

Why enter market?

History of Innovation:

- Virtually no banks serving unbanked /underbanked
- Microfinance pioneer
- Established 9 African banks/MFIs
- Launched MicroEnsure

When to sell?

To accelerate growth and expand impact we needed to adapt our strategic framework, which allowed us to move from a position of:

- Ownership to Leverage
- Capital Intensive to Capital Flexibility
- Organization Focused to Customer-centric
- Bundled to Unbundled
- Transaction Focused to Ecosystem Focused
- Ad-hoc Products to Strategic Portfolio
- Regulated Risk Mitigation to Risk Sharing

When to sell?

- Similar to our decision in 2008 to bring other investors into MicroEnsure
- MicroEnsure is good example of the three phases of evolution from a capital standpoint
- Recently called a "game changer," won 2015 Transformational Business Award from The Financial Times and The World Bank's International



When to sell?

- Now significant amount of banking services in Africa
- Increased complexity and cost associated with operating regulated banks



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When to sell?

INNOVATION FOR POVERTY ACTION FOUNDER AND PRESIDENT DEAN
KARLAN:

“...the long-term aim of the movement for financial inclusion should be to transfer successful practices to the for-profit sector. The reason is simple: Because of its incentive structure, the for-profit sector is well equipped to implement and sustain such practices on a large scale.”

“If (nonprofits) succeed in making financial exclusion a relic of the past—if one day they notice that for-profit firms have again entered their space and competed them out of business—then they will have achieved an essential part of their mission.”



Who to sell to?

- Wanted a partner to further our legacy of providing affordable banking services to poor.
- Must be aligned with our mission and values, offer cutting edge technology to reach rural poor and have funds and banking expertise
- Looked at a 13 potential partners



Who to sell to?

- Selected MyBucks, a leading FinTech company, in November 2015.
- MyBucks shares our belief in financial inclusion to drive social impact.
- Partnership offers best of business and philanthropy worlds—combines financial products, credit expertise and technology of MyBucks with Opportunity International's network, client base and expertise in using financial services to help people break cycle of poverty.



Who to sell to?

- MyBucks adding significant capital, resources and expertise to help banks drive financial inclusion and social impact.
- Integrating cutting-edge digital and mobile banking technology such as artificial intelligence, to enable faster, more efficient and less expensive access to financial services for clients in even the most remote areas of Africa.
- Powerful, innovative new model for transformation that will revolutionize banking, building credit and accessing financial services.



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With what conditions?

Trademark Licensing Agreement to ensure clients remain at the center.

- 15-year agreement promotes financial inclusion and will double clients served in three years.
- MyBucks to get SMART certification for each bank—a tough process that reviews the appropriateness of interest rates, ensures transparency, implements controls to avoid over-indebtedness and ensures overall ethical business practices.
- Commits to maintaining a minimum percentage of their portfolio to serve the poor... At least 50 percent of MyBucks' clients will be people living in poverty.



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With what conditions?

Trademark Licensing Agreement

- Agreed to adhere to universal standards for Social Performance Management, to ensure commitment to meeting needs of poor
- Opportunity International will hold one board seat at the parent level and one at each of the financial institutions and chair MyBucks Credit Risk Committee, which approves all products and pricing strategies.
- Critical to know that the money provided by Opportunity International to non-owned and operated banks like MyBucks is given under contract, loaned to clients then repaid to Opportunity to loan again and again to other clients, which is a sustainable model we've used successfully since 1971.



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With what conditions?

**As a
minority shareholder,
Opportunity
International will:**

- Remain fully committed to empowering clients to break the cycle of poverty, transform their lives and strengthen their families and communities.
- Ensure that banks remain a critical part of our mission and essential to achieving our goal of creating or sustaining 20 million jobs by 2020, which will impact 100 million lives worldwide.
- Establish local NGOs to work alongside the banks to deliver holistic transformation through farmer training and assistance, education, financial literacy, banking access, group lending, business plan training, and other training and services.



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With what conditions?

Three key focus areas of NGOs over next two years:

- Develop system to continually assess client needs to improve our products and services.
- Pilot and rollout holistic transformation training tools and delivery methods.
- Reach those living on less than \$1.90 a day through group lending, savings-led groups and groups with specific needs such as the disabled or other marginalized people.



At what price?

- Our selection of a buyer was based on critical factors *other* than price, such as the new owner's ability to serve the poor and transform more lives in line with our mission and values.
- As an owner/operator, MyBucks, has long-term commitment to this business.
- Partnership enables Opportunity to have a better strategy to serve even more people living in poverty in future consistent with our mission.
- Change can sometimes feel uncomfortable, but we're actually turbocharging our client outreach and transformational impact.

At what price?

- Value of banks determined by an open bid process. Thirteen bids submitted.
- Data will be released after the transaction is finalized and approved by the Central Bank in each country.
- Proceeds will be invested in Opportunity's programs and activities supporting Africa.



Our Progress

- Donor support of our African bank strategy has been strong.
- Partnership with MyBucks is enabling banks to serve more clients faster through fintech, reducing loan approval times from **14 to 2 days** and increasing number of clients reached by **20 percent**.
- We are building on our successes in creating lasting solutions to poverty with the aim of helping clients create or sustain 20 million jobs by 2020. At the end of 2015 we had created nearly 16 million jobs and see investment in key sectors as the way forward.
- Also exploring opportunities in providing water, sanitation, energy and housing—everything clients need on their journey out of poverty



Our Progress

- Last month, The Bill & Melinda Gates Foundation supported our innovative new approach by giving us a \$1 million Education Finance grant for a 12-month initiative to design first open-platform credit model for education lending.
- New project supports Sustainable Development Goal #4 of “finding sustainable solutions to achieving inclusive and equitable quality education for all” and will help us create tools to rollout out our Education Finance products in more developing nations.



Our Progress

- Since 2012, Opportunity's Education Finance portfolio has grown by more than 275 percent, but the outdated model of working solely through Opportunity's brick and mortar banks creates geographic and monetary constraints, and limits further growth.
- So we're using our partnerships to add socially-focused, national-scale financial institutions and create a new, non-exclusive credit model.
- This new initiative will allow for more school improvement loans and parent-focused school fee loans to help educate millions in Africa.
- First step is to systematize the credit models, which is why MyBucks is our implementing partner on the project--faster credit scoring and loan distribution



Our Progress

- Partnership is combining best-in-class success of our EduFinance program with MyBucks' specialized expertise in metric-based lending and artificial intelligence.
- Both supply of and access to education within the low-income sector will grow.
- Very excited about this powerful initiative supported by the Bill & Melinda Gates Foundation because:
 - it reinforces our belief in digital financial solutions and building strategic partnerships to reach more people in need
 - maximizes the impact of every donor dollar
 - it's an important vote of confidence by one the worlds' leading philanthropic organization in Opportunity's new strategy and partnership with MyBucks.