



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

Consolidated Financial Statements and Supplementary Schedules

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6
Supplementary Schedules	
1 Consolidating Schedules of Statements of Financial Position – Banking Operations Only	30
2 Consolidating Schedules of Statements of Activities – Banking Operations Only	32
3 Schedules of Statements of Activities and Statements of Financial Position – OTI Parent Only	34



KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
Opportunity Transformation Investments, Inc.:

We have audited the accompanying consolidated statements of financial position of Opportunity Transformation Investments, Inc. (OTI) as of December 31, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of OTI's management. 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 consolidated and nonsubsidiary investee companies, which statements reflect total assets constituting 12% and 11% and total revenues constituting 13% and 10% in 2011 and 2010, respectively, of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those consolidated and nonsubsidiary investee companies, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OTI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our 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. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in 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 the 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

October 24, 2012

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

Consolidated Statements of Financial Position

December 31, 2011 and 2010

Assets	2011	2010
Investing assets:		
Cash and cash equivalents	\$ 269,642	67,647
Restricted cash and investments	9,284,788	11,236,023
Other receivables and prepaid expenses	105,154	304,769
Due from parent	4,285,174	5,890,408
Notes receivable	1,624,110	2,679,397
Goodwill	—	889,647
Investment in other financial institutions	6,881,502	5,053,340
Total investing assets	22,450,370	26,121,231
Banking assets:		
Cash and cash equivalents	64,123,214	57,714,929
Loans receivable, net of allowance of \$15,007,287 and \$11,878,722, in 2011 and 2010, respectively	153,451,743	126,275,466
Prepaid expenses	18,570,770	12,756,202
Building, furniture, and equipment, net of accumulated depreciation of \$14,893,331 and \$11,031,680, respectively	29,021,384	24,249,301
Total banking assets	265,167,111	220,995,898
Total assets	\$ 287,617,481	247,117,129
Liabilities and Net Assets		
Investing liabilities:		
Accounts payable and accrued liabilities	\$ 2,609,114	424,267
Notes payable	17,448,435	15,675,000
Total investing liabilities	20,057,549	16,099,267
Banking liabilities:		
Accounts payable and accrued liabilities	15,696,908	13,714,173
Deposits from customers	113,635,314	90,660,058
Notes payable	63,621,869	54,905,670
Deferred revenue	3,658,227	3,527,873
Total banking liabilities	196,612,318	162,807,774
Total liabilities	216,669,867	178,907,041
Noncontrolling interest	17,668,627	15,867,420
Unrestricted net assets	53,278,987	52,342,668
Total liabilities and net assets	\$ 287,617,481	247,117,129

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Activities

Years ended December 31, 2011 and 2010

	2011	2010
Investing activities:		
Revenue, support, gains, and losses:		
Contributions	\$ 11,568,046	9,346,082
Equity in income (loss) from investment in other institutions	(1,205,702)	414,595
Gain (loss) on sale of investment in subsidiary and noncontrolling interests	—	2,723,420
Miscellaneous income	354,350	225,668
Total investing revenue, support, gains, and losses	10,716,694	12,709,765
Expenses:		
Management and general	3,359,579	1,866,680
Increase in net assets from investing activities	7,357,115	10,843,085
Banking activities:		
Revenue:		
Loan interest income	56,327,810	49,497,448
Other fees and income	12,764,736	9,777,286
Total banking revenue	69,092,546	59,274,734
Expenses:		
Interest on notes payable	5,548,285	7,888,049
Interest on customer deposits	5,230,981	2,356,310
Provision for loan losses	8,935,456	9,584,290
Unrealized loss on foreign currency translation	1,258,899	3,478,986
Management and general	57,648,608	49,821,138
Total banking expenses	78,622,229	73,128,773
Net loss attributable to noncontrolling interests	(3,108,887)	(1,132,874)
Decrease in net assets from banking activities	(6,420,796)	(12,721,165)
Increase (decrease) in net assets	936,319	(1,878,080)
Net assets, beginning of year	52,342,668	54,220,748
Net assets, end of year	\$ 53,278,987	52,342,668

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows
Years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 936,319	(1,878,080)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,885,577	3,793,718
Foreign currency translation loss	1,258,899	3,478,986
Realized gain on sale of stock of consolidated subsidiary	—	(1,161,509)
Realized gain on sale of noncontrolling interest	—	(1,561,907)
Equity in loss (gain) of investment in other institutions	316,055	(414,595)
Realized gain on restricted cash and investments	39,511	—
Unrealized gain on restricted cash and investments	10,478	71,922
Goodwill impairment	889,647	—
Net loss attributable to noncontrolling interests	(3,108,887)	(1,132,874)
Provision for loan losses	8,935,456	9,584,290
Changes in assets and liabilities, net of sale of subsidiary:		
Accounts and other receivables	199,615	213,604
Due to/from parent	1,605,234	(410,799)
Prepaid expenses and other assets	(5,814,568)	(4,052,061)
Accounts payable and accrued liabilities	4,167,583	4,449,075
Deferred revenue	130,354	1,128,780
Noncontrolling interest	4,910,094	4,499,396
Net cash provided by operating activities	<u>19,361,367</u>	<u>16,607,946</u>
Cash flows from investing activities:		
Loan originations, net of principal collections	(36,111,733)	(27,034,314)
Purchase of investments in unconsolidated affiliates	(2,144,217)	(1,971,883)
Cash received from sale of stock of consolidated subsidiary, net of cash sold	—	5,783,558
Cash paid for subsidiaries, net of cash acquired	—	(2,477,532)
Purchase of restricted cash and investments	(3,519,258)	(6,341,746)
Sale of restricted cash and investments	5,420,503	2,930,254
Net additions of building, furniture, and equipment	(9,657,660)	(10,125,956)
Collection (issuance) of notes receivable	1,055,287	(541,776)
Net cash used in investing activities	<u>(44,957,078)</u>	<u>(39,779,395)</u>
Cash flows from financing activities:		
Proceeds from notes payable	30,291,948	24,553,312
Principal payments of notes payable	(19,802,314)	(29,027,026)
Deposits from customers, net	22,975,256	21,881,370
Net cash provided by financing activities	<u>33,464,890</u>	<u>17,407,656</u>
Effect of exchange rate changes on cash	(1,258,899)	(3,478,986)
Net increase (decrease) in cash and cash equivalents	<u>6,610,280</u>	<u>(9,242,779)</u>
Cash and cash equivalents at beginning of year	57,782,576	67,025,355
Cash and cash equivalents at end of year	<u>\$ 64,392,856</u>	<u>57,782,576</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 6,418,689	4,661,914
Cash paid for taxes	169,013	404,291
Supplemental disclosure of noncash investing and financing activities:		
Conversion of notes receivable into investment in subsidiaries	\$ 7,634,203	1,079,384
Sale of consolidated subsidiary:		
Investment in consolidated subsidiary	\$ —	5,409,201
Gain (loss) on sale of consolidated subsidiary	—	1,161,509
Net proceeds from the sale of consolidated subsidiary	<u>\$ —</u>	<u>6,570,710</u>

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(1) Organization

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

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

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

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

OTI held majority interests in twelve banks or financial institutions at December 31, 2011 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, 2011, OTI had minority equity positions in six institutions as follows: Opportunity Kauswagan Bank in the Philippines, BFSE General Partner B.V., Zambuko Trust Limited in Zimbabwe, Growing Opportunity Finance Private Limited in India, the Balkan Financial Sector Equity Fund C.V. and MFX Solutions LLC.

At December 31, 2011, OTI held several notes receivable from partners who were in the process of either becoming a commercial lending institution or increasing their capitalization. During 2011, OTI converted several notes receivable into equity, providing additional capital for financial institutions in which OTI had ownership interests.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

On January 14, 2011, Opportunity transferred 100% of the equity of Opportunity Loan Guarantee Fund I, Inc. (the Fund) to OTI. Opportunity established the Fund in January 2005 for the purpose of supporting microfinance institutions in developing countries to increase the availability of loans and related microfinance services to the poor by providing collateral support or similar means to enable microfinance institutions to borrow or otherwise acquire funds in local currency. The transfer of assets was accounted for similar to a pooling-of-interests. Accordingly, the 2010 financial statements and related disclosures were recast to reflect the activity of the Fund, which had total assets and net assets of \$7,308,705 and \$1,770,482, respectively, at December 31, 2010. The Fund's financial information is reflected within investing activities in the accompanying financial statements.

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

- (i) On August 4, 2010, OTI sold its 100% ownership interest in Opportunity Albania. The operating results for the period January 1, 2010 through August 3, 2010 of Opportunity Albania are included in the 2010 consolidated statement of activities. See note 14 for details regarding the gain on the sale of the stock.
- (ii) 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 Bank 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 Bank 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. As of December 31, 2011 and 2010, OTI owned 63.5% of the outstanding shares of Opportunity Bank Serbia.
- (iii) In February 2003, Oportunidad Microfinanzas, S.A. de C.V., SOFOM ENR (Opportunity Mexico) was capitalized with an initial investment of \$4,558 for 99% ownership in Opportunity Mexico by OTI; Opportunity owned the other 1%. Subsequently, OTI made an additional investment of \$353,067 in December 2003. OTI made an additional investment of \$625,000 during 2004, bringing its total investment up to almost \$1 million. During 2005 and 2006, OTI advanced \$664,979 and \$1,102,917 to Opportunity Mexico, respectively, which was converted to equity in 2007. In 2008, OTI advanced \$330,936, which was converted to equity in 2008. During 2011 and 2010, OTI made additional equity investments of \$11,583 and \$42,225, respectively. As of December 31, 2011 and 2010, OTI owned essentially 100% of the outstanding shares of Opportunity Mexico.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

- (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, respectively, OTI advanced \$280,489 and \$326,520 in convertible loans. During 2010, OTI invested an additional \$556,413 and converted the outstanding loans to equity. During 2011, OTI made an additional equity investment of \$482,824. As of December 31, 2011 and 2010, OTI owned 71.4% and 67.8% 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, respectively, OTI advanced \$843,504 and \$186,000 in convertible loans. During 2011, OTI made a \$2,107,641 equity investment and converted \$1,029,504 of loans to equity. As of December 31, 2011 and 2010, OTI owned 62.5% and 51.5%, 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 converted \$362,764 of loans to equity and made an additional equity investment of \$1,404,878, increasing share ownership by 6.9%. During 2011, OTI converted \$1,069,000 of loans to equity and made an equity investment of \$1,992,929. An equity investment by another Network member led to a dilution of OTI's ownership interest. As of December 31, 2011 and 2010, OTI owned 51.2% and 60.6%, 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 TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(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. OTI advanced \$88,362 and \$321,000 as convertible loans during 2011 and 2009, respectively. As of December 31, 2011 and 2010, OTI owned 49.8% of the outstanding stock of Opportunity Bank Rwanda.

- (viii) In 2006, OTI made an initial capital investment of \$15, along with \$1,266,000 of loans convertible to equity, in Opportunity Finance (Proprietary) Limited, South Africa (Opportunity South Africa). OTI owns 100% of Opportunity South Africa and its financial statements were included in the OTI consolidated financial statements beginning in 2006. The 2006 loans totaling \$1,266,000 plus 2007 convertible loans of \$418,658 were converted to equity in November 2007. During 2008, additional convertible loans of \$2,071,000 were made to Opportunity South Africa, which were converted to equity in March 2009. During 2009, OTI's ownership percentage was diluted by an equity investment from a new shareholder. During 2011 and 2010, OTI made additional investments of \$1,000,000 and \$1,425,000, respectively. As of December 31, 2011 and 2010, OTI owned 73.7% of the outstanding shares of Opportunity South Africa.
- (ix) 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 owns 51% of the common shares and Wedco Enterprises owns 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 were 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. As of December 31, 2011 and 2010, OTI owned 84% and 51%, respectively, of the outstanding shares of Opportunity Kenya.
- (x) 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 Uganda Limited (Opportunity 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 2011, OTI made an equity investment of \$2,213,285. As of December 31, 2011 and 2010, OTI owned 83.2% and 79.8% of the outstanding shares of Opportunity Uganda, respectively.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

- (xi) 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 \$1,712,040, \$749,217 and \$1,500,000 were made by OTI in 2011, 2010 and 2009, respectively. Equity investments by another Network member led to an overall dilution of OTI's ownership interest. As of December 31, 2011 and 2010, OTI owned 64.4% and 83%, respectively, of the outstanding shares of Opportunity Tanzania.
- (xii) As of December 31, 2009, OTI had a net investment of \$193,976, or 34.5% of the shares in Opportunity Microcredit Romania IFN SA (Opportunity Romania). On October 27, 2010, OTI purchased an additional interest in Opportunity Romania for \$1,482,910 increasing its ownership position to 57.2%. The results of Opportunity Romania are included in the consolidated financial statements as of October 2010. As of December 31, 2011 and 2010, OTI owned 57.2% of the outstanding shares of Opportunity Romania.
- (xiii) 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. During 2011, OTI invested an additional \$1,500,000. As of December 31, 2011 and 2010, 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 eleven microfinance institutions that OTI has majority interest in: Opportunity Bank Malawi, Opportunity Mexico, Opportunity Bank Mozambique, Opportunity Bank Serbia, Opportunity Bank Ghana, Opportunity Bank Rwanda, Opportunity Kenya, Opportunity Uganda, Opportunity South Africa, Opportunity Tanzania, and Opportunity Romania. Opportunity International owns approximately 0.001% of Opportunity Mexico. The outside investors' shares are shown in OTI's consolidated financial statements as noncontrolling interest.

The investing assets, liabilities, revenues, and expenses represent the activity for OTI as the parent. The banking assets, liabilities, revenues, and expenses represent the activity for the overseas bank subsidiaries.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(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. The provisions for losses charged to operations are based on management's judgment of current economic conditions, the value of the underlying collateral, and the credit risk of the loan portfolio. Management believes that these allowances are adequate for loan 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 conditions.

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.

(e) *Restricted Cash and Investments*

Restricted cash and investments consist of loan proceeds lent to OTI from the Bill and Melinda Gates Foundation (the Gates Foundation) and restricted investments of the Fund. Investments in securities are reported at fair value based on quoted market process for publically traded securities.

(f) *Investments in Other Institutions*

Investments in other institutions in which OTI holds less than 50% 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.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(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.

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

(i) *Allocation of Expenses*

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

(j) *Income Taxes*

OTI's U.S. operations has received a determination letter from the Internal Revenue Service dated December 21, 2000 indicating that OTI is exempt from federal income taxes under Section 501(c)(3) of Internal Revenue Code, and accordingly, no tax provision has been made in the accompanying consolidated financial statements for charitable activities.

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

The microfinance institutions included in these consolidated financial statements pay taxes in accordance with their respective country's laws at rates ranging from 9% to 32% of taxable income and current tax expense is recorded for these amounts. Income taxes for the overseas for-profit microfinance institutions are accounted for under the asset and liability method. 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.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(k) Goodwill

Goodwill is tested for impairment using a two-step process on an annual basis or when current facts or circumstances indicate that a potential impairment may exist. The first step is to identify a potential impairment and the second step measures the amount of the impairment loss, if any. Goodwill is deemed to be impaired if the carrying amount of a reporting unit's goodwill exceeds its estimated fair value. Please refer to note 5 for impairment charges recognized during the year ended December 31, 2011.

(l) Derivatives

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

(m) Use of Estimates/Risks and Uncertainties

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

(n) New Accounting Pronouncements

In September 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. The guidance permits an entity to make a qualitative assessment as to whether a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If an entity concludes that the fair value of a reporting unit is not less than its carrying amount, it need not perform the two-step impairment test. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. OTI adopted this standard for the year ended December 31, 2011.

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. ASU No. 2011-04 provides guidance as to how fair value should be applied, clarifying the existing measurement and disclosure requirements and expanding the disclosure requirements for certain fair value measurements. ASU No. 2011-04 is effective for OTI in the year beginning January 1, 2012. Management does not expect the adoption of this ASU to significantly affect OTI's financial statements.

In September 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. The amended disclosures are designed to provide more information to financial statement users about the credit quality of a creditor's financing receivables and the adequacy of its allowance for credit losses.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Most of the existing disclosures have been amended to require information on a more disaggregated basis which includes by portfolio segment and class of financing receivables. In addition, the amended guidance requires disclosure of the following: aging of past-due receivables, the nature and extent of troubled debt restructurings and their effect on the allowance for credit losses, significant purchases and sales of financing receivables. OTI adopted this standard for the year ended December 31, 2011, and has included the required disclosures in note 7. Comparative disclosures are not required.

(o) Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 24, 2012, the date the financial statements were issued.

(3) Fair Value of Financial Instruments

Effective January 1, 2008, OTI adopted Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, as amended, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3).

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

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

Funds totaling \$1,297,150 related to the Gates Foundation loan remain in a segregated, interest-bearing account, and will be utilized to extend partner loans in accordance with the loan agreement. All interest earned on funds in the segregated account and 1% interest on the amounts withdrawn from the segregated account for partner loans is remitted quarterly to the Gates Foundation. Restricted funds of \$7,815,016 are in cash, highly liquid short-term investments including money market funds and marketable securities.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

At December 31, 2011 and 2010, OTI's cash equivalents and restricted cash and investment securities are classified within the fair value hierarchy as follows:

		December 31, 2011		
		Level 1	Level 2	Level 3
Investing assets:				
Restricted cash and investments	\$	4,347,479	4,937,309	—
Banking assets – cash equivalents		10,906,089	—	—
		December 31, 2010		
		Level 1	Level 2	Level 3
Investing assets:				
Restricted cash and investments	\$	6,344,536	4,891,487	—
Banking assets – cash equivalents		6,788,000	—	—

(4) Notes Receivable

Notes receivable as of December 31, 2011 and 2010 are as follows:

		2011	2010
Microfinance Loan Obligations S.A., interest rate at 0%	\$	196,390	200,986
Association de Oportunidad y Desarrollo Economico de Nicaragua, interest rate 0%		130,000	130,000
Sinapi Aba Trust, Ghana, interest rate at 0%		1,250,000	1,250,000
Opportunity International (An Hui) Guaranteed Company Limited, China, interest rate at 0%		40,250	50,000
Opportunity Finance (Proprietary) Ltd, interest rate 11%		—	800,000
Taytay Sa Kauswagan, Inc., Philippines, 90-day T-Bill + 2%		—	248,411
Asociacion Opportunity International para Lationamerica, interest rate 0%		203,860	—
Subtotal		1,820,500	2,679,397
Less amounts reserved		(196,390)	—
Net notes receivable	\$	1,624,110	2,679,397

(5) Goodwill

On October 27, 2010, OTI purchased an additional 22.7% interest in Opportunity Romania for \$1,482,910, (increasing its ownership share to 57.2%) and recorded goodwill of \$889,647 as of December 31, 2010. Goodwill impairment testing was performed as of December 31, 2011 using a two-step process. The fair value of the net assets of Opportunity Romania was compared to the carrying value, and as the fair value

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.

(An Affiliate Controlled by Opportunity International, Inc.)

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

was less than the carrying value, an impairment loss was recognized in the statement of activities totaling \$889,647 during the year ended December 31, 2011.

(6) Investment in Other Financial Institutions

OTI holds varying minority interests in other financial institutions, three and five of which are members of the Opportunity Network in 2011 and 2010, respectively, as follows:

	<u>2011</u>	<u>2010</u>
Zambuko Trust Limited – Zimbabwe (25.0%)	\$ 250,000	250,000
Development Finance Equity Partners AG (40.0%) ¹	—	199,742
BFSE General Partner BV (40%)	96,964	—
Balkan Financial Sector Equity Fund C.V. (4.3%)	1,693,558	1,745,202
MFX Solutions LLC (1.9%)	199,405	—
Opportunity Kauswagan Bank, Inc. (18%)	896,910	757,794
Growing Opportunity Finance (India) Pvt. Ltd (25.6%)	313,280	314,558
Growing Opportunity Finance (India) Pvt. Ltd (preferred shares)	2,036,044	2,036,044
Redeemable noncontrolling interest in Opportunity Serbia	1,645,341	—
Subtotal	<u>7,131,502</u>	<u>5,303,340</u>
Less amounts reserved	<u>(250,000)</u>	<u>(250,000)</u>
Total investment in other institutions	<u>\$ 6,881,502</u>	<u>5,053,340</u>

¹ OTI assigned its interest on September 15, 2011

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

	<u>2011</u>	<u>2010</u>
Opportunity Microcredit Romania IFN SA – goodwill impairment	\$ (889,647)	710,349
Development Finance Equity Partners AG	(99,800)	11,671
BFSE General Partner BV	(2,978)	—
Balkan Financial Sector Equity Fund C.V.	(98,810)	(112,885)
MFX Solutions LLC	(595)	—
Opportunity Kauswagan Bank, Inc.	(112,594)	(134,348)
Growing Opportunity Finance (India) Pvt. Ltd	(1,278)	15,288
Initiative Mikro – Poland	—	(75,480)
Total equity loss from other institutions	<u>\$ (1,205,702)</u>	<u>414,595</u>

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(7) 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 three months and eight years at interest rates of between 2% and 60%. Certain loans may be collateralized by security such as cash or mortgages. Loans outstanding as of December 31, 2011 and 2010 consist of the following:

	2011	2010
Loans receivable	\$ 168,459,030	138,154,188
Less loan loss allowance	(15,007,287)	(11,878,722)
Net loan portfolio	\$ 153,451,743	126,275,466

Gross loan portfolio by product for the year ended December 31, 2011 is as follows:

Individual	\$ 70,449,360
Small and medium enterprise (SME)	53,724,077
Individual Groups	43,541,646
Nonbusiness	84,047
Other	659,900
Total gross loans	\$ 168,459,030

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, 2011 and 2010 was \$19.3 million and \$7.7 million, respectively.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

A summary of the activity in the allowance for loan losses for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Balance at beginning of year	\$ 11,878,722	7,237,296
Provision for loan losses	8,935,456	9,584,290
Opportunity Albania loans removed due to sale	—	(6,562,764)
Opportunity Romania loans added due to purchase	—	5,527,344
All other subsidiary loans charged off	(5,275,709)	(3,340,479)
All other subsidiary loans foreign currency translation loss	(531,182)	(566,965)
Balance at end of year	\$ 15,007,287	11,878,722

The following table summarizes the activity in the loan loss allowance by product for the year ended December 31, 2011:

Year ended December 31, 2011	Individual	SME	Individual Groups	Nonbusiness	Other	Total
Balance at beginning of year	\$ 9,868,308	1,267,009	654,782	—	88,623	11,878,722
Provision for loan losses	852,141	7,519,742	449,013	1,724	112,836	8,935,456
Loans charged off, net	(2,162,809)	(2,633,659)	(472,706)	—	(6,535)	(5,275,709)
Foreign currency translation loss	(178,018)	(291,384)	(58,907)	135	(3,008)	(531,182)
Balance at end of year	\$ 8,379,622	5,861,708	572,182	1,859	191,916	15,007,287
Reserve components:						
Individually evaluated for impairment	\$ 3,761,339	5,425,739	188,514	387	182,641	9,558,620
Collectively evaluated for impairment	4,618,283	435,969	383,668	1,472	9,275	5,448,667
Total	\$ 8,379,622	5,861,708	572,182	1,859	191,916	15,007,287

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Opportunity Bank Serbia	51,011,461	40,028,114
Opportunity Mexico	942,731	970,926
Opportunity Bank Mozambique	6,854,069	2,918,121
Opportunity Bank Ghana	24,299,848	16,587,357
Opportunity Bank Malawi	20,068,997	30,212,223
Opportunity Bank Rwanda	12,219,430	6,530,116
Opportunity Romania	12,769,573	10,604,527
Opportunity South Africa	4,577,866	4,740,372
Opportunity Kenya	4,884,070	4,011,490
Opportunity Uganda	13,576,082	9,112,728
Opportunity Tanzania	1,762,734	559,492
Opportunity DRC	484,882	—
Balance at end of year	\$ <u>153,451,743</u>	<u>126,275,466</u>

The following is a summary of expected loan maturities as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Less than 1 month	\$ 25,478,727	16,904,401
From 1 to 3 months	30,554,751	15,217,585
From 3 to 12 months	46,782,529	50,471,936
Over 1 year	50,635,736	43,681,544
Balance at end of year	\$ <u>153,451,743</u>	<u>126,275,466</u>

Aging analysis of past-due gross loans receivable as of December 31, 2011 is as follows:

Current	\$ 154,038,550
30-59 days past due	2,464,931
60-89 days past due	1,497,353
90 days and over past due	<u>10,458,196</u>
Total gross loans receivable	\$ <u>168,459,030</u>

Loans to employees and officers of these banks totaled \$2,173,228 and \$264,816 at December 31, 2011 and 2010, respectively.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

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.

(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.

(c) Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. OTI financial institutions manage interest rate risk by monitoring market conditions and applying pricing based on the cost analysis of each product. The majority of loans are short term in nature; about 67% and 65% of the loans fall due within one year as of December 31, 2011 and 2010, 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 on hand of the combined banks is \$64 million and \$58 million as of December 31, 2011 and 2010, respectively, which is 24% of total assets of the combined banks in both 2011 and 2010.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(8) Deposits from Customers

Deposits from customers as of December 31, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Opportunity Bank Mozambique:		
Demand deposits	\$ 3,227,324	1,952,557
Short-term deposits	812,494	330,847
Total Opportunity Bank Mozambique	<u>4,039,818</u>	<u>2,283,404</u>
Opportunity Bank Serbia:		
Demand deposits	2,738,925	1,990,250
Short-term deposits	24,599,864	23,032,838
Long-term deposits	6,581,860	2,581,471
Total Opportunity Bank Serbia	<u>33,920,649</u>	<u>27,604,559</u>
Opportunity Bank Ghana:		
Demand deposits	2,404,198	14,170,034
Short-term deposits	12,301,815	910,716
Long-term deposits	6,488,337	—
Total Opportunity Bank Ghana	<u>21,194,350</u>	<u>15,080,750</u>
Opportunity Kenya:		
Demand deposits	2,477,945	1,919,783
Opportunity Bank Malawi:		
Demand deposits	31,158,530	25,770,451
Short-term deposits	8,293,437	9,681,460
Total Opportunity Bank Malawi	<u>39,451,967</u>	<u>35,451,911</u>
Opportunity Bank Rwanda:		
Demand deposits	7,852,895	4,741,519
Short-term deposits	174,461	204,418
Total Opportunity Bank Rwanda	<u>8,027,356</u>	<u>4,945,937</u>
Opportunity Uganda:		
Demand deposits	2,273,247	1,271,234
Short-term deposits	1,394,833	1,504,455
Long-term deposits	98,906	71,536
Total Opportunity Uganda	<u>3,766,986</u>	<u>2,847,225</u>

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

	2011	2010
Opportunity Tanzania:		
Demand deposits	\$ 586,209	526,489
Opportunity DRC:		
Demand deposits	170,034	—
Total deposits from customers	\$ 113,635,314	90,660,058

(9) Notes Payable

Notes payable as of December 31, 2011 and 2010 include the following:

	2011	2010
Opportunity Bank Serbia:		
Note payable, 8.30% interest, maturity September 2011	\$ —	898,683
Note payable, 7.70% interest, maturity – equal semiannual installments from July 2009 to January 2013	710,192	1,397,956
Note payable, 6-month Euribor + 5.50% interest, maturity – equal semiannual installments from January 2011 to January 2014	4,611,681	6,656,938
Note payable, 5.50% interest, maturity – equal annual installments from March 2015 to March 2020	7,747,608	7,988,322
Note payable, 8.78% interest until 2014; 12.68% interest thereafter, maturity July 2018 to December 2018	7,747,620	7,988,310
Note payable, 7.5% interest – equal semiannual installments from June 2013 to June 2014	1,291,262	—
Note payable, 12-month Euribor + 1.5% interest, maturity – January 2015	645,629	—
Subtotal Opportunity Bank Serbia	22,753,992	24,930,209
Opportunity Bank Ghana:		
Note payable, 12-month Gibor + 5.00% interest, maturity October 2011	—	185,790
Note payable, 1.00% interest, maturity August 2011	—	243,892
Note payable, 5.00% interest, maturity September 2013	506,924	—
Note payable, 12.5% interest, maturity November 2012	23,881	—
Note payable, 15% interest, maturity July 2014	1,236,400	—
Note payable, 182 day T-bill rate + 4.70% interest, maturity September 2014	1,108,519	—
Subtotal Opportunity Bank Ghana	2,875,724	429,682

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

	2011	2010
Opportunity Bank Malawi:		
Note payable, 8.50% interest, maturity March 2012	\$ 3,110,000	2,680,000
Note payable, 0.00% interest, maturity March 2012	1,264,682	135,286
Note payable, 7.00% interest, maturity December 2012	3,043,720	2,020,740
Note payable, 0.00% interest, maturity January 2010	—	4,630,665
Note payable, 9.00% interest, maturity January 2012	3,043,664	3,031,093
Note payable, 2.50% interest, maturity June 2012	101,461	101,043
Note payable, 7.00% interest, maturity March 2012	—	1,228,894
Note payable, 8.5% interest, maturity June 2012	3,078,900	—
Note payable, 9.0% interest, maturity September 2012	3,043,707	—
Subtotal Opportunity Bank Malawi	16,686,134	13,827,721
Opportunity Mozambique:		
Note payable, 21.00% interest, maturity June 2012	775,355	—
Note payable, FPC + 3.00% interest, maturity December 2012	42,665	—
Note payable, 14.00% interest, maturity October 2014	792,540	—
Note payable, 5.00% interest, maturity December 2016	286,617	—
Subtotal Opportunity Mozambique	1,897,177	—
Opportunity Kenya:		
Note payable, 0.00% interest, maturity December 2011	—	473,496
Note payable, 2.00% interest, maturity March 2012	85,813	348,816
Note payable, 14.00% interest, maturity July 2014	603,980	—
Subtotal Opportunity Kenya	689,793	822,312
Opportunity Uganda:		
Note payable, interest T-bill rate +5% but never less than 14.00%, maturity September 2012	335,455	840,000
Note payable, 13.20% interest, maturity July 2012	312,410	782,295
Note payable, 13.20% interest, maturity December 2013	820,000	880,000
Note payable, 13.20% interest, maturity September 2013	537,840	742,108
Note payable, 13.00% interest, maturity March 2014	585,715	—
Note payable, 12.00% interest, maturity June 2014	1,118,182	—
Note payable, 15.30% interest, maturity June 2014	1,677,610	—
Subtotal Opportunity Uganda	5,387,212	3,244,403

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

	2011	2010
Opportunity Rwanda:		
Note payable, T-bill rate + 5.50% interest, maturity November 2013	\$ 1,514,819	978,010
Note payable, 12.00% interest, maturity November 2013	1,014,013	—
Note payable, 6.00% interest + SWAP cost, maturity December 2014	505,803	—
Note payable, 12.00% interest, maturity December 2014	971,040	—
Note payable, 5.00% interest, maturity May 2016	193,245	—
Note payable, 12.10% interest, maturity April 2012	1,010,105	—
Subtotal Opportunity Rwanda	5,209,025	978,010
Opportunity Romania:		
Note payable, 10.50% interest, maturity June 2012	983,155	1,015,578
Note payable, 10.50% interest, maturity December 2012	983,155	1,015,578
Note payable, 6-month Euribor + 3.00%, maturity March 2012	153,102	197,534
Note payable, 6-month Euribor + 4.00%, maturity September 2012	583,589	723,463
Note payable, Euro Swap Rate + 5.17% maturity June 2012	1,729,452	3,543,203
Note payable, 3-month Bubor + 4.60% maturity January 2012	739,393	1,145,509
Note payable, 3-month Bubor + 4.6%, maturity May 2012	1,006,270	1,039,455
Note payable, 6-month Bubor + 4.6%, maturity May 2015	1,296,564	1,328,772
Note payable, 6-month Euribor + 4.00% maturity February 2016	648,132	664,241
Subtotal Opportunity Romania	8,122,812	10,673,333
Total banking notes payable	63,621,869	54,905,670
Investing notes payable:		
Opportunity Transformation Investments Inc.:		
Note payable, 0.00% interest, maturity July 2012	250,000	250,000
Note payable, 4.50% interest, maturity December 2011	—	200,000
Notes payable, 1.0% interest, maturity November 2016	10,000,000	10,000,000
Note payable, 15.75% interest on KES/MZN prime +3.75% interest on MZN, maturity October 2014	2,698,435	—
Note payable, 3.00% interest, maturity September 2011	—	25,000
Note payable, 3.00% interest, maturity September 2011	—	400,000
Note payable, 3.00% interest, maturity September 2011	—	100,000

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

	2011	2010
Note payable, 3.00% interest, maturity September 2011	\$ —	100,000
Note payable, 2.51% interest, maturity September 2011	—	100,000
Note payable, 3.25% interest, maturity September 2012	400,000	400,000
Note payable, 3.25% interest, maturity September 2012	200,000	200,000
Note payable, 3.00% interest, maturity September 2012	100,000	100,000
Note payable, 3.25% interest, maturity September 2012	100,000	100,000
Note payable, 2.75% interest, maturity September 2012	100,000	100,000
Note payable, 2.00% interest, maturity September 2012	250,000	250,000
Note payable, 3.00% interest, maturity September 2013	100,000	100,000
Note payable, 3.00% interest, maturity September 2013	1,000,000	1,000,000
Note payable, 2.00% interest, maturity September 2013	125,000	125,000
Note payable, 2.00% interest, maturity September 2013	125,000	125,000
Notes payable, 2.00% interest, maturity December 2013	2,000,000	2,000,000
	<u>17,448,435</u>	<u>15,675,000</u>
Total investing notes payable		
	<u>\$ 81,070,304</u>	<u>70,580,670</u>
Total notes payable		

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, 2011 and 2010, there were \$8,500,000 and \$5,800,000, respectively, in notes receivable outstanding to six majority-owned partners in Africa, with terms in accordance with the Gates Foundation agreement, which were eliminated in consolidation.

On October 2, 2011, OTI entered into a \$2.5 million loan agreement with Minlam, a microfinance lending company, which provides loans in local currency. The proceeds are used to support microfinance initiatives in Kenya and Mozambique. As of December 31, 2011, \$1,000,000 in a note receivable was outstanding to Opportunity Kenya, which was eliminated in consolidation.

As of December 31, 2011, the rights of the noteholder of two \$1,000,000 notes with 2% interest maturing December 2013 have been subordinated to the rights of the other former Loan Guarantee Fund noteholders. The remaining \$2,500,000 of notes payable is senior to these subordinated notes in priority of payment. Interest payments on the subordinated debt may be deferred at the election of OTI but all interest has been paid as of December 31, 2011.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Aggregate maturities of notes payable as of December 31, 2011 are as follows:

2012	\$	31,284,941
2013		10,298,457
2014		12,866,187
2015		1,936,887
2016		11,771,120
Thereafter		<u>12,912,712</u>
Total notes payable	\$	<u><u>81,070,304</u></u>

All debt due prior to September 30, 2012 was renewed, extended, or paid off at maturity.

(10) Line of Credit

During 2003, OTI entered into a \$2 million revolving line-of-credit arrangement with Oikocredit, Ecumenical Development Cooperative Society U.A. (Oikocredit) with a duration period not to exceed seven years. The interest rate on the outstanding balance was 12-month Libor (London Interbank Offered Rate) plus 2.0% per annum, adjusted annually between a minimum rate of 5.5% and a maximum rate of 9.5%. On August 3, 2010, the outstanding balance and interest was paid in full and the line of credit was closed.

(11) Management and General Expenses

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

		<u>2011</u>	<u>2010</u>
Salaries and benefits	\$	28,785,803	25,542,734
Rent and utilities		5,532,652	5,092,343
Professional fees		4,752,840	5,271,720
Depreciation expense		4,885,577	3,793,718
Miscellaneous expense		7,203,183	4,666,620
Postage and shipping		233,260	110,800
Printing and copying		946,384	908,116
Travel and hosting		2,661,993	2,663,498
Income tax benefit		(2,691,101)	(593,979)
Supplies and office equipment		1,009,303	1,373,678
Telephone		1,774,852	1,786,457
Insurance		1,568,087	1,004,612
Promotional materials		1,302,558	1,020,453
Training		592,723	598,116
Board meetings and conferences		311,074	232,307
Foreign exchange gain		<u>(1,220,580)</u>	<u>(3,650,055)</u>
Total management and general expenses	\$	<u><u>57,648,608</u></u>	<u><u>49,821,138</u></u>

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(12) Related-Party Transactions

During the years ended December 31, 2011 and 2010, OTI paid the Network dues totaling \$851,000 and \$739,000, respectively. During the years ended December 31, 2011 and 2010, OTI paid Opportunity management service fees of \$454,000 and \$345,000, respectively.

Notes payable totaling \$250,000 as of December 31, 2011 and 2010 were due to Opportunity and a director 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, 2011 and 2010, Opportunity Bank Ghana met these regulatory requirements.

The Reserve Bank of Malawi requires Opportunity Bank Malawi to maintain a 1% general provision against risk assets and a minimum capital of 8% of risk-weighted assets. As of December 31, 2011 and 2010, Opportunity Bank Malawi met these regulatory requirements.

The Central Bank of Mozambique requires Opportunity Bank Mozambique to maintain a reserve of 8.75% of total qualifying liabilities in terms of Law number 02/GBM/2010 of September 21, 2010 and to maintain a prescribed ratio of total capital to total risk-weighted assets of not less than 8%. As of December 31, 2011 and 2010, Opportunity Bank Mozambique met these regulatory requirements.

The National Bank of Rwanda requires Opportunity Bank Rwanda to maintain minimum reserves of 8% of deposits, 100% liquidity of three-month assets to three-month liabilities, and 10% capital adequacy. As of December 31, 2011 and 2010, 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. As of December 31, 2011 and 2010, Opportunity Bank Serbia met these regulatory requirements.

Opportunity Uganda is required to maintain a core capital ratio of 8% and a total capital ratio of 12% under the Financial Institutions Act 2004 of Uganda. As of December 31, 2011 and 2010, Opportunity Uganda met these regulatory requirements.

(b) Lease Obligations

The banks lease office space and equipment in the various countries in which they are located under operating leases. Lease expense for the years ended December 31, 2011 and 2010 was \$2,628,372

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

and \$2,963,911, respectively. Future minimum operating lease payments as of December 31, 2011 are as follows:

2012		\$	4,190,197
2013			4,081,854
2014			3,739,944
2015			2,834,101
2016			1,880,994
Thereafter			<u>1,139,956</u>
Total		\$	<u><u>17,867,046</u></u>

(c) Guarantees

As of December 31, 2011, OTI had two outstanding collateral support agreements. OTI has determined that there is no fair value liability associated with these support agreements because there was no net savings to the banks in 2011, as the amounts paid to OTI for the collateral agreement exceeded what the cost would have been had the bank obtained the financing elsewhere without the collateral support agreement. OTI had stand-by letters of credit outstanding in the amount of \$1,600,000 as of December 31, 2011, which is equivalent to the maximum potential future payments OTI could be required to make under the guarantees. The expiration dates of the stand-by letters of credit range from August 1, 2012 to November 15, 2012. OTI has not recorded any liability for the draws on the stand-by letters of credit because OTI does not believe such guarantees are likely to be drawn.

(14) Sale of Stock of Subsidiary and Other Institutions

On February 24, 2010, OTI signed a share purchase agreement with Amance Holding N.V, a public company having its corporate seat in Amsterdam, to transfer 100% of the shares of Opportunity Albania. On August 4, 2010, OTI received cash proceeds equivalent to \$6.6 million which resulted in a net gain from the sale of \$1.2 million. In addition, approximately \$730,000 or 10% of the gross sales price is held in an escrow account. On April 28, 2011, the buyer filed a claim citing a breach of certain warranties and covenants made by OTI in the share purchase agreement. On April 17, 2012, OTI and the buyer agreed to settle the claim filed in 2011. The agreed settlement amount was fully reserved as of December 31, 2011.

In 2010, OTI also sold its 49% minority interest in Initiative Mikro (IM) in Poland. On August 4, 2010, OTI received cash proceeds of \$1.4 million resulting in a net gain of \$1.5 million on the sale. The gain included approximately \$150,000 or 10% of the gross sales price held in escrow.

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

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

(15) Subsequent Events

(a) *Amended Shareholder Agreement*

Under the terms of a shareholder agreement, originally dated September 14, 2006 and amended September 27, 2012, between Opportunity Transformation Investments, Inc. (OTI), its subsidiary Opportunity Bank Serbia (OBS) and three other noncontrolling shareholders, the noncontrolling interest owners have the right to require OTI to purchase (the Put Option) their interest (a total of approximately 36.5%) of the outstanding capital stock of OBS. The Put Option is exercisable from March 31, 2014 to March 31, 2019 provided there has not been a strategic investor in OBS or an exit initial public offering. The price paid upon exercise will be determined based on the greater of established multiples of OBS capital shares and the exchange rate of Serbian Dinar to Euro as calculated on September 30, 2012. Accordingly, OTI recorded approximately \$1.65 million in the investment in other financial institutions and in accrued liabilities in the accompanying statement of financial position. In order to satisfy the terms of this shareholder agreement, OTI is exploring strategic alternatives, such as identifying a strategic investor and a possible initial public offering.

(b) *Exchange Rate Fluctuations (Unaudited)*

In May 2012, the Reserve Bank of Malawi devalued its currency, the kwacha, by approximately 35% in an effort to fix Malawi's troubled economy and unblock Western aid by meeting conditions set by the International Monetary Fund.

Through September 30, 2012, exchange rates fluctuated such that foreign assets and liabilities decreased in value by approximately \$44.5 million and \$38.5 million, respectively, resulting in a decrease in net assets of approximately \$6.0 million, due solely to exchange rates and driven primarily by the devaluation of Malawi's currency.

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

As of October 22, 2012, OTI's foreign for-profit microfinance companies in Ghana, Malawi, Mozambique, Rwanda, Serbia and Uganda met the regulatory requirements in their respective countries.

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

Consolidating Schedules of Statements of Financial Position – Banking Operations Only

Years ended December 31, 2011 and 2010

	Opportunity Bank Ghana	Opportunity Bank Malawi	Opportunity Bank Mozambique	Opportunity Bank Rwanda	Opportunity Bank Serbia	Opportunity DRC
December 31, 2011						
Banking assets:						
Cash and cash equivalents	\$ 7,991,877	28,687,691	1,837,223	4,160,947	12,527,469	638,195
Loan portfolio, net of allowance	24,299,848	20,068,997	6,854,069	12,219,430	51,011,461	484,882
Prepaid expenses	2,600,767	7,481,410	354,972	1,063,286	4,003,108	431,255
Building, furniture, and equipment, net of accumulated depreciation	3,287,425	14,200,086	2,794,621	1,213,651	3,449,425	523,767
Total banking assets	\$ 38,179,917	70,438,184	11,840,885	18,657,314	70,991,463	2,078,099
Banking liabilities:						
Accounts payable and accrued liabilities	\$ 4,677,920	2,772,783	342,597	1,072,480	1,231,236	1,432,945
Deposits from customers	21,194,350	39,451,967	4,039,818	8,027,356	33,920,649	170,035
Notes payable	3,852,789	19,691,863	2,927,855	5,463,038	22,753,997	—
Deferred revenue	1,442,879	27,331	1,100,719	312,068	—	—
Total banking liabilities	31,167,938	61,943,944	8,410,989	14,874,942	57,905,882	1,602,980
Unrestricted net assets – banking	7,011,979	8,494,240	3,429,896	3,782,372	13,085,581	475,119
Total liabilities and net assets	\$ 38,179,917	70,438,184	11,840,885	18,657,314	70,991,463	2,078,099
December 31, 2010						
Banking assets:						
Cash and cash equivalents	\$ 3,473,034	16,269,020	759,383	2,664,485	21,157,342	762,838
Loan portfolio, net of allowance	16,587,357	30,212,223	2,918,121	6,530,116	40,028,114	—
Prepaid expenses	2,094,548	4,227,459	287,207	684,852	2,480,146	516,800
Building, furniture, and equipment, net of accumulated depreciation	2,717,903	11,166,615	2,599,025	1,027,711	3,350,256	580,058
Total banking assets	\$ 24,872,842	61,875,317	6,563,736	10,907,164	67,015,858	1,859,696
Banking liabilities:						
Accounts payable and accrued liabilities	\$ 1,558,650	1,610,352	366,474	867,151	1,266,190	192,029
Deposits from customers	15,080,751	35,451,911	2,283,404	4,945,937	27,604,559	—
Notes payable	2,390,948	16,900,263	—	1,144,730	24,930,204	—
Deferred revenue	1,312,921	49,841	942,478	671,014	—	—
Total banking liabilities	20,343,270	54,012,367	3,592,356	7,628,832	53,800,953	192,029
Unrestricted net assets – banking	4,529,572	7,862,950	2,971,380	3,278,332	13,214,905	1,667,667
Total liabilities and net assets	\$ 24,872,842	61,875,317	6,563,736	10,907,164	67,015,858	1,859,696

See accompanying independent auditors' report.

Supplementary Schedule 1

Opportunity Kenya	Opportunity Mexico	Opportunity Romania	Opportunity South Africa	Opportunity Tanzania	Opportunity Uganda	Eliminations	2011 Banks consolidated
2,027,782	722,184	797,331	875,336	1,127,003	2,730,176	—	64,123,214
4,884,070	942,731	12,769,573	4,577,866	1,762,734	13,576,082	—	153,451,743
221,188	496,269	431,988	57,288	235,719	1,642,504	(448,984)	18,570,770
91,985	49,305	181,992	276,707	971,402	1,981,018	—	29,021,384
<u>7,225,025</u>	<u>2,210,489</u>	<u>14,180,884</u>	<u>5,787,197</u>	<u>4,096,858</u>	<u>19,929,780</u>	<u>(448,984)</u>	<u>265,167,111</u>
328,721	100,756	3,953,364	979,440	824,315	2,817,782	(4,837,430)	15,696,909
2,477,945	—	—	—	586,209	3,766,985	—	113,635,314
2,870,292	—	8,122,812	826,672	—	7,291,251	(10,178,700)	63,621,869
3,169	—	162,708	—	11,639	597,714	—	3,658,227
5,680,127	100,756	12,238,884	1,806,112	1,422,163	14,473,732	(15,016,130)	196,612,319
1,544,898	2,109,733	1,942,000	3,981,085	2,674,695	5,456,048	14,567,146	68,554,792
<u>7,225,025</u>	<u>2,210,489</u>	<u>14,180,884</u>	<u>5,787,197</u>	<u>4,096,858</u>	<u>19,929,780</u>	<u>(448,984)</u>	<u>265,167,111</u>
Opportunity Kenya	Opportunity Mexico	Opportunity Romania	Opportunity South Africa	Opportunity Tanzania	Opportunity Uganda	Eliminations	2010 Banks consolidated
797,230	1,338,156	5,586,363	527,094	1,807,120	2,572,864	—	57,714,929
4,011,490	970,926	10,604,527	4,740,372	559,492	9,112,728	—	126,275,466
248,975	41,486	474,834	68,056	206,991	1,424,848	—	12,756,202
77,706	55,557	251,330	369,403	942,083	1,111,654	—	24,249,301
<u>5,135,401</u>	<u>2,406,125</u>	<u>16,917,054</u>	<u>5,704,925</u>	<u>3,515,686</u>	<u>14,222,094</u>	<u>—</u>	<u>220,995,898</u>
1,494,722	142,816	4,054,589	133,245	4,446,497	726,137	(3,144,679)	13,714,173
1,919,783	—	—	—	526,487	2,847,226	—	90,660,058
3,468,090	—	10,673,332	202,191	—	5,287,762	(10,091,850)	54,905,670
—	—	123,420	—	14,328	413,871	—	3,527,873
6,882,595	142,816	14,851,341	335,436	4,987,312	9,274,996	(13,236,529)	162,807,774
(1,747,194)	2,263,309	2,065,713	5,369,489	(1,471,626)	4,947,098	13,236,529	58,188,124
<u>5,135,401</u>	<u>2,406,125</u>	<u>16,917,054</u>	<u>5,704,925</u>	<u>3,515,686</u>	<u>14,222,094</u>	<u>—</u>	<u>220,995,898</u>

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.
(An Affiliate Controlled by Opportunity International, Inc.)
Consolidating Schedules of Statements of Activities – Banking Operations Only
Years ended December 31, 2011 and 2010

<u>December 31, 2011</u>	<u>Opportunity Bank Ghana</u>	<u>Opportunity Bank Malawi</u>	<u>Opportunity Bank Mozambique</u>	<u>Opportunity Bank Rwanda</u>	<u>Opportunity Bank Serbia</u>	<u>Opportunity Albania</u>
Operating activities:						(a)
Revenue:						
Loan interest income	\$ 14,637,075	8,860,846	3,170,325	4,767,441	10,173,810	—
Other fees and income	433,904	6,763,680	641,208	844,015	1,397,853	—
Total revenue	<u>15,070,979</u>	<u>15,624,526</u>	<u>3,811,533</u>	<u>5,611,456</u>	<u>11,571,663</u>	<u>—</u>
Expenses:						
Interest on notes payable	212,378	800,656	133,113	445,533	2,052,289	—
Interest on client deposits	585,235	2,333,515	134,787	134,299	1,973,875	—
Provisions on loan losses	231,328	7,258,913	276,681	112,835	(529,924)	—
Management and general	12,525,810	13,862,577	3,979,806	4,393,878	7,892,955	—
Total operating expenses before taxes	<u>13,554,751</u>	<u>24,255,661</u>	<u>4,524,387</u>	<u>5,086,545</u>	<u>11,389,195</u>	<u>—</u>
Income tax expense (benefit)	980,205	(3,618,309)	—	215,147	—	—
Increase (decrease) in operating net assets	<u>536,023</u>	<u>(5,012,826)</u>	<u>(712,854)</u>	<u>309,764</u>	<u>182,468</u>	<u>—</u>
Nonoperating activities:						
Unrealized gain (loss) on foreign currency translation	(1,059,412)	1,530,864	683,555	(55,091)	(311,792)	—
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Total nonoperating activities	<u>(1,059,412)</u>	<u>1,530,864</u>	<u>683,555</u>	<u>(55,091)</u>	<u>(311,792)</u>	<u>—</u>
Increase (decrease) in net assets	<u>\$ (523,389)</u>	<u>(3,481,962)</u>	<u>(29,299)</u>	<u>254,673</u>	<u>(129,324)</u>	<u>—</u>
<u>December 31, 2010</u>	<u>Opportunity Bank Ghana</u>	<u>Opportunity Bank Malawi</u>	<u>Opportunity Bank Mozambique</u>	<u>Opportunity Bank Rwanda</u>	<u>Opportunity Bank Serbia</u>	<u>Opportunity Albania</u>
Operating activities:						(a)
Revenue:						
Loan interest income	\$ 10,541,305	10,335,236	1,668,926	3,287,337	8,403,979	6,283,761
Other fees and income	641,359	3,794,648	946,351	851,178	800,749	1,017,634
Total revenue	<u>11,182,664</u>	<u>14,129,884</u>	<u>2,615,277</u>	<u>4,138,515</u>	<u>9,204,728</u>	<u>7,301,395</u>
Expenses:						
Interest on notes payable	146,844	1,848,278	2,552	153,111	2,196,060	2,883,537
Interest on client deposits	594,917	461,714	68,225	78,489	1,114,385	—
Provisions on loan losses	751,869	1,457,366	125,924	97,008	1,261,215	4,645,410
Management and general	10,713,232	9,450,770	2,676,802	4,273,287	7,410,489	3,037,688
Total operating expenses before taxes	<u>12,206,862</u>	<u>13,218,128</u>	<u>2,873,503</u>	<u>4,601,895</u>	<u>11,982,149</u>	<u>10,566,635</u>
Income tax expense (benefit)	(46,595)	(363,839)	115,817	(51,952)	(154,774)	(10,864)
Increase (decrease) in operating net assets	<u>(977,603)</u>	<u>1,275,595</u>	<u>(374,043)</u>	<u>(411,428)</u>	<u>(2,622,647)</u>	<u>(3,254,376)</u>
Nonoperating activities:						
Unrealized gain (loss) on foreign currency translation	(201,823)	(289,076)	(385,757)	(138,609)	(2,049,630)	(695,466)
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Total nonoperating activities	<u>(201,823)</u>	<u>(289,076)</u>	<u>(385,757)</u>	<u>(138,609)</u>	<u>(2,049,630)</u>	<u>(695,466)</u>
Increase (decrease) in net assets	<u>\$ (1,179,426)</u>	<u>986,519</u>	<u>(759,800)</u>	<u>(550,037)</u>	<u>(4,672,277)</u>	<u>(3,949,842)</u>

(a) Opportunity Albania was sold effective August 4, 2010. Thus, the 2010 schedule includes activity from January 1, 2010 through August 3, 2010.

(b) OTI became a majority owner of Opportunity Romania on October 27, 2010. Thus, the 2010 schedule includes activity from October 28, 2010 to December 31, 2010.

See accompanying independent auditors' report.

Supplementary Schedule 2

Opportunity DRC	Opportunity Kenya	Opportunity Mexico	Opportunity Romania	Opportunity South Africa	Opportunity Tanzania	Opportunity Uganda	Eliminations	2011 Banks consolidated
269,260	1,348,709	1,059,863	4,997,490	1,607,232	511,847	4,923,912	—	56,327,810
65,898	205,195	10,025	44,777	1,016,462	187,217	1,154,502	—	12,764,736
335,158	1,553,904	1,069,888	5,042,267	2,623,694	699,064	6,078,414	—	69,092,546
—	154,112	—	1,164,522	105,276	—	793,359	(312,953)	5,548,285
29	20,125	—	—	—	—	49,116	—	5,230,981
31,755	21,011	30,723	667,699	107,640	25,983	700,812	—	8,935,456
1,453,404	1,828,377	972,947	3,273,183	2,865,399	2,424,498	4,866,875	—	60,339,709
1,485,188	2,023,625	1,003,670	5,105,404	3,078,315	2,450,481	6,410,162	(312,953)	80,054,431
2,523	—	—	—	—	—	(270,667)	—	(2,691,101)
(1,152,553)	(469,721)	66,218	(63,137)	(454,621)	(1,751,417)	(61,081)	312,953	(8,270,784)
(39,995)	(89,081)	(273,602)	(60,576)	(933,783)	(243,830)	(343,304)	(62,852)	(1,258,899)
—	—	—	—	—	—	—	3,108,887	3,108,887
(39,995)	(89,081)	(273,602)	(60,576)	(933,783)	(243,830)	(343,304)	3,046,035	1,849,988
(1,192,548)	(558,802)	(207,384)	(123,713)	(1,388,404)	(1,995,247)	(404,385)	3,358,988	(6,420,796)
Opportunity DRC	Opportunity Kenya	Opportunity Mexico	Opportunity Romania	Opportunity South Africa	Opportunity Tanzania	Opportunity Uganda	Eliminations	2010 Banks consolidated
			(b)					
—	1,113,858	943,590	998,403	1,356,321	419,780	4,144,952	—	49,497,448
199,244	186,931	10,935	(166,792)	790,604	71,633	632,812	—	9,777,286
199,244	1,300,789	954,525	831,611	2,146,925	491,413	4,777,764	—	59,274,734
—	81,101	—	169,378	—	1,401	423,287	(17,500)	7,888,049
—	15,334	—	—	—	—	23,246	—	2,356,310
—	(146,137)	9,667	15,036	742,718	217,693	406,521	—	9,584,290
585,236	2,018,186	975,524	489,879	2,307,323	2,308,870	4,167,831	—	50,415,117
585,236	1,968,484	985,191	674,293	3,050,041	2,527,964	5,020,885	(17,500)	70,243,766
—	—	—	(8)	—	—	(81,764)	—	(593,979)
(385,992)	(667,695)	(30,666)	157,326	(903,116)	(2,036,551)	(161,357)	17,500	(10,375,053)
53,659	100,097	114,000	609,746	570,933	32,940	(778,222)	(421,778)	(3,478,986)
—	—	—	—	—	—	—	1,132,874	1,132,874
53,659	100,097	114,000	609,746	570,933	32,940	(778,222)	711,096	(2,346,112)
(332,333)	(567,598)	83,334	767,072	(332,183)	(2,003,611)	(939,579)	728,596	(12,721,165)

Supplementary Schedule 3

OPPORTUNITY TRANSFORMATION INVESTMENTS, INC.

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

Years ended December 31, 2011 and 2010

Statements of Activities	2011	2010
Operating activities:		
Revenue:		
Contributions	\$ 11,568,046	9,346,082
Loss from subsidiary banking activities	(5,161,897)	(9,242,180)
Unrealized loss on foreign currency translation	(1,258,899)	(3,478,986)
Other, including loss on sale of investment in subsidiary	(851,352)	3,363,684
Total revenue (loss)	4,295,898	(11,400)
Expenses:		
Management and general	3,359,579	1,866,680
Increase (decrease) in net assets from operating activities	936,319	(1,878,080)
Net assets:		
Beginning of year	52,342,668	54,220,748
End of year	\$ 53,278,987	52,342,668
Statements of Financial Position		
Assets:		
Cash and cash equivalents	\$ 269,642	67,647
Restricted cash and investments	9,284,788	11,236,023
Other receivables and prepaid expenses	6,287,380	6,195,177
Notes receivable	1,624,110	2,679,397
Investment in other institutions	55,870,615	48,263,691
Total assets	\$ 73,336,535	68,441,935
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,609,114	424,267
Notes payable	17,448,435	15,675,000
Total liabilities	20,057,549	16,099,267
Unrestricted net assets	53,278,987	52,342,668
Total liabilities and net assets	\$ 73,336,536	68,441,935

See accompanying independent auditors' report.