BDR(22)06

BY THE BOARD OF DIRECTORS
OF
THE U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION

WHEREAS, on December 10, 2020 the Board of Directors approved a resolution (the "2020 Resolution") implementing Section 1434(f) of the BUILD Act, which requires that, "[t]he Board, in consultation with the Director of the Office of Management and Budget, shall annually assess a dividend payment to the Treasury if the Corporation's insurance portfolio is more than 100 percent reserved." Under the 2020 Resolution, the Board assessed a dividend payment for an amount equal to DFC's fiscal year 2021 total appropriation minus other offsetting collections, with such payment amount to be determined by DFC management and reviewed by the Board following the closing of the fiscal year financials;

WHEREAS, for fiscal year 2021, the methodology in the 2020 Resolution would result in a dividend payment of approximately $128,133,761;

WHEREAS, the DFC's Office of General Counsel has determined that the Board of Directors has the legal authority to take the actions contemplated by this Resolution;

WHEREAS, after consideration of the reasons set forth below, *inter alia*, and the recommendation from DFC management that no dividend be paid at this time, the Board of Directors has determined that it is not in the best interest of the Corporation to follow the calculation in the 2020 Resolution:

- DFC is growing to address the Administration's priorities in sectors and geographies with higher risk and is focusing on its BUILD Act mandate to invest in lower-income and lower middle-income countries. DFC should in fact be building, not depleting, reserves so DFC can cover potential losses incurred while focusing on these higher risk priorities;
- DFC's growth may include a growth of its political risk insurance exposure. DFC projects its exposure under its insurance portfolio will exceed its reserves as early as next year. At fiscal year-end 2021, DFC's insurance exposure topped $5.7 billion, within $500 million of the Corporate Capital Account balance. The payment of dividends at this time will reduce the capital available to cover insurance losses;
- In accordance with DFC's appropriations legislation DFC has already paid the equivalent of a dividend to the U.S. Treasury in the amount of $441 million in fiscal year 2021 using its offsetting receipts and $299 million in fiscal year 2020, for a total of $740 million since DFC's inception; and
- DFC's appropriations legislation assumes DFC's ability to partially repay its appropriation using interest earned on its investments in U.S. Treasury Securities. The payment of a dividend would reduce DFC's ability to repay its annual appropriation, increasing DFC's burden on the taxpayer.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby: (i) revokes the 2020 Resolution; and (ii) assesses that no dividend should be paid from fiscal year 2021 results.

Approved by the Board of Directors
on December 8, 2021

Catherine F. I. Andrade

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Corporate Secretary