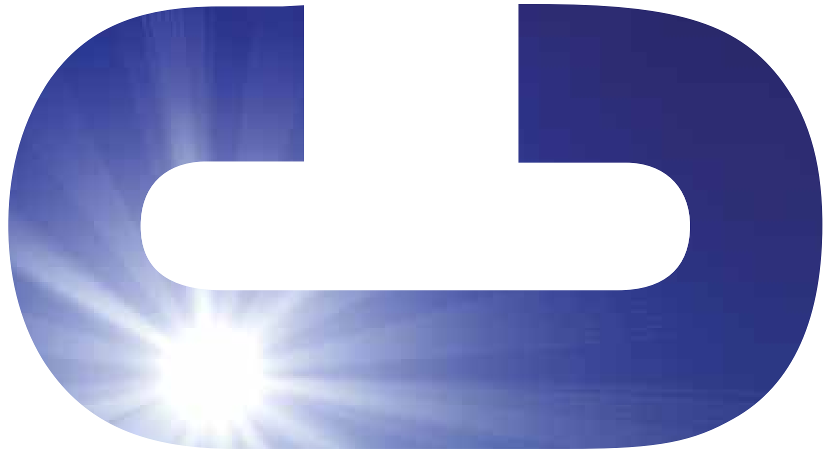
OVERSEAS PRIVATE INVESTMENT CORPORATION
2011 ANNUAL REPORT



INVESTING WITH IMPACT FOR 40 YEARS

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LETTER FROM THE PRESIDENT

When I embarked on my first full year at OPIC, I did not foresee all the events that would soon unfold to make fiscal year 2011 such a pivotal year for foreign affairs and such a banner year for the U.S. Government's development finance institution. As you will read in this report, OPIC was once again a powerful force in mobilizing private capital for investment in emerging markets around the world. This was accomplished even as we launched a quick response to the Arab Spring and tripled our worldwide financing and insurance commitments in the renewable resources sector.

Our work in fiscal year 2011 created new opportunities for people in many developing nations, opened up new markets for American businesses and helped foster the sort of economic growth and stability that advances U.S. foreign policy. OPIC also significantly expanded its business in the world's poorest countries: low income countries accounted for almost half of our transactions. A full three-quarters of our business was with small and medium-sized businesses in the U.S. And OPIC achieved all of this at no net cost to the American taxpayer: for the 34th consecutive year, OPIC earned a net profit in fiscal year 2011.

The impact of our work is evident from Sub-Saharan Africa, where OPIC is supporting a project to distribute medical equipment to hospitals in Ghana; to Central America, where our financing is enabling more affordable mortgage lending; and Southeast Asia, where we have provided political risk insurance to a project that is helping preserve large tracts of Cambodian forest. In Afghanistan, a small business that got its start selling bottled water to American troops has used OPIC financing to establish the country's first beverage facility providing clean drinking water and is now looking to expand to provide juices and milk to the local population. Many other finance and insurance projects supporting renewable resources, housing, infrastructure, telecommunications, agriculture and microfinance are having a positive developmental impact around the world.

In 2011, OPIC also demonstrated how swiftly and effectively it can respond to unforeseen political events. Shortly after the uprisings in Tunisia and Egypt, I traveled with Secretary of State Hillary Clinton to the region, where we met with the interim governments and revolutionary and civic leaders. Our conversations with youth leaders showed us how promising and vibrant a force the young people of the region are. In response to the Arab Spring, Secretary Clinton and President Obama committed $2 billion in OPIC financing and insurance to support private investment that will help promote the economic growth that will be essential to a peaceful transformation in the region. Within months of that commitment, OPIC had approved the first $500 million for loan guaranties for small business lending. This swift and effective response reflects the close collaboration between OPIC, the Department of State and other development-focused agencies such as USAID that has been fostered under the Obama Administration.

During a year when most of the world faced economic challenges, OPIC also focused on improving our own productivity. We have streamlined our policies, cut paperwork and are simplifying our applications and making them all available online. OPIC, which has a staff of just 205, has always run an efficient operation and I am confident that our attention to all our internal processes will make us even more so in the coming year.

When we understand that the private sector can act as a force for good in the developing world, and when we foster the ability of businesses to make a positive social and environmental impact, we can accomplish great things. As I look back on such a successful year, I would like to thank all of OPIC's clients and project sponsors who worked with us to bring private sector solutions to many of the world's toughest development challenges.

Elizabeth Littlefield
President and CEO
Overseas Private Investment Corporation

INTRODUCTION

OPIC: INVESTING WITH IMPACT FOR 40 YEARS

The challenges facing the developing world today are great, far greater than any government or nonprofit entity can address on its own. Since 1971, OPIC has been making a major difference in developing countries and post-conflict regions by leveraging private sector capital, and offering innovative finance and insurance tools to encourage investment in emerging markets. OPIC's loans, guaranties, political risk insurance and support for investment funds have helped improve access to food, housing, health care, financial services and clean energy around the world. The agency's support of infrastructure projects has laid the foundation for future growth and stability, turning isolated regions into U.S. trading partners and markets for American goods and services.

OPIC's development finance model is as efficient as it is effective. Operating out of Washington, D.C. with a staff of just 205, OPIC has projects in 107 countries. In fiscal year 2011, the agency invested in projects from Cambodia to India, Peru, Haiti, Kenya, Egypt and Jordan, in sectors from solar power to construction, agriculture, housing and small business lending. By partnering with the private sector, OPIC can do more with less, and achieve a powerful multiplier effect. From offering long-term lending to protecting against the risks of political instability, OPIC finance and insurance products are uniquely tailored to assist the private sector in some of the world's most challenging places.

This year, the occasion of marking OPIC's 40th anniversary, reminds us that OPIC's development finance model endures in a world where the political landscape has changed dramatically. Countries that once lacked basic infrastructure are now focused on expanding access to energy and health care, building low-income housing and supporting small businesses, and they are increasingly conscious of growing in a sustainable manner. Technology has transformed the way the world communicates, making it possible to connect with smaller businesses and communities in remote areas. And the political landscape has shifted many times in sudden and surprising ways, requiring a quick response to foster stability. Over those 40 years, OPIC has supported nearly $200 billion of investment in more than 4,000 development projects in emerging markets. This development work has produced a number of positive byproducts. Since 1971, OPIC's project commitments have supported $75 billion in U.S. exports and more than 276,000 U.S. jobs.

Each dollar of OPIC support has catalyzed, on average, almost $2.70 in private investment. New project commitments totaling $3.2 billion in financing and insurance in 2011 brought OPIC's portfolio to $14.5 billion. This means that OPIC's small and dedicated staff manages the highest level of exposure per employee of any governmental or multilateral development finance institution in the world. Some of the world's most successful companies boast about "profit per employee." OPIC's 2011 profit worked out to $1.3 million per employee.

A UNIQUE INSTITUTION

OPIC requires projects to be commercially viable and measurably developmental. OPIC will go the extra mile to devise the creative and accommodating structures often required for successful frontier investing.

Unlike private-sector lenders and insurers, OPIC can provide financing with much longer terms, even beyond 20 years, particularly in challenging sectors such as infrastructure, water or power generation that need longer tenors. OPIC can also support a very wide range of projects with transaction sizes as small as $100,000 and as large as $400 million.

In providing its financial products and services, OPIC complements, rather than competes with the private sector, explicitly avoiding any transaction that private markets could do on their own. At the same time, OPIC ensures that the projects it supports adhere to the most forward-leaning environmental, labor and human rights policies in the field of development finance.

OPIC is mandated by its charter to be self-sustaining. The interest, fees, and premiums charged for its products enable OPIC to operate at no net cost to American taxpayers. In fact, OPIC has made money for the U.S. government for 34 consecutive years. In fiscal year 2011, OPIC generated net income of $269 million.

RISING TO THE CHALLENGE

The events of 2011, a pivotal year in American foreign policy, demonstrated why the United States must take a strategic approach to foreign investment. We must invest in regions and projects where we can make a difference, and continuously monitor our investments to ensure they are working as designed. We must recognize that many new or emerging democracies present economic opportunities as well as economic and political challenges, and that all of our most formidable trade competitors are working to gain a foothold in these new and emerging markets.

Photo by: Tu Xuong, CGAP Photo Contest Second Prize, 2011

DELIVERING IMMEDIATE SUPPORT FOLLOWING THE ARAB SPRING

Immediately after the revolution in Tunisia, OPIC President Elizabeth Littlefield traveled to Tunisia and Egypt with Secretary of State Hillary Clinton to meet with the interim governments, youth groups, revolutionary leaders and civil society. Within just three months, OPIC progressed from a conversation in Cairo in which young people asked for help to create jobs, to OPIC Board approval of a $250 million small business lending facility that will do just that. This was only the first project out of the $2 billion of OPIC support for the Middle East and North Africa pledged by Secretary Clinton during that visit. It was followed by approval of $150 million in financing for investment in the region's consumer goods, manufacturing and financial services sectors through a guaranty to Citi (CitiBank). The Citi guaranty will cover a loan to an Egyptian private equity firm and $52.5 million in financing with co-investors for the Maghreb Investment Fund in Tunis. These funds will eventually invest up to $250 million in small and medium-sized high-growth companies.

President Obama later announced an additional $1 billion of new OPIC support specifically for private investment and job creation in Egypt.

OPIC generated net income of $269 million in fiscal year 2011, helping to reduce the federal budget deficit for the 34th consecutive year.

SUPPORTING INNOVATIVE AND EFFICIENT USE OF ALL NATURE'S RESOURCES

OPIC is increasingly focused on helping developing countries make the transition to environmentally sustainable, lower carbon economies by supporting U.S.-sponsored projects in renewable resources, including energy, water, forest sustainability, agriculture and bio-diversity. In addition, in one of the largest initiatives by the U.S. government to support international efforts to mitigate climate change, OPIC approved nearly $500 million in financing for five new investment funds that could ultimately invest more than $1.5 billion in the renewable resources sectors of South and Southeast Asia and Africa. OPIC also supported $1.1 billion in long-term finance and insurance for renewable resource projects in 2011, roughly triple the support provided in 2010. These commitments represented more than one-third of all U.S. Fast Start climate financing targeted under the Copenhagen Climate Accord. A large portion of those commitments went to renewable energy projects. The combined 728 megawatts of OPIC-supported renewable generating capacity represented a ten-fold increase over the year before.

EXPANDING OPPORTUNITIES FOR U.S. SMALL BUSINESS

Small businesses are at the heart of America's economy and provide two out of every three jobs. OPIC is committed to putting them at the heart of the global economy as well. Small firms are often best equipped to bring entrepreneurial skills and know-how to grassroots projects in the developing world. Projects with small business participation received nearly $1 billion in OPIC support in 2011 and represented 78 percent of all new OPIC

BY THE NUMBERS IN FISCAL 2011

STAFF	205
TOTAL PORTFOLIO	$14.5 BILLION
ACTIVE COUNTRIES	107
TOTAL COMMITTED TO RENEWABLE RESOURCES PROJECTS	$1.1 BILLION
RENEWABLE ENERGY CAPACITY SUPPORTED	728 MW
SHARE OF TOTAL COMMITMENTS THAT WENT TO LOW-INCOME COUNTRIES	61%
SHARE OF COMMITTED PROJECTS THAT WERE WITH U.S. SMALL BUSINESSES	78%
NET INCOME	$269 MILLION
PROFIT PER EMPLOYEE	$1.3 MILLION
U.S. JOBS SUPPORTED	1,373
U.S EXPORTS PROJECTED	$1 BILLION

projects for the year. More than 300 entrepreneurs — many of them women and minority business owners — attended OPIC's *Expanding Horizons* workshops in California and Florida to learn how OPIC and other government programs can help them pursue opportunities in emerging markets. Since 2006, some 1,600 small and medium-sized U.S. businesses have attended OPIC *Expanding Horizons* workshops around the country.

LOOKING AHEAD: EXPANDING THE REACH OF IMPACT INVESTING

Because OPIC invests in projects that will deliver significant development benefits, it works in a variety of sectors such as infrastructure, financial services, housing and health. In 2011, OPIC issued a call for proposals specifically to catalyze support for impact investments — that is, investments designed to deliver social and environmental impact to emerging markets while at the same time generating sustainable financial profits for the investors. The record number of business plans submitted in response to the call offered a broad range of fund types, sectors, participants, structures, projected returns and developmental metrics. OPIC has approved up to $285 million for the first tranche of six funds that showed the most innovative and financially sustainable proposals.

IN THE EFFORTS TO REBUILD EUROPE following World War II, two important facts became abundantly clear: private investment is a more powerful generator of economic development than aid; and there is an appropriate role for government in encouraging private investment where it has the potential to do the most good. The Marshall Plan, officially called the Foreign Assistance Act of 1948, authorized the U.S. Government to insure private U.S. investors against the risk that their earnings generated overseas in foreign currencies might not be convertible into U.S. dollars. Free enterprise fueled economic recovery, and success built upon success. This powerful new tool — political risk insurance — was expanded in the 1950s to cover losses from war and appropriation, or governmental interference with investors' rights to the proceeds of their investments. This insurance product was complemented with the addition of project financing.

AS ADMINISTRATION of the U.S. guaranty program moved among various agencies, support grew to establish it on a permanent basis as a self-sustaining, independent agency. Congress created OPIC in 1969 through an amendment to the Foreign Assistance Act, and the agency began operations in 1971, with a portfolio of $8.4 billion in political risk insurance and $169 million in loan guaranties.

Decades before microfinance became widely adopted, an OPIC program delivered small amounts of capital for local business and community projects.

1970s: OPEN FOR BUSINESS

"WERE IT NOT FOR THE availability of OPIC programs, we would not be involved in five developing nations," Richard Myers, then Executive Vice President of Seaboard Allied Milling Corp. of Kansas said in 1973. Seaboard's flour and food processing facilities in Nigeria, Liberia, Sierra Leone, Guyana and Ecuador exemplified the new agency's mission to support U.S. private investment in the developing world. These projects also launched a decades-long relationship that most recently included OPIC insurance enabling Seaboard to rebuild a Haitian flour mill destroyed in the 2010 earthquake.

OPIC initiated its overseas investment mission program in 1975, with 25 U.S. executives traveling with OPIC staff to five nations to explore investment opportunities in the Middle East and North Africa.

And while many of OPIC's projects in the 1970s were very large financing or insurance deals, the agency also began experimenting with micro-lending. In Guatemala, for example, OPIC's Community Credit Guaranty Program backed 80 loans ranging from $300 to $10,000, for a total commitment of $128,000 and an average loan value of $1,600. Decades before microfinance became widely adopted, this OPIC program delivered small amounts of capital for local business and community projects.

1980s: EXPANDING SERVICES

WITH A DECADE OF SUCCESS behind it, OPIC in the 1980s became more proactive, innovative and responsive in meeting the needs of U.S. investors and host countries.

OPIC expanded its outreach to U.S. small businesses through teleconferences, print advertising and the services of the Executive Marketing Council, a volunteer group of retired executives available to assist small firms in assessing overseas investment opportunities. OPIC increased its political risk insurance offerings to cover civil strife and business interruption. It also strengthened ties with nations in the Caribbean Basin.

One of the most significant deals of this decade was OPIC's $20 million loan guaranty for a $30 million regional growth fund designed to raise equity capital to develop private sector projects in Sub-Saharan Africa. This was the start of OPIC's Investment Funds Program, one of the agency's most powerful tools for leveraging its support into larger amounts of private investment in specific regions, nations or sectors.

At the end of the decade, OPIC responded quickly to the fall of Communism in Eastern Europe and dispatched staff to Poland and Hungary to prepare for the start of operations there.

1990s: FORMER ADVERSARIES BECOME TRADING PARTNERS

THE 1990S SAW CENTRALLY controlled economies give way to free markets and privatization throughout Central and Eastern Europe and the New Independent States of the former Soviet Union. OPIC helped U.S. businesses compete for opportunities in 33 new countries — many of them needing billions of dollars to repair, upgrade or replace long-neglected infrastructure.

OPIC's first project in Russia was the provision of $10 million of insurance for Ingersoll-Rand Company's new power tool manufacturing facility east of Moscow. The following year, OPIC completed its first finance project in the country with its support for a joint venture between Conoco and Arkhangelskgeologia to develop oil reserves near the Barents Sea.

The energy sector was also the source of OPIC's largest deal in its first 25 years — $400 million in finance and insurance to support California-based Mission Energy's investment in the first privately-owned and operated power plant in Indonesia. These projects reflect OPIC's longstanding commitment to the energy sector, which has evolved in recent years to focus on the development of renewable energy resources and delivering power to remote communities located off major electricity grids.

2000s: A FOCUS ON SMALL BUSINESS

FOR OPIC, THE FIRST DECADE of the 21st Century was a time of revisiting and refining the mechanisms by which the agency delivers its financial products and services.

OPIC expanded its insurance offerings, enlisted a private carrier to market and underwrite new standalone terrorism coverage and extended insurance to OPIC-supported investment funds.

OPIC's new Small Business Center provided qualified businesses a streamlined application process, 60-day approval and access to project financing not available to them elsewhere. OPIC also strengthened its policies to protect the environment, social impacts and worker and human rights in the projects it supports.

OPIC implemented new transparency measures that opened its project information and decision-making to the public. An Office of Accountability was created to provide an independent forum where people, if adversely affected by OPIC-supported projects, could voice and resolve concerns.

During this period, OPIC also took the lead in promoting and supporting the use of highly sustainable green energy and alternative technologies in the developing world. OPIC's commitments to renewable resources projects grew from $10 million in 2008 to $11 billion in 2011.

INVESTING ACROSS DIVERSE SECTORS

In fulfilling its statutory mandate to mobilize participation of U.S. private capital and skills in the economic and social development of low-income countries, OPIC places priority on projects that are most likely to stimulate local economies and contribute to sustained economic growth. Projects in energy — especially the growing renewable energy sector — and financial services combined represent the most significant share of OPIC's $14.5 billion portfolio. Through project loans, guaranties and insurance, as well as debt financing for privately managed investment funds, OPIC also invests in infrastructure, manufacturing, transportation, agriculture, health and education: sectors in which commercially sustainable projects can most broadly and efficiently extend significant developmental benefits.

ENCOURAGING USE OF RENEWABLE RESOURCES

Development of renewable resources is not only an urgent global need but also a significant investment opportunity. Encouraging U.S. private sector investment in renewable resources and helping developing countries effectively transition to lower carbon economies are key areas of focus for OPIC.

In 2011, OPIC approved $1.1 billion in new support for the renewable resources sector and for innovative projects in renewable energy, including solar, wind, hydro, geothermal and biomass. These environmentally-friendly and sustainable projects are expected to avoid the emission of 931,312 tons of CO_2 per year — about the yearly emissions from more than 165,000 passenger vehicles.

A $16 million small business loan — representing OPIC's first financing in wind power — will support construction of a wind generating facility on St. Kitts, helping the island reduce both its carbon footprint and its fuel costs. The plant will deliver the first wind-powered energy on the island, which is currently powered exclusively by diesel generators, and could reduce electricity costs by as much as 40 percent. In Georgia, a $58 million OPIC loan is financing construction of a 46-megawatt hydropower plant that will increase the country's energy independence without increasing its carbon footprint, while also generating electricity for export to neighboring Turkey.

TAPPING THE POWER OF THE SUN

Building on other solar power projects OPIC has supported in India, one of many regions in the world where sunlight is a plentiful natural resource, $150 million in new OPIC financing will expand the use of solar energy to power remotely located telecommunication towers, replacing the use of diesel generators and significantly reducing CO_2 emissions. Under sponsorship of a private U.S. investor and Bessemer Venture Partners Trust, Applied Solar Technologies (AST) will use the OPIC loan to provide tower operators with advanced solar-hybrid energy systems that help the country's fast-growing telecom sector provide service to remote regions that have little or no access to electricity. Two of AST's largest customers have already won prestigious awards for their efforts to reduce their carbon footprints and focus on more sustainable operations.

Following an initial loan in 2008, OPIC in 2011 approved a second loan to Buchanan Renewables Fuel, a partially U.S.-owned Liberian enterprise that is turning end-of-life rubber trees into wood chips for export as biomass fuel to Europe for the generation of electricity. Buchanan will use $90 million in new OPIC financing to increase wood chip production from 100,000 metric tons to more than 2 million metric tons per year by 2017. While rubber is Liberia's leading export, years of civil war interrupted production, destroying 60 to 70 percent of the nation's rubber trees and leaving farmers without a source of income or the means to remove old trees and resume production. Buchanan is turning that waste into an exportable commodity and paying farmers to clear the old trees.

To catalyze and facilitate even greater private capital driven development of renewable resources, OPIC in 2011 approved nearly $500 million in financing for five new investment funds that could ultimately invest more than $1.5 billion in renewable resources in emerging markets.

OPIC's development finance model endures in a world where the political landscape has changed dramatically.

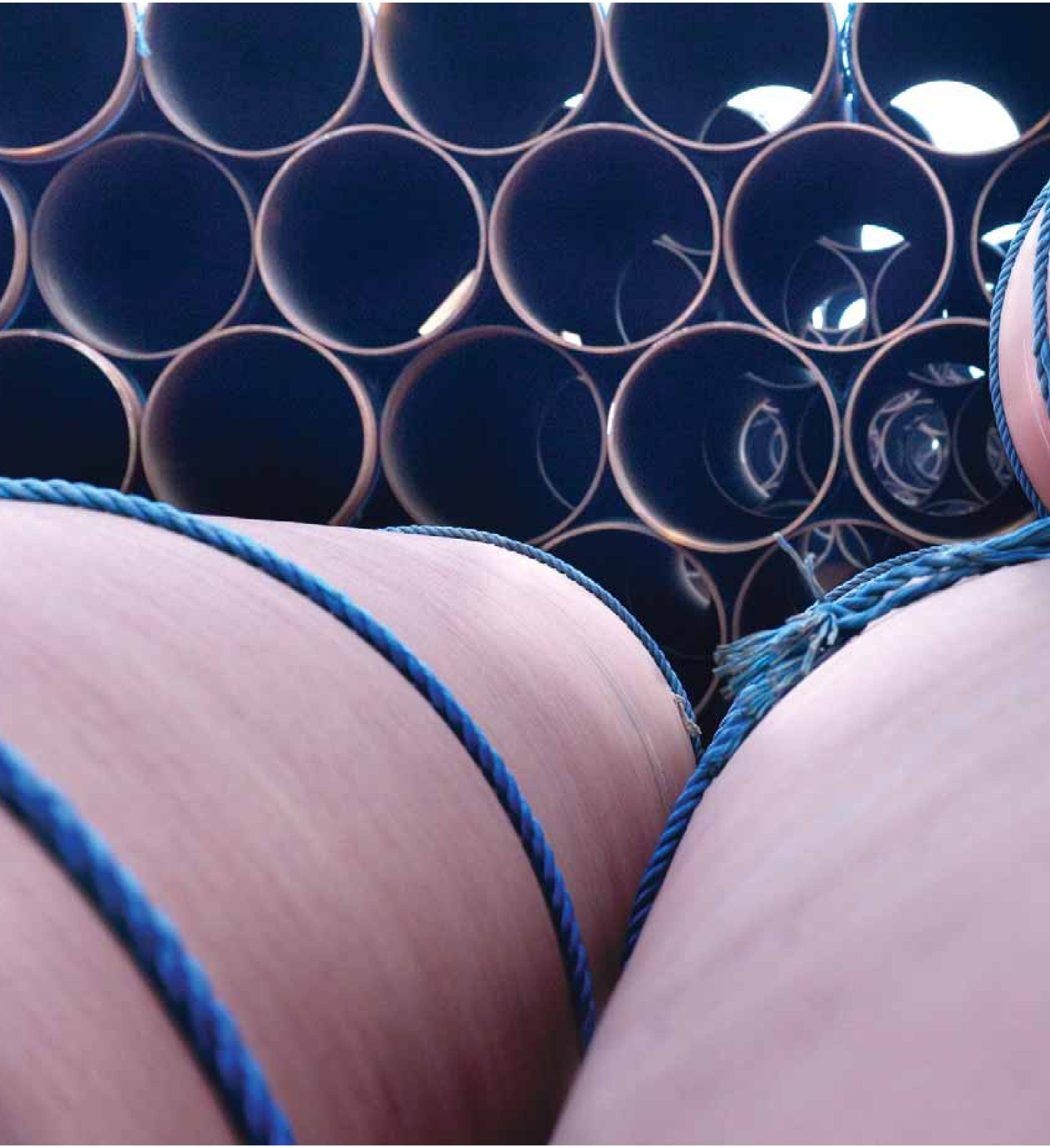
In addition to OPIC's traditional suite of finance and insurance offerings, and support for private equity funds, some of the agency's newer services have been tailored for renewable energy investors. These include long-term subordinated debt finance for the adoption of energy efficiency programs and insurance against regulatory changes such as changes in the regulation of carbon credits.

EXPANDING ACCESS TO CREDIT

Economic growth is dependent on the availability of affordable credit for consumers, home buyers, small businesses and developers of infrastructure. But many countries in the developing world lack the financial systems that borrowers in developed nations take for granted. That is why many of OPIC's projects and investment funds are designed to provide the liquidity or guarantees necessary to stimulate lending in countries where credit is in short supply.

In January 2011, a first-of-its-kind OPIC project that guaranteed a bond issuance in local capital markets was named 2010 Deal of the Year for Best Structured Financing and Best Financing Innovation by *LatinFinance* magazine and was also named the Latin America Domestic Currency Bond Deal of the Year by *International Financing Review*. In that project, OPIC provided a guaranty of up to $250 million supporting peso-denominated bonds issued in association with the modernization of the State of Mexico's public property registry. The modernized system will speed the recording of local home ownership, vastly improving legal certainty of property title and improving homeowners' access to credit. Enabled through U.S. sponsor MBIA Inc., the transaction marked the first time OPIC has guaranteed the raising of local-currency capital by a sub-sovereign entity.

Microfinance loans will become more readily available to low-income individuals and small businesses around the world through OPIC's continuing partnership with Citi. A new OPIC guaranty for Citi will support its loan to Tameer



Micro Finance Bank for a lending program for those still rebuilding from the 2010 floods in Pakistan. An OPIC loan of just over $900,000 to Citi will support $1.2 million in lending by ASA Philippines Foundation, Inc., to qualified microfinance institutions serving low-income Filipino consumers and entrepreneurs. This is just one subloan in a $250 million facility supporting microfinance in Africa, the Middle East, Asia, Eastern Europe and Latin America.

An OPIC loan of $20 million will support the Access Africa Fund, a groundbreaking initiative in Sub-Saharan Africa to provide financing to smaller microfinance institutions that typically have a more difficult time raising capital, but reach some of the region's most underserved populations. The Access Africa Fund is part of a broader program created by CARE USA, an Atlanta, Georgia nonprofit organization, to reduce poverty and promote financial inclusion in Sub-Saharan Africa. The Fund will be managed by Microvest Capital Management, LLC, a premier U.S. microfinance firm.

ESTABLISHING, EXPANDING AND IMPROVING INFRASTRUCTURE

Projects in physical infrastructure are inherently developmental in that they provide foundations for future growth. Airports, for example, are important assets for economic development in emerging markets, making their host countries accessible to international business travelers and supporting domestic industries.

A $55 million OPIC loan is supporting expansion of Costa Rica's Juan Santamaría international airport, the second busiest airport in Central America, which serves 3.5 million passengers annually and is critical to the country's tourism sector. The OPIC loan has enabled a consortium led by HAS Development Corporation, a Texas non-profit organization, to build a terminal extension.

In Angola, $2.8 million in OPIC political risk insurance will enable Maryland-based Plant-Tech Concrete Solutions, LLC, to construct a building materials manufacturing facility that will provide local industry with innovative, higher-quality and lower-cost concrete products. Plant workers will receive training and employee benefits, including meal and transportation subsidies, and the local community will benefit by gaining access to the company clinic.

FROM HOUSEHOLD NAMES TO LOCAL BUSINESSES: EXPANDING PARTICIPATION IN THE GLOBAL ECONOMY

In supporting the investment of private capital in developing nations, OPIC recognizes that projects of any size — from the largest infrastructure program to the smallest microfinance startup — can have a significant developmental impact. OPIC also believes that businesses both large and small can play an important role in bringing the benefits of development to emerging economies. Different projects have different challenges that may be best addressed by an international financial institution or company, a flexible small business or a member of a diaspora community who has strong roots in a particular country. That is why OPIC works with a range of clients, from large corporations to small- and medium-sized enterprises; from private investment firms to individual investors.

For example, a Massachusetts small business, QuantumID Technologies (QID), will use an OPIC loan to expand the use of its award-winning RFID-based cargo tracking technology to airports throughout India. One QID client, a major Indian passenger airline and cargo operator, will use the Airline Cargo Tracking solution to expand service from seven airport locations to 65, covering 100 cities with 425 warehouse locations. It will also enable door-to-door services for 72 cities. A second client is considering QID's product for 30 warehouses and more than 300 pick-up and delivery locations. RFID technology enables reading of transponder tags attached to movable or stationary assets, which the project's U.S. sponsor equates to moving "from the tollbooth to the E-Z Pass lane."

At the other end of the business spectrum, OPIC's partnership with the energy operating and development company ContourGlobal of New York is helping to increase the use of sustainable, energy-efficient technologies in Africa. Some $37.8 million in OPIC political risk insurance will support the company's construction and operation of three combined heat and power generation plants for the Nigeria Bottling Company (NBC). ContourGlobal's unique QuadGen™ process will enable NBC — an affiliate of Coca-Cola Hellenic Bottling Co. — to reduce its energy consumption and CO_2 emissions and then recycle the captured and purified gas into its carbonated beverages.

RESTORING FOOD PRODUCTION IN HAITI

OPIC is providing $22 million of political risk insurance to the U.S. partners in a joint venture in Haiti to help reconstruct a flour mill and animal feed facility destroyed by the devastating 2010 earthquake in that country. Les Moulins d'Haiti, which was rebuilt on its original location with modern equipment and designed for additional seismic loading, reopened in December 2011. With a new corn mill and two 600 metric tons-per-day wheat milling units, the project will increase the country's food production capacity, promote food security and create a substantial number of local jobs with training and benefits. This and other OPIC products supporting agriculture and food security help advance the U.S. Government's Feed the Future initiative.

MICROFINANCE FOR ENTREPRENEURS, FARMERS AND HOMEBUYERS

With loans ranging from $100,000 to $400 million, OPIC's financing programs are well-tailored to the needs of the agency's U.S. clients. But many businesses in emerging markets could finance their ventures with just a few thousand dollars — or less. To provide access to capital for such borrowers, OPIC supports targeted investment funds and provides loans to organizations that are better positioned to support microfinance programs.

OPIC's $45 million loan to the Habitat for Humanity subsidiary MicroBuild I will help thousands of low-income families around the world to build, improve and maintain decent homes. OPIC's financing will enable MicroBuild to make loans to microfinance institutions, which in turn will make home improvement loans to low-income families that have little or no access to the formal banking sector or mortgage loans.

New OPIC financing in the agency's continuing partnership with Lafise Group Panama Inc., a holding company organized by two U.S. citizens, will expand availability of long-term credit for small- and medium-sized enterprises (SMEs) in Costa Rica, Honduras and Panama. Strengthened by its $25 million OPIC loan, Lafise Group Panama Inc., through its local banks in these countries, will provide small farmers, manufacturers and retail business owners in underserved Central American markets with access to the credit that can help them grow more quickly and contribute to their local economies. Lafise is a regional financial group that has operated in Central America and the Caribbean for more than 26 years.

OPIC financing will support lending to low income families who have little or no access to traditional mortgage loans.

In a similar fashion, a $10 million OPIC guaranty for WorldBusiness Capital Inc. will support a loan that MuganBank Open Stock Company of Azerbaijan will use to increase lending for SME borrowers in construction, agriculture, transportation and other services.

And a $3 million OPIC investment guaranty will enable the Jordanian company Millennium Energy Industries to expand its design, installation and financing services for large-scale solar heating and cooling systems for customers in Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia.

OPIC AND CITI: PARTNERING FOR MAXIMUM IMPACT

Partnerships with the world's leading financial institutions play a key role in OPIC's global efforts to support development in emerging economies and low-income countries. One of the most successful of those relationships has been OPIC's collaboration with Citi, which has resulted in more than $1 billion worth of loans to approximately 60 borrowers through 15 risk-sharing arrangements in more than 50 countries. Those borrowers include both companies as well as financial institutions that have a number of small and medium-sized business clients. The OPIC-Citi partnership has to date supported construction of a new international high school in Lagos, Nigeria; housing finance in countries such as Guatemala and Paraguay; and financing for 19 microfinance institutions. These microfinance institutions have in turn supported numerous individuals looking to grow their businesses in villages and towns around the world. By bolstering investor confidence in their respective markets, these projects often pave the way for subsequent private investment that would not have taken place without OPIC involvement.

In 2011, OPIC expanded this lending partnership by extending Citi $550 million in new financing through a new global framework agreement that will provide businesses in emerging markets with access to long-term funding, many of them for the first time.

REACHING OUT TO THE AMERICAN SMALL BUSINESS COMMUNITY

Increasing the participation of U.S. small businesses in developing regions produces many benefits. Small businesses, in aggregate, create more jobs and contribute more to the U.S. gross domestic product than big companies with their global brands. They also excel at delivering innovative concepts and best practices to their entrepreneurial counterparts overseas. Small firms that invest abroad tend to grow more quickly, have higher survival rates, use more advanced technology and show higher levels of labor productivity. And small businesses that sell goods and services to overseas markets hire better-skilled workers and pay higher salaries than non-exporting firms.

But small firms contemplating expansion into global markets still face significant challenges in finding reliable foreign partners, financing or insuring their overseas ventures and navigating the complexities of foreign regulations.

OPIC, through its Small Business Center, helps qualified small businesses take advantage of overseas investment opportunities by offering affordable project financing and political risk insurance not available in the private markets. OPIC simplifies small companies' entry into international commerce with a streamlined application and approval process, and enhances access to its programs through the originators and service providers in its continually expanding Enterprise Development Network (EDN).

OPIC's Enterprise Development Network provides small businesses access to loan and insurance originators and advisers who can assist them in preparing applications and improve the likelihood of their projects being funded.

And OPIC actively reaches out to the U.S. small business community. In 2011, more than 300 participants traveled to California and Florida for OPIC's *Expanding Horizons* workshops. These workshops educated the owners of small and medium-sized businesses about the ways OPIC and other U.S. government agencies can help them pursue investment opportunities in emerging markets.

OPIC's focus on small business also helps the agency to carry out its role as a member of the Export Promotion Cabinet, tasked with achieving the goals of President Obama's National Export Initiative to double U.S. exports by 2015.

MOBILIZING INVESTMENT THROUGHOUT THE DEVELOPING WORLD

OPIC is a development finance institution global in scale, created to encourage the flow of private capital into regions and countries where the private sector might lack the confidence to invest even though genuine opportunities await. A country that has only begun the transition from a controlled economy to one based on free markets and competition, may lack the stability of a well-established financial infrastructure. Or it might be recovering from years of conflict, corruption or unrest. OPIC aims to be active in countries such as these, which are in most need of development and where the markets are most difficult. To that end, OPIC is currently focusing much of its work on North Africa and the Middle East, Sub-Saharan Africa and Southeast Asia — all places that present significant challenges and significant opportunities.

MIDDLE EAST AND NORTH AFRICA: EVENTS CALL FOR U.S. ENGAGEMENT

As public dissent toppled long-entrenched regimes in 2011, populations across the Middle East and North Africa (MENA) gained new hope that they may soon enjoy more political and economic freedom. Events of the Arab Spring also presented the United States with important new opportunities to help these nations seek peaceful transformations.

And OPIC is taking a leading role. In separate speeches, President Obama and Secretary of State Hillary Clinton announced that OPIC will be providing a total of $3 billion in new financing to support infrastructure and the small- and medium-sized enterprises (SMEs) that generate 97 percent of the jobs in emerging economies. OPIC's board moved quickly to begin fulfilling Secretary Clinton's pledge of $2 billion in support throughout the MENA region. Within 90 days of that announcement, OPIC conceived, structured and approved $500 million in financial guaranties to alleviate the shortage of SME credit in Egypt and Jordan. In addition to the project's partial risk guaranties from OPIC that will be managed by U.S. partner CHF International, the U.S. Agency for International Development provided critical grant funding for operating and technical assistance.

SOUTHEAST ASIA: POISED FOR GROWTH


SBY invites US companies to invest more in Indonesia

Southeast Asia is poised for dramatic economic growth, yet the region still faces tremendous challenges that are best met through investment of private capital. And because of the region's vulnerability to environmental degradation and climate change, development of renewable energy resources is critical to achieving the sustainable growth that can bring prosperity to Southeast Asian populations.

In May 2011, OPIC hosted its international investment conference, *Access to Opportunity in Southeast Asia*, in Jakarta, Indonesia, where Indonesian President Susilo Bambang Yudhoyona delivered opening remarks. The conference drew more than 300 international participants who came to learn about investment opportunities in the region, which has benefited in recent years from government reforms, a growing middle class, increased urbanization and a youthful population with rising incomes and consumption levels. "Southeast Asia is the emerging market that economists and investors alike are pointing to with universal enthusiasm," OPIC President and CEO Elizabeth Littlefield told the conference. She said that OPIC-supported investment in the region would provide "the kind of developmental benefits that must accompany economic growth."

The following month, OPIC took a major step toward channeling private capital into the region by announcing approval of up to $250 million for three new investment funds intended to mobilize over $750 million in investment in the renewable resources sector throughout South and Southeast Asia.

In a first-of-its-kind renewable energy project, $250 million of OPIC financing will help to develop a pipeline of 51 solar power projects in Thailand that would otherwise require significantly more resources for OPIC to implement on a project-by-project basis. SunEdison Thailand, a subsidiary of U.S. solar technology developer MEMC Electronic Materials, Inc., will use OPIC financing to construct 520 megawatts of solar photovoltaic generating capacity in plants ranging from 1 to 50 megawatts.

In addition to the $2 billion MENA commitment, another $1 billion in OPIC support specifically for Egypt was announced by President Obama in a May 19 speech. Over the next few years, OPIC will be working with the Egyptian government, other U.S. agencies and international organizations to attract private investment for priority projects in infrastructure, housing and other key sectors in Egypt.

These latest commitments will build on OPIC's long history of supporting projects in the MENA region, including the 2011 NETKETABi deal (Arabic for "my netbook") to help tens of thousands of Palestinian school children in the West Bank purchase netbook computers. The NETKETABi project sponsor is Global Catalyst Foundation, a California foundation that was instrumental in establishing Partners for Sustainable Development (PSD), a Palestinian nongovernmental organization. PSD will use a $10 million OPIC loan to buy the netbooks and sell them to parents through a lending program facilitated by the local microfinance institution, Alrafah Microfinance Bank. The NETKETABi project is also providing training to students and teachers to access educational content. NETKETABi is strengthening local knowledge transfer by engaging with six Palestinian universities on training methods and development of local educational content.

"We're changing how we define development ... we need to harness all the tools at our disposal — from our diplomacy to our trade and investment policies."
— President Barack Obama

SUB-SAHARAN AFRICA: A LONGSTANDING PRIORITY

The recipient of nearly $6.7 billion of OPIC support in 441 projects since 1974, Africa has been a priority region for OPIC throughout most of the agency's history. OPIC remains committed to providing the support that enables U.S. investors to participate in meeting Africa's developmental, social and environmental needs. At the same time, OPIC is also working to create awareness of the new reality that makes Africa such an attractive region for impact investment: to date in the 21st Century, investment in Africa has offered some of the highest returns of any emerging market in the world.

In 2011, 34 percent of OPIC's commitments were to projects in Sub-Saharan Africa. OPIC-supported projects in the region are designed to encourage use of renewable resources, build out infrastructure (especially in the agricultural sector), help meet the growing need for modern health care services and expand access to finance by small and medium-sized enterprises.

In the renewable energy sector, OPIC financing will help to double the generating capacity of a geothermal power plant in Kenya, provide low-carbon-footprint combined heat and power technology to a beverage bottler in Nigeria and transform wood chips from war-ravaged Liberian rubber tree plantations into exportable biomass fuel.

OPIC is also providing $240.3 million in political risk insurance to Belstar Corp. to cover its investment in the Ghana National Medical Equipment Modernization Project, a partnership with the government of Ghana to supply modern medical equipment and technical training to up to 100 hospitals throughout the country. The project will have a significant impact on Ghana's ability to meet its growing need for modern healthcare infrastructure.

LATIN AMERICA: HELPING GOOD NEIGHBORS GROW

In cooperation with the U.S. State Department, OPIC in 2011 agreed to provide $150 million to support eligible winning projects in two business proposal competitions designed to help Hispanic migrants in the United States implement creative new social and business ideas addressing economic growth, food security, water and climate change in Latin America. The competitions are being conducted in 2012 by State's new International Diaspora Engagement Alliance (IdEA) in partnership with other development agencies, financial institutions and private industry in the U.S., the Caribbean Basin and Latin America.

OPIC is a development finance institution global in scale, created to encourage the flow of private capital into regions and countries where the private sector might lack the confidence to invest even though genuine opportunities await.

Peru's first large-scale solar power project is in development thanks to U.S. solar technology and $123 million in OPIC construction financing. SunFab solar panel technology developed by California-based Applied Materials, Inc., is supplying two 20-megawatt ground-mounted photovoltaic systems being constructed in the rural Arequipa region of southwestern Peru.

OPIC, the Clinton Bush Haiti Fund and the U.S. Agency for International Development (USAID) are providing $26 million in combined debt financing and grant funding for a program that will make home and business loans available to poor and low-income Haitians. This project will encourage Haitian banks to extend longer-term financing — approximately ten years more than is currently available in the Haitian market. Additionally, this project will enable Haitian banks and microfinance institutions to provide affordable home loans, micro-mortgage loans and home and business repair loans to approximately 18,000 people who continue to live in tents and other temporary housing after losing their homes in the 2010 earthquake.

In cooperation with the U.S. State Department, OPIC in 2011 agreed to provide $150 million to support eligible winning projects in two business proposal competitions designed to foster collaboration between Caribbean diaspora entrepreneurs and their countries of origin. Winners will have access to technical assistance, capacity-building advice and a wide range of financial instruments including capital investment, OPIC commercial loans and OPIC political risk insurance.

FIRST EVER INSURANCE FOR A REDD PROJECT

Deforestation is the second leading contributor of carbon emissions worldwide, after the burning of fossil fuels. One of the newer tools for combating deforestation is REDD, Reducing Emissions from Deforestation and Forest Degradation, which uses market incentives to promote sustainable forest management. In late 2011, OPIC executed its first-ever political risk insurance for a REDD project that will protect 64,318 hectares of forest in Cambodia through the sale of offset credits in international carbon markets. Terra Global Capital, the U.S.-based land-use carbon development and investment company, will manage the carbon credit registration process and the sale of all carbon credits generated from the project. At least 50 percent of the net income from these sales will go to local community forest groups in northwestern Cambodia where forest cover is being lost faster than anywhere else in the nation. These groups will invest in sustainable resource management and creation of related jobs. OPIC 's new REDD insurance can protect investors against the risk that future "nesting regulations" could change the way that REDD targets are measured and prevent existing projects from earning carbon credits.

MEASURING AND MONITORING DEVELOPMENT

As a development finance institution, OPIC is focused on promoting and enabling private investment in projects that promote economic growth in emerging markets, rather than facilitating commerce between specific trading partners. And OPIC, like all development finance institutions, has a vested interest in ensuring that the projects it supports deliver real and measurable developmental benefits. As an agency of the U.S. government, OPIC is specifically directed by its authorizing legislation to determine and report to Congress each year on the impact of the projects it supports on the economic and social development in the host country.

Measuring, monitoring and reporting of projects' intended and actual performance is the responsibility of OPIC's Office of Investment Policy, whose analysis of every project's potential developmental impact is a key part of OPIC's decision-making process. Each project is evaluated and scored on a variety of developmental factors in the areas of human capacity building and job creation, social policies and corporate social responsibility initiatives, infrastructure improvements and technology and knowledge transfer. The goal is to objectively measure each project's expected contribution to host-country development.

In addition, OPIC works to ensure that OPIC-supported projects do not have a negative impact on the U.S. economy.

OPIC monitors every project from inception to conclusion. Projects are randomly selected for on-site staff monitoring from all of those approved within a three-year period. The size of the project pool provides a high level of statistical confidence that the developmental impact of the projects visited during a given cycle accurately represent the projects supported during that period. OPIC site-monitors all projects considered to be sensitive with respect to economic and environmental impact and worker rights.

And all projects that have been operational for at least 12 months must submit an annual Self-Monitoring Questionnaire to assist OPIC with measuring their actual development impact including such details as how many local jobs they are creating, whether they have introduced new products to the local market, what kinds of benefits they offer their workers and the local community, and whether or not they benefit a particularly poor or rural community.

OPIC DEVELOPMENT IMPACT RESULTS 2011

AS THE U.S. GOVERNMENT'S DEVELOPMENT FINANCE INSTITUTION, OPIC TRACKS THE SOCIAL AND ENVIRONMENTAL IMPACT OF ITS PROJECTS IN DEVELOPING COUNTRIES

EXTERNAL PRIVATE CAPITAL TO BE MOBILIZED IN DEVELOPING COUNTRIES	$4.4 BILLION
SHARE OF OPIC'S FY2011 COMMITMENTS TO LOW-INCOME COUNTRIES	61%
PORTION OF PROJECTS WITH U.S. SMALL BUSINESSES	78%
HOST COUNTRY JOBS TO BE CREATED	19,046
RENEWABLE ENERGY CAPACITY SUPPORTED	728 MW

PERFORMING TO THE HIGHEST ENVIRONMENTAL AND SOCIAL STANDARDS

OPIC reviews all projects to ensure they meet Congressionally-mandated requirements regarding protection of the environment, social impacts, health and safety.

OPIC addresses these requirements in its environmental and social policies, which were strengthened in 2010 with the adoption of the International Finance Corporation's Performance Standards on Social and Environmental Sustainability. The Statement outlines OPIC, investor and host country requirements and describes the processes by which OPIC seeks to ensure that the projects it supports:

- ✓ Are environmentally and socially sustainable
- ✓ Are compatible with low- or no-carbon economic development
- ✓ Respect human rights, including the rights of workers and of affected communities
- ✓ Avoid — or provide mitigation and compensation for — any negative impacts
- ✓ Provide timely project information to affected people
- ✓ Are undertaken in countries that are taking steps to adopt and implement laws that extend internationally recognized worker rights

For decades, OPIC has been a leader among bilateral international investment institutions in developing and applying environmental and social policies that advance long-term, sustainable economic development. Today, OPIC has the most progressive and transparent commitment to low-carbon economic development of any development finance institution. Combining an evolving set of international best practices with the agency's current environmental and social policies keeps OPIC at the forefront of these critical issues.

INVESTMENTS

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION		
		AFRICA AND THE MIDDLE EAST		
ANGOLA				
Plant-Tech Concrete Solutions LLC	Tivannah Global, Limitada	Sand and gravel for construction purposes	$2,781,010	Insurance
CAMEROON				
Access Africa Fund, LLC	Advans Cameroon	Loan	$1,500,000	Insurance
COTE D' IVOIRE				
International Rescue Committee	International Rescue Committee	Individual and family social services	$2,081,735	Insurance
GHANA				
Belstar Development, LLC	Ministry of Health of Ghana	Supply of modern medical equipment at technical training to equip 100 hospitals	$246,067,200	Insurance
IRAQ				
Northern Gulf Partners, LLC	Northern Gulf Rentals Ltd	Heavy equipment leasing	$20,500,000	Finance
JORDAN				
ENNIS RIMAWI	Intl. Co. for Energy Technology Industries	Solar thermal technology services	$3,000,000	Finance
K&M Group of Companies, LLC	Fujeij Wind IPP	Wind IPP	$225,000	Insurance
KENYA				
David Gacheru	Eco-Metropolitan Development Co. Ltd.	Housing construction	$1,330,000	Finance
Ormat International	Orpower 4 Geothermal	52 MW expansion of geothermal power plant	$310,000,000	Finance
Access Africa Fund, LLC	Milango Financial Services Limited	Loan	$500,000	Insurance
LIBERIA				
Broad Cove Partners	Broad Cove Ecohomes Liberia, Inc	Construction finance for 70 home project	$1,900,000	Finance
James Steele and Chris Jorgensen	Buchanan Renewables Fuel, Inc.	Expansion of rubber wood harvesting and wood chip supply business	$90,000,000	Finance
MADAGASCAR				
Seaboard Corporation	LMM Farine, S.A.	Flour mill operation	$11,627,086	Insurance
MALI				
American International School of Bamako	American International School of Bamako	School	$3,960,000	Insurance
NIGERIA				
Citibank N/A	Bel Papyrus Ltd	Paper production mill	$15,000,000	Finance
Keffi Group, Rohatyn Group, & Discover Global Citizens Bank	Union Global Partners Ltd	Tier II recapitalization plan for Union Bank of Nigeria	$250,000,000	Finance
TANZANIA				
World Business Capital, Inc.	African Banking Corporation Tanzania Ltd	Expansion of the borrower's SME lending portfolio.	$9,750,000	Finance
UGANDA				
Microvest I, LP	Pearl Microfinance Limited	Microfinance	$750,000	Insurance
Access Africa Fund, LLC	Pearl Microfinance Limited	Microfinance	$250,000	Insurance
Access Africa Fund, LLC	Ugafode Microfinance Limited	Microfinance	$500,000	Insurance
Chemonics International	Not Applicable	Consulting services	$281,250	Insurance
WEST BANK				
Global Catalyst Foundation	Partners for Sustainable Development - Netketabi	Netbooks for schoolchildren in the West Bank	$10,000,000	Finance
Massar International	Siraj Palestine Fund I	Closed-end investment fund	$30,000,000	Investment Funds
AFRICA AND MIDDLE EAST REGIONAL				
Accelerator Technology and Innovation Capital Partners, L.P.	Accelerator Technology and Innovation Fund	Closed-end investment fund	$25,000,000	Investment Funds
Care USA	Access Africa Fund	Microfinance investment vehicle for loans in Africa	$20,000,000	Finance

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION		
		ASIA AND THE PACIFIC		
AFGHANISTAN				
Apus Apartments, LLC	Kabul Grand Residences LLC	Construction of apartments	$27,000,000	Finance
General Systems International	TAYL Investors Group-2	Construction & operation of hotel	$5,000,000	Finance
Development Alternatives, Inc	Not Applicable	Assets and vechicles	$8,000,000	Insurance*
BANGLADESH				
Development Alternatives, Inc	Not Applicable	Assets and vehicles	$8,000,000	Insurance*
CAMBODIA				
Terra Global Capital, LLC	Oddar Meanche Forestry	Community-based avoided deforestation project	$900,000	Insurance
INDIA				
GTI Group, LLC	Air Works India	Expansion of an aviation maintenance company	$9,101,000	Finance
Vinod Kumar Agarwal	Applied Solar Technologies India Private Ltd	Solar power management systems	$150,000,000	Finance
MEMC Electronic Materials Inc.	Azure Power (Gujarat) Pvt Ltd - SunEdison	Development, construction & operation of a 5MW solar project	$14,700,000	Finance
Mr. Inderpreet Wadhwa	Azure Power Rajasthan Pvt Ltd	Construction of solar power plant in Rajasthan, India	$13,210,600	Finance
MEMC Electronic Materials Inc.	ESP Urja Pvt Ltd	Development, construction & operation of a 5MW solar project	$14,800,000	Finance
Solaria Corporation	Solaria India Pvt Ltd	Solar module manufacturing	$30,000,000	Finance
MEMC Electronic Materials Inc.	Azure Power Gujarat Pvt Limited	Solar energy	$4,399,138	Insurance
INDONESIA				
Citibank N.A.	Bank Danamon Indonesia PT TBK	Microfinance expansion	$14,000,000	Finance
MONGOLIA				
Significant U.S. involvement	GN Beverages	Expansion of beverage bottling plant	$6,000,000	Finance
NEPAL				
Chemonics International	Not Applicable	Consulting services	$150,000	Insurance
PAKISTAN				
CHF International	Tameer Microfinance Bank Ltd.	Liquidity facility to support expansion of loan portfolio	$21,500,000	Finance
Mr. Muhammad Khan Chishti	TPL Properties (PVT) Ltd.	Construction of office building	$20,000,000	Finance
PHILIPPINES				
Citibank, N.A.	ASA Philippines	Expansion of microfinance portfolio	$933,240	Finance
THAILAND				
MEMC Electronic Materials Inc.	SunEdison Thailand	Construction and development of a portfolio of solar power projects	$250,000,000	Finance
ASIA AND THE PACIFIC REGIONAL				
Clearwater Capital Partners, LLC	Clearwater Capital Partners Investments IV, L.P.	Closed-end investment fund	$150,000,000	Investment Funds
Maybank MEACP Pte. Ltd.	Middle East & Asia Capital Partners Clean Energy Fund II	Closed-end investment fund	$50,000,000	Investment Funds
Olympus Capital Holdings Asia, LP	Asia Development Partners III, LP	Closed-end investment fund	$150,000,000	Investment Funds
		EUROPE & EURASIA		
AZERBAIJAN				
BankWorld Inc.	Muganbank OJSC	Expansion of the borrower's SME lending portfolio	$9,750,000	Finance
Microvest I, LP	Inkishaf uchun Maliyye ("FinDev")	Microfinance	$1,000,000	Insurance
Development Alternatives, Inc	Not Applicable	Assets and vehicles	$8,000,000	Insurance*
BULGARIA				
American University in Bulgaria	American University in Bulgaria	Construction of student center	$10,000,000	Finance
SEAF	FBT AD (Jimmy's)	Expansion of a coffee chain and ice cream producing business	$3,000,000	Finance

* This is one of four Development Alternative Projects (Afghanistan, Bangladesh, Azerbaijan, and Moldova) that share a cap of $8,000,000.

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION		
GEORGIA				
Bankworld	JSC BasisBank	Expansion of SME lending in Georgia (Senior loan)	$2,925,000	Finance
Bankworld	JSC BasisBank II	Funding of Tier II Capital (Subordinated loan)	$1,950,000	Finance
Firebird Avrora Fund	JSC POPULI	Expansion of chain of retail grocery stores	$21,000,000	Finance
Bank of New York Mellon Corporation Firebird Avrora Advisors LLC Firebird Management LLC	Mtkvari HPP, LLC	Development & operation of hydropower generating facility	$58,000,000	Finance
Firebird Avrora Advisors, LLC	JSC Teliani Valley	Expansion of winery and vino-tourism	$8,000,000	Finance
Edward Raupp & Nicholas Alasania	University of Georgia	Acquisition and renovation of new building in Tbilisi	$8,050,000	Finance
Microvest I, LP	JSC MFO Crystal	Microfinance	$250,000	Insurance
Microvest Short-Duration Fund, LP	JSC MFO Crystal	Microfinance	$1,000,000	Insurance
KAZAKHSTAN				
Microvest Short-Duration Fund, LP	Limited Liability Partnership MicroCredit Organization Arnur	Credit company	$750,000	Insurance
KOSOVO				
Microvest Short-Duration Fund, LP	World Relief (known as Beselidjha/ Zavet Micro)	Microfinance	$355,125	Insurance
MOLDOVA				
Development Alternatives, Inc	Not Applicable	Assets and vehicles	$8,000,000	Insurance*
RUSSIA				
Firebird Avrora Advisors LLC	OJSC SDM-Bank (II)	Expansion of the borrower's SME lending portfolio	$4,875,000	Finance
Western Retail Development LLC	PJ Western Retail Investments Ltd II	Expansion of 17 Papa John's franchise stores in Moscow	$2,735,900	Finance
TURKEY				
Citibank N.A.	BankPozitif Kredi ve Kalkınma Bankası A.Ş.	Expansion of SME lending portfolio	$30,000,000	Finance
Citibank, N.A.	Sekerbank T.A.S.	Expansion of microfinance portfolio	$7,000,000	Finance
UKRAINE				
SigmaBleyzer Investment Group LLC	SigmaBleyzer Southeast European Fund IV, C.V.	Closed-end investment fund	$50,000,000	Investment Funds
CG Solutions Global Holding Company LLC	ContourGlobal Solutions Holdings Ltd	Electric services	$25,000,000	Insurance
UZBEKISTAN				
O&S Consulting, LLC	Bukhara Malikhasi, LLC	Hotel renovation	$764,100	Insurance

LATIN AMERICA AND THE CARIBBEAN

ARGENTINA				
Jomada Trust	Argentina Olive Ranch, S.A.	Land development for olive plantations & processing	$10,000,000	Finance
Jamada Distributing, LLC	Argentina Olive Ranch, S.A.	Olive orchard for olive oil production	$4,007,739	Insurance
BRAZIL				
Wachovia, a Wells Fargo Company	Banco Safra	Expansion of SME portfolio	$18,000,000	Finance
Terremark Worldwide, Inc.	Terremark Do Brazil, LTDA	Expansion of existing data storage facility	$9,000,000	Finance
COLOMBIA				
Joshi Technologies International Inc.	Joshi Technologies International Inc. III	Oil field expansion	$18,000,000	Finance
Sharon Gurtler Parks and Charles D. Parks	Parko Services S.A.	Oil well expansion	$6,400,000	Finance
DOMINICAN REPUBLIC				
Chemonics International	Not Applicable	Consulting services	$525,000	Insurance

* This is one of four Development Alternative Projects (Afghanistan, Bangladesh, Azerbaijan, and Moldova) that share a cap of $8,000,000.

US SPONSOR/ INSURED INVESTOR	PROJECT NAME	PROJECT DESCRIPTION		
ECUADOR				
Citibank, N.A.	Banco Procredit S.A.	Expansion of microfinance portfolio	$7,000,000	Finance
Microvest I, LP	Fundacion para el Desarrollo Microempresarial Mision Alianza	Political risk insurance for a loan to a microfinance institution	$2,000,000	Insurance
EL SALVADOR				
Chemonics International	Not Applicable	Consulting services	$1,397,500	Insurance
HAITI				
Michael W. Acra	Haiti 360 LLC	Ready-mix concrete production, earthquake rubble recycling, cement additive production	$6,000,000	Finance
International Rescue Committee	International Rescue Committee	Office equipment/support services	$1,040,209	Insurance
Seaboard Corporation	Les Moulins D'Haiti S.E.M (LMH)	Reconstruction of flour mill	$7,367,469	Insurance
MEXICO				
Alsis Mexico International Holdings, LLC	Alsis Mexico Opportunities Fund Holdings, LP	Mortgage finance and securitizations	$22,800,000	Investment Funds
Alta Growth Capital Mexico Fund LP	Analistas De Recursos Globales Sapi DE CV	Expansion of rental and leasing activities to SME's	$7,312,500	Finance
Brysam II LLC	Apoyo Economico Familiar SA DE C.V.SOFOM	Support expansion of borrower's microfinance loan portfolio	$9,750,000	Finance
The Alta Group, LLC	Operadora De Servicios Mega, S.A. DE C.	Expansion of SME leasing portfolio in Mexico	$9,750,000	Finance
Microvest Short-Duration Fund, LP (Forjadores)	Forjadores de Negocios, SA de CV loan portfolio	Political risk insurance for a loan to a microfinance institution	$500,000	Insurance
PANAMA				
Citibank N.A.	Global Bank Corporation	Expansion of SME and consumer lending portfolios	$30,000,000	Finance
Roberto Zamora	Lafise Group Panama Inc.	Tier II capital for the expansion of lending activities	$25,000,000	Finance
Chemonics International	Not Applicable	Consulting services	$125,000	Insurance
PARAGUAY				
Citibank, N.A.	Grupo Internacional De Finanzas SAECA	Expansion of microfinance portfolio	$2,333,100	Finance
PERU				
GK Financing, LLC	Gamma Knife Peru	Installation/operation of stereotactic radiosurgery	$2,057,460	Finance
Assured Guaranty	GTS Majes S.A.C. AND GTS Reparticion S.A.C.	Construction and operation of a utility-scale solar project	$123,000,000	Finance
ST. CHRISTOPHER-NEVIS				
North Star International	North Star St. Kitts, Ltd.	5.4 MW wind power project	$16,090,000	Finance

ALL OPIC COUNTRIES

Wells Fargo HSBC Trade Bank	Air Drilling Associates	Contracting of geothermal drilling services to resource owners	$10,000,000	Finance
Grassroots Business Fund	Grassroots Business Investors Fund I. L.P.	Facility for making loans to projects	$20,000,000	Finance
Minlam Asset Management, LLC	Minlam Microfinance Fund	Expansion of existing microfinance investment vehicle	$28,000,000	Finance
Root Capital	Root Capital	Lending vehicle for loans to projects in developing countries	$20,000,000	Finance

INVESTMENT FUNDS PORTFOLIO ACTIVITIES

FUND NAME	PORTFOLIO COMPANY	DESCRIPTION	COUNTRY/ REGION
Asia Development Partners III, L.P.	Vishwa Infrastructure and Services Ltd	Water and waste water	India
Southeast Europe Equity Fund II, L.P.	Propak Ambalaj Üretim ve Pazarlama A.S.	Flexible packaging	Turkey
SAWHF PVE (SA)	Stuttafords	Housing	South Africa
	Protea Glen	Housing	South Africa
	Jukskei View	Housing	South Africa
	Summerset	Housing	South Africa
	Greatermans Building	Housing	South Africa
	Carnival City	Housing	South Africa
Paladin Realty Latin America Investors III, L.P.	A-PIMA Homebuilding Platform	Low-income housing	Brazil
	Viver Incorporadora e Construtora SA	Middle-income housing	Brazil
	Palamar Homebuilding Platform	Low-income housing	Brazil
	QuadCity Homebuilding Platform	Middle-income housing	Brazil
	YP Homebuilding Platform	Middle-income housing	Brazil
Alsis Latin America Fund L.P.	Afiver	Consumer loans	Mexico
	Integradora de Apoyo Municipal	Financial services to state and municipal governments	Mexico
Ostrella Limited (aka SigmaBleyzer IV)	Harmelia Investments Ltd.	Agriculture	Ukraine
	Covalact	Dairy	Romania
	Elandia Holdings Limited	Retail pharm	Ukraine
	Volia Limited	Cable TV	Ukraine

COUNTRIES

AFRICA AND THE MIDDLE EAST

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

ASIA AND THE PACIFIC

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

EUROPE AND EURASIA

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

LATIN AMERICA AND THE CARIBBEAN

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

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditors' Report on Financial Statements

To the Board of Directors
Overseas Private Investment Corporation

We have audited the accompanying balance sheet of the Overseas Private Investment Corporation (OPIC) as of September 30, 2011, and the related statements of income, capital and retained earnings, and cash flows for the year 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 audit. The financial statements of OPIC as of September 30, 2010, were audited by other auditors whose report dated November 15, 2010, expressed an unqualified opinion on those statements.

We conducted our audit 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 the applicable provisions of Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements,* as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2011, and the results of operations, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, on our consideration of OPIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations and other matters. The purpose of that report 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. That report is 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 audit.

Clifton Gunderson LLP

Calverton, Maryland
November 14, 2011

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Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance with Laws and Regulations and Other Matters

The Board of Directors
Overseas Private Investment Corporation

We have audited the financial statements of the Overseas Private Investment Corporation (OPIC) as of and for the year ended September 30, 2011, and have issued our report thereon dated November 14, 2011. We conducted our audit 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 the applicable provisions of Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements,* as amended.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a control deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting and compliance that we consider to be a material weakness or significant deficiency, as defined above.

Member of HLB International

COMPLIANCE WITH LAWS AND REGULATIONS AND OTHER MATTERS

As part of obtaining reasonable assurance about whether OPIC's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB guidance, including the requirements referred to in the Federal Financial Management Improvement Act of 1996 (FFMIA). However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under generally accepted government audit standards and OMB guidance. Additionally, the results of our tests disclosed no instances in which OPIC's financial management systems did not substantially comply with FFMIA.

We noted certain matters that we reported to management of OPIC in a separate letter dated November 14, 2011.

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

Clifton Gunderson LLP

Calverton, Maryland
November 14, 2011

BALANCE SHEETS

Overseas Private Investment Corporation—Years ended September 30, 2011 and 2010 ($ in thousands)

Assets	2011	2010
Fund Balance with U.S. Treasury (notes 2 and 4)	$ 707,257	$ 566,172
U.S. Treasury securities, at amortized cost plus related receivables (notes 2 and 7)	5,188,527	5,049,091
Direct loans outstanding, net (notes 2 and 10)	1,326,292	1,076,217
Accounts receivable resulting from investment guaranties, net (notes 2 and 11)	59,602	63,231
Assets acquired in insurance claims settlements, net (notes 2 and 11)	1,507	16,782
Guaranty receivable (notes 2 and 19)	456,130	273,686
Accrued interest and fees and other, net (notes 2 and 10)	29,481	26,699
Furniture, equipment and leasehold improvements at cost less accumulated depreciation and amortization of $15,742 in FY2011 and $14,881 in FY2010 (note 2)	6,649	6,011
Total assets	$ 7,775,445	$ 7,077,889
Liabilities, Capital, and Retained Earnings		
Liabilities:		
Reserve for political risk insurance (note 9)	$ 275,000	$ 275,000
Reserve for investment guaranties (notes 10)	573,331	650,229
Accounts payable and accrued expenses	4,984	7,025
Guaranty liability (notes 2 and 19)	456,130	273,686
Customer deposits and deferred income	47,465	45,775
Borrowings from U.S. Treasury, and related interest (note 6)	1,827,691	1,402,915
Unearned premiums	8,144	9,662
Deferred rent & rent incentives from lessor of $5,779 and $5,416 net of accumulated amortization of $2,421 and $2,065 in FY2011 and FY2010 (note 14)	3,358	3,351
Total liabilities	3,196,103	2,667,643
Contingent liabilities (notes 2 and 17)		
Capital and retained earnings:		
Contributed capital	50,000	50,000
Credit funding (note 5)	105,788	106,338
Interagency transfers (Note 2)	16,354	8,902
Retained earnings and reserves:		
Insurance (notes 9 and 12)	790,887	705,410
Guaranty (notes 10 and 12)	3,616,313	3,539,596
	4,579,342	4,410,246
Total liabilities, capital, and retained earnings	$ 7,775,445	$ 7,077,889

See accompanying notes to financial statements.

STATEMENTS OF INCOME

Overseas Private Investment Corporation—Years ended September 30, 2011 and 2010 ($ in thousands)

Revenues	2011	2010
Political risk insurance premiums and fees (note 9)	$ 14,281	$ 15,419
Investment financing interest and fees	218,164	170,151
Interest on finance program deposits	31,059	33,410
Interest on U.S. Treasury securities	170,364	178,516
Total revenues	433,868	397,496
Expenses		
Provisions for reserves:		
Political risk insurance (notes 2 and 9)	(9,750)	(26,394)
Investment financing (notes 2, 10 and 11)	34,720	35,271
Salaries and benefits (note 15)	31,608	30,574
Rent, communications and utilities (note 14)	6,953	7,581
Contractual services	13,596	14,812
Travel	3,949	3,298
Interest on borrowings from U.S. Treasury (note 6)	80,824	70,343
Depreciation and amortization (note 2)	885	315
Other general and administrative expenses	1,627	1,821
Total expenses	164,412	137,621
Net income	$ 269,456	$ 259,875

See accompanying notes to financial statements.

STATEMENTS OF CAPITAL AND RETAINED EARNINGS

Overseas Private Investment Corporation—Years ended September 30, 2011 and 2010 ($ in thousands)

				Equity reserves			
	Contributed capital	Credit funding	Interagency transfers	Insurance (notes 9 & 12)	Guaranty (notes 10 & 12)	Retained earnings	Total
Balance, Sept. 30, 2009	$ 50,000	$ 111,056	$ 10,810	$ 839,271	$ 3,322,941	$ –	$ 4,334,078
Net income	–	–	–	(121,793)	381,668	–	259,875
Return credit funding to U.S. Treasury	–	–	–	–	(199,594)	–	(199,594)
Credit funding (net) received from:							
Accumulated earnings	–	45,361	–	(13,975)	–	(31,386)	–
Credit appropriations	–	15,888	–	–	–	–	15,888
Credit funding used	–	(65,967)	–	–	34,581	31,386	–
Interagency transfers	–	–	(1,908)	1,907	–	–	(1)
Balance, Sept. 30, 2010	$ 50,000	$ 106,338	$ 8,902	$ 705,410	$ 3,539,596	$ –	$ 4,410,246
Net income	–	–	–	101,008	168,448	–	269,456
Return credit funding to U.S. Treasury	–	–	–	–	(292,376)	–	(292,376)
Credit funding (net) received from:							
Accumulated earnings	–	49,465	–	(18,079)	–	(31,386)	–
Credit appropriations	–	182,016	–	–	–	–	182,016
Credit funding used	–	(232,031)	–	–	200,645	31,386	–
Interagency transfers	–	–	7,452	2,548	–	–	10,000
Balance, Sept. 30, 2011	$ 50,000	$ 105.788	$ 16,354	$ 790,887	$ 3,616,313	$ –	$ 4,579,342

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Overseas Private Investment Corporation—Years ended September 30, 2011 and 2010 ($ in thousands)

	2011	2010
Cash flows from operating activities:		
Net income	269,456	$ 259,875
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for:		
Political risk insurance	(9,750)	(26,395)
Investment financing	34,720	35,271
Amortization of premiums on U.S. securities	15,023	15,029
Accretion of discounts on U.S. securities	(5,302)	(6,359)
Amortization of deferred rent and rental incentives	2	85
Increase in rent incentives	5	–
Depreciation and amortization	885	315
(Increase) decrease in operating assets:		
Accrued interest and fees and other	(33,596)	1,744
Guaranty receivable	(182,444)	(39,727)
Assets acquired in insurance claims settlements	(1,034)	–
Recoveries on assets acquired in insurance claims settlements	26,059	25,559
Assets acquired in finance claims settlements	(59,787)	(69,800)
Recoveries on assets acquired in finance claims settlements	15,891	14,094
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,041)	1,039
Customer deposits and deferred income	1,690	5,258
Guaranty liability	182,444	39,727
Unearned premiums	(1,518)	(928)
Cash provided by operating activities	250,703	254,787
Cash flows from investing activities:		
Sale and maturity of U.S. Treasury securities	512,025	1,289,188
Purchase of U.S. Treasury securities	(661,646)	(1,451,385)
Repayment of direct loans	135,670	167,844
Disbursement of direct loans	(418,560)	(454,163)
Acquisition of furniture and equipment	(1,523)	(2,257)
Cash used in investing activities	(434,034)	(450,773)
Cash flows from financing activities:		
Return credit funding to U.S. Treasury	(292,376)	(199,594)
Interagency transfers	10,000	(1)
Credit appropriations	182,016	15,888
Credit reform borrowings from U.S. Treasury	424,776	396,395
Cash provided by (used in) financing activities	324,416	212,688
Net increase in cash	141,085	16,702
Fund Balance with U.S. Treasury at beginning of year	566,172	549,470
Fund Balance with U.S. Treasury at end of year	$ 707,257	$ 566,172

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Overseas Private Investment Corporation—Years ended September 30, 2011 and 2010

(1) Statement of Corporate Purpose

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

(2) Summary of Significant Accounting Policies

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

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

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

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

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

Allowances: The allowances are based on management's periodic evaluations of the underlying assets. In its evaluation, management considers numerous factors, including, but not limited to, general economic conditions, asset composition, prior loss experience, the estimated fair value of any collateral, and the present value of expected future cash flows. OPIC writes off a loan when it believes that viable collection efforts have been exhausted and no further recovery is expected.

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

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

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

Revenue Recognition: Facility fees are received in advance and recognized as deferred income, then amortized over the applicable loan period using the straight-line method. Interest on loans and guaranty fees on investment guaranties are accrued based on the principal amount outstanding. Prior to fiscal year 2011, revenue from both loan interest payments and guaranty fees that was more than 90 days past due was recognized only when cash was received. During FY 2011, OPIC implemented a loans accounting system that provided transactional support for recording the revenues associated with these non-performing projects. Revenue from political risk insurance premiums is recognized over the contract coverage period. Accretion of premium and discount on investment securities is amortized into income under a method approximating the effective yield method.

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

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

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

(3) Intragovernmental Financial Activities

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

(4) Fund Balance with U.S. Treasury

OPIC is restricted in its uses of certain cash balances, as described below. The fund balance with U.S. Treasury as of September 30, 2011 and 2010 consists of the following (dollars in thousands):

	2011	2010
Restricted:		
Pre-Credit reform	$ 10	10
Credit reform	692,712	557,751
Interagency fund transfers	10,000	–
Unrestricted	4,535	8,411
Total	$ 707,257	566,172

The Federal Credit Reform Act of 1990 established separate accounts for cash flows associated with investment financing activity approved prior to implementation of the Act and investment financing activity subject to the Act. With the advent of Credit Reform, OPIC is not permitted to invest its pre-Credit Reform cash balances. These balances grow over time, and when they are determined to be no longer needed for the liquidation of the remaining pre-Credit Reform direct loans and investment guaranties, they are transferred to OPIC's unrestricted noncredit insurance account. OPIC made transfers totaling $30,000 and $1,556,369 to the noncredit insurance account in 2011 and 2010, respectively. 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 2011, OPIC's appropriations legislation authorized the corporation to use $18.1 million of its accumulated earnings to cover the future costs of credit transactions committed in fiscal years 2011 through 2013. In fiscal year 2010, OPIC was authorized to use $29 million to cover commitments in fiscal years 2010 through 2012. In addition to the credit funding allocated directly to OPIC through the appropriations process, OPIC received a total of $67 million in net transfers from other agencies to be used exclusively to finance projects in the New Independent States (NIS).

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

	2011	2010
Balance carried forward	$ 106,338	111,056
Upward reestimates	182,016	15,888
Transferred from earnings (net of returns)	49,465	45,361
Expired credit funding	–	–
Credit funding used	(232,031)	(65,967)
Credit funding remaining	$ 105,788	106,338

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 $182 million and $15.9 million and decreases in subsidy costs of $216.6 million and $123.4 million in fiscal years 2011 and 2010, respectively. During fiscal year 2010, OPIC received permission from OMB to return expired credit funding to the source of the original funds, OPIC's unrestricted noncredit insurance account, rather than to the U.S. Treasury. No credit funding expired during fiscal year 2011; however, expired credit funding of $15 million was transferred back to the noncredit account earnings during fiscal year 2010.

(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 $578 million in 2011 and $593.5 million in 2010, all of which have been disbursed. OPIC paid a total of $80.8 million and $70.3 million in interest to the U.S. Treasury during fiscal years 2011 and 2010, resp ectively. Repayments of borrowings from the U.S. Treasury totaled $153.2 million in 2011 and $197.1 million in 2010. Future payments for borrowing outstanding at September 30, 2011 are as follows (dollars in thousands):

	Amount Due
Payment due in:	
Fiscal year 2012	$ 13,166
Fiscal year 2013	51,161
Fiscal year 2014	117,434
Fiscal year 2015	421,760
Fiscal year 2016	105,730
Thereafter	1,118,440
Total	$ 1,827,691

(7) Investment in U.S. Treasury Securities

The composition of investments and related receivables at September 30, 2011 and 2010 is as follows (dollars in thousands):

	2011	2010
Investments, amortized cost	$ 5,151,261	5,011,361
Interest receivable	37,266	37,730
Total	$ 5,188,527	5,049,091

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

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
At September 30, 2011	$ 5,151,261	488,780	–	5,640,041
At September 30, 2010	$ 5,011,361	474,943	–	5,486,304

At September 30, 2011, the securities held had an interest range of 1.125% to 9.875% and a maturity period from two weeks to almost 17 years.

OPIC holds its securities to maturity. The amortized cost and estimated fair value of U.S. Treasury securities at September 30, 2011, by contractual maturity, are shown below (dollars in thousands):

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 732,434	741,441
Due after one year through five years	3,053,638	3,254,290
Due after five years through 10 years	1,196,514	1,403,738
Due after 10 years	168,675	240,572
Total	$ 5,151,261	5,640,041

(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, 2011, OPIC's insurance and finance programs have collectively utilized $14.5 billion.

(9) Political Risk Insurance

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

	2011	2010
Political risk insurance premiums	$ 14,281	15,419
Miscellaneous insurance income	–	–
Total insurance revenue	$ 14,281	15,419

OPIC's capital, allowance, retained earnings, and reserves available for insurance at September 30, 2011 and 2010 totaled $1.1 billion and $1 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, 2011 and 2010 was $2.6 billion and $2.3 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, 2011 and 2010 was $1.7 billion and $1.6 billion, respectively.

(b) Pending Claims

At both September 30, 2011 and 2010 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 2011 and 2010 were as follows (dollars in thousands):

	2011	2010
Beginning balance	$ 275,000	300,000
Amounts charged off	–	0
Increase/(Decrease) in provisions	29	(26,394)
Transfers (to)/from other reserves	(29)	1,394
Ending balance	$ 275,000	275,000

(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 2011 and 2010, $18.1 million and $29 million, respectively, was made available for credit funding costs. OPIC is in compliance with all relevant limitations and credit funding appropriations guidance. OPIC's capital, allowances, retained earnings, and reserves available for claims on its investment financing at September 30, 2011 and 2010 totaled $4.5 billion and $4.3 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, 2011 totaled $3.6 billion, of which approximately $1.5 billion was outstanding. Direct loan exposure at September 30, 2010 totaled $3.2 billion, of which approximately $1.2 billion was outstanding. Prior to FY2011, interest income was not accrued on direct loans that had payments that were more than 90 days past due. If interest income had been accrued on those loans, it would have approximated $6.5 million in FY2010. Interest collected on those delinquent loans and recorded as income when received in fiscal year 2010 amounted to $18.1 million. In FY2011, interest income was accrued on those direct loans and has been reserved in full. Interest accrued on those loans during fiscal year 2011 was $25.2 million. Loans with payments more than 90 days past due totaled $192.5 million at September 30, 2011 and $127 million at September 30, 2010.

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

	2011	2010
Direct loans outstanding	$ 1,488,487	1,215,903
Allowance for uncollectible loans	(162,195)	(139,686)
Direct loans outstanding, net	$ 1,326,292	1,076,217

Changes in the allowance for uncollectible loans during fiscal years 2011 and 2010 were as follows (dollars in thousands):

	2011	2010
Beginning balance	$ 139,686	120,226
Amounts charged off	(8,987)	(900)
Recoveries	12	15
Increase in provisions	31,484	20,345
Ending balance	$ 162,195	139,686

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 $8.3 billion at September 30, 2011, of which $5 billion was outstanding. Of the $8.3 billion of exposure, $5.7 billion was related to project finance and $2.6 billion was related to investment fund guarantees. Of the $5 billion outstanding, $4.1 billion related to project finance and $.9 billion related to investment fund guaranties. Included in the $2.6 billion of investment fund exposure is $241.8 million of estimated interest that could accrue to the guaranty lender. This interest generally accrues over a 10-year period, payable upon maturity. Upon complete nonperformance by the borrower, OPIC would be liable for principal outstanding and interest accrued on disbursed investment funds. At September 30, 2011, $112.9 million of the $241.8 million had actually accrued to the guaranteed lender on disbursed investment funds; the remainder represents an estimate of interest that could accrue to the guaranteed lender over the remaining investment fund term.

At September 30, 2010, OPIC's exposure to credit risk under investment guaranties, including claim-related assets, was $8.5 billion, of which $5.1 billion was outstanding. Of the $8.5 billion of exposure, $6.1 billion was related to project finance and $2.4 billion was related to investment fund guarantees. Of the $5.1 billion outstanding, $4.2 billion related to project finance and $.9 million related to investment fund guaranties. Included in the $2.4 billion of investment fund exposure is $309 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, 2010, $91 million of the $309 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 2011 and 2010 were as follows:

	2011	2010
Beginning balance	$ 650,229	676,422
Decrease in provisions	(76,898)	(26,193)
Ending balance	$ 573,331	650,229

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

	2011	2010
Accrued Interest, Fees and Other, Gross	$ 56,921	26,699
Less Allowance	(27,440)	–
Net	$ 29,481	26,699

(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 receiva ble 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):

	2011	2010
Accounts receivable resulting from investment guaranties	$ 162,590	127,495
Allowance for doubtful recoveries	(102,988)	(64,264)
Accounts receivable, net	$ 59,602	63,231

Changes in the allowance for doubtful recoveries for assets resulting from investment guaranties during fiscal years 2011 and 2010 were as follows (dollars in thousands):

	2011	2010
Beginning balance	$ 64,264	21,283
Amounts charged off	(8,801)	(16)
Increase in provisions 47,525 42,997 Recoveries	–	–
Ending balance	$ 102,988	64,264

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

	2011	2010
Assets acquired in insurance claims settlements	$ 3,014	18,260
Allowance for doubtful recoveries	(1,507)	(1,478)
Accounts receivable, net	$ 1,507	16,782

Changes in the allowance for doubtful recoveries for assets acquired in insurance claims settlements during fiscal years 2011 and 2010 were as follows (dollars in thousands):

	2011	2010
Beginning balance	$ 1,478	2,873
Amounts charged off	–	–
Transfers (to)/from other reserves	29	(1,395)
Ending balance	$ 1,507	1,478

(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 2011 and 2010, 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, 2011 and 2010, the Insurance Reserve totaled $791 million and $705 million, and the Guaranty Reserve totaled $3.6 billion and $3.5 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, 2011 are as follows (dollars in thousands):

	Carrying Amount	Fair Value
Financial assets:		
Cash	$ 707,257	707,257
U.S. Treasury securities	5,151,261	5,640,041
Interest receivable on securities	37,266	37,266
Direct loans	1,326,292	1,326,292
Accounts receivable from investment guaranties	59,602	59,602
Assets acquired in insurance claims settlements	1,507	1,507
Financial liabilities:		
Borrowings from the U.S. Treasury	1,827,691	1,776,314

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 2011 and 2010 was approximately $4.2 million and $4.1 million, respectively. Minimum future rental payments under the 15-year lease at 1100 New York Avenue, N.W. are approximately $4.7 million annually, with additional adjustments tied to the consumer price index.

(15) Pensions

OPIC's permanent employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). For CSRS, OPIC withheld 7% of employees' gross 2011 earnings and contributed 7% of employees' 2011 gross earnings. The sums were transferred to the Civil Service Retirement Fund from which this employee group will receive retirement benefits.

For FERS, OPIC withheld 0.80% of employees' gross earnings. OPIC transferred this sum to the FERS fund from which the employee group will receive retirement benefits. An additional 6.2% of the FERS employees' gross earnings is withheld, and that, plus matching contributions by OPIC, are sent to the Social Security System from which the FERS employee group will receive social security benefits. OPIC occasionally hires employees on temporary appointments, and those employees are covered by the social security system under which 6.2% of earnings is withheld and matched by OPIC. For calendar year 2011, a special reduction of 2% is being applied to the Social Security withholding rate, pursuant to the "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010".

FERS and CSRS employees may elect to participate in the Thrift Savings Plan (TSP). In January 2006 the TSP contributions limits were eliminated. In 2011 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%.

The amount of employer contributions to these plans for the year ended September 30, 2011 was $3.8 million.

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

(16) Concentration of Risk

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

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

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

The following is a summary of OPIC's off-balance-sheet risk at September 30, 2011 and 2010 (dollars in thousands):

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

		2010		
		Total	Outstanding	Unused Commitments
Guarantees	$	8,372,377	4,968,684	3,403,693
Undisbursed direct loans		1,976,376	–	1,976,376
Insurance		2,330,144	1,649,619	680,525

OPIC's off-balance-sheet finance and insurance exposure involves coverage outside of the United States. The following is a breakdown of such total commitments at September 30, 2011 by major geographical area (dollars in thousands):

		Loan Guarantees	Undisbursed Portion on Direct Loans	Insurance
Africa	$	1,576,507	272,695	825,315
Asia		999,045	307,456	475,364
Europe		836,192	60,045	7,998
Latin America		2,433,681	277,204	389,163
Middle East		1,218,431	644,523	595,614
NIS (New Independent States)		695,716	271,836	359,219
Worldwide		336,504	281,250	–
Insurance stop loss adjustment		–	–	(57,297)
	$	8,096,076	2,115,009	2,595,376

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, 2011, OPIC's largest finance and insurance exposure was in the following countries and sectors (dollars in thousands):

Country		
Jordan	$	674,228
Russia		656,276
Nigeria		574,307
Turkey		543,133
West Bank & Gaza		507,729

Sector		
Financial services	$	7,310,362
Energy – Power		2,839,728
Services		1,316,070
Energy – Oil and Gas		1,005,577
Transportation		621,494

(17) Other Contingencies

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

(18) Subsequent Events

Management evaluated subsequent events through November 14, 2011, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2011, but prior to November 14, 2011, that provided additional evidence about conditions that existed at September 30, 2011, have been recognized in the financial statements for the period ended September 30, 2011. Events that provided evidence about conditions that did not exist at September 30, 2011, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the period ended September 30, 2011.

(19) Accounting and Disclosure Requirements for Guaranties

In FY 2011 and FY 2010 pursuant to the requirement of FASB ASC 460, OPIC recognized a guaranty liability and a guaranty fee receivable of $456.1 million and $273.7 million, respectively. OPIC collected $81.8 million and $73.4 million of guaranty fees in FY 2011 and FY 2010, respectively, on the investment guaranties issued since December 31, 2002.

(20) Statutory Covenants

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

BOARD OF DIRECTORS

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U.S. Agency for International Development

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These lists refelect positions held at the end of the fiscal year, on September 30, 2011

Operating out of Washington with a staff of just 205, OPIC has projects in 107 countries around the world.

NOTES

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

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