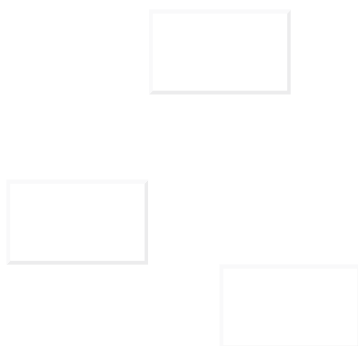




OPIC

2012 ANNUAL REPORT

building for **GROWTH**
innovating for **CHANGE**



OPIC's 2012 annual report presents many of the key projects and agency priorities of the past year. In addition to this report, OPIC provides regular updates on our work throughout the year.

To learn more about our ongoing work supporting development around the world, visit our website at www.opic.gov, The OPIC Blog at www.opic.gov/blog, and our social media pages.



Overseas Private Investment Corporation



@OPICgov

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“OPIC’s approach to international development is effective and efficient: Effective because we operate with commercial discipline, and efficient because we actually generate income for the American taxpayer and the federal budget.”

letter from the **PRESIDENT**

By the time a child born today reaches the age of 18, our planet will be home to more than eight billion people and an additional three billion people will have joined the middle class. They will be more educated, and more mobile than any generation in history. Increased demand for natural resources, goods and services will require new approaches to agriculture, sustainable power generation and infrastructure. The Overseas Private Investment Corporation is committed to supporting the global transformation to a more sustainable, equitable and lower-carbon economy that supports job creation, greater resource efficiency, healthier populations and a cleaner, more secure energy supply.

As I reflect on what was another banner year for OPIC, I am pleased to report that the U.S. Government's development finance institution was again a powerful force in catalyzing private investment for sustainable development around the world. Our innovative loans, guarantees, and insurance supported investments in critical infrastructure, agriculture, education and financial services, expanding access to clean energy, reducing poverty, improving lives, advancing U.S. foreign policy and creating new markets for American businesses.

In 2012, OPIC:

- Dramatically expanded commitments in renewable resources to \$1.6 billion, up more than 50-fold since 2008.
- Redoubled efforts in Africa, in support of Obama Administration priorities. Today, projects in Africa account for nearly a quarter of OPIC's global portfolio, up from six percent a decade ago.
- Supported projects in the Middle East that will drive investment and boost small business. To date, OPIC has committed nearly half the amount the Obama Administration pledged to the region in the wake of the Arab Spring.
- Generated a net profit of \$272 million, enabling the Agency to be fully self sustaining and to help reduce the federal deficit for the 35th consecutive year.

OPIC's high-quality, high-impact \$16.4 billion portfolio is spread across 103 developing and post-conflict countries. Each project applies innovative financial

solutions to help **U.S. businesses** — both large and small — invest and grow in emerging markets. From \$185 million in financing to support construction of twin 20-megawatt solar power plants in Peru, to a \$2 million loan to a Tennessee-based horticulture business introducing modern plant propagation technology in Rwanda, OPIC in 2012 helped our clients contribute to development while growing their businesses, creating jobs both at home and abroad.

Innovative organizations seek continually to explore new tools, partnerships and frontiers. Last summer, I joined Secretary of State Clinton in announcing the U.S.-Africa Clean Energy Finance Initiative, a new partnership of several U.S. Government agencies, that will help stimulate clean energy investment in Africa. Later in the year, I traveled to South Sudan, the world's newest nation, to help identify the investment urgently needed to begin to build infrastructure and establish a manufacturing capacity in that fledgling state.

Innovating to improve efficiency and performance has reaped powerful gains in OPIC's internal operations as well. These successes are evident not only in our financial results and the quality of projects supported, but in a streamlined application system that has reduced processing time for clients. OPIC's effectiveness and efficiency is reflected in the fact that every dollar invested in OPIC's budget supports \$155 in private investment for development.

I often say OPIC is living proof that private investment for the public good can work and does work. This is particularly vital at a time when private capital is needed to address so many critical world challenges, from hunger to energy security, urbanization and the growth of the consumer class.

My heartfelt thanks go out to all of the OPIC clients and project sponsors who worked with us over the past year. It is a privilege to support such extra-ordinarily committed global change agents.



Elizabeth L. Littlefield
President and CEO
Overseas Private Investment Corporation

OPIC BY THE NUMBERS

STAFF **220**

TOTAL PORTFOLIO **\$16.4 billion**

ACTIVE COUNTRIES **103**

PORTION OF PROJECTS INVOLVING
U.S. SMALL BUSINESSES **73%**

TOTAL COMMITMENTS IN
LOW-INCOME COUNTRIES **\$1 billion**

TOTAL COMMITTED TO
RENEWABLE RESOURCES PROJECTS **\$1.6 billion**

TOTAL COMMITTED TO PROJECTS
WITH IMPACT INVESTING INTENT **\$333 million***

TOTAL COMMITTED TO
NEW INVESTMENT FUNDS **\$287 million**

NET INCOME **\$272 million**

U.S. EXPORTS PROJECTED **\$435 million**

AMOUNT IN INVESTMENT EVERY DOLLAR
OF OPIC BUDGET SUPPORTS **\$155**

*This figure represents the total value of OPIC projects where impact investing was the intent of the project. It does not include some additional transactions that delivered social or environmental returns that were not the stated intent of the project.

innovative SOLUTIONS for a changing world

As the U.S. Government's Development Finance Institution, OPIC understands that the work required to address critical development challenges around the world far exceeds the resources of any government or private donor. OPIC has a long track record of working with the private sector to promote sustainable economic development in frontier and post-conflict regions.

OPIC's loans and guarantees mobilize other private capital investments in some of the world's most challenging business environments. OPIC's political risk insurance helps protect clients and their projects from unforeseen events such as expropriation or political violence. OPIC is also one of the largest sponsors of private equity funds in emerging markets and has significantly contributed to the development of the emerging markets private equity industry, which channels substantial funds to key projects in sectors such as water, healthcare, education, financial services and sustainable agriculture in remote areas.

OPIC's experience doing business in emerging markets is unrivaled and its financial support helps American businesses gain entry to these fast growing new markets, where there is a growing class of consumers and growing demand for goods and services. Since 1971, OPIC has supported more than \$200 billion of investment in more than 4,000 projects, which have generated an estimated \$75 billion in U.S. exports and supported more than 277,000 American jobs.

The OPIC model is effective and efficient: The Agency operates on a self-sustaining basis at no net cost to American taxpayers, and has helped reduce the federal deficit for 35 consecutive years. The model is also flexible, innovative and responsive to changes in the world economic and political landscape. In recent years, the Agency has increasingly focused on the Middle East, in response to uprisings in that region; as well as Sub-Saharan Africa, the site of many of the world's fastest growing economies; and on renewable resources, which are essential to sustainable development. OPIC has developed new finance and insurance products to adapt to changing client needs in challenging markets, and it continues to find new ways to reach some of the world's poorest and most remote populations.

The many different projects OPIC supported over the past year illustrate the breadth of its work, not only across the 103 countries where it had active projects, but also covering a wide range of deal sizes and structures. The Agency's 2012 projects include a \$3.5 million loan to support the construction of water treatment facilities in India and \$250 million in financing to support the construction of a solar power plant in an underdeveloped region of South Africa.

Historically, every dollar of OPIC support has leveraged, on average, about \$2.60 in private sector investment. The efficiency of this model is reflected in the broad impact the Agency's projects have around the world and in its bottom line. In fiscal year 2012, OPIC earned a net profit of \$272 million.

The first step in winning the future is encouraging American innovation.

— President Barack Obama



OPIC's support for projects that construct or expand schools in the developing world helps prepare more students for higher education and careers.

where we **WORK**



INNOVATIVE BUSINESSES

OPIC services are available in 160 developing countries around the world. At the end of fiscal year 2012, the Agency had active projects in 103 countries. Many of these nations lack basic infrastructure to support their growing populations.

But an emerging middle class throughout much of Africa, the Middle East, Asia and Latin America has also increased demand for housing, education and access to financial services. And as the events of recent years have shown, new challenges are always arising. Unexpected events from the Arab Spring to natural disasters serve to illustrate that, to be effective, foreign direct investment must be nimble and responsive to constantly changing conditions.

OPIC's model for addressing such a range of critical development challenges is based on the understanding that business can be a force for good and that business investment is the major driver of job creation and economic growth. OPIC partners with private sector innovators who are developing new and improved ways to increase food production, provide power for communities who lack it and support the small businesses and enterprises that will create employment and stable societies.

SUB-SAHARAN AFRICA

In 2012, OPIC committed \$907 million to projects in Sub-Saharan Africa, a region that is seeing rapid economic growth with the help of liberalized trade policies and other regulatory reforms in many countries. In response to both the great need for investment and the significant opportunity, OPIC has increased its focus on Africa, which now accounts for nearly one quarter of the Agency's global portfolio.

While OPIC continues to support projects that will address widespread poverty on the continent, it also recognizes that a significant and growing portion of the population now has disposable income. Over the past decade,

Africa's middle class grew by 60 percent and the number of African households with discretionary income is expected to grow by another 50 percent over 10 years.

The Agency is providing \$72 million in financing to help bring affordable high-speed Internet, phone and television service to underserved markets in East Africa. The OPIC loan will enable Wananchi Group (Holdings) Ltd. to deliver quality programming, including education, information and entertainment, through its Zuku Programming Division. This will include a strong focus on local programming and a learning channel for children in the urban and rural areas of Kenya, Tanzania and other African countries. The Wananchi deal is expected to generate more than 1,000 local managerial and professional technical jobs.

OPIC's 2012 projects in Africa also include the approval of up to \$150 million in financing for African Development Partners II, a pan-African fund that will invest in sectors such as pharmaceuticals, telecommunications and agribusiness that serve the emerging middle class.

And OPIC approved up to \$100 million for Actis Africa Real Estate Fund 2 LP, which will develop commercial real estate in countries such as Ghana, Kenya, Nigeria, Tanzania, Uganda and Zambia, which are seeing rapid urbanization and need more office space to support urban jobs and development.

■ MIDDLE EAST AND NORTH AFRICA

After quickly responding to the uprisings in the Middle East in 2011, OPIC worked over the past year to develop projects in the region that would stimulate private investment and promote job creation and economic stability. Much of OPIC's work in the region focused on supporting the entrepreneurs and small and medium-sized enterprises (SMEs) that account for a large portion of local jobs but struggle to access capital.

In 2012, the Agency signed a commitment of up to \$150 million with the private equity group Abraaj Capital to support lending to entrepreneurs and SMEs in the Middle East and North Africa region through the Riyada Enterprise Development Growth Capital Fund, which will provide financing in amounts as small as \$500,000 to businesses in various sectors including healthcare, education, financial services and technology sectors.

Also in 2012, OPIC committed \$80 million to four banks in Jordan under a loan guaranty facility approved in 2011 to support small business lending in the country. There are millions of small and medium enterprises throughout the MENA region but many do not have access to credit. By supporting lending to these businesses, banks are helping to remove an important impediment to private sector growth and job creation in the region.

■ FRAGILE STATES

While development aimed at addressing major world challenges is at the core of OPIC's work, so too is development work that supports U.S. foreign policy and national security interests.

OPIC often operates in post-conflict countries such as Iraq and Afghanistan, where economic growth is critical to achieving political stability. For example, OPIC is helping to address a decades-long housing shortage in Iraq, with a \$26 million loan to support the construction of 900 middle-income housing units in the Kurdistan region of Northern Iraq. The OPIC loan to Claremont Erbil LLP, which was formed by four principals of the New York real estate developer The Claremont Group, will cover construction costs and will roll over into a 10-year facility to finance the buyers under lease-to-purchase agreements.

The new housing complex will also include both community and commercial space and will create local jobs in Iraq.

PARTNERING FOR GREENER HOTELS

Hotels are essential to driving business activity and tourism that fosters development in frontier markets. OPIC and Marriott International, Inc. are working together to develop environmentally sustainable, LEED-certified hotels in the Middle East, Africa, Latin America and the Caribbean. Under the terms of a 2012 Memorandum of Understanding, OPIC will make long-term loans of up to \$200 million to the third party owners of the hotels, while Marriott will provide hotel management or franchising services under separate agreements. Each hotel will be evaluated on its own merits and subject to regular OPIC due diligence procedures.



■ ASIA

Despite the success of microfinance in recent years, one persistent challenge has been reaching the world's poorest people. OPIC is helping address this with a \$21.5 million loan guaranty to support a local currency loan from Citibank Indonesia to Bank Andara. Bank Andara will use the funds to on-lend to local microfinance institutions, many of which focus specifically on lending to the very poor.

As a wholesaler to other microfinance institutions, Bank Andara is a force multiplier for low-income households and small entrepreneurs in rural Indonesia. In addition, through innovative technology, Bank Andara is also providing basic financial services such as bill payments, money transfers and savings accounts to micro entrepreneurs and small businesses.

■ LATIN AMERICA

OPIC often works with local lenders to help support their lending to low and middle-income communities. One widespread challenge in Latin America is the lack of lending for higher education. Since government subsidies for student loans are limited in most of these regions, many local youth cannot afford to go to college, but those who do graduate from a university earn salaries three to five times greater than those of high-school graduates.

To address this need, OPIC is providing a \$10 million loan to the Higher Education Finance Fund and the Calvert Social Investment Foundation, Inc. to provide loans to microfinance institutions and other financial intermediaries, which will in turn provide loans for higher education to underprivileged youth in Guatemala, Honduras, Dominican Republic, Peru, Bolivia and Paraguay.



Workers at the Savannah Fruits Company in Ghana, which helps connect local shea butter producers to global cosmetics manufacturers. OPIC has supported the company through its financing to the nonprofit social investment fund Root Capital.

sectors we **SUPPORT**



INNOVATIVE TRANSACTIONS

Working in frontier markets often involves uncertain and evolving regulatory and legal environments, shallow local capital markets, low credit ratings and other challenges related to doing business in local currencies.

OPIC transaction teams are experienced problem-solvers who can structure transactions and craft solutions that are tailored to each client's unique circumstances.

RENEWABLE RESOURCES

OPIC believes that development must focus on people and on the planet. The Agency has rapidly grown its portfolio of renewable resources projects, helping developing countries reduce reliance on energy imports and generate cleaner sources of power. In 2012, OPIC's commitments to renewable resources projects increased dramatically, by 37 percent over the prior year.

OPIC is active in the financing of major solar, wind and geothermal power plants in the developing world, where the size and complexity of these projects can exceed local banks' lending capacity. OPIC's 2011 deal to finance the construction of Peru's first large-scale solar power project was named the 2011 "Latin American Renewables Deal of the Year 2011" by *Project Finance* magazine. The publication said OPIC's 19-year loan was critical in a country that had no track record of utility-scale solar power plants. OPIC followed that investment in 2012 with approximately \$180 million in financing to support the construction of two additional 20-megawatt solar power plants in Peru's rural south. These power plants will serve many of the six million rural Peruvians who lack access to power, and will help Peru make use of its abundant solar energy.

When South Africa launched an ambitious renewable energy program, OPIC and the U.S. company MEMC Electronic Materials, Inc. partnered to support it. An OPIC commitment of \$250 million to Firefly Investments and MEMC will support construction of a 60-megawatt solar power plant in a rural section of Free State, South Africa.



OPIC financing is supporting the introduction of a plant propagation technology designed to yield healthier crops in Rwanda, where diseased plants and old seedlings have contributed to a serious decline in the country's production of food.

This investment will help South Africa meet growing power demand and will also support economic development in an underdeveloped region of the country.

And OPIC is financing the first renewable energy biomass plant to supply power to the national grid in Pakistan. The 12-megawatt power plant will be built to run on a variety of waste products, mainly bagasse, a byproduct from the processing of sugar cane.

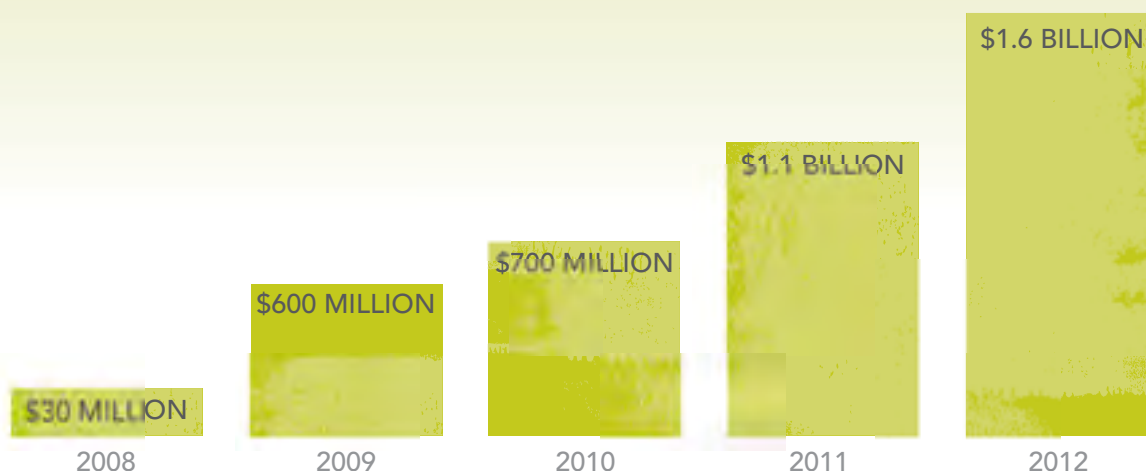
■ AGRICULTURE

Increasing agricultural production and food security is a key component of OPIC's focus on renewable resources. The Agency's commitments to projects

in sustainable food production and clean water rose sharply in 2012, to nearly \$600 million. OPIC committed \$190.2 million in political risk insurance to support a capital markets financing for a project to modernize the agricultural sector and boost food production in Ghana. The commitment was issued to Belstar Capital Limited, which is arranging the project's financing. The project will overhaul Ghana's agricultural sector, which is hampered by low production and massive postharvest losses. Because agriculture comprises more than half of Ghana's labor force, this project will also create jobs and income, particularly for the country's small-scale farmers.

GROWING SUPPORT FOR RENEWABLE RESOURCES

FINANCE AND INSURANCE COMMITMENTS TO RENEWABLE RESOURCES



SUPPORTING U.S. INVESTMENT IN EGYPT

Apache Corp. is the largest U.S. investor in Egypt and the largest producer of natural gas in the Western Desert, an area vital to the continued growth of the Egyptian economy. Since 2004, OPIC has maintained long-term commitments to provide \$300 million of political risk insurance to Apache, covering

its investments in Egypt. OPIC has also established reinsurance agreements with both U.S. private market and multilateral insurers, which have materially contributed to Apache's arrangement of more than \$1 billion of political risk coverage. This coverage was critical to Apache's ongoing investment in Egypt.



■ INFRASTRUCTURE

The damage left in the wake of the 2010 earthquake in Haiti is staggering. More than 4,000 schools and 180 government buildings, along with one out of ten houses in the capital city of Port au Prince, were destroyed. To support the continuing recovery efforts, a \$6 million OPIC loan to Haiti 360 LLC helped to establish two manufacturing plants that will make a high-quality concrete that is needed to rebuild homes and other infrastructure. Concrete from the new plants is being used in the construction of more than 500 homes in 2012 and for other infrastructure projects including a runway extension to accommodate jets at the Cap-Haitien International Airport. One of the first jets to land

on the newly extended runway carried Secretary of State Hillary Clinton, who traveled to Haiti with a trade and business delegation.

OPIC is also working with USAID as well as the Clinton-Bush Haiti Fund to address a critical need for mortgage financing in Haiti, where hundreds of thousands of people continue to live in tents and other temporary housing. The Agency provided \$17 million in long-term loans to the Development Innovation Group, a Maryland finance and development firm, which will be used together with grants from USAID and the Clinton-Bush Haiti Fund to support lending in amounts as small as \$1,000 for mortgages and home repairs for low-income borrowers.



■ SMALL AND MEDIUM ENTERPRISE LENDING

Garanti Bank of Turkey is using \$400 million of OPIC financing to expand lending to small and medium enterprises, with particular focus on women entrepreneurs. Small and medium businesses form the backbone of Turkey's economy, as they do in most countries. Yet while these small and medium-sized enterprises account for about three quarters of all employment in Turkey, they receive only about a third of all loans. Garanti has identified SME financing as one of its key growth strategies, and is also focused on providing financing to women-run businesses. The bank offers a Women's Entrepreneurship Support Package that includes tailored products and services along with training to support women in growing their businesses.

■ HEALTHCARE

Sub-Saharan Africa carries a disproportionate amount of the world's disease burden, yet accounts for less than one percent of global health expenditures. A \$5.4 million OPIC loan to the Medical Credit Fund is focused on helping small and mid-sized healthcare providers receive the capital they need to improve the quality of care they provide. Medical Credit Fund partners with local banks to provide loans to small private healthcare providers in Tanzania, Ghana, Kenya and Nigeria, with plans to expand to additional countries in Sub-Saharan Africa. The Fund lends to healthcare facilities through an incremental process in which facilities that have never before borrowed start with a small loan and graduate to larger loans based on borrower performance and need. Medical Credit Fund also has a technical assistance program to ensure its funding is well spent. What makes Medical Credit Fund especially innovative is its "layered capital" structure. By using philanthropic capital to catalyze large amounts of funding from private and public sources, the Fund is able to increase its developmental impact significantly.



IMPACT INVESTING

Impact Investing is capturing the imagination of investors and entrepreneurs all over the world. Impact investments aim to transform capital into answers for common challenges such as access to education, financial inclusion, housing, healthcare and climate change, while at the same time generating sufficient returns to constitute viable investments.

Impact Investing builds on the concept of socially responsible investing (SRI), which screens projects for high standards related to the environment, human and worker rights and corporate governance. But impact investing goes further than SRI by supporting businesses that seek from the outset to solve a social or environmental problem in a commercially viable manner.

OPIC has a long history of transforming private capital into solutions for common social and environmental challenges around the world, and today is the largest impact investor in the U.S. Government, with \$333 million committed in 2012.

In 2012, OPIC approved financing for six new impact investment funds, including the Sarona Frontier Markets Fund 2, LP. Sarona is targeting funds that invest in frontier countries with per capita GDP of less than \$12,000 in sectors such as water, healthcare, education, access to finance and sustainable agriculture.



IMPACT INVESTING 2008-2012*

TOTAL NUMBER OF IMPACT PROJECTS	129
TOTAL VALUE OF IMPACT PROJECTS SUPPORTED	\$2.4 billion
TOTAL NUMBER OF HOST COUNTRY JOBS SUPPORTED	10,657

* Numbers represent impact investing with intent and exclude transactions that have generated social or environmental returns that were not the main intent of the project.

Because Sarona, a "fund of funds," has a deep pipeline of funds and a sophisticated system for vetting fund management teams, the deal structure will enable OPIC to indirectly support multiple funds more efficiently than it could through individual investments.



OPIC President and CEO Elizabeth L. Littlefield talks with local reporters in Juba, South Sudan after announcing that OPIC was open for business in the newly formed country.

AN innovative AGENCY



■ INVESTING IN EFFICIENCY

OPIC has long worked to foster a culture of innovation and this focus is reflected in many of the Agency's internal operations, its financial results and its groundbreaking finance and insurance products. Operating with a staff of just 220 in fiscal year 2012, OPIC earned a net profit of \$272 million.

In 2012, OPIC ranked second for innovation among small U.S. Government agencies, and was recognized for its ability to adapt to change by seeking new and improved ways of doing business. The results were based on responses to a *Federal Employee Viewpoint Survey* in which OPIC employees said they were encouraged to seek new ways to work more effectively in a workplace that recognized creativity and innovation.

Many of those improved business processes were made in response to President Obama's *Accountable Government Initiative*. OPIC has in recent years launched a range of initiatives designed to save money and operate more efficiently. These efforts have enabled the Agency to achieve a greater development impact with limited resources.

By simplifying the process for reviewing applications, OPIC has reduced the typical approval cycle time. OPIC has also worked to delegate some of the due diligence involved in loan origination by negotiating framework agreements with U.S. banks and other financial institutions. And it has negotiated a cooperation agreement with fellow development finance institutions such as the International Finance Corporation to harmonize loan documentation and other processes. Because so many OPIC clients also work with other DFIs, this has helped to save time and reduce costs for lenders as well as clients.

In addition to speeding and simplifying applications and other internal processes, OPIC has made targeted investments in information technology to improve internal operations and has achieved significant savings in core technology costs and non-salary administrative costs.

■ IMPROVING COMMUNICATIONS AND TRANSPARENCY

As part of its ongoing efforts to highlight the Agency's work and improve transparency and interaction with customers, OPIC in 2012 unveiled a new public website at OPIC.gov. The new site offers detailed descriptions of all the Agency's products and services and links to all customer forms and applications. It also features an interactive map highlighting many key OPIC projects around the world and regular updates on The OPIC Blog.

OPIC has also made information about its products and services available on the BusinessUSA.gov website, created in response to President Obama's directive to build a centralized, one-stop platform of the government programs available to American businesses. The BusinessUSA website compiles information about the services of 14 U.S. Government Agencies, including OPIC, the Export-Import Bank of the United States, the Small Business Administration and the U.S. Trade and Development Agency.

■ INNOVATING PRODUCTS TO BETTER SERVE CLIENTS

Environmental Finance magazine in 2012 named an OPIC forest carbon project in Cambodia as its "Sustainable Forestry Transaction of the Year" for excellence in addressing world environmental problems and bringing a solution to investors in this new sector.

The award recognized OPIC's contract to provide political risk insurance to Terra Global in a REDD project (Reduced Emissions from Deforestation and Degradation), which uses market incentives to promote sustainable forest management. The Terra Global project will help protect large swaths of forest in Cambodia through the sale of carbon credits in international markets. OPIC's insurance protects Terra Global's investment from potential expropriatory changes in national and local government laws over the life of the project.

OPIC in 2012 also introduced another new political risk insurance product aimed at protecting private equity fund investments in emerging markets. The coverage provided under the new facilities can be applied in multiple ways and will be available for either a specific fund's investment or all of a fund's individual investments.

■ SOUTH SUDAN: THE WORLD'S NEWEST DEVELOPING COUNTRY

In October 2012, OPIC opened for business in one-year-old South Sudan, the newly formed African country that separated from Sudan in 2011. The young country faces formidable development challenges, including a lack of basic infrastructure, but also boasts vast natural resources, including oil, rich farmland and abundant wildlife.

For OPIC, which has a long history of helping businesses operate in some of the world's most challenging places, South Sudan — like the rest of the developing world — is a place of great opportunity. By opening for business in South Sudan, OPIC hopes to attract U.S. investment to help create jobs and spur economic development in the young country.





EXPANDING HORIZONS WORKSHOPS: HELPING U.S. SMALL BUSINESSES ENTER NEW MARKETS

Since 1971, OPIC projects in developing countries have supported 277,000 American jobs as well as procurement of U.S. goods and services that have generated an estimated \$75 billion in exports. Companies in virtually all 50 states have benefited.

Developing countries, which are home to a large and growing portion of the world's consumers, represent a significant opportunity for American businesses. But while many major corporations are already tapping into these markets, smaller businesses have been slower to enter.

In an effort to help more U.S. small businesses understand the value of expanding into developing markets, OPIC has, since 2006, traveled around the United States to host a series of *Expanding Horizons* workshops. These events highlight the ways that OPIC finance and political risk insurance can help small businesses enter challenging markets abroad.

When President Obama set a target in 2010 of doubling America's exports by 2015, he also gave agencies like OPIC an emphatic directive to help more small businesses invest and export abroad. While there are significant opportunities for small businesses that expand into emerging markets, there are also significant challenges, including finding financing and reliable foreign partners, protecting intellectual property and navigating the complexities of foreign tax regulations and political risks. The *Expanding Horizons* workshops help educate small businesses about the ways OPIC finance and political risk insurance can support their investments in these new markets, as well as the ways that other U.S. Government Agencies, such as the Small Business Administration and the U.S. Trade and Development Agency, can help.

In 2012, OPIC doubled its outreach to U.S. small businesses, hosting six workshops from Chicago and Seattle to New Orleans; Raleigh, North Carolina and Kansas City, Missouri. OPIC's June *Expanding Horizons* workshop in New York City drew 190 small business owners from 16 states and four countries. To date, more than 2,100 small businesses have participated in the workshops.



PHOTO: HEALTHPOINT

A villager in a remote region of India picks up his daily supply of clean drinking water that has been purified by OPIC loan recipient Healthpoint Services Global India Ltd.

and HIGH STANDARDS CLOSE MONITORING



OPIC's core mission is to advance sustainable development, and it strives to support projects that deliver a real and measurable developmental impact. The Agency has long been a leader among international investment institutions in creating and applying high standards that advance long-term, sustainable development. It was one of the first development finance institutions to create a workers' rights policy, and, today, OPIC also has the most progressive and transparent commitment to low carbon economic development of any development finance institution.

OPIC holds all of its projects to high standards, and works to ensure that the projects in which it invests

- are environmentally and socially sustainable
- respect human rights, including workers' rights
- have no negative impact on the U.S. economy
- encourage real and measurable host country developmental benefits.

In addition to its stated mission of advancing sustainable development, OPIC was among the first to track and analyze developmental impact across its portfolio. Today, OPIC employs a staff of 20 economists, environmental experts and labor analysts who conduct a rigorous analysis of every potential project and its expected developmental impact and impact on the U.S. economy. Ultimately only a small portion of the projects screened are approved. OPIC also monitors every active project from inception to conclusion with detailed annual self-monitoring questionnaires and random on-site monitoring. In 2012, the Agency visited 32 projects to monitor them on-site, to ensure they did not harm the U.S. economy and to measure their local developmental benefits.

Each year, OPIC publishes an *Annual Policy Report* for Congress that summarizes the developmental impact of its work. OPIC also uses this data internally to understand the impact of the different projects it supports and how it can further its

OPIC'S PROJECT APPROVAL PROCESS

INITIAL INQUIRIES

APPLICATION

DUE DILIGENCE

CLEARANCE
FOR
COMPLIANCE
WITH OPIC
POLICIES

APPROVAL

FIRST
DISBURSEMENT

developmental work. Because measuring a project's developmental impact is a complex process that involves looking at multiple factors — from the number of local jobs created to the environmental benefits and the project's ability to benefit poor or underserved populations — OPIC also regularly reviews its methodology.

In 2012, OPIC revised the "development matrix" it uses to measure the developmental impact of projects, in order to simplify the measure and build on past experience to focus on the factors that are most relevant to development. OPIC also reviewed measurement techniques used by other development finance institutions and incorporated best practices. The new matrix, which was rolled out in October 2012, measures projects across five key categories:

- **Jobs and human capacity building:** OPIC looks at the number of local jobs a project will create, as well as the quality of those jobs measured by pay, benefits and other factors such as on-the-job training.
- **Demonstration effects:** OPIC considers whether the project will result in the introduction of new products, services, business practices or production processes in the host country, as well as whether it may have a positive influence on the local regulatory or legal environment.
- **Host country impact:** OPIC looks at whether the project will result in procurement of local goods and services, whether it will generate export earnings, or pay some form of local taxes, fees or duties to the local government.
- **Development reach:** OPIC considers the number of people in the host country who will directly or indirectly benefit from the project and how effective it will be in benefiting the poorest members of society by supporting physical infrastructure such as communication, transportation, energy and water, as well as housing, food supply, education and healthcare.
- **Environmental and community benefits:** OPIC looks at a wide range of potential benefits, such as the creation of a new supply of renewable power, as well as the possible introduction of corporate social responsibility initiatives that offer new social benefits to the local community.

SMALL LOAN, BIG IMPACT

In 2012, OPIC committed a \$3.5 million loan to Healthpoint Services Global India Ltd., an affiliate of the U.S. company Healthpoint Global Services, Inc., to support the construction of small water treatment facilities serving some 500 communities that have limited access to safe drinking water.

Using reverse osmosis and ultraviolet technologies to purify water to prevent waterborne diseases and other problems such as unhealthy levels of fluoride and dissolved salts, the Healthpoint project earned the highest score on OPIC's development matrix among all the projects the Agency committed in fiscal year 2012. In addition to providing these clear health benefits, the project's strong economic benefits also contributed to its high development score. By its fifth year in operation, the project is expected to create about 600 permanent jobs that provide significant employee benefits such as healthcare and stock ownership. The project is also expected to generate procurement of goods and services from local businesses.

While OPIC carefully reviews all proposed projects and only supports those determined to deliver a strong development impact, Healthpoint, with its particularly high development score, serves as a paradigm of the sort of project OPIC supports and its extensive, comprehensive review of all projects.



PHOTO: HEALTHPOINT

PARTNERING FOR GREATER IMPACT

Partnerships are an essential part of OPIC's work mobilizing private investments to combat poverty, promote development around the world and advance American foreign policy. Because public sector and nonprofit resources are on their own insufficient to address the developing world's major problems of hunger, housing shortages and insufficient energy and infrastructure, OPIC has, by partnering with the private sector, brought significant investment sums to many regions of the world that need it most. Every dollar from OPIC's budget supports \$155 in private investment. As the U.S. Government's Development Finance Institution, OPIC is also an active partner with other U.S. Government agencies and works with them to channel private investment into projects addressing the world's most pressing needs.

CLEAN ENERGY

Although Africa has abundant clean energy resources, there is often insufficient financial support for even the most promising projects.

The *U.S.-Africa Clean Energy Finance Initiative* (US-ACEF) is a new partnership of OPIC, the U.S. Department of State and the U.S. Trade and Development Agency to drive private sector investment to bring more clean energy to Africa. OPIC President Elizabeth Littlefield and Secretary of State Hillary Clinton jointly announced the formation of the initiative last year at the *Rio+20* Conference.

FOOD

Many of OPIC's clean water and sustainable agriculture projects support the Obama Administration's *Feed the Future* global hunger and food security initiative which aims to help countries transform their own agriculture sectors so that they have the capacity to produce enough food to feed growing populations.

Because the vast majority of the world's food insecure and malnourished people live in developing countries, OPIC is uniquely positioned to support the *Feed the Future* initiative. Poverty and poor agricultural infrastructure are two of the key causes of hunger and malnutrition, which is why OPIC provides significant direct support for sustainable agriculture projects. Other OPIC projects that help create jobs, build roads or improve infrastructure can also indirectly help improve food security.

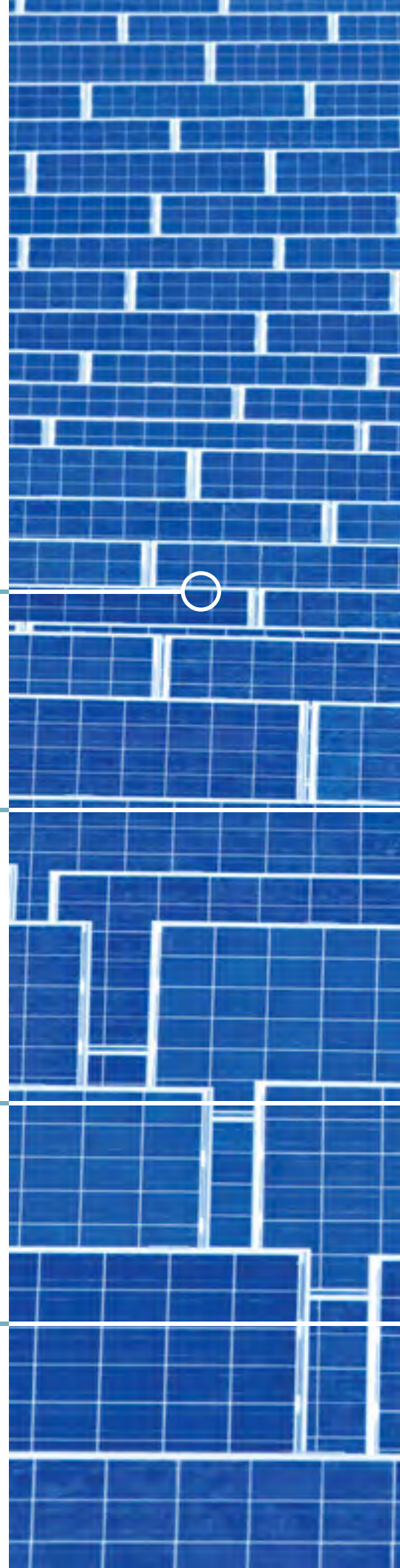
WATER

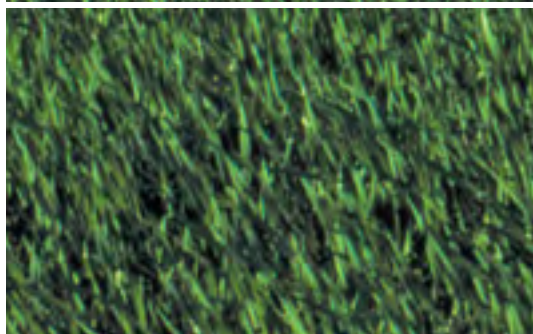
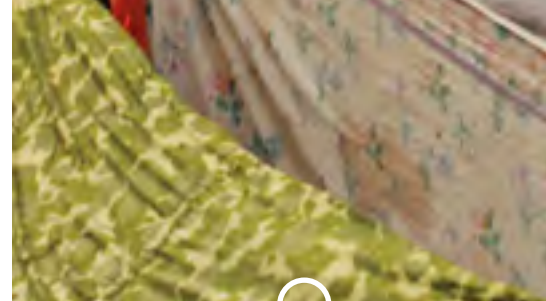
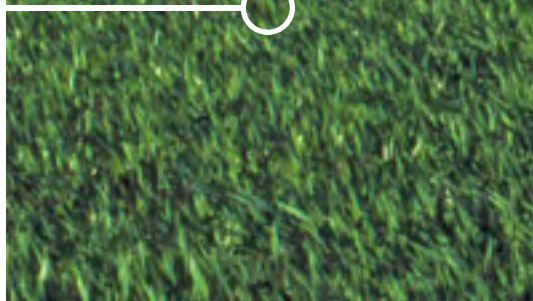
OPIC is a part of the *U.S. Water Partnership*, a U.S. State Department program to facilitate increased access to water in developing countries, partly by supporting investment in international water projects. OPIC, which has supported major clean water and irrigation projects in Algeria, Ghana, Mexico and other parts of the developing world, joins the U.S. Department of Commerce, the Export-Import Bank of the United States, the U.S. Trade and Development Agency and the U.S. Agency for International Development (USAID) in this State Department initiative.

HOUSING AND DISASTER RELIEF

OPIC is working with USAID as well as the Clinton Bush Haiti Fund to address a critical need for mortgage financing in Haiti, where hundreds of thousands of people continue to live in tents and other temporary housing in the wake of the 2010 earthquake.

The project combines loans from OPIC with grants from USAID and the Clinton Bush Haiti Fund to support microlending in amounts as small as \$1,000 for mortgages and home repairs for low-income borrowers.





countries

OPIC is authorized to do business in the following countries. In 2012, the Agency had active projects in 103 of these countries.

AFRICA AND THE MIDDLE EAST

Algeria	Chad	Gabon	Lesotho	Nigeria	Swaziland
Angola	Comoros Islands	Gambia	Liberia	Oman	Tanzania
Bahrain	Congo	Ghana	Madagascar	Rwanda	Togo
Benin	Congo, Democratic Republic of Côte d'Ivoire	Guinea	Malawi	São Tomé and Príncipe	Tunisia
Botswana	Djibouti	Guinea-Bissau	Mali	Senegal	Uganda
Burkina Faso	Egypt	Iraq	Mauritania	Seychelles	West Bank and Gaza
Burundi	Equatorial Guinea	Israel	Mauritius	Sierra Leone	Yemen
Cameroon	Eritrea	Jordan	Morocco	Somalia	Zambia
Cape Verde	Ethiopia	Kenya	Mozambique	South Africa	Zimbabwe
Central African Republic		Kuwait	Namibia	South Sudan	
		Lebanon	Niger		

ASIA AND THE PACIFIC

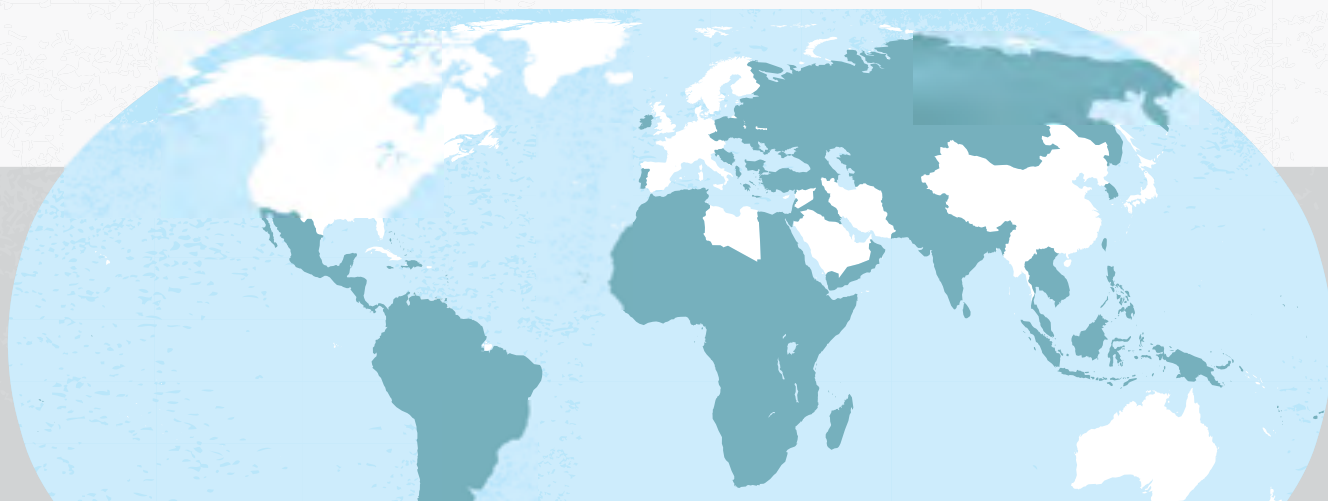
Afghanistan	India	Maldives	Mongolia	Philippines	Taiwan
Bangladesh	Indonesia	Marshall Islands	Nepal	Samoa	Thailand
Cambodia	Kiribati	Micronesia, Federated States of	Pakistan	Singapore	Timor-Leste
Cook Islands	Laos		Palau	South Korea	Tonga
Fiji	Malaysia		Papua New Guinea	Sri Lanka	Vietnam

EUROPE AND EURASIA

Albania	Croatia	Hungary	Lithuania	Poland	Slovenia
Armenia	Cyprus	Ireland	Macedonia	Portugal	Tajikistan
Azerbaijan	Czech Republic	Kazakhstan	Malta	Romania	Turkey
Bosnia and Herzegovina	Estonia	Kosovo	Moldova	Russia	Turkmenistan
Bulgaria	Georgia	Kyrgyzstan	Montenegro	Serbia	Ukraine
	Greece	Latvia	Northern Ireland	Slovakia	Uzbekistan

LATIN AMERICA AND THE CARIBBEAN

Anguilla	Bolivia	Dominican Republic	Haiti	Peru	Trinidad and Tobago
Antigua and Barbuda	Brazil	Ecuador	Honduras	St. Kitts and Nevis	Turks and Caicos
Argentina	Chile	El Salvador	Jamaica	St. Lucia	Uruguay
Aruba	Colombia	French Guiana	Mexico	St. Maarten	Venezuela
Bahamas	Costa Rica	Grenada	Nicaragua	St. Vincent and the Grenadines	
Barbados	Curaçao	Guatemala	Panama	Suriname	
Belize	Dominica	Guyana	Paraguay		



investment activities 2012

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION	AMOUNT	NOTE
AFRICA AND THE MIDDLE EAST				
EGYPT				
Citibank, N.A.	Citadel Capital Loan Facility	Expansion of debt opportunities by Citibank	\$125,000,000	Finance
GHANA				
Belstar Capital Limited	Ghana National Agriculture Development Project	Supply an installation of modern agricultural equipment	\$190,154,375	Insurance
Belstar Capital Limited	Ghana National Water Infrastructure	Rehabilitation of water system	\$286,425,000	Insurance
Three E Kumasi Investment Company LLC	International Community School Limited	Construction of new dormitories for school in Kumasi, Ghana	\$950,000	Finance
Belstar Development LLC	Ministry of Health of Ghana	Medical equipment and supplies	\$9,700,000	Insurance
IRAQ				
A. Alexander Lari, Stephen Lari & John Lari	Claremont Erbil LLC/Atlantic Village	Construction and lease purchase financing for affordable housing in Erbil	\$26,808,000	Finance
JORDAN				
AES	AES Levant Psc	250MW heavy fuel oil peaking power project	\$270,000,000	Finance
Citibank, N.A.	Jordan Micro Credit Company (Tamweelcom)	Expansion of microfinance portfolio	\$1,555,400	Finance
CHF	Arab Bank	Expansion of SME portfolio	\$15,000,000	Finance
CHF	Bank al Etihad	Expansion of SME portfolio	\$10,000,000	Finance
CHF	Cairo Amman Bank	Expansion of SME portfolio	\$40,000,000	Finance
CHF	Jordan Ahli Bank	Expansion of SME portfolio	\$15,000,000	Finance
LEBANON				
CHF International	CHF Lebanon Replacement Facility	Expansion of microfinance and SME portfolio	\$25,000,000	Finance
LIBERIA				
Broad Cove Ecohomes Liberia, Inc	Ecohomes Liberia	Residential real estate development	\$1,000,000	Insurance
Nu Strata Logistics, LLC	Nu Strata Logistics	Expansion of municipal transportation services in Monrovia	\$1,059,266	Finance
NIGERIA				
Citibank N.A.	First City Monument Bank PLC (FCMB)	Expansion of SME lending for a local mall	\$15,000,000	Finance
PAKISTAN/JORDAN/EGYPT				
Citibank N.A.*	Citibank, N.A. Pakistan Branch	Branch banking services	\$150,000,000	Insurance
RWANDA				
Steve Jones	Forestry & Agricultural Investment Management USA	Plant propagation facility	\$2,000,000	Finance
SOUTH AFRICA				
Sunedison	Firefly Investments 230 (Pty) Limited	60MW utility-scale solar photovoltaic project in Free State	\$250,000,000	Finance
SOUTH SUDAN				
International Rescue Committee	International Rescue Committee	Humanitarian activities	\$4,680,664	Insurance
TANZANIA				
Alistair James & Alden James	Alistair James Company Limited	Expansion of a regional logistics company that provides transport services to infrastructure projects, heavy industry and aid and peacekeeping operations	\$7,000,000	Finance
UGANDA				
Access Africa Fund, LLC	Pearl Microfinance Limited (PEARL)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$1,500,000	Insurance

This list represents projects to which OPIC committed in Fiscal Year 2012.

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION	AMOUNT	NOTE
AFRICA AND MIDDLE EAST REGIONAL				
Phatisa Fund Managers Limited	African Agriculture Fund	Closed-end investment fund focused on food production and supply chain	\$50,000,000	Investment Fund
Calvert Foundation	Medical Credit Fund	Short- and medium-term loans to primary healthcare providers to support low-income people	\$5,400,000	Finance
East Africa Capital Partners	Wanachi Group Holdings Limited	Expansion of East Africa cable TV and broadband satellite services	\$72,000,000	Finance
ECP Manager LP	WBC-Spencon International Limited	Expansion of construction capacity for infrastructure project	\$9,750,000	Finance
Abraaj Capital	Riyada Enterprise Dev Capital Growth Fund	SME investments across the MENA region	\$150,000,000	Investment Fund
ASIA AND THE PACIFIC				
AFGHANISTAN				
Sustainable Energy Services Afghanistan	Sustainable Energy Services Afghanistan	Installation of solar power station and transmission lines	\$3,000,000	Finance
CAMBODIA				
Developing World Markets	Thaneakea Phum Cambodia	Home improvement loans and other microfinance loan products	\$5,000,000 one project, two commitments	Finance
Developing World Markets	Thaneakea Phum Cambodia II	Home improvement loans and other microfinance loan products	\$2,000,000 one project, two commitments	Finance
INDIA				
MEMC Electronic Materials, Inc	ESP Urja Private Limited	Solar Energy	\$4,342,315	Insurance
Healthpoint Services Global	Healthpoint Services India	Build and operate community-scale water treatment facilities	\$3,500,000	Finance
US Shareholders	IDFC	Funding to expand IDFC renewable lending	\$250,000,000	Finance
Southern Energy Partners, LLC	SEP Energy Pvt. Ltd.	Wind energy production	\$1,935,000	Insurance
Preferred Brands International, Inc.	WBC-Preferred Brands International (III)	Expansion of food production facilities	\$3,900,000	Finance
INDONESIA				
Mercy Corps	PT Bank Andara	Wholesale bank providing credit, treasury management and operational services to microfinance institutions	\$21,500,000	Finance
PAKISTAN				
Aga Khan Foundation USA	Aga Khan Hospital & Medical College Fund	Medical healthcare facility expansions in Pakistan	\$30,000,000	Finance
Citibank, N.A.	Pakistan Mobil Communications Limited	Expansion of mobile telecommunications infrastructure	\$30,000,000	Finance
SSJD Energy	SSJD BioEnergy	Develop new 12MW biomass power plant	\$16,700,000	Finance
PAPUA NEW GUINEA				
Citibank, N.A.	Digicel (PNG) Limited	Expansion of cellular phone service	\$10,293,750	Finance
SRI LANKA				
Citibank, N.A.	LOLC Micro Credit Ltd.	Expansion of microfinance portfolio	\$3,500,000	Finance
EUROPE AND EURASIA				
ARMENIA				
Citibank, N.A.	ACBA-Credit Agricole Bank CJSC	Expansion of microfinance portfolio	\$3,500,000	Finance
Nishan and Margrit Atinizian	First Mortgage Company UCO LLC	Further expansion of residential mortgage lending in Armenia	\$5,000,000	Finance
Micro Vest Short Duration Fund, LP	SEF International Universal Credit Organization, LLC (SEF)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$750,000	Insurance
AZERBAIJAN				
Micro Vest+Plus, LP	NBCO Vision Fund Azercredit LLC (Azercredit)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$2,000,000	Insurance
Micro Vest+Plus, LP	Viator Microcredit Azerbaijan LLC (Viator)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$500,000	Insurance

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION	AMOUNT	NOTE
BULGARIA				
SunEdison	ZBE Partners EAD	Photovoltaic power plant	\$50,000,000	Finance
GEORGIA				
R. Michael Cowgill & Kenneth Cutshaw	GEORGIAN AMERICAN UNIVERSITY LLC	Expansion of university through renovation of building	\$3,500,000	Finance
Micro Vest+Plus, LP	JSC Bank Constanta (JSC Constanta)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$2,000,000	Insurance
Micro Vest Short Duration Fund, LP	JSC Bank Constanta (JSC Constanta)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$2,000,000	Insurance
Micro Vest+Plus, LP	LLC Microfinance Organization CREDO (CREDO)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$2,000,000	Insurance
Micro Vest Short Duration Fund, LP	LLC Microfinance Organization CREDO (CREDO)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$2,000,000	Insurance
Edward & Kay Sturdivan, Jerome T. Jerome, John Carmody et.al	Sante GMT Products LLC	Expansion of existing dairy processor to add cheese production	\$625,000	Finance
KAZAKHSTAN				
MicroVest+Plus, LP	The Limited Liability Partnership Microcredit Organization Arnur Credit (Arnur Credit)	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$500,000	Insurance
KOSOVO				
Services Group International	Not applicable	Bid bond	\$607,500	Insurance
MOLDOVA				
Soros Economic Development Fund	WBC-IM OMF Microinvest SRL	Expansion of non-bank financial institution lending portfolio for SMEs	\$3,900,000	Finance
PORTUGAL				
CSI Leasing, Inc.	CSIntelirent Lda.	Expansion of IT and office equipment leasing	\$10,000,000	Finance
TURKEY				
Citigroup	Akbank T.A.S.	Loan to support renewable energy and energy efficiency lending	\$250,000,000	Finance
MBIA	Garanti Diversified Payment Rights Finance Company	Future flow securitization of diversified payment rights	\$400,000,000	Finance
UKRAINE				
Citibank, N.A.	Astarta Kyiv LLC	Machinery and equipment for agriculture and sugar production	\$17,500,000	Finance
Citi	Poltavske HPP and Kononivsky Elevator LLC	Construction of agricultural silos	\$12,500,000	Finance
Winner Automotive Group	Winner Imports Ukraine, Ltd.	Automotive storage and sales facilities	\$20,000,000	Finance
Financial Services Volunteer Corps	WBC-Public Joint Stock Company Megabank	Expansion of borrower's SME lending portfolio	\$9,750,000	Finance
LATIN AMERICA AND THE CARIBBEAN				
ARGENTINA				
Blue Water World Wide LLC	Plaza Logistica SRL II	Phase II expansion of warehouse business in Buenos Aires	\$10,000,000	Finance
BRAZIL				
Brasileiros Venture, LLC/ Brasileiros Venture Holdings, LLC	TB-Wisenbaker	Expansion and improvement of granite quarries	\$6,000,000	Finance
COLUMBIA				
Micro Vest Short Duration Fund, LP	Fundacion Mundo Mujer	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$3,000,000	Insurance
COSTA RICA				
Citibank, N.A.	Banco Promerica	Expansion of SME portfolio	\$19,500,000	Finance
Hoi-Sang Yeung	WBC-Banco Cathay de Costa Rica S.A.	Expansion of SME lending portfolio	\$7,800,000	Finance
The Alta Group, LLC	WBC-Financiera Desyfin S.A.	Expansion of lease financing activities to SMEs in Costa Rica	\$4,875,000	Finance

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION	AMOUNT	NOTE
ECUADOR				
Micro Vest Short Duration Fund, LP	Banco ProCredit Ecuador	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$1,500,000	Insurance
Micro Vest Short Duration Fund, LP	Banco ProCredit Ecuador	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$1,000,000	Insurance
Micro Vest Short Duration Fund, LP	Banco Solidario S.A.	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$450,000	Insurance
Micro Vest Short Duration Fund, LP	Banco Solidario S.A.	Political risk insurance to a microfinance institution for the purpose of microfinance on-lending	\$450,000	Insurance
GUATEMALA				
Citibank N.A.	Asesoría en Telecomunicaciones	Expansion of mobil communications network	\$30,000,000	Finance
Citibank N.A.	Banco Reformador S.A.	Expansion of SME portfolio	\$30,000,000	Finance
HAITI				
Development Innovations Group	DIG Capital, LLC	Haiti Housing Finance Facility	\$17,000,000	Finance
Continental Grain	Les Moulins d'Haiti SEM (LMH)	Reconstruction of a flour mill expansion project	\$13,962,287	Insurance
HONDURAS				
Citibank, N.A.	Banco Ficohsa	Expansion of SME Portfolio	\$22,500,000	Finance
Wells Fargo	Financiera Comercial Hondurena	Expansion of SME portfolio	\$15,000,000	Finance
MEXICO				
Principal Plus Group, LLC	Bancash Mexico	Expansion of a micro-lending company that serves members of the national teachers union	\$50,000,000	Finance
Andrew & Williamson Sales Co., Inc.	TB-Andrew y Williamson	Expansion/improvement of produce packing facilities	\$10,000,000	Finance
PANAMA				
Citibank, N.A.	Banco Aliado, S.A.	Expansion of SME portfolio	\$30,000,000	Finance
Wells Fargo	W3-Credicorp Bank	Expansion of SME portfolio	\$7,500,000	Finance
Wells Fargo	W3-Multibank, Inc.	Expansion of SME portfolio	\$10,000,000	Finance
PERU				
Lucente Family Properties, LLC	Financiera TFC S.A.	Consumer lending	\$500,000	Insurance
Accion International	Mibanco-IFC Syndication	Expansion of SME and microfinance lending portfolios	\$20,000,000	Finance
Conduit Capital Partners, LLC	Tacna Solar S.A.C. and Panamericana Solar S.A.C.	Two 20MW polycrystalline photovoltaic solar power plants	\$179,600,000	Finance
Lucente Family Properties, LLC	Total Artefactos S.A.	Operation & expansion of retail stores	\$500,000	Insurance
LATIN AMERICA REGIONAL				
Calvert Foundation	Higher Education Finance Fund (HEFF)	Financing facility for microfinance institutions to provide higher-education loans	\$10,000,000	Finance
JBR, Inc. dba Rogers Family Company	TB-JBR, Inc. (II)	Organic coffee farms in Panama and Mexico	\$15,700,000	Finance
ALL OPIC COUNTRIES				
Deutsche Bank	Global Commercial Microfinance Consortium II – Junior Note Tranche	Global microfinance fund focused on customer care and client protection	\$4,500,000	Finance one project, two commitments
Deutsche Bank	Global Commercial Microfinance Consortium II – Senior Note Tranche	Global microfinance fund focused on customer care and client protection	\$15,500,000	Finance one project, two commitments
Grameen Foundation	Grameen Foundation Fairtrade Fund	Debt fund focused on improving the livelihoods of smallholder farmers	\$10,000,000	Finance
Habitat for Humanity International	Microbuild I, LLC	Housing microfinance	\$45,000,000	Finance
MicroCredit Enterprises	MicroCredit Enterprises	Lending facility for microfinance	\$15,000,000	Finance
MicroEnergy Credits	MicroEnergy Credits	Scale clean energy programs with microfinance institutions to aggregate and sell carbon credits	\$10,000,000	Finance
Sarona Asset Management Inc	Sarona Frontier Markets Fund 2 LP	Impact “fund of funds” focused on high-growth companies in frontier markets	\$87,500,000	Investment Fund

investment fund portfolio activities 2012

FUND NAME	PORTFOLIO COMPANY	DESCRIPTION	COUNTRY/REGION
Asia Development Partners III, L.P.	DM Healthcare Private Ltd.	Healthcare services	India
	Karur Vysya Bank	Financial Services/Banking	India
ECP Africa FIII Investments, LLC	IHS Plc	Cell Phone Towers	Pan-Africa
	Java House	Casual Dining	Kenya
SAWHF PVE (SA)	Sugar Creek 289 (Theresa Park)	Housing	South Africa
	Stockbell BFN (Unilofts)	Housing	South Africa
	Orion Properties 14 (Dainfern)	Housing	South Africa
	Clidet No 947 (Eerste Rivier)	Housing	South Africa
	Aquarella Investments 265 (Jabulani)	Housing	South Africa
	SAWHF SA Rental 3 Trust	Housing	South Africa
	Clidet No 946 (Stellendale)	Housing	South Africa
Alsis Mexico Opportunities Fund	Grupo Alde	Housing	Mexico
	Grupo Constructor Gori Y Asociados	Housing	Mexico
	Arquitectos Aguayo y Asociados	Housing	Mexico
	Promotora Hogares SM	Housing	Mexico
	Integradora de Apoyo Municipal, S.A. de C.V.	Specialty Finance Company	Mexico
FCP Fund	Siniora Food Industries PLC	Food Production	Jordan and West Bank
	Jordan Dubai Islamic Bank	Banking	Jordan
AIC Caribbean Fund	InterEnergy Holdings	Electricity Generation - Wind Power	Dominican Republic
Latin Power Trust III	Eolica Santa Catarina	Electricity Generation - Wind Power	Mexico

This list reflects the investments made by OPIC-supported funds in Fiscal Year 2012.

Independent Auditors' Report

To the Board of Directors
Overseas Private Investment Corporation

We have audited the accompanying balance sheets of the Overseas Private Investment Corporation (OPIC) as of September 30, 2012 and 2011, and the related statements of income, capital and retained earnings, and cash flows for the years then ended. The objective of our audit was to express an opinion on the fairness of these financial statements. In connection with our audit, we also considered the internal control over financial reporting and considered OPIC's compliance with laws, regulations, contracts and grant agreements. In our audit, we found:

- The financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S.);
- No material weaknesses or significant deficiencies in internal control over financial reporting (including safeguarding of assets) and compliance with laws, regulations, contracts and grant agreements; and
- No instances of reportable noncompliance with selected provisions of laws, regulations, contracts, and grant agreements tested or other matters, including the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA).

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OPIC as of September 30, 2012 and 2011, and the results of its operations, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the U.S.

Report on Internal Control

In planning and performing our audit, we considered OPIC's internal control over financial reporting and compliance (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OPIC's internal control. Accordingly, we do not express an opinion on the effectiveness of OPIC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We noted certain matters that we reported to OPIC's management in a separate letter dated November 14, 2012.

Report on Compliance and Other Matters

In connection with our audit, we performed tests of OPIC's compliance with certain provisions of laws, regulations, contracts, and grant agreements. The results of our tests disclosed no instances of noncompliance that are required to be reported in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States or Office of Management and Budget (OMB) Bulletin No. 07-04, Audit Requirements for Federal Financial Statements, as amended (OMB Bulletin 07-04). However, the objective of our audit was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion.

Under FFMIA, we are required to report whether the financial management systems used by OPIC substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Standard General Ledger (USSGL) at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

The objective of our audit was not to provide an opinion on OPIC's compliance with FFMIA. Accordingly, we do not express such an opinion. However, our work disclosed no instances in which OPIC's financial management systems did not substantially comply with (1) Federal financial management systems requirements, (2) Federal accounting standards, or (3) the USSGL at the transaction level.

Management's Responsibility for the Financial Statements

OPIC's management is responsible for (1) preparing the financial statements in conformity with accounting principles generally accepted in the U.S., (2) designing, implementing, and maintaining internal control to provide reasonable assurance that the broad control objectives of Federal manager's Financial Integrity Act (FMFIA) are met, (3) ensuring that OPIC's financial management systems substantially comply with FFMIA requirements, and (4) complying with other applicable laws, regulations, contracts, and grant agreements.

Auditor's Responsibility

We are responsible for conducting our audit in accordance with auditing standards generally accepted in the U.S.; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin 07-04. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the U.S. We are also responsible for: (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing whether OPIC's financial management systems substantially comply with the FFMIA requirements referred to above, and (3) testing compliance

with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB Bulletin 07-04 requires testing.

In order to fulfill these responsibilities, we (1) examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; (2) assessed the appropriateness of the accounting policies used and the reasonableness of significant estimates made by management; (3) evaluated the overall presentation of the financial statements; (4) obtained an understanding of OPIC and its operations, including its internal control related to financial reporting (including safeguarding of assets) and compliance with laws, regulations, contracts, and grant agreements (including execution of transactions in accordance with budget authority); (5) evaluated the effectiveness of the design of internal control; (6) tested the operating effectiveness of relevant internal controls over financial reporting and compliance; (7) considered the design of the process for evaluating and reporting on internal control and financial management systems under FMFIA; (8) tested whether OPIC's financial management systems substantially complied with the FMFIA requirements referred to above; and (9) tested compliance with selected provisions of certain laws, regulations, contracts, and grant agreements. The procedures selected depend on the auditors' judgment, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. We believe we obtained sufficient and appropriate audit evidence on which to base our opinion.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to OPIC. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin 07-04 that we deemed applicable to OPIC's financial statements for the fiscal year ended September 30, 2012. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

This report is intended solely for the information and use of OPIC's management, OPIC's Board of Directors, OMB, the U.S. Government Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Calverton, Maryland
November 14, 2012

BALANCE SHEETS

Overseas Private Investment Corporation—Years ended September 30, 2012 and 2011 (\$ in thousands)

Assets	2012	2011
Fund Balance with U.S. Treasury (notes 2 and 4)	\$1,076,559	\$ 707,257
U.S. Treasury securities, at amortized cost plus related receivables (notes 2 and 7)	5,320,325	5,188,527
Direct loans outstanding, net (notes 2 and 10)	1,363,216	1,326,292
Accounts receivable resulting from investment guaranties, net (notes 2 and 11)	42,394	59,602
Assets acquired in insurance claims settlements, net (notes 2 and 11)	1,507	1,507
Guaranty receivable (notes 2 and 19)	692,000	456,130
Accrued interest and fees and other, net (notes 2 and 10)	32,843	29,481
Furniture, equipment and leasehold improvements at cost less accumulated depreciation and amortization of \$17,255 in FY2012 and \$15,742 in FY2011 (note 2)	6,223	6,649
Total assets	<u>\$8,535,067</u>	<u>\$7,775,445</u>
Liabilities, Capital, and Retained Earnings		
Liabilities:		
Reserve for political risk insurance (note 9)	\$278,000	\$275,000
Reserve for investment guaranties (notes 10)	489,320	573,331
Accounts payable and accrued expenses	5,515	4,984
Guaranty liability (notes 2 and 19)	692,000	456,130
Customer deposits and deferred income	52,196	47,465
Borrowings from U.S. Treasury, and related interest (note 6)	2,241,224	1,827,691
Unearned premiums	26,382	8,144
Deferred rent & rent incentives from lessor of \$6,413 and \$5,779 net of accumulated amortization of \$2,660 and \$2,421 in FY2012 and FY2011 (note 14)	3,753	3,358
Total liabilities	<u>3,788,390</u>	<u>3,196,103</u>
Contingent liabilities (notes 2 and 17)		
Capital and retained earnings:		
Contributed capital	50,000	50,000
Credit funding (note 5)	107,484	105,788
Interagency transfers (Note 2)	16,312	16,354
Retained earnings and reserves:		
Insurance (notes 9 and 12)	858,251	790,887
Guaranty (notes 10 and 12)	3,714,630	3,616,313
Total capital and retained earnings	<u>4,746,677</u>	<u>4,579,342</u>
Total liabilities, capital, and retained earnings	<u>\$8,535,067</u>	<u>\$7,775,445</u>

See accompanying notes to financial statements.

STATEMENTS OF INCOME

Overseas Private Investment Corporation—Years ended September 30, 2012 and 2011 (\$ in thousands)

Revenues	2012	2011
Political risk insurance premiums and fees (note 9)	\$ 15,452	\$ 14,281
Investment financing interest and fees	198,699	218,164
Interest on finance program deposits	36,124	31,059
Interest on U.S. Treasury securities	162,113	170,364
Total revenues	<u>412,388</u>	<u>433,868</u>
 Expenses		
Provisions for reserves:		
Political risk insurance (notes 2 and 9)	(23,021)	(9,750)
Investment financing (notes 2, 10 and 11)	4,721	34,720
Salaries and benefits (note 15)	33,320	31,608
Rent, communications and utilities (note 14)	7,005	6,953
Contractual services	19,146	13,596
Travel	4,739	3,949
Interest on borrowings from U.S. Treasury (note 6)	90,547	80,824
Depreciation and amortization (note 2)	1,513	885
Other general and administrative expenses	1,848	1,627
Total expenses	<u>139,818</u>	<u>164,412</u>
 Net income	 <u>\$272,570</u>	 <u>\$269,456</u>

See accompanying notes to financial statements.

STATEMENTS OF CAPITAL AND RETAINED EARNINGS

Overseas Private Investment Corporation—Years ended September 30, 2012 and 2011 (\$ in thousands)

	Contributed Capital	Credit Funding	Interagency Transfers	Equity reserves		Retained Earnings	Total
				Insurance (Notes 9 & 12)	Guaranty (Notes 10 & 12)		
Balance, Sept. 30, 2010	<u>\$50,000</u>	<u>\$ 106,338</u>	<u>\$ 8,902</u>	<u>\$ 705,410</u>	<u>\$ 3,539,596</u>	<u>\$ —</u>	<u>\$4,410,246</u>
Net income	—	—	—	101,008	168,448	—	269,456
Return credit funding to U.S. Treasury	—	—	—	—	(292,376)	—	(292,376)
Credit funding (net) received from:							
Accumulated earnings	—	49,465	—	(18,079)	—	(31,386)	—
Credit appropriations	—	182,016	—	—	—	—	182,016
Credit funding used	—	(232,031)	—	—	200,645	31,386	—
Interagency transfers	—	—	7,452	2,548	—	—	10,000
Balance, Sept. 30, 2011	<u>\$50,000</u>	<u>\$ 105,788</u>	<u>\$ 16,354</u>	<u>\$ 790,887</u>	<u>\$ 3,616,313</u>	<u>\$ —</u>	<u>\$4,579,342</u>
Net income	—	—	—	78,082	194,488	—	272,570
Return credit funding to U.S. Treasury	—	—	—	—	(225,561)	—	(225,561)
Credit funding (net) received from:							
Accumulated earnings	—	45,754	—	(12,760)	—	(32,994)	—
Credit appropriations	—	118,326	—	—	—	—	118,326
Credit funding used	—	(162,384)	—	—	129,390	32,994	—
Interagency transfers	—	—	(42)	2,042	—	—	2,000
Balance, Sept. 30, 2012	<u>\$50,000</u>	<u>\$ 107,484</u>	<u>\$ 16,312</u>	<u>\$ 858,251</u>	<u>\$ 3,714,630</u>	<u>\$ —</u>	<u>\$4,746,677</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Overseas Private Investment Corporation—Years ended September 30, 2012 and 2011 (\$ in thousands)

	2012	2011
Cash flows from operating activities:		
Net income	\$272,570	\$269,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for:		
Political risk insurance	(23,021)	(9,750)
Investment financing	4,721	34,720
Amortization of premiums on U.S. securities	15,908	15,023
Accretion of discounts on U.S. securities	(5,750)	(5,302)
Amortization of deferred rent and rental incentives	(295)	2
Increase in rent incentives	689	5
Depreciation and amortization	1,513	885
(Increase) decrease in operating assets:		
Accrued interest and fees and other	(18,481)	(33,596)
Guaranty receivable	(235,871)	(182,444)
Assets acquired in insurance claims settlements	(38)	(1,034)
Recoveries on assets acquired in insurance claims settlements	26,059	26,059
Assets acquired in finance claims settlements	(23,422)	(59,787)
Recoveries on assets acquired in finance claims settlements	21,592	15,891
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	533	(2,041)
Customer deposits and deferred income	4,731	1,690
Guaranty liability	235,871	182,444
Unearned premiums	18,238	(1,518)
Cash provided by operating activities	<u>295,547</u>	<u>250,703</u>
Cash flows from investing activities:		
Sale and maturity of U.S. Treasury securities	810,893	512,025
Purchase of U.S. Treasury securities	(946,040)	(661,646)
Repayment of direct loans	164,840	135,670
Disbursement of direct loans	(263,148)	(418,560)
Acquisition of furniture and equipment	(1,088)	(1,523)
Cash used in investing activities	<u>(234,543)</u>	<u>(434,034)</u>
Cash flows from financing activities:		
Return credit funding to U.S. Treasury	(225,561)	(292,376)
Interagency transfers	2,000	10,000
Credit appropriations	118,326	182,016
Credit reform borrowings from U.S. Treasury	413,533	424,776
Cash provided by financing activities	<u>308,298</u>	<u>324,416</u>
Net increase in cash	369,302	141,085
Fund Balance with U.S. Treasury at beginning of year	<u>707,257</u>	<u>566,172</u>
Fund Balance with U.S. Treasury at end of year	<u>\$1,076,559</u>	<u>\$707,257</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Overseas Private Investment Corporation—Years ended September 30, 2012 and 2011

(1) Statement of Corporate Purpose

The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. Government corporation created under the Foreign Assistance Act of 1961 (FAA), as amended. OPIC facilitates U.S. private investment in developing countries and emerging market economies, primarily by offering political risk insurance, investment guaranties, and direct loans. As a government corporation, OPIC is not subject to income tax.

(2) Summary of Significant Accounting Policies

Basis of Presentation: These financial statements have been prepared to report the financial position, results of operations, and cash flows of OPIC. OPIC's accounting policies conform to accounting principles generally accepted in the United States of America. OPIC's financial statements are presented on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

Fund Balance with U.S. Treasury: Substantially all of OPIC's receipts and disbursements are processed by the U.S. Treasury which, in effect, maintains OPIC's bank accounts. For purposes of the Statement of Cash Flows, Fund Balance with U.S. Treasury is considered cash.

Investment in U.S. Treasury Securities: By statute, OPIC is authorized to invest funds derived from fees and other revenues related to its insurance and preinvestment programs in U.S. Treasury securities. Investments are carried at face value, net of unamortized discount or premium, and are held to maturity. OPIC has the ability and intent to hold its investments until maturity or until the carrying cost can be otherwise recovered.

Assets Acquired in Investment Guaranty and Insurance

Claims Settlements: Assets acquired in claims settlements are valued at the lower of management's estimate of the net realizable value of recovery or the cost of acquisition.

OPIC acquires foreign currency in settlement of inconvertibility claims when an insured foreign enterprise is unable to convert foreign currency into U.S. dollars, as well as in some direct loan and investment guaranty collection efforts. The initial U.S. dollar equivalent is recorded and revalued annually until the foreign currency is utilized by OPIC or other agencies of the United States Government, or until it is exchanged for U.S. dollars by the foreign government.

Allowances: The allowances are based on management's periodic evaluations of the underlying assets. In its evaluation, management considers numerous factors, including, but not limited to, general economic conditions, asset composition, prior loss experience, the estimated fair value of any collateral, and

the present value of expected future cash flows. OPIC writes off a loan when it believes that viable collection efforts have been exhausted and no further recovery is expected.

Depreciation and Amortization: OPIC capitalizes property and equipment at historical cost for acquisitions exceeding \$5,000. Depreciation and amortization of fixed assets, leasehold improvements, and lease incentives are computed using the straight-line method over the estimated useful life of the asset or lease term, whichever is shorter, with periods ranging from 5 to 15 years.

Reserves for Political Risk Insurance and Investment Guaranties

The reserves for political risk insurance and investment guaranties provide for losses inherent in those operations using the straight-line method. These reserves are general reserves, available to absorb losses related to the total insurance and guaranties outstanding, which are off-balance-sheet commitments. The reserves are increased by provisions charged to expense and decreased for claims settlements. The provisions for political risk insurance and investment guaranties are based on management's evaluation of the adequacy of the related reserves. This evaluation encompasses consideration of past loss experience, changes in the composition and volume of the insurance and guaranties outstanding, worldwide economic and political conditions, and project-specific risk factors. Also, in the political risk insurance reserve evaluation, OPIC takes into consideration losses incurred but not yet reported.

FASB Accounting Standards Codification Topic 460 for the Guarantee Topic (FASB ASC 460): FASB ASC 460 requires that upon issuance of a guaranty, the guarantor must disclose and recognize a liability for the fair value of the obligation it assumes under that guaranty. The initial recognition and measurement requirement of FASB ASC 460 applies only to guaranties issued or modified after December 31, 2002. OPIC's initial guarantee obligation reported, represents the fair value of the investment guaranties. This obligation is reduced over the term of the investment guarantee agreements, as OPIC is released from its obligation.

Revenue Recognition: Facility fees are received in advance and recognized as deferred income, then amortized over the applicable loan period using the straight-line method. Interest on loans and guaranty fees on investment guaranties are accrued based on the principal amount outstanding, for both performing and non-performing (aging more than 90 days past due) projects. Revenue from political risk insurance premiums is recognized over the contract coverage period. Accretion of premium and discount on investment securities is amortized into income under a method approximating the effective yield method.

Interagency transfers: OPIC periodically receives funding from other U.S. Government agencies to be used to support various programs and initiatives.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Commitments and Contingencies: Liabilities from loss contingencies, other than those related to political risk insurance and investment guaranties, arising from claims, assessments, litigation, fines and penalties, and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Loss contingencies that do not meet these criteria, but are reasonably possible and estimable are not accrued, but are disclosed in Note 17.

(3) Intragovernmental Financial Activities

OPIC, as a U.S. Government corporation, is subject to financial decisions and management controls of the Office of Management and Budget. As a result of this relationship, OPIC's operations may not be conducted, nor its financial position reported, as they would be if OPIC were not a government corporation. Furthermore, in accordance with international agreements relating to its programs, foreign currency acquired by OPIC can be used for U.S. Government expenses. This constitutes an additional means, which would otherwise be unavailable, by which OPIC can recover U.S. dollars with respect to its insurance and investment financing programs.

(4) Fund Balance with U.S. Treasury

OPIC is restricted in its uses of certain cash balances, as described below. The fund balance with U.S. Treasury as of September 30, 2012 and 2011 consists of the following (dollars in thousands):

	2012	2011
Restricted:		
Pre-Credit reform	\$ 3	10
Credit reform	1,041,206	692,712
Interagency fund transfers	11,010	10,000
Unrestricted	24,340	4,535
Total	\$1,076,559	707,257

The Federal Credit Reform Act of 1990 established separate accounts for cash flows associated with investment financing activity approved prior to implementation of the Act and investment financing activity subject to the Act. With the advent of Credit Reform, OPIC is not permitted to invest its pre-Credit Reform cash balances. These balances grow over time, and when

they are determined to be no longer needed for the liquidation of the remaining pre-Credit Reform direct loans and investment guaranties, they are transferred to OPIC's unrestricted noncredit insurance account. OPIC made transfers totaling \$30,000 to the noncredit insurance account in 2012 and in 2011. Credit Reform balances are also maintained in the form of uninvested funds. The U.S. Treasury pays OPIC interest on those cash balances except for undisbursed credit funding.

(5) Credit Funding

OPIC's finance activities are subject to the Federal Credit Reform Act of 1990, which was implemented as of October 1, 1991. Credit Reform requires agencies to estimate the long-term cost to the government of each fiscal year's new credit transactions and to obtain funding through the appropriations process equal to the net present value of such costs at the beginning of the year. OPIC's credit funding is available for three years. In addition, the Act requires the administrative costs related to its credit program to be displayed.

In fiscal year 2012, OPIC's appropriations legislation authorized the corporation to use \$25 million of its accumulated earnings to cover the future costs of credit transactions committed in fiscal years 2012 through 2014. In fiscal year 2011, OPIC was authorized to use \$18.1 million to cover commitments in fiscal years 2011 through 2013. In addition to the credit funding allocated directly to OPIC through the appropriations process, OPIC received a total of \$67 million in net transfers from other agencies to be used exclusively to finance projects in the New Independent States (NIS).

The following table shows the status of funding for credit activities (dollars in thousands):

	2012	2011
Balance carried forward	\$105,788	106,338
Upward reestimates	118,326	182,016
Transferred from earnings (net of returns)	45,754	49,465
Credit funding used	(162,384)	(232,031)
Credit funding remaining	\$107,484	105,788

Changes in financial and economic factors over time can affect the subsidy estimates made at the time of loan and guaranty commitments. Therefore, in accordance with OMB guidelines, OPIC reestimates subsidy costs for each group of loans and guaranties obligated in a given fiscal year to account for those changing factors. Reestimates that result in increases to subsidy costs are funded with additional appropriated funds that are made automatically available, while decreases to subsidy costs result in excess funds that are transferred to the U.S. Treasury. OPIC incurred increased subsidy costs of \$118.3 million and \$182 million and decreases in subsidy costs of \$99.5 million and \$216.6 million in fiscal years 2012 and 2011, respectively. During fiscal year 2010, OPIC received permission from OMB to return expired credit funding to the source of the original funds, OPIC's

unrestricted noncredit insurance account, rather than to the U.S. Treasury. Expired credit funding of \$12.2 million was transferred back to the noncredit account earnings during fiscal year 2012. No credit funding expired during fiscal year 2011.

(6) Borrowings From the U.S. Treasury

In accordance with the Federal Credit Reform Act of 1990, the portion of investment financing activities not funded through the appropriations process must be funded by borrowings from the U.S. Treasury. Borrowings for Credit Reform financings totaled \$426.7 million in 2012 and \$578 million in 2011, all of which have been disbursed. OPIC paid a total of \$90.5 million and \$80.8 million in interest to the U.S. Treasury during fiscal years 2012 and 2011, respectively. Repayments of borrowings from the U.S. Treasury totaled \$13.2 million in 2012 and \$153.2 million in 2011. Future payments for borrowing outstanding at September 30, 2012 are as follows (dollars in thousands):

	Amount Due
Payment due in:	
Fiscal year 2013	\$51,258
Fiscal year 2014	138,483
Fiscal year 2015	439,533
Fiscal year 2016	141,122
Fiscal year 2017	117,230
Thereafter	1,353,598
Total	<u>\$2,241,224</u>

(7) Investment in U.S. Treasury Securities

The composition of investments and related receivables at September 30, 2012 and 2011 is as follows (dollars in thousands):

	2012	2011
Investments, amortized cost	\$5,276,250	5,151,261
Interest receivable	44,075	37,266
Total	<u>\$5,320,325</u>	<u>5,188,527</u>

The amortized cost and estimated fair value of investments in U.S. Treasury securities are as follows (dollars in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
At September 30, 2012	\$5,276,250	455,842	—	5,732,092
At September 30, 2011	\$5,151,261	488,780	—	5,640,041

At September 30, 2012, the securities held had an interest range of .875% to 10.625% and a maturity period from 31 days to almost 16 years.

OPIC holds its securities to maturity. The amortized cost and estimated fair value of U.S. Treasury securities at September 30, 2012, by contractual maturity, are shown below (dollars in thousands):

	Amortized Cost	Estimated Fair Value
Due in one year or less	\$1,097,014	1,113,363
Due after one year through five years	2,593,118	2,786,952
Due after five years through 10 years	1,463,476	1,654,886
Due after 10 years	122,642	176,891
Total	<u>\$5,276,250</u>	<u>5,732,092</u>

(8) Statutory Limitations on the Issuance of Insurance and Finance

OPIC issues insurance and financing under a single limit for both programs, currently \$29 billion, fixed by statute in the FAA. At September 30, 2012, OPIC's insurance and finance programs have collectively utilized \$16.7 billion.

(9) Political Risk Insurance

Insurance revenues include the following components for the years ended September 30 (dollars in thousands):

	2012	2011
Political risk insurance premiums	\$15,452	14,281
Miscellaneous insurance income	—	—
Total insurance revenue	<u>\$15,452</u>	<u>14,281</u>

OPIC's capital, allowance, retained earnings, and reserves available for insurance totaled \$1.1 billion at both September 30, 2012 and 2011. Charges against retained earnings could arise from (A) outstanding political risk insurance contracts, (B) pending claims under insurance contracts, and guaranties issued in settlement of claims arising under insurance contracts.

(a) Political Risk Insurance

OPIC insures investments for up to 20 years against three different risks: inconvertibility of currency, expropriation, and political violence. Insurance coverage against inconvertibility protects the investor from increased restrictions on the investor's ability to convert local currency into U.S. dollars. Inconvertibility insurance does not protect against devaluation of a country's currency.

Expropriation coverage provides compensation for losses due to confiscation, nationalization, or other governmental actions that deprive investors of their fundamental rights in the investment.

Insurance against political violence insures investors against losses caused by politically motivated acts of violence (war, revolution, insurrection, or civil strife, including terrorism and sabotage).

Under most OPIC insurance contracts, investors may obtain all three coverages, but claim payments may not exceed the

single highest coverage amount. Claim payments are limited by the value of the investment and the amount of current coverage in force at the time of the loss and may be reduced by the insured's recoveries from other sources. In addition, in certain contracts, OPIC's requirement to pay up to the single highest coverage amount is further reduced by stop-loss and risk-sharing agreements. Finally, losses on insurance claims may be reduced by recoveries by OPIC as subrogee of the insured's claim against the host government. Payments made under insurance contracts that result in recoverable assets are reported as assets acquired in insurance settlements.

OPIC's Maximum Contingent Liability at September 30, 2012 and 2011 was \$3.1 billion and \$2.6 billion, respectively. This amount is OPIC's estimate of maximum exposure to insurance claims, which includes standby coverage for which OPIC is committed but not currently at risk. A more realistic measure of OPIC's actual exposure to insurance claims is the sum of each single highest "current" coverage for all contracts in force, or Current Exposure to Claims (CEC). OPIC's CEC at September 30, 2012 and 2011 was \$2.4 billion and \$1.7 billion, respectively.

(b) Pending Claims

At both September 30, 2012 and 2011 OPIC had no material pending insurance claims. In addition to requiring formal applications for claimed compensation, OPIC's contracts generally require investors to notify OPIC promptly of host government action that the investor has reason to believe is or may become a claim. Compliance with this notice provision sometimes results in the filing of notices of events that do not mature into claims.

OPIC does not record a specific liability related to such notices in its financial statements, due to the highly speculative nature of such notices, both as to the likelihood that the events referred to will ripen into any claims, and the amounts of compensation, if any, that may become due. Any claims that might arise from these situations are factored into the reserves for political risk insurance.

Changes in the reserve for political risk insurance during fiscal years 2012 and 2011 were as follows (dollars in thousands):

	2012	2011
Beginning balance	\$275,000	275,000
Amounts charged off	—	—
Increase/(Decrease) in provisions	3,000	29
Transfers (to)/from other reserves	—	(29)
Ending balance	<u>\$278,000</u>	<u>275,000</u>

(10) Investment Financing

OPIC is authorized to provide investment financing to projects through direct loans and investment guaranties. Project financing provides medium- to long-term funding through direct loans and investment guaranties to ventures involving significant equity and/or management participation by U.S. businesses. Project financing looks for repayment from the cash flows generated by projects, and as such, sponsors need not pledge their own general credit beyond the required project completion period.

Investment funds use direct loans and investment guaranties to support the creation and capitalization of investment funds that make direct equity and equity-related investments in new, expanding, or privatizing companies in emerging market economies. The fund managers, selected by OPIC, are experienced, private investment professionals. OPIC's participation in a fund takes the form of long-term, secured loans and loan guaranties that supplement the fund's privately raised equity. OPIC's guaranty may be applied only to the debt portion of the fund's capital and, for certain funds, to accrued interest on that debt. OPIC does not guaranty any of the fund's equity, and all equity investments in OPIC-backed funds are fully at risk.

OPIC's authorization to make direct loans and investment guaranties can be found in sections 234(c) and 234(b) of the FAA, respectively. Direct loans and investment guaranties are committed in accordance with the Federal Credit Reform Act of 1990, pursuant to which loan disbursements and any claim payments for these commitments have been funded through appropriations actions, borrowings from the U.S. Treasury, and the accumulation of earnings or collection of fees. In fiscal years 2012 and 2011, \$25 million and \$18.1 million, respectively, was made available for credit funding costs. OPIC is in compliance with all relevant limitations and credit funding appropriations guidance. OPIC's capital, allowances, retained earnings, and reserves available for claims on its investment financing at September 30, 2012 and 2011 totaled \$4.6 billion and \$4.5 billion, respectively.

Direct Loans: Direct loans are made for projects in developing and other eligible countries involving U.S. small business or cooperatives, on terms and conditions established by OPIC. Direct loan exposure at September 30, 2012 totaled \$3.4 billion, of which approximately \$1.6 billion was outstanding. Direct loan exposure at September 30, 2011 totaled \$3.6 billion, of which approximately \$1.5 billion was outstanding. Loans with payments more than 90 days past due totaled \$182 million at September 30, 2012 and \$192.5 million at September 30, 2011. Interest accrued on these non-performing loans was \$8.1 million and \$25.2 million during fiscal years 2012 and 2011, respectively; interest and fee receivables from these projects as of each fiscal year end are reserved in full.

Direct loans outstanding were as follows (dollars in thousands):

	2012	2011
Direct loans outstanding	\$1,586,602	1,488,487
Allowance for uncollectible loans	(223,386)	(162,195)
Direct loans outstanding, net	<u>\$1,363,216</u>	<u>1,326,292</u>

Changes in the allowance for uncollectible loans during fiscal years 2012 and 2011 were as follows (dollars in thousands):

	2012	2011
Beginning balance	\$162,195	139,686
Amounts charged off	(4,288)	(8,987)
Recoveries	—	12
Increase in provisions	65,479	31,484
Ending balance	<u>\$223,386</u>	<u>162,195</u>

Investment Guaranties: OPIC's investment guaranty covers the risk of default for any reason. In the event of a claim on OPIC's guaranty, OPIC makes payments of principal and interest to the lender. These payments are recorded as accounts receivable resulting from investment guaranties. The loans that are guaranteed can bear either fixed or floating rates of interest and are payable in U.S. dollars. OPIC's losses on payment of a guaranty are reduced by the amount of any recovery from the borrower, the host government, or through disposition of assets acquired upon payment of a claim. Guaranties extend from 5 to 21 years for project finance and from 10 to 18 years for investment funds.

Credit risk represents the maximum potential loss due to possible nonperformance by borrowers under terms of the contracts. OPIC's exposure to credit risk under investment guaranties, including claim-related assets, was \$10.2 billion at September 30, 2012, of which \$5.6 billion was outstanding. Of the \$10.2 billion of exposure, \$7.7 billion was related to project finance and \$2.5 billion was related to investment fund guaranties. Of the \$5.6 billion outstanding, \$4.7 billion related to project finance and \$0.9 billion related to investment fund guaranties. Included in the \$2.5 billion of investment fund exposure is \$216.5 million of estimated interest that could accrue to the guaranty lender. This interest generally accrues over a 10-year period, payable upon maturity. Upon complete nonperformance by the borrower, OPIC would be liable for principal outstanding and interest accrued on disbursed investment funds. At September 30, 2012, \$128.8 million of the \$216.5 million had actually accrued to the guaranteed lender on disbursed investment funds; the remainder represents an estimate of interest that could accrue to the guaranteed lender over the remaining investment fund term.

At September 30, 2011, OPIC's exposure to credit risk under investment guaranties, including claim-related assets, was \$8.3 billion, of which \$5 billion was outstanding. Of the \$8.3 billion of exposure, \$5.7 billion was related to project finance and \$2.6 billion was related to investment fund guaranties. Of the \$5 billion outstanding, \$4.1 billion related to project finance and \$0.9 billion related to investment fund guaranties. Included in the \$2.6 bil-

lion of investment fund exposure is \$241.8 million of estimated interest that could accrue to the guaranty lender. This interest generally accrues over a 10-year period, payable upon maturity. Upon complete nonperformance by the borrower, OPIC would be liable for principal outstanding and interest accrued on disbursed investment funds. At September 30, 2011, \$112.9 million of the \$241.8 million had actually accrued to the guaranteed lender on disbursed investment funds; the remainder represents an estimate of interest that could accrue to the guaranteed lender over the remaining investment fund term.

Changes in the reserve for investment guaranties during fiscal years 2012 and 2011 were as follows (dollars in thousands):

	2012	2011
Beginning balance	\$573,331	650,229
Decrease in provisions	(84,011)	(76,898)
Ending balance	<u>\$489,320</u>	<u>573,331</u>

Accrued Interest, Fees and Other, net of Allowance: Prior to fiscal year 2011, Interest, Fee and other income was not accrued on direct loans and guaranties that had payments more than 90 days past due. Revenue collected was recorded as income when received. During fiscal year 2011, OPIC implemented a loans accounting system that provided transactional support for recording the revenues associated with these non-performing projects, and any related receivables outstanding at the end of each fiscal year are reserved in full.

	2012	2011
Accrued Interest, Fees and Other, Gross	\$64,474	56,921
Less Allowance	(31,631)	(27,440)
Net	<u>\$32,843</u>	<u>29,481</u>

(11) Accounts Receivable from Investment Guaranties and Assets Acquired in Insurance Claims Settlements (Claim-Related Assets)

Claim-related assets may result from payments on claims under either the investment financing program or the insurance program. Under the investment financing program, when OPIC pays a guaranteed party, a receivable is created. Under the insurance program, similar receivables reflect the value of assets, generally shares of stock, local currency, or host country notes, that may be acquired as a result of a claim settlement. These receivables are generally collected over a period of 1 to 15 years.

Accounts receivable resulting from investment guaranties were as follows (dollars in thousands):

	2012	2011
Accounts receivable resulting from investment guaranties	\$150,391	162,590
Allowance for doubtful recoveries	(107,997)	(102,988)
Accounts receivable, net	<u>\$ 42,394</u>	<u>59,602</u>

Changes in the allowance for doubtful recoveries for assets resulting from investment guaranties during fiscal years 2012 and 2011 were as follows (dollars in thousands):

	2012	2011
Beginning balance	\$102,988	64,264
Amounts charged off	(14,179)	(8,801)
Increase in provisions	19,188	47,525
Recoveries	—	—
Ending balance	<u>\$107,997</u>	<u>102,988</u>

Assets acquired in insurance claims settlements were as follows (dollars in thousands):

	2012	2011
Assets acquired in insurance claims settlements	\$3,014	3,014
Allowance for doubtful recoveries	(1,507)	(1,507)
Accounts receivable, net	<u>\$1,507</u>	<u>1,507</u>

Changes in the allowance for doubtful recoveries for assets acquired in insurance claims settlements during fiscal years 2012 and 2011 were as follows (dollars in thousands):

	2012	2011
Beginning balance	\$1,507	1,478
Amounts charged off	—	—
Transfers (to)/from other reserves	—	29
Ending balance	<u>\$1,507</u>	<u>1,507</u>

(12) Reserves and Full Faith and Credit

Section 235(c) of the FAA established a fund which shall be available for discharge of liabilities under insurance or reinsurance or under similar predecessor guaranty authority. This fund consists of the Insurance Reserve and the Guaranty Reserve for the respective discharge of potential future liabilities arising from insurance or from guaranties issued under Section 234(b) of the FAA. These amounts may be increased by transfers from retained earnings or by appropriations. In fiscal years 2012 and 2011, OPIC's retained earnings were allocated to these reserves on the basis of maximum exposure outstanding for insurance and guaranties respectively, thereby reflecting OPIC's increased ability to absorb potential losses without having to seek appropriated funds.

All valid claims arising from insurance and guaranties issued by OPIC constitute obligations on which the full faith and credit of the United States of America is pledged for full payment. At September 30, 2012 and 2011, the Insurance Reserve totaled \$858 million and \$791 million, and the Guaranty Reserve totaled \$3.7 billion and \$3.6 billion, respectively. Should funds in OPIC's reserves not be sufficient to discharge obligations arising under insurance, and if OPIC exceeds its \$100 million borrowing authority authorized by statute for its insurance program, funds would have to be appropriated to fulfill the pledge of full

faith and credit to which such obligations are entitled. Standing authority for such appropriations is contained in Section 235(f) of the FAA. The Federal Credit Reform Act of 1990 authorizes permanent, indefinite appropriations and borrowings from the U.S. Treasury, as appropriate, to carry out all obligations resulting from the investment financing program.

(13) Disclosures About Fair Value of Financial Instruments

The estimated values of each class of financial instrument for which it is practicable to estimate a fair value at September 30, 2012 are as follows (dollars in thousands):

	Carrying Amount	Fair Value
Financial assets:		
Cash	\$1,076,559	1,076,557
U.S. Treasury securities	5,276,250	5,732,092
Interest receivable on securities	44,075	44,075
Direct loans	1,363,216	1,363,216
Accounts receivable from investment guaranties	42,394	42,394
Assets acquired in insurance claims settlements	1,507	1,507
Financial liabilities:		
Borrowings from the U.S. Treasury	2,241,224	2,170,691

The methods and assumptions used to estimate the fair value of each class of financial instrument are described below:

Cash: The carrying amount approximates fair value because of the liquid nature of the cash, including restricted cash.

U.S. Treasury Securities: The fair values of the U.S. Treasury securities are estimated based on quoted prices for Treasury securities of the same maturity available to the public. OPIC is not authorized, however, to sell its securities to the public, but is instead restricted to direct transactions with the U.S. Treasury. Interest receivable on the securities is due within 6 months and is considered to be stated at its fair value.

Direct Loans, Accounts Receivable Resulting from Investment Guaranties, and Assets Acquired in Insurance Claims Settlements: These assets are stated on the balance sheet at the present value of the amount expected to be realized. This value is based on management's quarterly review of the portfolio and considers specific factors related to each individual receivable and its collateral. The stated value on the balance sheet is also management's best estimate of fair value for these instruments.

Borrowings from the U.S. Treasury: The fair value of borrowings from the U.S. Treasury is estimated based on the face value of borrowings discounted over their term at year-end rates. These borrowings were required by the Federal Credit Reform Act, and repayment terms are fixed by the U.S. Treasury in accordance with that Act.

Investment Guaranties Committed and Outstanding: OPIC's investment guaranties are intended to provide a means of mobilizing private capital in markets where private lenders would be unwilling to lend without the full faith and credit of the U.S. Government. Given the absence of a market for comparable instruments, OPIC determined that the fair value is the present value of future fees expected to be collected.

(14) Operating Lease

OPIC negotiated a new building lease during fiscal year 2004. Under the lease terms, OPIC received interest-bearing tenant improvement allowances for space refurbishment. Total incentives offered by the lessor to cover these costs were \$3.4 million. The value of these incentives is deferred in the balance sheet and is amortized to reduce rent expense on a straight-line basis over the 15-year life of the lease.

OPIC executed a lease amendment in November, 2011 to consolidate the leased space onto contiguous floors. An additional non-interest bearing tenant improvement allowance of \$300,000 was received as incentive offered by the lessor to cover space refurbishment. The value of this additional incentive is treated as stated above for the original incentives. There was no material change in leased square footage or future minimum rental expense as a result of the lease amendment.

Rental expense for fiscal years 2012 and 2011 was approximately \$4.4 million and \$4.2 million, respectively. Minimum future rental payments under the remaining term of the 15-year lease at 1100 New York Avenue, N.W. are approximately \$4.8 million annually, with additional adjustments tied to the consumer price index.

(15) Pensions

OPIC's permanent employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). For CSRS, OPIC withheld 7% of employees' gross 2012 earnings and contributed 7% of employees' 2012 gross earnings. The sums were transferred to the Civil Service Retirement Fund from which this employee group will receive retirement benefits.

For FERS, OPIC withheld 0.80% of employees' gross earnings. OPIC transferred this sum to the FERS fund from which the employee group will receive retirement benefits. An additional 6.2% of the FERS employees' gross earnings is withheld, and that, plus matching contributions by OPIC, are sent to the Social Security System from which the FERS employee group will receive social security benefits. OPIC occasionally hires employees on temporary appointments, and those employees are covered by the social security system under which 6.2% of earnings is withheld and matched by OPIC. For calendar year 2012, a special reduction of 2% is being applied to the Social Security withholding rate, pursuant to the "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010."

FERS and CSRS employees may elect to participate in the Thrift Savings Plan (TSP). In 2012 both CSRS and FERS employees could elect to contribute up to \$17,000, the IRS elective deferral limit for the tax year. FERS employees receive an automatic 1% contribution from OPIC. Amounts withheld for FERS employees are matched by OPIC, up to an additional 4%, for a total of 5%.

The amount of employer contributions to these plans for the year ended September 30, 2012 was \$3.9 million.

Although OPIC funds a portion of employee pension benefits under the CSRS, the FERS, and the TSP, and makes necessary payroll withholdings, it has no liability for future payments to employees under these programs. Furthermore, separate information related to OPIC's participation in these plans is not available for disclosure in the financial statements. Paying retirement benefits and reporting plan assets and actuarial information is the responsibility of the U.S. Office of Personnel Management and the Federal Retirement Thrift Investment Board, which administer these plans. Data regarding the CSRS and FERS actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability are not allocated to individual departments and agencies.

(16) Concentration of Risk

OPIC is subject to certain risks associated with financial instruments not reflected in its balance sheet. These financial instruments include political risk insurance, loan guaranties, and committed-but-undisbursed direct loans.

With respect to political risk insurance, OPIC insures against currency inconvertibility, expropriation of assets, and political violence. Additionally, OPIC provides investment financing through direct loans and investment guaranties.

OPIC's credit policy is to take a senior security position in the assets of the projects or transactions it guaranties. The nature and recoverable value of the collateral pledged to OPIC varies from transaction to transaction and may include tangible assets, cash collateral or equivalents, and/or a pledge of shares in the project company as well as personal and corporate guaranties. OPIC takes all necessary steps to protect its position in such collateral and retains the ability to enforce its rights as a secured lender if such action becomes necessary.

The following is a summary of OPIC's off-balance-sheet risk at September 30, 2012 and 2011 (dollars in thousands):

	2012		
	Total	Outstanding	Unused Commitments
Guaranties	\$10,022,667	5,437,500	4,585,167
Undisbursed			
direct loans	1,806,812	—	1,806,812
Insurance	3,134,483	2,353,720	780,763

	2011		
	Total	Outstanding	Unused Commitments
Guaranties	\$8,096,076	4,867,358	3,228,718
Undisbursed			
direct loans	2,119,809	—	2,119,809
Insurance	2,595,376	1,662,057	933,319

OPIC's off-balance-sheet finance and insurance exposure involves coverage outside of the United States. The following is a breakdown of such total commitments at September 30, 2012 by major geographical area (dollars in thousands):

	Loan Guaranties	Undisbursed Portion on Direct Loans	Insurance
Africa	\$ 1,969,363	275,813	1,301,259
Asia	1,222,502	291,327	627,815
Europe	1,443,842	37,699	4,027
Latin America	2,533,029	220,099	329,518
Middle East	1,806,158	518,527	868,136
NIS (New Independent States)	625,549	143,397	366,746
Worldwide	422,224	319,950	—
Insurance stop loss adjustment	—	—	(363,018)
	<u>\$10,022,667</u>	<u>1,806,812</u>	<u>3,134,483</u>

OPIC has several client-specific contracts with stop-loss limits that are less than the aggregate coverage amounts. The insurance stop-loss adjustment represents the difference between the aggregate coverage amount and OPIC's actual exposure under these contracts.

At September 30, 2012, OPIC's largest finance and insurance exposure was in the following countries and sectors (dollars in thousands):

Country	
Turkey	\$1,119,229
Jordan	1,077,717
Ghana	834,668
India	728,946
South Africa	628,967

Sector	
Financial services	\$8,143,930
Energy - Power	3,368,243
Services	1,335,353
Energy - Oil and Gas	909,591
Manufacturing	722,594

(17) Other Contingencies

OPIC is currently involved in certain legal claims and has received notifications of potential claims in the normal course of business. There are substantial factual and legal issues that might bar any recovery in these matters. It is not possible to evaluate the likelihood of any unfavorable outcome, nor is it possible to estimate the amount of compensation, if any, that may be determined to be owed in the context of a settlement. Management believes that the resolution of these claims will not have a material adverse impact on OPIC.

(18) Subsequent Events

Management evaluated subsequent events through November 14, 2012, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2012, but prior to November 14, 2012, that provided additional evidence about conditions that existed at September 30, 2012, have been recognized in the financial statements for the period ended September 30, 2012. Events or transactions that provided evidence about conditions that did not exist at September 30, 2012, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the period ended September 30, 2012.

As of November 9, 2012, OPIC expected prepayments on several direct loans in the amount of \$53 million.

(19) Accounting and Disclosure Requirements for Guaranties

In FY 2012 and FY 2011 pursuant to the requirement of FASB ASC 460, OPIC recognized a guaranty liability and a guaranty fee receivable of \$692 million and \$456.1 million, respectively. OPIC collected \$92.3 million and \$89.8 million of guaranty fees in FY 2012 and FY 2011, respectively, on the investment guaranties issued since December 31, 2002. The FY 2011 guaranty fees collections reflect an updated amount from that disclosed in the prior year financial statements, to correct for an immaterial error in the prior year's calculation.

(20) Statutory Covenants

OPIC's enabling statute stipulates both operating and financial requirements with which OPIC must comply. In management's opinion, OPIC is in compliance with all such requirements.

board of **DIRECTORS**

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President and Chief Executive Officer
Overseas Private Investment Corporation

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Administrator
U.S. Agency for International Development

Ambassador Demetrios J. Marantis
Deputy U.S. Trade Representative
Office of the U.S. Trade Representative

Francisco J. Sánchez
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Dennis Lauer
Vice President, Office of Administrative Services and
Chief Information Officer

These lists reflect positions held at the end of the fiscal year, on September 30, 2012

NOTES

[illegible]

As the U.S. Government's development finance institution, OPIC mobilizes private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy. Because OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets at home and abroad. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds.

Established as an agency of the U.S. Government in 1971, OPIC operates on a self-sustaining basis at no net cost to American taxpayers. OPIC services are available for new and expanding business enterprises in 160 countries worldwide. To date, OPIC has supported more than \$200 billion of investment in over 4,000 projects, generated an estimated \$75 billion in U.S. exports, and supported more than 277,000 American jobs.

OVERSEAS PRIVATE INVESTMENT CORPORATION
THE U.S. GOVERNMENT'S DEVELOPMENT FINANCE INSTITUTION

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