



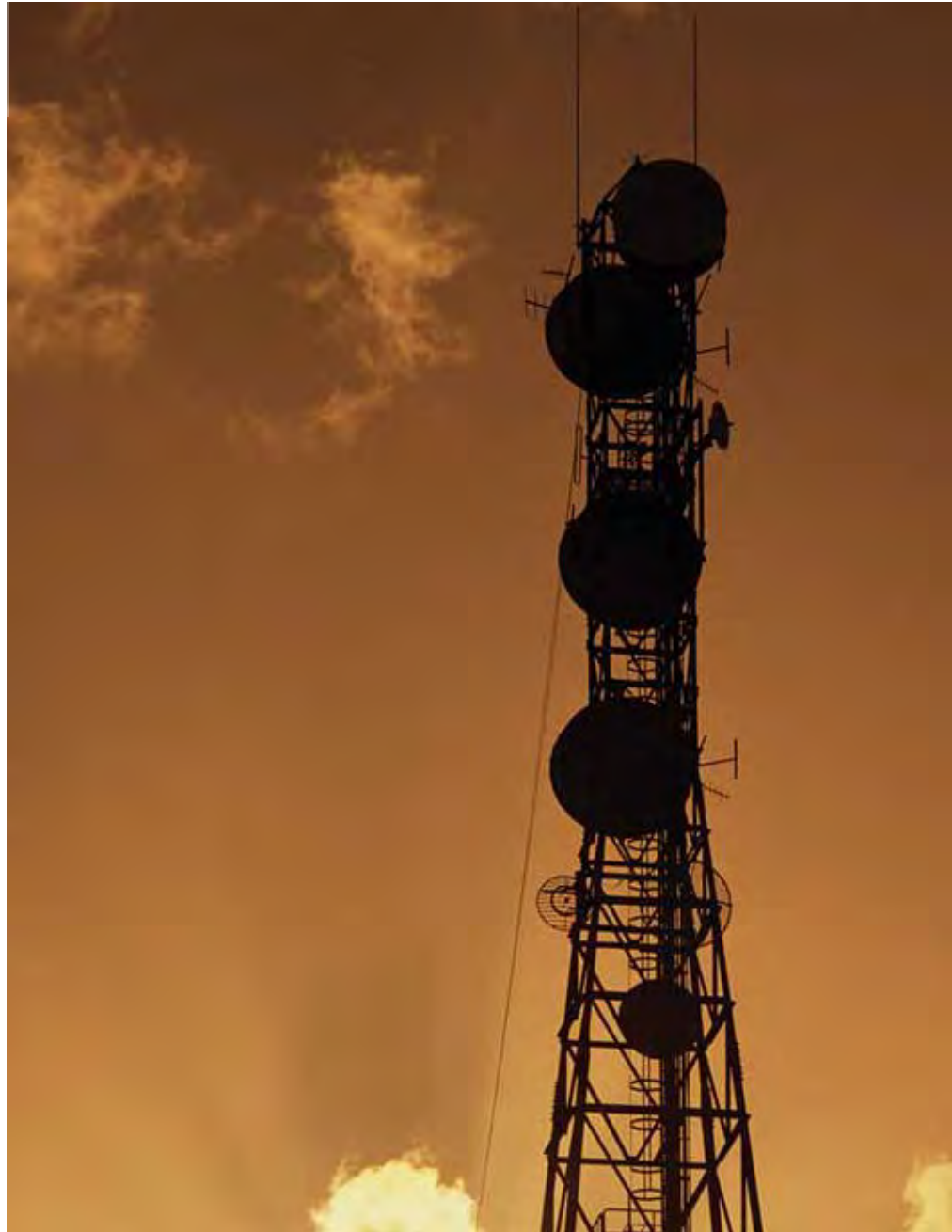
OPIC 2009

ANNUAL REPORT

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INTRODUCTION



OPIC: EVEN MORE RELEVANT AND IMPORTANT

It is in times of economic uncertainty that the role of the Overseas Private Investment Corporation becomes even more relevant and important. As the primary government agency supporting U.S. private sector investment overseas, OPIC is playing a critical role by helping U.S. businesses during a time of severe retrenchment and global uncertainty. As an international development agency and an instrument of U.S. foreign policy, OPIC management and staff worked tirelessly in 2009 to address the global challenges confronting the United States.

To support the President's initiative, announced at the Summit of the Americas, to "create a broader foundation for prosperity that builds new markets and powers new growth for all peoples in the [Western] Hemisphere," OPIC partnered with the Inter-American Investment Corporation and the Inter-American Development Bank's Multilateral Investment Fund to establish the new Microfinance Growth Fund. Secretary of the Treasury Timothy Geithner specifically commended OPIC for helping the Administration to restart lending to Latin American and Caribbean micro and small businesses and for the agency's "timely support in turning this concept into reality."

When President Obama announced in Cairo that the United States would launch a new fund "to support technological development in Muslim-majority countries, and to help transfer ideas to the marketplace so they can create more jobs," he was speaking of the OPIC-financed Global Technology and Innovation Fund, to be seeded with \$25 million to \$150 million in OPIC capital. The fund is part of a larger call for proposals that could ultimately

result in multiple new investment funds that support technological growth.

And to help U.S. businesses, particularly small businesses, continue to grow through overseas investment even in a time of shrinking credit and political volatility, OPIC expanded its outreach efforts. OPIC served as a collaborating partner for several important conferences, including working with the California-based Center for International Trade Development to support the pioneering Renewable Energies in Emerging Markets conference in San Francisco. OPIC also organized two workshops targeting minority and women-owned small businesses. The result of these efforts was that business plan summaries submitted for initial consideration for OPIC's SME financing were up 150 percent over the same period in 2008.

Wherever and whenever U.S. private capital and enterprise can support U.S. policy and help to realize an Administration's vision, OPIC is there to make it happen.

OPIC is an independent U.S. government agency whose mission is to mobilize and facilitate the participation of U.S. private capital and skills in the economic and social development of less-developed countries, and countries in transition from non-market to market economies. More importantly, there is no other program in the U.S. government or the private sector with a developmental purpose and tools equal to those of OPIC.

OPIC helps U.S. enterprises participate in overseas markets by making direct loans, issuing loan



guaranties and underwriting political risk insurance for developmental projects, and by establishing and investing in private equity funds created to finance projects in specific regions, markets or sectors. Since OPIC does not compete with the private sector, OPIC support is unnecessary for projects that can be privately financed or insured.

But in uncertain times and in challenging markets, private capital can be difficult to obtain, if it is available at all. OPIC's readiness to provide support has often been the deciding factor in determining whether certain investments even take place. The private sector, in turn, works with OPIC, helping the agency to channel private investment into areas that are most in need, supporting host countries' development and our nation's foreign policy priorities.

And make no mistake, supporting economic development in the world's emerging economies is central to U.S. international objectives. At the G-20 summit in Pittsburgh, President Obama expressed the U.S. commitment to work with all developed nations to build new markets and help the world's most vulnerable citizens climb out of poverty. The President also called for "a new era of engagement that yields real results for our people — an era when nations live up to their responsibilities, and act on behalf of our shared security and prosperity."

It was a founding principle of OPIC in 1971 that private investment is a powerful catalyst for engagement, economic growth and poverty reduction. By focusing on private investment, OPIC demonstrates that entrepreneurial initiative and national economic development are not mutually exclusive. Indeed, they are mutually beneficial. In the agency's 38-year

history, OPIC has supported \$188 billion worth of investments that have helped developing countries to generate over 830,000 host-country jobs. The very prospect of these investments, and the OPIC support that made them possible, have contributed to the development of free market reforms and democratic institutions on which further investment, opportunity and personal liberty depend. OPIC investments have also supported \$72 billion in U.S. exports and more than 273,000 American jobs.

By charging market-based fees for its products, OPIC operates on a self-sustaining basis, at no net cost to the American taxpayer. Through prudent risk management, OPIC has accumulated reserves of over \$5 billion. In sum, OPIC is an effective tool for responsible economic development, and a good deal for the American taxpayer.

But with limited resources and just over 200 employees, OPIC must, of necessity, be highly selective in the projects it chooses to support each year. The agency is obligated to ensure that its projects confer on host communities as many positive developmental benefits as possible. Ideally, they should also provide a platform for subsequent economic growth.

Projects receiving OPIC support in 2009 demonstrated the many and varied ways that the agency can fulfill its developmental mission. New OPIC-supported projects will develop host countries' physical infrastructure by expanding electric power capacity or rebuilding war ravaged cities. Other projects are designed to strengthen financial infrastructures at the national, local or micro-financing level. OPIC is promoting development of human capital by funding



the construction of elementary and secondary schools and supporting projects that provide technical training and professional jobs. And OPIC-supported projects are helping to meet basic human needs, by providing clean water, healthy food and affordable housing.

Because the earth's resources are limited, OPIC in 2009 extended its commitment to supporting environmentally-sustainable development by financing projects which make use of renewable energy and green technologies. An OPIC loan helped to construct a solar power plant in India that sells clean, sustainably generated electricity to the grid. Another outstanding example is a biomass project that is converting waste rice husks into clean electricity for thousands of Indian villagers who currently rely on fossil fuel generators or who have no power at all.

This project is also a great example of OPIC's successful outreach to and support of U.S. small businesses. In this case the OPIC loan came about because an agency officer directly contacted the Virginia-based company to offer support. Wider-ranging outreach to the small business community in 2009 included two more presentations of OPIC's successful *Expanding Horizons* workshops, which have now educated more than 1,000 minority and women business owners across the United States about OPIC products and services.

While OPIC continually strives to better fulfill its mission, the agency recognizes that in an operational sense it can always do better. One area in which OPIC was proud to make improvement in 2009 was transparency.

In response to President Obama's call for increased

openness and accountability in government decision-making, OPIC implemented new transparency measures that are opening to the public an unprecedented breadth of information about OPIC-supported projects and enabling more meaningful public comment and participation in the OPIC decision-making process. The OPIC Board of Directors meeting in September 2009 was the first ever at which detailed information on the most environmentally- and socially-sensitive proposed projects — as well as summary information on every project to be voted on by the Board — was posted on the OPIC Web site at least five weeks before the meeting. It is no overstatement to say that OPIC is today operating more transparently than it has since the agency's founding.

OPIC's success as an agency, of course, depends on the success of its people. In that regard, OPIC is proud to have placed second in a ranking of the Best Places to Work in the U.S. government among agencies with fewer than 2,000 employees. OPIC has worked hard to establish a workplace that is both welcoming and challenging, one that equally values individual performance and the sense of teamwork that is necessary to execute complex projects in emerging and developing economies.

As Vice President Biden said in helping to honor those employees presented with service awards in 2009, "The OPIC family is a testament to how commitment and teamwork can mobilize U.S. private capital, help support sustainable development in new markets overseas and create jobs here in the United States. The recipients of this award are a shining example of how Americans willing to answer the call of public service can truly improve our nation and help build a stronger world."

COMMITTED TO
TRANSPARENCY



MORE OPEN AND ACCOUNTABLE THAN EVER

Because transparency in government is critical in securing both fiscal accountability and public trust, one of President Obama's first acts in office was to call on all federal agencies to open their decision-making processes and increase public access to useful information. OPIC responded by announcing new transparency measures that make publicly available an unprecedented volume and breadth of information about OPIC-supported projects, and encourage a new level of public involvement in their development.

OPIC now posts to the agency Web site brief summaries of the most environmentally- or socially-sensitive projects at least 60 days before making a decision to support them. Detailed summaries for all projects scheduled for Board of Directors action are posted at least five weeks in advance of Board meetings. Summaries include information such as project costs and potential environmental, social and economic impacts; assessment standards and mitigation measures; and where to obtain environmental and social project information. Also available now are summaries of the findings of third-party audits and quarterly listings of sub-projects of OPIC-supported investment funds.

Posting so much information so early increases public participation by allowing OPIC to invite and consider public comments in advance of any decisions by the Board — comments which are themselves also posted on OPIC's Web site. OPIC also announced that it will publish an *OPIC Environmental and Social Policy Statement* to replace its environmental handbook, last updated in 2004.

These new measures build on transparency initiatives of recent years in which OPIC had already enhanced its internal due diligence procedures, encouraged project sponsors to engage in meaningful, inclusive and culturally appropriate consultation with local stakeholders during all phases of project development, and to require such consultation on projects with significant social impacts.

The result of all these efforts is that today OPIC is operating more transparently than at anytime in the agency's 38-year history.

INSTITUTIONALIZING A MECHANISM OF ACCOUNTABILITY

As do all of the world's major international finance and development institutions, OPIC recognizes its obligation to be accountable to the people affected by the projects it supports.

Putting action to this commitment, and following the guidance of Congress, the OPIC Board of Directors created an Office of Accountability (OA) in 2005 to provide an independent forum where people affected by OPIC-supported projects can voice and resolve problems and to help assure that OPIC meets its own policy requirements concerning the environment, social impacts and worker and human rights. As an independent ombudsman and compliance review office, OA enhances OPIC's mission effectiveness by assuring affected communities and project sponsors alike that their complaints, concerns or requests for assistance will be handled with fairness, objectivity and transparency.

Several measures were taken in 2009 to strengthen and enhance the Office of Accountability. And in a four-year report on its activities, OA documented that it exists not just to handle problems, but to improve outcomes.

SUPPORTING SMALL BUSINESS



BRINGING U.S. ENTREPRENEURSHIP TO THE WORLD

U.S. small businesses looking to participate in the global marketplace may well see themselves surrounded by insurmountable obstacles to potential opportunities. OPIC brings those opportunities within reach by providing eligible small businesses with project financing and political risk insurance generally not available to them through the private markets. With affordable rates, flexible coverages and streamlined approvals, OPIC's approach to small business is as innovative and entrepreneurial as the businesses themselves. Projects approved for support in 2009 again demonstrated the job-creating know-how that U.S. small businesses bring to the world's developing economies.

For example, in Uganda, where only five percent of the population has bank accounts, a U.S. small business

is using an OPIC loan to deploy transformational financial infrastructure that will provide up to two million unbanked citizens with access to state-of-the-art banking services. In partnership with the national government, MAPswitch Uganda is applying its integrated biometric identification and mobile financial technology to overcome the lack of access that hampers economic progress in so many developing countries.

Georgian dairy operator Sante GMT Products, which used an OPIC loan in 2007 to establish new milk collection centers, received a \$10 million loan in 2009 to further expand collection, manufacturing, packaging and distribution operations at what has become Georgia's largest producer of dairy and juice products.

EXTENDING OPPORTUNITIES TO SMALL BUSINESSES

If any one constituency can be deemed a major beneficiary of OPIC resources, support and outreach, it is U.S. small businesses. The growing Enterprise Development Network (EDN) and OPIC Partners Program enlist outside organizations to improve the access of U.S. small and medium-sized enterprises to political risk insurance to help protect their investments and to the overseas financial support they often find difficult to obtain.

To increase opportunities for women- and minority-owned businesses, OPIC in 2009 again offered its highly-successful *Expanding Horizons* workshops tailored especially for these entrepreneurs. Workshops in Boston and St. Louis drew attendees from across the U.S. and as far away as England. This year's events featured a new session about OPIC support for renewable and clean energy technology projects, a new area of focus for the agency. More than 1,000 woman and minority business owners have now learned firsthand how OPIC and other government agencies can help them compete overseas.

PROMOTING
SUSTAINABILITY



INVESTING WITH AN EYE TO THE FUTURE

With its focus on long-term development, OPIC works to support projects that tie economic viability to a sustainable economic future. Today, that often means powering growth with alternative energies and newer, cleaner technologies.

Acting on President Obama's pledge of U.S. support to increase economic opportunity and job creation in Muslim-majority countries, OPIC issued a call for proposals to manage one or more private equity investment funds that will promote the growth of technology in the Middle East, Asia and Africa. In October 2009, OPIC also committed \$100 million to the new Virgin Green Fund, one of six private equity funds approved in September 2008 designed to leverage \$505 million of OPIC financing to complement the fund's investments in clean and renewable energy projects worldwide.

To build awareness of the potential returns on alternative energy investments, OPIC co-sponsored the Renewable Energy in Emerging Markets (REEM09) conference with the Centers for International Trade Development. Participants gathered in San Francisco to learn of the challenges, solutions and successes in implementing and sustaining renewable energy infrastructures in the developing world.

In addition to these global initiatives, OPIC reached out on a personal level to U.S. entrepreneurs to help them bring their solutions to waiting markets. After reading how Charlottesville, Virginia-based Husk Power Systems (HPS) had brought electricity to five rural villages in India using a biomass process fueled by rice husks left over from milling, an OPIC Senior Manager offered the company financing to expand to hundreds of villages. HPS's OPIC loan is funding 36 rice husk-powered generators, each serving a village of about 600 households — roughly 21,000 households in total, representing 110,000 people. For many residents, the carbon-neutral energy will be their first-time electricity or replacement of power from more expensive diesel generators.

Another great example, also in India, is OPIC's support to Azure Power Punjab Ltd, also founded by a U.S. entrepreneur. With a loan from OPIC the company successfully constructed and is operating a 2 MW photovoltaic solar power plant near the city of Amritsar — the first private megawatt-scale Solar Independent Power Plant in India selling clean, sustainably generated electricity to the grid. The plant employs advanced solar photovoltaic technology to power 4,000 rural homes, proving that it is possible to distribute solar power generation at the tail end of the grid. It is providing power to communities in rural India for the first time and enhancing the lives of tens of thousands of people.

PROMOTING GREEN TECHNOLOGIES

Improving energy efficiency is critical to reducing worldwide emissions of greenhouse gases (GHG) and increasing global energy security.

Demonstrating the Administration's commitment to that goal, OPIC settled a six-year lawsuit over climate change issues and reaffirmed its previously-announced intent to increase investment in clean energy projects and to reduce the greenhouse gas emissions in the projects it funds.

"Between the new GHG Initiative and more aggressive investment focus, OPIC's GHG emissions are capped and will go down, while positive investments in clean energy are skyrocketing," wrote John D. Sohn on the *Climate Change Insights* blog of McKenna Long & Aldridge. "It's a great story that the Obama Administration should let people know more about. OPIC is quietly going about its business, turning a healthy profit for U.S. taxpayers, leveraging private sector capital and mitigating climate change."

INVESTING IN AFGHANISTAN

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SUPPORTING OUR NATION'S STRATEGIC OBJECTIVES

Genuine economic opportunity, fueled by private investment, is one of the most powerful tools in the struggle against international terrorism. Where economic despair breeds support for extremist organizations, economic opportunity can provide the foundation for peace, hope and stability. But private investment depends on investor confidence, a requirement that can be hard to come by in nations at the forefront of the effort to defeat extremism.

Enter OPIC. One of the first institutions to finance projects in post-Taliban Afghanistan. OPIC in 2009 continued to provide loans, guarantees and political risk insurance to support much-needed private investment in this rebuilding and strategically-important nation.

OPIC sought out and established a relationship with the [REDACTED] *

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Consistent with U.S. and OPIC policy to expand the economic opportunities for all segments of a host country's population, [REDACTED] *

[REDACTED]

[REDACTED]

[REDACTED] In large part because of the nation's security challenges, [REDACTED] *

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ENHANCING PRIVATE SECTOR CAPACITY

OPIC investments in Afghanistan demonstrate how the agency fulfills its mission to add value by making possible transactions which would be impossible or unlikely without OPIC. This "additionality" is critical because without it, OPIC would be crowding out private sector financing, insurance and investment. Through additionality, OPIC expands development by supporting unique investment projects.

OPIC has had procedures in place since the beginning of this decade to ensure that each and every new project submitted for consideration is open to participation by private insurers, thereby complementing the private market rather than competing with it. Project sponsors must in fact first seek insurance from private insurance companies before they apply for OPIC coverage.

BELIEVING IN
THE MIDDLE EAST



WORKING TOWARD A FUTURES OF PEACE AND STABILITY

Throughout the Middle East, OPIC support of developmental projects advances U.S. policy, as articulated by President Obama, to bring to the region the benefits sought by people everywhere: an end to terror, access to basic services, the opportunity to live their dreams, and the security that can only come with the rule of law.

OPIC-supported projects announced or committed in 2009 included support for significant private investment in the continuing reconstruction efforts for two nations recovering from war. In Iraq, OPIC will provide a direct loan and political risk insurance to support the construction and operation of an international business-class hotel. The project is expected to generate positive foreign exchange earnings as well as permanent well-paying jobs. In Lebanon, OPIC has loaned \$261 million to the nation's banking sector under two risk-sharing framework agreements with Citibank. In 2009, OPIC signed a new \$34 million loan with Byblos Bank and provided a \$55 million guaranty for Citi's lending to Bank Audi, both of which will support loans for small and medium-sized enterprises, individual mortgages and consumer finance. OPIC is also providing \$7.5 million in political risk insurance to support the project. Supporting transparent institutions like Bank Audi

increases the likelihood of positive project outcomes, given the borrower's support for community outreach and service programs.

In another demonstration of its ability to encourage private investment in this challenging region, OPIC has agreed to reinsure the coverages provided to U.S. investors by IGI Insurance Limited in Pakistan. OPIC insurance support will expand the ability of IGI Insurance, as well as the Pakistani insurance sector more broadly, to provide coverage for political violence, expropriation and currency inconvertibility in a risky market. The non-profit International Executive Service Corps, an insurance originator in OPIC's Enterprise Development Network, helped bring this relationship about by introducing IGI to OPIC and facilitating discussions.

And OPIC loans totaling \$250 million — all under the sponsorship of U.S.-based CHF International, a nonprofit organization — will enable three Jordanian banks — Cairo Amman Bank, Arab Bank Plc, and Housing Bank for Trade and Finance — to expand homeownership for low-income families, in support of the National Housing Initiative announced by King Abdullah.

PRIMING THE DEVELOPMENT PUMP

The provision of an adequate supply of water is one of the most important developmental challenges any nation faces. In a water-scarce country such as Jordan, it is especially difficult. OPIC is helping Jordan to alleviate its water shortage through a \$250 million investment guaranty and up to \$150 million of political risk insurance to support the historic Disi Water Conveyance Project.

The centerpiece of the \$1 billion project being built by GAMA Energy A.S., a company owned by GAMA Holding A.S. and GE Energy Financial Services, is a 325-kilometer pipeline that will pump more than 100 million cubic meters of water a year from the Disi aquifer in Mudawarra to the capital of Amman. It is the largest such privately-financed water project in the region.

FOCUS ON
AFRICA



BRINGING ECONOMIC GROWTH TO A REGION IN NEED

Global economic downturns are never welcome. But in Africa, which had been steadily building the foundations for higher growth, lower poverty and economic reform, the financial crisis of 2009 overturned years of progress, swept away jobs, revenues and livelihoods, and produced an 18-percent drop in foreign direct investment.

Reversing that trend is much more than any one nation or organization can do alone. That is why in 2009 OPIC forged important partnerships with African and U.S. investment-related agencies and private capital markets in order to encourage investment and promote growth by increasing access to finance, insurance and other services for the continent's most vulnerable sectors.

With \$227 million in OPIC support, three new private equity funds will leverage up to \$680 million in conventional and creative financing for medium-sized businesses, pan-African companies and reform-focused countries across the continent. Moreover, OPIC signed a new agreement with Africa's only multilateral investment and credit insurer — the African Trade

Insurance Agency (ATI) to renew its cooperation and to work together more closely to share information about products and services, to consider opportunities for reinsurance in Africa, and to work with ATI to build enhanced capabilities and capacity in offering political risk insurance. OPIC and ATI will soon begin reaching out to companies and investors in Africa during a business development tour and through technical capacity-building efforts targeting African banks, insurers and insurance brokers.

In Liberia, OPIC has provided financing to Buchanan Renewables for two investments in the renewable energy sector. Buchanan Renewables Fuel received a \$15 million loan from OPIC to establish a business harvesting wood chips from abundant and sustainable rubber trees from plantations for export to biomass power plants. OPIC also committed \$111.7 million in financing to Buchanan Renewables Monrovia Power to build a 36 MW biomass power plant near Monrovia to be fueled by rubber wood chips. The biomass power plant will have an enormous impact in a country that currently has less than 10 MW of installed generation capacity, using expensive diesel fuel.

HONORING A LONG-STANDING PARTNERSHIP

Recognizing and reinforcing nearly two decades of working together to facilitate U.S. private sector investment in Africa, OPIC presented its first-ever Partnership Award to the Corporate Council on Africa (CCA). Established in 1993, CCA works closely with governments, multilateral groups and business to improve Africa's trade and investment climate, and to raise the profile of Africa in the U.S. business community.

"Business linkages generated by the partnership between CCA and OPIC have resulted in a significant number of investment opportunities for CCA members, which in turn have created economic growth throughout Africa. We look forward to continuing our close partnership with OPIC, to the benefit of entrepreneurs across Africa," said CCA President Stephen Hayes in accepting the award.

OPIC created the OPIC Partnership Award in 2009 to recognize organizations for exceptional support and dedication in helping OPIC to encourage American investment in emerging markets, by disseminating information about OPIC products and services to their constituencies.

INVESTMENT ACTIVITIES



2009 INVESTMENT ACTIVITIES

US Sponsor/Insured Investor	Project Name	Project Description		
AFRICA AND THE MIDDLE EAST				
ANGOLA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$812,603	Insurance
Tivannah USA, Inc.	Tivannah Global, Lda	Expansion of building materials manufacturing operation	\$5,919,783	Finance
CAMEROON				
Citibank, N.A.	Agence de Credit Pour l'Entreprise Priv*	Expansion of microfinance portfolio	\$1,166,550	Finance
CONGO, DEMOCRATIC REPUBLIC OF				
Seaboard Overseas Limited	Minoterie de Matadi, S.A.R.L.	Cargo handling facility	\$6,459,027	Insurance
ETHIOPIA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$28,566	Insurance
GABON				
Overseas Development and Investment Company, Inc.	American Dream Home, S.C.I.	Housing construction	\$990,000	Insurance
GHANA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$86,196	Insurance
Microvest I, LP	Sinapi Aba Trust	Microfinance on-lending	\$1,000,000	Insurance
Sandy Osei-Agyeman	Slid Industries, Ltd	Expansion of hair care manufacturing company	\$1,000,000	Finance
IRAQ				
Dar Es Salaam Insurance Company	Dar Es Salaam Insurance Company	Facultative reinsurance for hotel	\$24,750,000	Insurance
Diana Dane Dajani Revocable Trust/Robert K. Kelley	Summit Hotels Limited/Summit Global Group	International business-class hotel	\$50,000,000	Finance
Iraq Middle Market Development Foundation	Iraq Middle Market Development Foundation	Expansion of SME lending portfolio	\$19,000,000	Finance
ISRAEL				
Corporation Sole	Episcopal Church of Jerusalem & the Middle East	Mixed-use building	\$4,500,000	Finance
JORDAN				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$252,500	Insurance
CHF International	Arab Bank PLC	Origination of low-income mortgages	\$100,000,000	Finance
CHF International	Cairo Amman Bank	Origination of low-income mortgages	\$50,000,000	Finance
CHF International	Housing Bank for Trade & Finance	Origination of low-income mortgages	\$100,000,000	Finance
General Electric Capital Corporation	Disi Water PSC	Water conveyance system	\$250,000,000	Finance
General Electric Capital Corporation	Disi Water PSC	Water conveyance system	\$150,000,000	Insurance

US Sponsor/Insured Investor	Project Name	Project Description		
KENYA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$182,040	Insurance
Citibank, N.A.	Kenya Women Finance Trust Ltd*	Expansion of microfinance portfolio	\$7,221,500	Finance
LEBANON				
Citibank N.A.	Bank Audi Sal-Audi Saradar Group*	Loans to SME's/low & middle income mortgages/consumer loans	\$55,000,000	Finance
Citibank, N.A.	Byblos Bank SAL*	Loans to SME's/low & middle income mortgages/consumer loans	\$34,000,000	Finance
National City Bank	Bank Audi Sal-Audi Saradar Group	Low and middle-income mortgages, SME and consumer loans	\$7,500,000	Insurance
LIBERIA				
Board of Directors of AISM Christopher Jorgensen & James Steele	American International School of Monrovia Inc Buchanan Renewables (Monrovia) Power Inc	Renovation & expansion of K-8 grade school 35 Megawatt rubber wood fired electric generation facility	\$1,600,000 \$111,700,000	Finance Finance
James Steele & Christopher Jorgensen	Buchanan Renewables Fuel Inc	Process of unproductive rubber trees into wood chips	\$15,000,000	Finance
RLJ Companies, LLC RLJ Liberia US, LLC	RLJ Liberia, LLC RLJ Liberia, LLC	Hotel construction and operation Hotel construction and operation	\$9,260,000 \$2,781,000	Finance Insurance
MALI				
American International School of Bamako Foundation	American International School of Bamako	Expansion & relocation of Pre-K-12 school	\$6,800,000	Finance
MOROCCO				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$187,500	Insurance
MOZAMBIQUE				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$370,326	Insurance
NIGERIA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$732,795	Insurance
Citibank, N.A.	American International School Lagos*	Development & construction of new high school facility	\$13,500,000	Finance
ContourGlobal Solutions North America LLC Eligible US Investors	ContourGlobal Solutions (Nigeria) Ltd. Capital Alliance Property Investment Co., LP	Electric services Closed-end investment fund	\$5,850,000 \$50,000,000	Insurance Investment Funds
SOUTH AFRICA				
AIG Global Emerging Markets Fund II LP Chemonics International	Blue Financial Services Ltd. Chemonics	Finance expansion of SME loan portfolio Global program of emerging market technical assistance contracts	\$70,000,000 \$66,691	Finance Insurance
TANZANIA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$13,678	Insurance
TOGO				
ContourGlobal LLC ContourGlobal Togo LLC	ContourGlobal Togo ContourGlobal Togo S.A.	100 MW power-generating facility 100 MW power-generating facility	\$146,250,000 \$25,575,940	Finance Insurance
UGANDA				
Michael Landau/Eli Popack	Mapswitch Uganda Ltd	Expansion of financial-telecom services business	\$3,800,000	Finance
WEST BANK AND GAZA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$276,052	Insurance
Cooperative Housing Foundation	AMAL-Bank of Palestine Mortgage Corp I	Develop low & middle-income housing finance program	\$59,690,000	Finance
Cooperative Housing Foundation	AMAL-Bank of Palestine Mortgage Corp II	Develop low & middle-income housing finance program	\$99,490,000	Finance
Cooperative Housing Foundation	AMAL-Cairo Amman Bank Mortgage Corp I	Develop low & middle-income housing finance program	\$119,390,000	Finance
Cooperative Housing Foundation	AMAL-Cairo Amman Bank Mortgage Corp II	Develop low & middle-income housing finance program	\$46,430,000	Finance
ZAMBIA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$299,843	Insurance

US Sponsor/Insured Investor	Project Name	Project Description		
AFRICA AND THE MIDDLE EAST REGIONAL				
Eligible US Investors	Millennium Global Africa Opportunities Fund	Direct equity fund	\$100,000,000	Investment Funds
Emerging Capital Partners LLC	ECP Africa FIII Investment LLC	Direct equity fund	\$60,000,000	Investment Funds
Greylock Capital Associates, LLC	Greylock Africa Opportunity Fund I	Direct equity fund	\$67,000,000	Investment Funds
ShoreBank International Ltd.	BRAC Africa Microfinance, Ltd (Class A & B)	Lending to BRAC-owned microfinance institutions	\$28,000,000	Finance
ASIA AND THE PACIFIC				
AFGHANISTAN				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] *
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
BANGLADESH				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$548,040	Insurance
INDIA				
Citibank, N.A.	Asa Grama Vidiyal Trust*	Expansion of microfinance portfolio	\$2,333,100	Finance
Citibank, N.A.	Bhartiya Samruddhi Finance Ltd*	Expansion of microfinance portfolio	\$3,888,500	Finance
Citibank, N.A.	Friends of Women's World Banking*	Expansion of microfinance portfolio	\$3,888,500	Finance
Citibank, N.A.	Grameen Financial Services Private Ltd*	Expansion of microfinance portfolio	\$2,333,100	Finance
Citibank, N.A.	SKS Microfinance PVT Ltd*	Expansion of microfinance portfolio	\$3,888,500	Finance
Citibank, N.A.	Spandana Sphoorty Financials Ltd*	Expansion of microfinance portfolio	\$16,665,000	Finance
Citibank, N.A.	Spandana Sphoorty Financials Ltd*	Expansion of microfinance portfolio	\$3,888,500	Finance
First Carlyle Growth VI	Repcoc Home Finance Limited	Mortgage finance facility	\$30,000,000	Finance
Charles Ransler, IV	Husk Power Systems, Inc	Biomass waste to energy	\$750,000	Finance
Saratoga Partners IV, L.P.	Cema Electric Lighting Products India PVT Ltd	Expansion & operation of lighting production facility	\$10,000,000	Finance
Mr.Inderpreet Wadhwa	Azure Power Punjab Private Limited	2MW photovoltaic solar power project	\$6,230,000	Finance
MONGOLIA				
Wallace M. Mays	IKH Tokhoirol XXK	Development of gold mine	\$10,000,000	Finance
PHILIPPINES				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$468,647	Insurance
Microvest I, LP	Seedfinance Corporation	Microfinance on-lending	\$1,000,000	Insurance
SAMOA				
Citibank N.A.	Digicel (Samoa) Limited*	Expansion of cellular telephone network	\$2,778,750	Finance
VIETNAM				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$171,315	Insurance
WM Capital	Australis Aquaculture LLC	Expansion of barramundi fish aquaculture operations	\$5,400,000	Finance
EUROPE AND EURASIA				
ARMENIA				
Bankworld, Inc.	Ardshinvestbank CJSC	Expansion of Ardshinvestbank's SME loan portfolio	\$9,750,000	Finance
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$4,441	Insurance
AZERBAIJAN				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$416,556	Insurance
Financial Services Volunteer Corps	Turanbank OJSC	Expansion of SME lending portfolio	\$7,312,500	Finance
Microvest I, L.P.	Inkishaf unchun Maliyye ("FinDev")	Microfinance on-lending	\$1,000,000	Insurance
Microvest I, L.P.	Norwegian Microcredit LLC ("Normicro")	Microfinance on-lending	\$750,000	Insurance
Microvest I, L.P.	Credagro	Microfinance on-lending	\$3,000,000	Insurance
BOSNIA AND HERZEGOVINA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$979,386	Insurance
Microvest I, L.P.	Mikrokreditna Organizacija MI-BOSPO	Microfinance on-lending	\$1,263,436	Insurance

US Sponsor/Insured Investor	Project Name	Project Description		
GEORGIA				
Chemionics International	Chemionics	Global program of emerging market technical assistance contracts	\$183,972	Insurance
Citibank, N.A.	Joint Stock Company TBC Bank*	Loans to SME's/low & middle income mortgages/consumer loans	\$40,000,000	Finance
Citibank, NA	Joint Stock Company TBC Bank	Fund low & middle income mortgages, SME & consumer loans	\$4,276,360	Insurance
Firebird Management, LLC	Joint Stock Company Bank of Georgia	Funding of tier II capital (subordinated loan)	\$10,000,000	Finance
Firebird Management, LLC	Joint Stock Company Bank of Georgia	Expansion of residential mortgage portfolio	\$29,000,000	Finance
Firebird Avroa Advisors LLC	Joint Stock Company SB Iberia	Construction of moderate income apartments	\$6,300,000	Finance
Firebird Avroa Advisors LLC	Joint Stock Company Iberia Real Estate	Construction of apartment housing projects	\$10,000,000	Finance
Edward & Kay Sturdivant/Jerome T. Jerome/ Jerome Baruffi	Sante GMT Products LLC	Expansion of dairy manufacturing facility	\$10,000,000	Finance
Sterling Crum and Family/Rick Dortch/Keith Barnes	GMT Mtatsminda, LLC	Renovation & restoration of multifunctional business complex	\$10,000,000	Finance
Sterling Crum and Family/Rick Dortch/Keith Barnes	GMT Real Estate, LLC	Mixed-use building complex	\$40,000,000	Finance
KAZAKHSTAN				
Chemionics International	Chemionics	Global program of emerging market technical assistance contracts	\$39,872	Insurance
Citibank, N.A.	Joint Stock Company Bank Centercredit*	Expansion of low & middle-income mortgage portfolio	\$30,000,000	Finance
Citibank, N.A.	Joint Stock Company Halyk Savings Bank*	Expansion of low & middle-income mortgage portfolio	\$30,000,000	Finance
MOLDOVA				
Chemionics International	Chemionics	Global program of emerging market technical assistance contracts	\$190,201	Insurance
Western NIS Enterprise Fund	Banca de Finante si Comert S.A.	Expansion of FinComBank's SME lending	\$6,000,000	Finance
POLAND				
Amtech U.S., Inc	Amtech SP.ZO.0	Construction of green housing units	\$2,000,000	Finance
ROMANIA				
Cooperative Housing Foundation	Express Finance-Institutie Financiara Neban	Expansion of microfinance & SME lending portfolio	\$10,000,000	Finance
Dorian Klein	Verida Credit IFN S.A.	Funding mortgage loans for purchase of residential housing	\$30,000,000	Finance
Romanian American Enterprise Fund	Capa Finance S.A.	Expansion of microfinance & SME lending portfolio	\$25,000,000	Finance
RUSSIA				
Peter E. Gerwe	Zao Star Networks	Expansion of internet service business	\$28,000,000	Finance
Western Retail Development LLC	PJ Development LLC	Building 26 Papa John pizza stores in Moscow	\$10,000,000	Finance
TURKEY				
Mr. Tunga Arcan Celengil/Mr. Tugrul Celengil	Fersan Fermantasyon Urun San. ve Tic.A.S	Expansion of canned fruit & vegetable production facility	\$9,750,000	Finance
Chinook Sciences International LLC	DT Metal Geri Kazanim Teknolojileri Sanayi	Aluminum recycling plant	\$30,000,000	Finance
General Electric Company	Turkiye Garanti Bankasi A.S.	Expansion of SME lending portfolio	\$100,000,000	Finance
Paladin Realty Partners, LLC	Paladin Realty Eurasia Investors, L.P.	Affordable housing development fund	\$35,000,000	Investment Funds
UZBEKISTAN				
Erik Brooks Owen	O&S Consulting, LLC	Remodeling of 3 hotels	\$840,000	Finance
EUROPE AND EURASIA REGIONAL				
CSI Leasing, Inc.	CSI Leasing Polska SP.Z.0.0 et al	Expansion of IT leasing activities	\$20,000,000	Finance
LATIN AMERICA AND THE CARIBBEAN				
BOLIVIA				
Microvest I, LP	Fundación Boliviana Para El Desarrollo De La Mujer	Microfinance on-lending	\$500,000	Insurance
Microvest I, LP	Fundación Boliviana Para El Desarrollo De La Mujer	Microfinance on-lending	\$250,000	Insurance
BRAZIL				
CSI Latina Financial, Inc.	CSI Latina Financial, Inc/CSI Latina Arrenda	Expansion of IT leasing activities	\$10,000,000	Finance
CHILE				
Driscoll Strawberry Associates, Inc.	TB-Driscoll Strawberry Associates, Inc	Expansion of blueberry production	\$21,000,000	Finance

US Sponsor/Insured Investor	Project Name	Project Description		
COLOMBIA				
Sharon Parks Gurtler and Charles Daniel Parks	Parko Services, S.A..	Drilling of 20 oil wells	\$2,800,000	Finance
Dr. Sadanand Joshi/Claudette Joshi	Joshi Technologies International Inc	Drilling of 20 oil wells	\$8,000,000	Finance
COSTA RICA				
The Alta Group, LLC	Banco Improsa S.A.	Finance expansion of SME lease portfolio	\$9,750,000	Finance
General Electric Company	Banco Bac San Jose, S.A. (Tranche A)	Expansion of low & middle-income mortgage lending	\$50,000,000	Finance
General Electric Company	Banco Bac San Jose, S.A. (Tranche B)	Expansion of SME lending portfolio	\$10,000,000	Finance
ECUADOR				
Microvest I, LP	D-Miro, Misión Alianza-Ecuador, Vía Perimetral, Isla	Microfinance on-lending	\$1,000,000	Insurance
Microvest I, LP	D-Miro, Misión Alianza-Ecuador, Vía Perimetral, Isla	Microfinance on-lending	\$1,000,000	Insurance
Microvest I, LP	D-Miro, Misión Alianza-Ecuador, Vía Perimetral, Isla	Microfinance on-lending	\$500,000	Insurance
Microvest I, LP	D-Miro, Misión Alianza-Ecuador, Vía Perimetral, Isla	Microfinance on-lending	\$250,000	Insurance
Microvest I, LP	D-Miro, Misión Alianza-Ecuador, Vía Perimetral, Isla	Microfinance on-lending	\$500,000	Insurance
EL SALVADOR				
General Electric Company	Banco de America Central, S.A. (Tranche A)	Expansion of low & middle-income mortgage lending	\$35,000,000	Finance
General Electric Company	Banco de America Central, S.A. (Tranche B)	Expansion of SME lending portfolio	\$12,500,000	Finance
GUATEMALA				
General Electric Company	Banco de America Central, S.A. (Tranche A)	Expansion of low & middle-income mortgage portfolio	\$30,000,000	Finance
General Electric Company	Banco de America Central, S.A. (Tranche B)	Expansion of SME lending portfolio	\$5,000,000	Finance
HAITI				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$94,282	Insurance
Seaboard Overseas Limited	Les Moulins D'Haiti S.E.M. (LMH)	Expansion of flour mill	\$6,594,818	Insurance
HONDURAS				
Citibank, N.A.	Digicel Honduras S.A. de CV*	Cellular telecommunications network	\$15,000,000	Finance
General Electric Company	Banco de America Central Honduras, S.A.(Tranche A)	Expansion of low & middle-income mortgage lending	\$20,000,000	Finance
General Electric Company	Banco de America Central Honduras, S.A.(Tranche B)	Expansion of SME lending portfolio	\$17,500,000	Finance
JAMAICA				
American International School of Kingston Foundation, Inc.	American International School of Kingston	Relocation & expansion of campus for K-12 school	\$3,150,000	Finance
MEXICO				
The Alta Group, LLC	Docuformas S.A.P.I. de C.V.	Expansion of SME leasing portfolio	\$7,800,000	Finance
Cambridge Liquidity Partners, Inc. & Omidyar Tufts Microfinance Fund	Vehiculos Liquidos Financieros Sapi de C.V. Sofom E.N.R	Liquidity to non-bank institutions for micro & SME loans	\$25,000,000	Finance
CSI Latina Financial, Inc.	CSI Latina Financial, Inc/CSI Leasing Mexic	Expansion of IT leasing activities	\$10,000,000	Finance
MBIA Insurance Corporation	Promotora de Infraestructura Registral, S.A.	Local capital markets bond issuance	\$250,000,000	Finance
NICARAGUA				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$38,212	Insurance
General Electric Company	Banco de America Central, S.A. (Tranche A)	Expansion of low & middle-income mortgage lending	\$10,000,000	Finance
General Electric Company	Banco de America Central, S.A. (Tranche B)	Expansion of SME lending portfolio	\$2,500,000	Finance
Microvest I, L.P.	Fondo Nicaraguense para el Desarrollo Comunitario	Microfinance on-lending	\$750,000	Insurance
PANAMA				
Citibank, N.A.	Digicel Panama S.A.*	Greenfield mobile telecom company	\$15,000,000	Finance
General Electric Company	International Bank, Inc (Tranche A)	Low & middle-income mortgage lending	\$5,000,000	Finance
General Electric Company	International Bank, Inc (Tranche B)	Expansion of SME lending portfolio	\$2,500,000	Finance
PARAGUAY				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$67,815	Insurance

US Sponsor/Insured Investor	Project Name	Project Description		
PERU				
Chemonics International	Chemonics	Global program of emerging market technical assistance contracts	\$2,857,300	Insurance
Michael Deutschman & Gino Picasso	Globokas Peru, S.A.C.	Expansion of financial-telecom services business	\$2,500,000	Finance
GTV GloboKasNet LLC	GloboKas Peru S.A.C.	Correspondent agent network to provide electronic financial services to rural & semi-urban population	\$2,500,000	Insurance
LATIN AMERICA AND THE CARIBBEAN REGIONAL				
Alsic International Holdings, LLC	Fondo Alsic Mexico de Vivienda de Interes SO	Closed-end investment fund	\$50,000,000	Investment Funds
CSI Latina Financial, Inc.	CSI Latina Financial, Inc/CSI Leasing de Cent	Expansion of IT leasing activities	\$10,000,000	Finance
Global Partnerships	Global Partnerships Microfinance Fund 2008, LLC	Provide capital to expand MFI's in Latin America (senior loan)	\$1,500,000	Finance
Global Partnerships	Global Partnerships Microfinance Fund 2008, LLC	Provide capital to expand MFI's in Latin America (subordinated loan)	\$5,375,000	Finance
Paladin Realty Partners, LLC	Paladin Realty Latin America Investors III	Affordable housing development fund	\$65,000,000	Investment Funds
ALL OPIC COUNTRIES				
Accion International	Emergency Liquidity Facility, L.P.	Expansion of emergency lending program to MFI's	\$4,000,000	Finance
E+CO., Inc	E+CO., Inc	Loans to SMEs for small clean energy projects	\$10,000,000	Finance
MFX Solutions LLC	MFX Solutions, Inc	Guaranty to hedge provider to facilitate local currency lending to MFIs	\$20,000,000	Finance
The Omidyar Network	Microvest I, LP	Fund medium & long-term senior loans to MFIs	\$10,000,000	Finance
VGF Advisers (US) LLC	Virgin Green Fund Global I, L.P.	Closed-end investment fund	\$100,000,000	Investment Funds

*Downstream transactions committed under framework agreements entered into during prior fiscal years.

FY2009 INVESTMENT FUNDS PORTFOLIO ACTIVITY

Fund Name	Portfolio Company	Description	Country/Region
Alsic Latin America Fund, L.P.	BBVA-Bancomer NPL Portfolio	Financial Services	Mexico
	Protexa	Oil & Gas Maintenance Services	Mexico
Asia Development Partners II, L.P.	Orient Green Power Pte. Ltd.	Renewable Energy	India
ECP MENA Growth FII, LLC	Agromed	Agribusiness	Tunisia
	BACIM	Financial Services	Mauritania
	Finaccess Holding	Data & IT Services	Morocco
	North Africa Consumer Goods	Consumer Products - Personal Care	Tunisia
	Société SHORESAL	Real Estate	Algeria
Paladin Realty Latin America Investors II, L.P.	Arinpa Homebuilding Platform	Housing	Mexico
	Botafogo Trade Center	Real Estate	Brazil
	P2K Homebuilding Platform	Housing	Chile
	Paladippsa Homebuilding Platform	Housing	Mexico
	PM Homes Homebuilding Platform	Housing	Brazil
	REDI Homebuilding Platform	Housing	Mexico
	Tucan Homebuilding Platform	Housing	Peru
Russia Partners II O Series, L.P.	Gameplay.tv	Media	Russia
Southeast Europe Equity Fund II, L.P.	Ana Gida	Consumer Products - Edible Oil	Turkey

OPIC COUNTRIES AND AREAS AS OF SEPTEMBER 30, 2009

OPIC services encourage U.S. private investment in some 150 countries and areas around the world, contributing to economic growth at home and abroad.

OPIC services are generally available in the countries and areas listed below. From time to time, statutory and policy constraints may limit the availability of OPIC services in certain countries, or

countries where services were previously unavailable may become eligible. Investors are urged to contact OPIC directly or check the website: www.opic.gov/doing-business/where-we-work for up-to-date information regarding the availability of OPIC services in specific countries, as well as information on the availability of OPIC services in countries not listed.

AFRICA AND THE MIDDLE EAST

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

ASIA AND THE PACIFIC

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

EUROPE AND EURASIA

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

LATIN AMERICA AND THE CARIBBEAN

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



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report on Financial Statements

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, 2009 and 2008, and the related statements of income, capital and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of OPIC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OPIC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Overseas Private Investment Corporation as of September 30, 2009 and 2008, and the results of operations, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 12, 2009, on our consideration of OPIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 12, 2009

BALANCE SHEETS

Overseas Private Investment Corporation—September 30, 2009 and 2008 (\$ in thousands)

Assets	2009	2008
Fund Balance with U.S. Treasury (notes 2 and 4)	\$ 549,470	\$ 554,818
U.S. Treasury securities, at amortized cost plus related receivables (notes 2 and 7)	4,898,512	4,767,168
Direct loans outstanding, net (notes 2 and 10)	808,363	617,356
Accounts receivable resulting from investment guaranties, net (notes 2 and 11)	50,523	56,786
Assets acquired in insurance claims settlements, net (notes 2 and 11)	40,946	65,355
Guaranty receivable (notes 2 and 18)	233,959	152,485
Accrued interest and fees and other	25,496	22,734
Furniture, equipment and leasehold improvements at cost less accumulated depreciation and amortization of \$14,566 in FY2009 and \$14,263 in FY2008 (note 2)	4,069	2,399
Total assets	<u>\$ 6,611,338</u>	<u>\$ 6,239,101</u>
Liabilities, Capital, and Retained Earnings		
Liabilities:		
Reserve for political risk insurance (note 9)	\$ 300,000	\$ 300,000
Reserve for investment guaranties (note 10)	676,422	625,291
Accounts payable and accrued expenses	5,986	5,572
Guaranty liability (notes 2 and 18)	233,959	152,485
Customer deposits and deferred income	40,517	37,145
Borrowings from U.S. Treasury, and related interest (note 6)	1,006,520	861,286
Unearned premiums	10,590	12,600
Deferred rent & rent incentives from lessor of \$4,975 and \$4,449 net of accumulated amortization of \$1,709 and \$1,357 in FY2009 and FY2008 (note 14)	3,266	3,092
Total liabilities	2,277,260	1,997,471
Contingent liabilities (notes 2 and 17)		
Capital and retained earnings:		
Contributed capital	\$ 50,000	\$ 50,000
Credit funding (note 5)	111,056	115,765
Interagency transfers (note 2)	10,810	19,499
Retained earnings and reserves:		
Insurance (notes 9 and 12)	839,271	1,049,510
Guaranty (notes 10 and 12)	3,322,941	3,006,856
	4,334,078	4,241,630
Total liabilities, capital, and retained earnings	<u>\$ 6,611,338</u>	<u>\$ 6,239,101</u>

See accompanying notes to financial statements.

STATEMENTS OF INCOME

Overseas Private Investment Corporation—Years ended September 30, 2009 and 2008 (\$ in thousands)

Revenues	2009	2008
Political risk insurance premiums and fees (note 9)	\$ 17,415	\$ 18,770
Investment financing interest and fees	149,053	184,495
Interest on finance program deposits	20,197	21,855
Other operating income	—	1
Interest on U.S. Treasury securities	202,781	220,231
Total revenues	389,446	445,352
Expenses		
Provisions for reserves:		
Political risk insurance (notes 2 and 9)	\$ (944)	\$ (15,169)
Investment financing (notes 2, 10 and 11)	32,683	197,334
Salaries and benefits (note 15)	28,844	27,470
Rent, communications and utilities (note 14)	7,501	7,361
Contractual services	23,401	13,001
Travel	3,051	3,202
Interest on borrowings from U.S. Treasury (note 6)	50,356	43,669
Depreciation and amortization (note 2)	303	364
Other general and administrative expenses	1,698	1,619
Total expenses	146,893	278,851
Net income	<u>\$ 242,553</u>	<u>\$ 166,501</u>

See accompanying notes to financial statements.

STATEMENTS OF CAPITAL AND RETAINED EARNINGS

Overseas Private Investment Corporation—Years ended September 30, 2009 and 2008 (\$ in thousands)

	Contributed capital	Credit funding	Interagency transfers	Equity reserves		Retained earnings	Total
				Insurance (notes 9 & 12)	Guaranty (notes 10 & 12)		
Balance, Sept. 30, 2007	\$ <u>50,000</u>	\$ <u>109,641</u>	\$ <u>11,472</u>	\$ <u>1,321,128</u>	\$ <u>3,058,454</u>	\$ <u>—</u>	\$ <u>4,550,695</u>
Net income	—	—	—	(250,091)	416,592	—	166,501
Return credit funding to U.S. Treasury	—	(3,700)	—	—	(552,259)	—	(555,959)
Credit funding received from:							
Accumulated earnings	—	52,000	—	(23,500)	—	(28,500)	—
Credit appropriations	—	70,393	—	—	—	—	70,393
Credit funding used	—	(112,569)	—	—	84,069	28,500	—
Interagency transfers	—	—	8,027	1,973	—	—	10,000
Balance, Sept. 30, 2008	\$ <u>50,000</u>	\$ <u>115,765</u>	\$ <u>19,499</u>	\$ <u>1,049,510</u>	\$ <u>3,006,856</u>	\$ <u>—</u>	\$ <u>4,241,630</u>
Net income	—	—	—	(161,928)	404,481	—	242,553
Return credit funding to U.S. Treasury	—	(18,370)	—	—	(223,122)	—	(241,492)
Intraagency transfers	—	—	—	(30,000)	30,000	—	—
Credit funding received from:							
Accumulated earnings	—	59,360	—	(29,000)	—	(30,360)	—
Credit appropriations	—	89,387	—	—	—	—	89,387
Credit funding used	—	(135,086)	—	—	104,726	30,360	—
Interagency transfers	—	—	(8,689)	10,689	—	—	2,000
Balance, Sept. 30, 2009	\$ <u>50,000</u>	\$ <u>111,056</u>	\$ <u>10,810</u>	\$ <u>839,271</u>	\$ <u>3,322,941</u>	\$ <u>—</u>	\$ <u>4,334,078</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Overseas Private Investment Corporation—Years ended September 30, 2009 and 2008 (\$ in thousands)

	2009	2008
Cash flows from operating activities:		
Net income	\$ 242,553	\$ 166,501
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for:		
Political risk insurance	(944)	(15,169)
Investment financing	32,683	197,334
Amortization of premiums on U.S. securities	13,268	7,663
Accretion of discounts on U.S. securities	(11,733)	(14,460)
Amortization of deferred rent and rental incentives	169	248
Increase in rent incentives	5	21
Depreciation and amortization	303	364
(Increase) decrease in operating assets:		
Accrued interest and fees and other	4,742	10,573
Guaranty receivable	(81,474)	15,995
Assets acquired in insurance claims settlements	(206)	(1,980)
Recoveries on assets acquired in insurance claims settlements	25,559	25,858
Assets acquired in finance claims settlements	(11,654)	(51,455)
Recoveries on assets acquired in finance claims settlements	11,895	12,364
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	414	48
Customer deposits and deferred income	3,372	(5,390)
Guaranty liability	81,474	(15,995)
Unearned premiums	(2,010)	(727)
Cash provided by operating activities	308,416	331,793
Cash flows from investing activities:		
Sale and maturity of U.S. Treasury securities	1,231,877	1,013,194
Purchase of U.S. Treasury securities	(1,372,260)	(1,234,400)
Repayment of direct loans	104,603	92,051
Disbursement of direct loans	(271,139)	(77,628)
Acquisition of furniture and equipment	(1,973)	(732)
Cash used in investing activities	(308,892)	(207,515)
Cash flows from financing activities:		
Return credit funding to U.S. Treasury	(241,493)	(555,959)
Interagency transfers	2,000	10,000
Credit appropriations	89,387	70,393
Credit reform borrowings from U.S. Treasury	145,234	67,742
Cash used in financing activities	(4,872)	(407,824)
Net decrease in cash	(5,348)	(283,546)
Fund Balance with U.S. Treasury at beginning of year	554,818	838,364
Fund Balance with U.S. Treasury at end of year	<u>\$ 549,470</u>	<u>\$ 554,818</u>

See accompanying notes to financial statements.

(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.

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 guaranty obligation reported, represents the fair value of the investment guaranties. This obligation is reduced over the term of the investment guaranty 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. Revenue from both loan interest payments and guaranty fees that is more than 90 days past due is recognized only when cash is received. 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, 2009 and 2008 consists of the following (dollars in thousands):

	2009	2008
Restricted:		
Pre-Credit reform	\$ 1,537	7
Credit reform	541,965	544,549
Interagency fund transfers	1	1
Unrestricted	5,967	10,261
Total	<u>\$ 549,470</u>	<u>554,818</u>

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. In 2008, OPIC transferred \$625,000 to the

noncredit insurance account. There was no transfer in 2009. 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 2009, OPIC's appropriations legislation authorized the corporation to use \$29 million of its accumulated earnings to cover the future costs of credit transactions committed in fiscal years 2009 through 2011. In fiscal year 2008, OPIC was authorized to use \$23.5 million to cover commitments in fiscal years 2008 through 2010. In addition to the credit funding allocated directly to OPIC through the appropriations process, OPIC has 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):

	2009	2008
Balance carried forward	\$ 115,765	109,641
Upward reestimates	89,387	70,393
Transferred from earnings	59,360	52,000
Expired credit funding	(18,370)	(3,700)
Credit funding used	(135,086)	(112,569)
Credit funding remaining	<u>\$ 111,056</u>	<u>115,765</u>

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 \$89.4 million and \$70.4 million and decreases in subsidy costs of \$175.7 million and \$504.9 million in fiscal years 2009 and 2008, respectively.

(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 \$335.4 million in 2009 and \$258.8 million in 2008, all of which have been disbursed. OPIC paid a total of \$50.4 million and \$43.7 million in interest to the U.S. Treasury during fiscal years 2009 and 2008, respectively. Repayments of borrowings from the U.S. Treasury totaled \$190.2 million in 2009 and \$190.7 million in 2008. Future payments for borrowing outstanding at September 30, 2009 are as follows (dollars in thousands):

Payment due in:	
Fiscal Year 2010	\$ 16,020
Fiscal Year 2011	40,465
Fiscal Year 2012	49,095
Fiscal Year 2013	42,641
Fiscal Year 2014	55,863
Thereafter	802,436
Total	\$ <u>1,006,520</u>

(7) INVESTMENT IN U.S. TREASURY SECURITIES

The composition of investments and related receivables at September 30, 2009 and 2008 is as follows (dollars in thousands):

	2009	2008
Investments, amortized cost	\$ 4,857,835	4,718,986
Interest receivable	40,677	48,182
Total	\$ <u>4,898,512</u>	<u>4,767,168</u>

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

	Sept. 30, 2009	Sept. 30, 2008
Gross amortized cost	\$ 4,857,835	4,718,986
Gross unrealized gains	342,457	293,977
Gross unrealized losses	(651)	(207)
Estimated fair value	\$ <u>5,199,641</u>	<u>5,012,756</u>

At September 30, 2009, the securities held had an interest range of .875% to 10.6% and a maturity period from one month to almost 19 years.

OPIC holds its securities to maturity. The amortized cost and estimated fair value of U.S. Treasury securities at September 30, 2009, by contractual maturity, are shown below (dollars in thousands):

	Amortized cost	Estimated fair value
Due in one year or less	\$ 1,141,732	1,159,360
Due after one year through five years	2,796,459	2,910,165
Due after five years through 10 years	614,813	733,430
Due after 10 years	304,831	396,686
Total	\$ <u>4,857,835</u>	<u>5,199,641</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, 2009, OPIC's insurance and finance programs have collectively utilized \$13.3 billion.

(9) POLITICAL RISK INSURANCE

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

	2009	2008
Political risk insurance premiums	\$ 17,411	19,633
Misc. insurance income (expense)	4	(863)
Total insurance revenue	\$ <u>17,415</u>	<u>18,770</u>

OPIC's capital, allowance, retained earnings, and reserves available for insurance at September 30, 2009 and 2008 totaled \$1.2 billion and \$1.4 billion, respectively. 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, 2009 and 2008 was \$2.7 billion and \$2.9 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, 2009 and 2008 was \$1.9 billion and \$2.2 billion, respectively.

(b) Pending Claims

At both September 30, 2009 and 2008 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 2009 and 2008 were as follows (dollars in thousands):

	2009	2008
Beginning balance	\$ 300,000	315,000
Amount charged off	(206)	—
Increase (decrease) in provisions	(944)	(15,169)
Transfers from other reserves	1,150	169
Ending balance	<u>\$ 300,000</u>	<u>300,000</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 2009 and 2008, \$29 million and \$23.5 million 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, 2009 and 2008 totaled \$4.1 billion and \$3.8 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, 2009 totaled \$2.4 billion, of which approximately \$929 million was outstanding. Direct loan exposure at September 30, 2008 totaled \$1.2 billion, of which approximately \$766 million was outstanding. Interest income is not accrued on direct loans that have payments that are more than 90 days past due. Loans with payments more than 90 days past due totaled \$115.2 million at September 30, 2009 and \$147.7 million at September 30, 2008. If interest income had been accrued on those loans, it would have approximated \$4.6 million during fiscal year 2009 and \$3.5 million during fiscal year 2008. Interest collected on delinquent loans and recorded as income when received amounted to \$17.7 million and \$6.9 million for fiscal years 2009 and 2008, respectively.

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

	2009	2008
Direct loans outstanding	\$ 928,589	765,748
Allowance for uncollectible loans	(120,226)	(148,392)
Direct loans outstanding, net	<u>\$ 808,363</u>	<u>617,356</u>

Changes in the allowance for uncollectible loans during fiscal years 2009 and 2008 were as follows (dollars in thousands):

	2009	2008
Beginning balance	\$ 148,392	153,151
Amounts charged off	(5,065)	(13,077)
Recoveries	1,513	163
(Decrease) increase in provisions	(24,470)	9,344
Provision for capitalized interest	(144)	(1,189)
Ending balance	<u>\$ 120,226</u>	<u>148,392</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 \$8.2 billion at September 30, 2009, of which \$5 billion was outstanding. Of the \$8.2 billion of exposure, \$6 billion was related to project finance and \$2.2 billion was related to investment fund guarantees. Of the \$5 billion outstanding, \$4.3 billion related to project finance and \$700 million related to investment fund guaranties. Included in the \$2.2 billion of investment fund exposure is \$328 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, 2009, \$76 million of the \$328 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, 2008, OPIC's exposure to credit risk under investment guaranties, including claim-related assets, was \$7.2 billion, of which \$4.8 billion was outstanding. Of the \$7.2 billion of exposure, \$5.5 billion was related to project finance and \$1.7 billion was related to investment fund guarantees. Of the \$4.8 billion outstanding, \$4.2 billion related to project finance and \$600 million related to investment fund guaranties. Included in the \$1.7 billion of investment fund exposure is \$299 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, 2008, \$43 million

of the \$299 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 2009 and 2008 were as follows (dollars in thousands):

	2009	2008
Beginning balance	\$ 625,291	486,304
Amount charged off	—	(51,455)
Recoveries	1,098	—
Increase (decrease) in provisions	50,033	190,442
Ending balance	<u>\$ 676,422</u>	<u>625,291</u>

Mindful that uncertainty in the global economy and volatility in world financial markets can affect loan repayments, it is OPIC policy to regularly review reserve adequacy. Accordingly, to provide for potential future impact to the portfolio OPIC set aside an additional prudential reserve in fiscal year 2009. This reserve is reflected in the above \$50 million "Increase in provisions".

(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):

	2009	2008
Accounts receivable resulting from investment guaranties	\$ 71,806	70,949
Allowance for doubtful recoveries	(21,283)	(14,163)
Accounts receivable, net	<u>\$ 50,523</u>	<u>56,786</u>

Changes in the allowance for doubtful recoveries for assets resulting from investment guaranties during fiscal years 2009 and 2008 were as follows (dollars in thousands):

	2009	2008
Beginning balance	\$ 14,163	16,477
Increase (decrease) in provisions	7,120	(2,452)
Recoveries	—	138
Ending balance	<u>\$ 21,283</u>	<u>14,163</u>

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

	2009	2008
Assets acquired in insurance claims settlements	\$ 43,819	69,378
Allowance for doubtful recoveries	(2,873)	(4,023)
Accounts receivable, net	\$ <u>40,946</u>	<u>65,355</u>

Changes in the allowance for doubtful recoveries for assets acquired in insurance claims settlements during fiscal years 2009 and 2008 were as follows (dollars in thousands):

	2009	2008
Beginning balance	\$ 4,023	4,192
Amounts charged off	—	—
Transfers to other reserves	(1,150)	(169)
Ending balance	\$ <u>2,873</u>	<u>4,023</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 2009 and 2008, 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, 2009 and 2008, the Insurance Reserve totaled \$839 million and \$1 billion, and the Guaranty Reserve totaled \$3.3 billion and \$3 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, 2009 are as follows (dollars in thousands):

	Carrying amount	Fair value
Financial Assets:		
Cash	\$ 549,470	549,470
U.S. Treasury securities	4,857,835	5,199,641
interest receivable on securities	40,677	40,677
Direct loans	808,363	808,363
Accounts receivable		
from investment guaranties	50,523	50,523
Assets acquired in insurance claims settlements	40,946	40,946
Financial Liabilities:		
Borrowing from the U.S. Treasury	\$ <u>1,006,520</u>	<u>1,599,705</u>

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.

Rental expense for fiscal years 2009 and 2008 was approximately \$4 million and \$3.8 million, respectively. Minimum future rental payments under the 15-year lease at 1100 New York Avenue, N.W. are approximately \$4.4 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 7.0% of employees' gross 2009 earnings and contributed 7.0% of employees' 2009 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.

FERS and CSRS employees may elect to participate in the Thrift Savings Plan (TSP). In January 2006 the TSP contributions limits were eliminated. In 2009 both CSRS and FERS employees could

elect to contribute up to \$16,500, 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%.

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, 2009 and 2008 (dollars in thousands):

2009	Total	Outstanding	Unused commitments
Guaranties	\$ 8,162,644	4,919,118	3,243,526
Undisbursed direct loans	1,483,239	—	1,483,239
Insurance	2,688,916	1,945,076	743,840
2008			
Guaranties	\$ 7,081,511	4,731,719	2,349,792
Undisbursed direct loans	453,076	—	453,076
Insurance	2,921,905	2,245,473	676,432

OPIC's off-balance-sheet finance and insurance exposure involves coverage outside of the United States. The following is a break-

down of such total commitments at September 30, 2009 by major geographical area (dollars in thousands):

	Loan guaranties	Undisbursed portion of direct loans	Insurance
Africa	\$ 1,273,105	288,659	555,676
Asia	385,472	106,450	501,703
Europe	797,458	118,375	95,635
Latin America	3,027,558	161,260	433,236
Middle East	1,423,736	644,379	792,432
NIS (New Independent States)	894,954	109,532	328,871
Worldwide	360,361	54,584	—
Insurance stop-loss adjustment	—	—	(18,637)
	<u>\$ 8,162,644</u>	<u>1,483,239</u>	<u>2,688,916</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, 2009, OPIC's largest finance and insurance exposure was in the following countries and sectors (dollars in thousands):

Country		Sector	
Mexico	\$ 1,010,158	Financial services	\$ 6,539,867
Jordan	781,598	Power generation	1,770,198
Russia	658,235	Oil and gas services	1,406,255
Nigeria	626,168	Services	1,025,851
Turkey	610,076	Manufacturing	751,574

(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) ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTIES

In FY 2009 and FY 2008 pursuant to the requirement of FASB ASC 460, OPIC recognized a guaranty liability and a guaranty fee receivable of \$234 million and \$152.5 million, respectively. OPIC collected \$63.9 million and \$51 million of guaranty fees in FY 2009 and FY 2008, respectively, on the investment guaranties issued since December 31, 2002.

(19) 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.

NOTES



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