605</u>
Expenses:						
Interest on notes payable	1,729,250	17,380	807,955	945,943	(84,831)	3,415,697
Interest on client deposits	3,881,087	—	—	1,119,554	—	5,000,641
Provisions on loan losses	1,304,167	145,860	160,456	352,193	—	1,962,676
Management and general	9,053,483	756,284	2,124,769	6,308,826	—	18,243,362
Total operating expenses before taxes	<u>15,967,987</u>	<u>919,524</u>	<u>3,093,180</u>	<u>8,726,516</u>	<u>(84,831)</u>	<u>28,622,376</u>
Income tax expense (benefit)	290,500	—	—	(45,276)	—	245,224
Increase (decrease) in operating net assets	<u>1,562,517</u>	<u>(336,691)</u>	<u>47,208</u>	<u>946,140</u>	<u>84,831</u>	<u>2,304,005</u>
Nonoperating activities:						
Unrealized gain (loss) on foreign currency translation	(2,877,121)	273,369	(169,862)	(1,390,940)	(39,297)	(4,203,851)
Net loss attributable to noncontrolling interests	—	—	—	—	169,513	169,513
Total nonoperating activities	<u>(2,877,121)</u>	<u>273,369</u>	<u>(169,862)</u>	<u>(1,390,940)</u>	<u>130,216</u>	<u>(4,034,338)</u>
Increase (decrease) in net assets	<u>\$ (1,314,604)</u>	<u>(63,322)</u>	<u>(122,654)</u>	<u>(444,800)</u>	<u>215,047</u>	<u>(1,730,333)</u>

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	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)
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	2014 Banks consolidated
4,208,671	15,271,452	10,427,927	4,157,800	2,260,686	5,538,211	1,560,130	1,861,974	—	45,286,851	74,568,710
1,553,930	588,870	3,529,094	2,487,139	464,778	3,311,751	485,613	2,337,170	—	14,758,345	16,648,091
5,762,601	15,860,322	13,957,021	6,644,939	2,725,464	8,849,962	2,045,743	4,199,144	—	60,045,196	91,216,801
148,749	876,263	1,386,168	209,718	642,858	420,767	—	72,544	(442,730)	3,314,337	6,730,034
342,062	587,113	1,396,178	362,409	29,366	232,812	—	7,276	—	2,957,216	7,957,857
306,719	263,614	3,862,615	371,949	256,441	554,208	345,021	423,605	—	6,384,172	8,346,848
5,593,205	14,115,130	11,400,943	6,325,687	2,318,577	7,243,124	2,990,881	3,638,013	—	53,625,560	71,868,922
6,390,735	15,842,120	18,045,904	7,269,763	3,247,242	8,450,911	3,335,902	4,141,438	(442,730)	66,281,285	94,903,661
—	(127,647)	1,584,171	(140,294)	—	72,920	4,680	22,107	—	1,415,937	1,661,161
(628,134)	145,849	(5,673,054)	(484,530)	(521,778)	326,131	(1,294,839)	35,599	442,730	(7,652,026)	(5,348,021)
(1,739,221)	(1,983,083)	761,238	(371,275)	(202,380)	2	(257,561)	(27,211)	(425,442)	(4,244,933)	(8,448,784)
—	—	—	—	—	—	—	—	4,593,095	4,593,095	4,762,608
(1,739,221)	(1,983,083)	761,238	(371,275)	(202,380)	2	(257,561)	(27,211)	4,167,653	348,162	(3,686,176)
(2,367,355)	(1,837,234)	(4,911,816)	(855,805)	(724,158)	326,133	(1,552,400)	8,388	4,610,383	(7,303,864)	(9,034,197)

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, 2015 and 2014

Statements of Activities	<u>2015</u>	<u>2014</u>
Operating activities:		
Revenue, support, gains, and losses:		
Contributions	\$ 11,154,709	6,378,928
Loss from subsidiary banking activities	3,857,686	2,473,518
Unrealized loss on foreign currency translation	(3,583,508)	(4,203,851)
Other, including loss on sale of investment in subsidiary	<u>(592,371)</u>	<u>(869,421)</u>
Total revenue, support, gains, and losses	10,836,516	3,779,174
Expenses:		
Management and general	<u>4,221,551</u>	<u>2,690,709</u>
Decrease in net assets from operating activities	6,614,965	1,088,465
Discontinued operations:		
Loss from operations of discontinued banking activities (including loss on disposal of \$13,949,971 in 2015)	<u>(18,124,060)</u>	<u>(7,303,864)</u>
Decrease in net assets	(11,509,095)	(6,215,399)
Net assets:		
Beginning of year	<u>49,609,977</u>	<u>55,825,376</u>
End of year	\$ <u><u>38,100,882</u></u>	\$ <u><u>49,609,977</u></u>
Statements of Financial Position		
Assets:		
Cash and cash equivalents	\$ 744,214	460,853
Restricted cash and investments	1,435,163	4,265,434
Other receivables, prepaid expenses, and due from parent	3,277,827	8,535,637
Notes receivable	3,080,292	2,630,574
Furniture and equipment, net of accumulated depreciation	112,752	139,888
Investment in other institutions	38,866,814	34,214,673
Investment in other institution classified as held for sale	<u>17,591,950</u>	<u>38,759,715</u>
Total assets	\$ <u><u>65,109,012</u></u>	\$ <u><u>89,006,774</u></u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,934,113	929,307
Notes payable	<u>24,074,017</u>	<u>38,467,490</u>
Total liabilities	27,008,130	39,396,797
Unrestricted net assets	<u>38,100,882</u>	<u>49,609,973</u>
Total liabilities and net assets	\$ <u><u>65,109,012</u></u>	\$ <u><u>89,006,770</u></u>

See accompanying independent auditors' report.