

An Overview of OPIC Credit Risk Mitigation Products



**Corporate Council on Africa
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What Does OPIC Do?

Self-sustaining government agency that enables U.S. businesses to succeed in emerging markets

Supports private sector growth in developing countries

- Provides long term financing for U.S. businesses in emerging markets
- Most experienced provider of political risk insurance in the world
- Brings equity capital to developing countries by supporting private equity investment funds



Why Do Businesses Use OPIC?

Build Your Business

Protect Your Investment

- OPIC Finance
- OPIC Political Risk Insurance
 - OPIC Investment Funds

Backing of the U.S. Government

Partner with Experts



OPIC Priorities

- Regions: Russia and the CIS, Frontline States, Mexico and Sub-Saharan Africa
- Sectors: Housing, Infrastructure, Technology
 - Small Business



OPIC Finance - Benefits

Access to Scarce Capital

**Unique Terms and
Conditions**

Flexible Programs
(new Small Business Center)

**Promote Good Corporate
Citizenship**



OPIC Finance – Eligibility

Eligibility

- Commercially viable business plan and successful track record
- At least 25% U.S. equity ownership
- Limited government participation (<50%)



OPIC Finance – Terms

Terms

Loan term*

- Amortization of up to 15 years

Amount of OPIC participation

- \$100k to \$250 million per project
- Up to 50% of total project costs for new projects
- Up to 75% of total project costs for expansions

Leverage*

- 60% debt to 40% equity

Pricing

- Market rates of interest (fixed)

Limited recourse financing

- Project completion support

** Terms and leverage vary*



Framework Agreements and Bank Loans

- Framework Agreements:
 - OPIC guaranties loans made by U.S. banks to commercial banks to expand mortgage financing capacity in emerging markets.
 - OPIC shares risk on loan repayment with the U.S. bank.
 - Loans are generally made by U.S. banks to first or second tier commercial banks for portfolio lending (e.g., mortgage financing). Loans are generally \$10-25 million in amount, 5-years in tenor, unsecured, floating rate, and dollar-denominated.
 - OPIC's U.S. bank partners are Citibank, National City Bank, and Wachovia.
 - New National City facility has \$100 million tranche for housing construction funding; more recent arrangements provide for longer tenors.
- Bank Loans:
 - OPIC provides long-term funding directly to commercial banks in emerging markets to expand the supply of long-term funding for mortgages. These loans are generally 15-17 years in tenor, secured, fixed rate, and dollar-denominated.

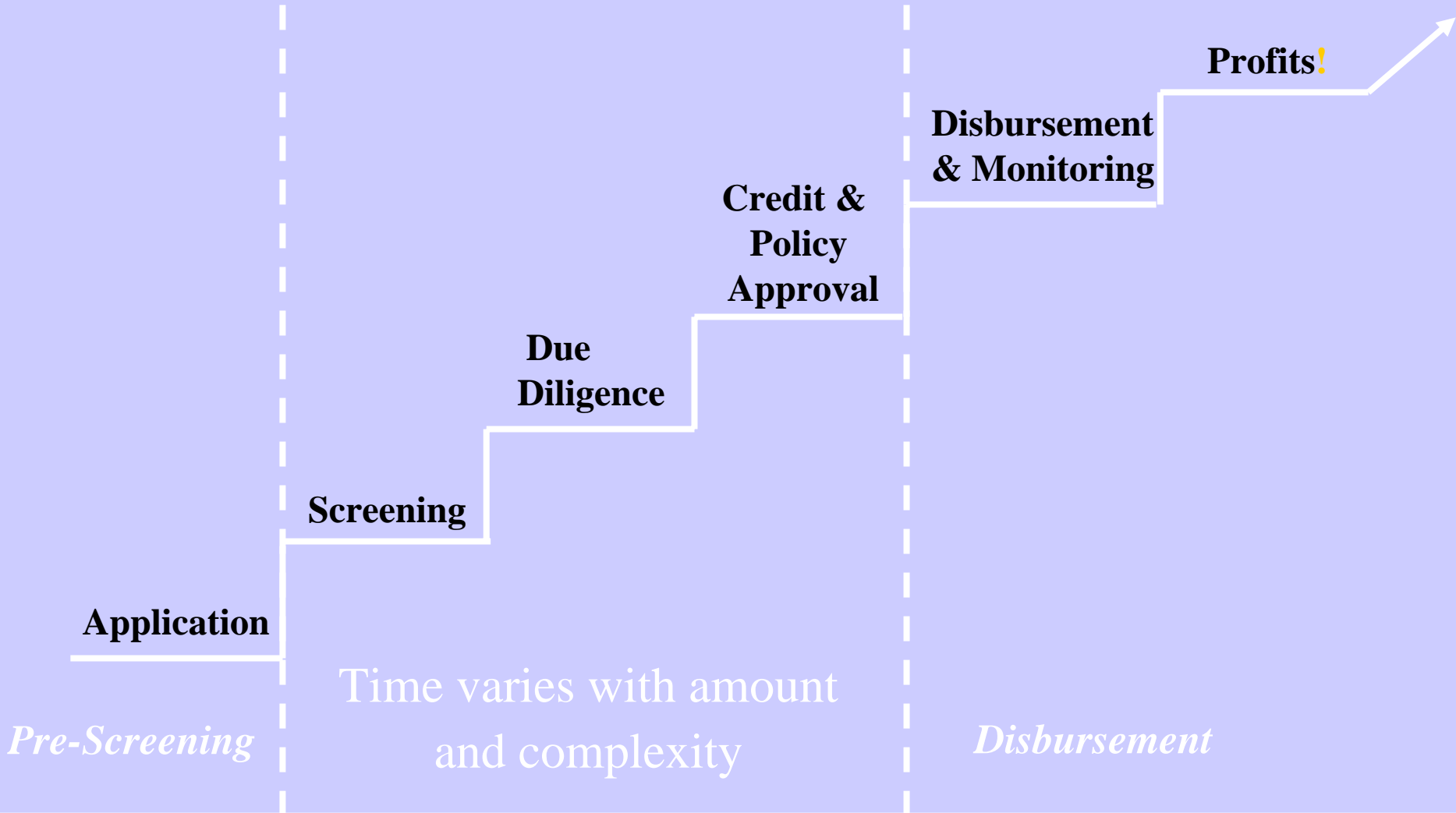


How OPIC Supports Finance Projects

- Framework agreements with U.S. Banks
- Direct loans to eligible banks
- Guaranties of U. S. or local banks
- Loans to special purpose companies – U.S. and local joint ventures



OPIC Finance Process



OPIC Insurance - Benefits

Protects Your Investment

**Eliminates Risk of Unfair
Interference**

Flexible Programs
(Small Business Center)

Facilitates Access to Credit



Eligibility

- U.S. citizens
- Corporations, partnerships or other associations created under laws of the U.S., over 50% U.S. owned
- Foreign corporations at least 95% owned by U.S. citizens, corporations, or partnerships
- Other foreign entities 100% U.S. owned



Terms

- Policy terms up to 20 years. Rates locked in.
- May be canceled by insured, but not by OPIC
- Maximum \$250 million coverage per project (no minimum requirements)
- 10% self-insurance requirement (except for third-party lenders or lessors)



OPIC Insurance–Coverage

Inconvertibility: Insures against the deterioration in the investor's ability to convert profits, debt service, and other investment returns from local currency into U.S. dollars and to transfer U.S. dollars out of the host country.

Expropriation: Insures against loss of an investment due to expropriation, nationalization, or confiscation by the host government.

Political violence: Loss of assets or income due to war, revolution, insurrection, or politically motivated civil strife, terrorism or sabotage.

- Stand Alone Terrorism coverage available (includes weapons of mass destruction)



OPIC Insurance–Programs

Equity: (equity, in-kind contributions, parent company debt, loan guaranty)

Leasing: (capital and operating leases)

Technical Assistance: (investments of technology and “know how”)

Financial Institutions: (bank loans, cross border leases, debt for equity investments, commodity price or interest rate swaps)



OPIC Insurance–Programs

Contractors and Exporters:

- Protects against the wrongful calling of: bid, performance, or advance payment guaranties, custom bonds, or other guaranties
- Loss of physical assets and bank accounts due to confiscation or political violence and inconvertibility of proceeds from the sale of equipment used at a site
- Losses due to certain breaches by foreign buyers of contractual disputes resolution procedures



For more information, insurance and finance applications
and contact information, visit our website:

<http://www.OPIC.gov>



To discuss your project, please contact OPIC's
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