



Overseas Private Investment Corporation

Board of Directors Meeting

September 23, 2010

Agenda – Closed Session

- **Reports**
 - Audit Committee Report (Warren)
 - Evolution of OPIC Portfolio (Koh)
 - Policy Overview (Morton)
 - Review of Legal and Character Risk Due Diligence Process (O’Sullivan)

- **Proposed FY 2012 Budget**

- **Project Review**
 - Status of Recently Approved Projects (Koh)
 - Recent Commitments and Disbursements (Koh)
 - Projects for Board Approval (Project Teams)

- **Approval of Minutes**

- **Pending Major Projects**
 - Recap of Strategic Priorities (Littlefield)
 - Strategic Fit of Project Pipeline (Littlefield)

OPIC's Portfolio: Our Solutions

OPIC offers innovative financial solutions to support private investors, including debt financing, insurance, and investment funds

Products

■ Debt financing

- Ranges from large structured finance to small business loans
- Loan amounts up to \$250M with fixed rate terms for up to 20 years

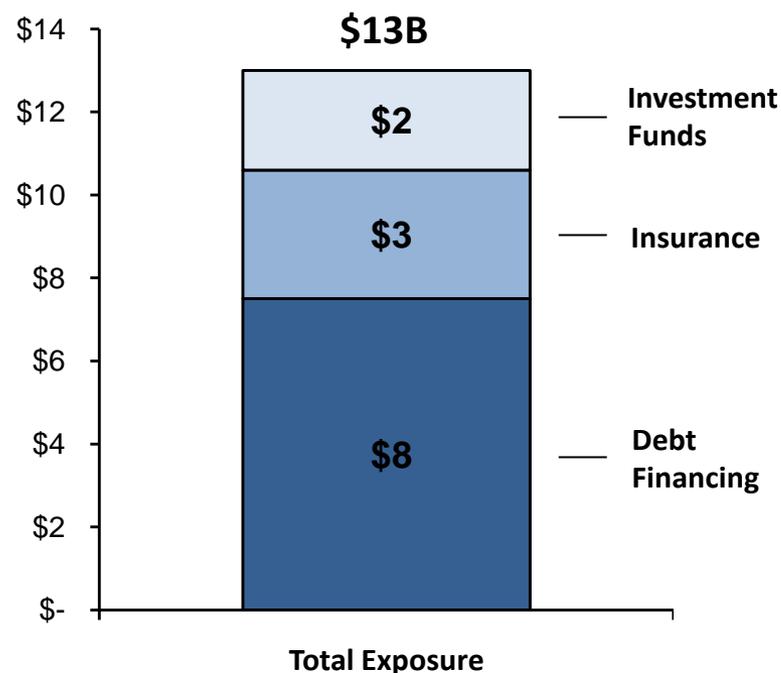
■ Insurance

- Offers coverage for risk of expropriation, political violence, and currency inconvertibility

■ Investment funds

- Provides debt that is matched by privately raised equity to support funds investing in emerging markets

Current Portfolio *



*As of September 20, 2010

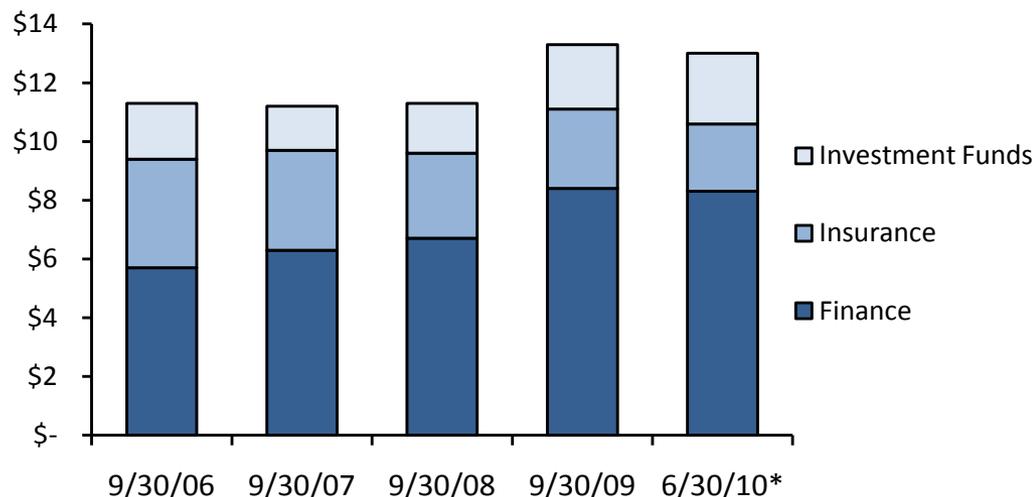
Executive Summary: OPIC's Portfolio

- OPIC's **total exposure is has grown**, reaching \$12.9B as of June 30, 2010 (up 3% from June 30, 2009)
- **Structured Finance and Small and Medium Enterprise Finance have grown to 64% of the portfolio**, followed by Investment Funds (18%), and Insurance (18%)
- OPIC's portfolio has grown substantially in **MENA and Sub-Saharan Africa**
- **Financial Services has increased** to 52% of total exposure
- **The portfolio continues to perform financially**, generating \$138M in revenue from operations up to June 30, 2010, an increase of 11% from June 30, 2009
- **OPIC's risk profile is relatively stable** compared to 2009, with a slight increase in criticized assets

Portfolio Evolution: Products

Growth in the portfolio continues in 2010 after a substantial increase in 2009, led by increases in finance and investment funds

Portfolio Distribution by Product (2006 – 2010)



Product Line	Current Exposure (M)	% of Total	06-09 Growth
Investment Funds	\$2,374	18%	4%
Insurance	\$2,318	18%	(10%)
Finance	\$8,261	64%	14%
Total Portfolio	\$12,953	100%	6%

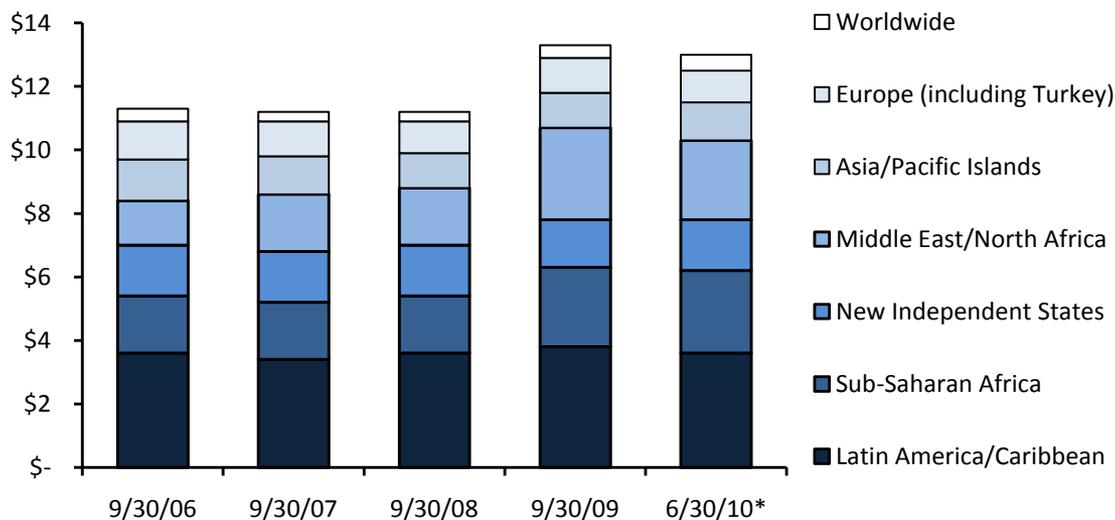
- OPIC's portfolio grew to \$12.9B by June 30, 2010; 3% more than the portfolio at June 30, 2009
- 2009 portfolio increased substantially over 2008 due to backlog from lapse in reauthorization
- OPIC's insurance portfolio has experienced a gradual contraction due to the withdrawal of majority US companies from emerging markets where OPIC operates

*Third quarter balances only

Portfolio Evolution: Regional

While Latin America remains the largest regional concentration in 2010, MENA and Sub-Saharan Africa have shown significant growth since 2006

Regional Coverage (2006 – 2010)



Region	Current Exposure (M)	% of Total	06 – 09 Growth
Worldwide	\$587	5%	1%
Europe	\$921	7%	(5%)
Asia/Pacific Islands	\$1,163	9%	(4%)
MENA	\$2,541	20%	27%
NIS	\$1,563	12%	(2%)
Sub-Saharan Africa	\$2,582	20%	12%
Latin Amer/Carib	\$3,626	28%	2%
Total Portfolio	\$12,953	100%	6%

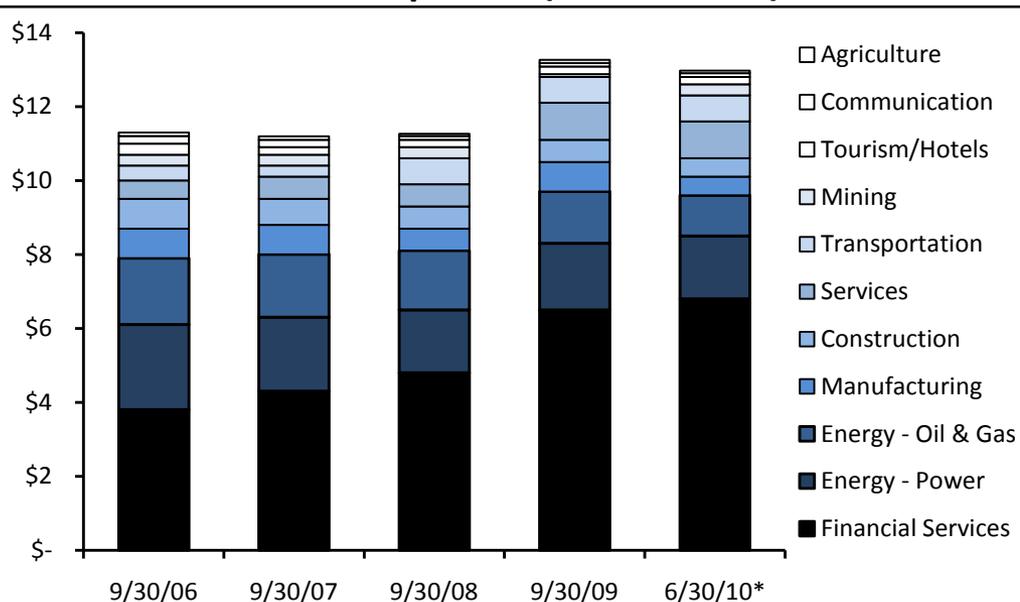
- Regional concentration shifted substantially in 2009, led by growth in the broader Middle East and Sub-Saharan Africa
- Exposure in Asia, Europe and NIS experienced a gradual contraction – although new transactions have been booked, they have not offset scheduled amortization of debt and insurance terminations.

*Third quarter balances only

Portfolio Evolution: Sector

Sector concentration in 2010 has continued to shift towards Financial Services.

Sector Exposure (2006 – 2010)



- Financial Services continues to grow, representing over half of the portfolio by June 30, 2010
- Growth initially driven by Framework facilities with US banks - more recent growth due to the expansion of the housing finance and small business financing
- While Energy overall has declined, renewable energy has grown

Sector	Current Exposure (M)	% of Total	06 – 09 Growth
Agriculture	\$76	1%	(9%)
Communication	\$117	1%	(16%)
Tourism/Hotels	\$243	2%	1%
Mining	\$304	2%	(36%)
Transportation	\$666	5%	22%
Services	\$974	8%	24%
Construction	\$512	4%	(8%)
Manufacturing	\$520	4%	(3%)
Energy – Oil & Gas	\$1,061	8%	(8%)
Energy - Power	\$1,683	13%	(9%)
Financial Services	\$6,797	52%	20%
Total Portfolio	\$12,953	100%	6%

*Third quarter balances only

Portfolio Evolution: Performance & Risk

Portfolio risk remained relatively stable over the first nine months of FY 2010

- OPIC's portfolio continues to perform financially, generating \$138M in revenue from operations up to June 30, 2010, an increase of 11% from June 30, 2009
- Risk in the portfolio is relatively stable from 2009 levels
- Loans past due remain constant at 2%, and we remain at historically low charge-off rates

Our Policy Standards

Investors and project proposals must satisfy certain policy criteria to receive OPIC financing

Policy Standards for Projects

OPIC supported projects must:

- ✓ Contribute to **sustainable development** in one of ~**150 eligible countries**
- ✓ Comply with internationally-recognized best practices in **environmental and social standards**
- ✓ Comply with international **worker rights** standards and promote respect for **human rights** through close consultation with the Dept. of State
- ✓ Cause **no loss of U.S. jobs** or other adverse impact on the U.S. economy
- ✓ Contribute to OPIC's **greenhouse gas** policy of reducing portfolio emissions by 30% of 2008 levels by 2018 and 50% by 2023.

Policy Statements: Environment, Social, Labor & HR

We have recently released our Environmental and Social Policy Statement and are nearing completion of our Labor and Human Rights Statement

- First major revision of OPIC's environmental and social policies in 12 years, and first public articulation of labor and human rights policies
- Driven by 2010 Omnibus Appropriations Act and desire to harmonize standards with international best practices
- Year long process which codifies OPIC's unique commitments (GHG, non-delegation of policy reviews to financial intermediaries) and adopts IFC Performance Standards as benchmarks
- ~70% of emerging market project finance activity adheres to the same or similar standards

Benefits

- ✓ Clear & transparent
- ✓ Predictable & consistent
- ✓ Reduction of reputational risk

Next Steps

- ✓ Complete Labor and Human Rights policy statement
- ✓ Develop implementing procedures and train OPIC staff

Due Diligence Process for Projects

Components	Due Diligence Process	
		
Timing	<i>Before approvals and <u>ongoing through disbursement</u></i>	<i>Before approval and disbursement</i>
Areas of Focus	<ul style="list-style-type: none"> ■ Corruption or fraud ■ Civil/criminal proceedings ■ Reputational risk ■ Terrorist ties 	<ul style="list-style-type: none"> ■ Legality of project structure ■ Legal issues with sponsor from character diligence
Information Sources	<ul style="list-style-type: none"> ✓ Public databases ✓ USG intelligence agencies ✓ Embassy cables ✓ Local counsel 	<ul style="list-style-type: none"> ✓ Local counsel ✓ OPIC counsel ✓ US and local regulations

Status of Recently Approved Projects

Project	Negotiating	Committed	Disbursed	Status/Description
June 24 2010 Board Meeting				
ePlanet Ventures Fund III (\$75M)	✓			Technology growth fund for MENA, Southeast Asia
Riyada Enterprise Dev. Fund (\$150M)	✓			Tech. growth equity fund for SMEs in MENA
Accelerator Tech (\$25M)	✓			Technology growth equity fund for MENA
Siraj Palestine Fund I (\$30M)	✓			Growth equity fund for SMEs in West Bank
KIPCO Opportunity Fund L.P. (\$150M)	*			Debt and equity fund for MENA
Citadel Capital Joint Inv. Fund (\$100M)	✓			Growth and private equity fund for MENA
JS Private Equity Fund II (\$50M)	✓			Private equity fund for SMEs in IT, education, healthcare in MENA
Capital Alliance Private Equity III (\$150M)	✓			Growth and private equity fund for West Africa
Lombard Asia IV, L.P. (\$100M)	✓			Growth equity for SMEs in Southeast Asia
Latin America Housing Facility (\$97.9M)		✓		Housing construction finance in Latin America
Non-Board (6/24/2010-9/21/2010)**				
Azure Power (\$26.8 M Direct Loan)		✓		10 MW Solar Power Project in India
CSI Leasing Mexico (\$10 M Direct Loan)		✓		Expansion of leasing operations of IT, machining, and transportation equipment
Citibank Framework (Banco Regional Housing II - \$22.5 M Guarantee)		✓		Mortgages in Paraguay
Summit Associates (\$6 M Direct Loan)		✓	✓	Cold Storage Facilities in Afghanistan

*Withdrawn

**Sample Projects

Recent Commitments and Disbursements

Since the Last Board Meeting (June 24, 2010 - September 21, 2010)

Non-Board Project Commitments (7/1 – 8/10)

- **\$73.1M** in 6 Investment Guarantees
- **\$0.8M** in 1 Direct Loan
- 7 countries (including India, Nigeria, Ukraine, and Panama)

All Disbursements (7/1 – 9/21)

- **\$371M** in 16 Investment Guarantees totaling \$371 (includes one IG in the amount of \$250M).
- **\$83M** in 30 Direct Loans
- 17 Countries

Strategic Fit of Pipeline

We are developing a robust pipeline of projects in accordance with new strategic priorities

