



**Congressional
Budget
Justification
Fiscal Year 2021**

Export-Import Bank of the United States

Fiscal Year 2021 Congressional Budget Justification

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Executive Summary

The Export-Import Bank of the United States is the official export credit agency (ECA) of the United States. It is an independent, Executive Branch agency and a wholly owned U.S. Government corporation. EXIM's mission is to support American jobs by facilitating U.S. exports. When private-sector lenders are unable or unwilling to provide financing, EXIM fills the gap for American businesses. Moreover, EXIM levels the playing field for U.S. goods and services competing against ECA-supported foreign companies in overseas markets, so that American companies can create more American jobs and support economic growth.

EXIM is requesting \$100.9 million for fiscal year (FY) 2021 administrative expenses, which is tied to the initiatives set forth in EXIM's revised strategic plan and reflects EXIM's commitment to transformation and excellence in operations. EXIM's revised strategic plan focuses on transforming the agency to enable it to more effectively administer operations and transition to full capacity by focusing on leveling the playing field for U.S. exporters, promoting small businesses, minimizing risk to taxpayers, and protecting national security interests, while ensuring transparency and attracting and retaining talent. In addition, EXIM was reauthorized in December 2019 and is in process of fully analyzing the impacts of the legislative provisions.¹ This budget begins to address some of the new mandates set forth in the reauthorization legislation.

This budget request is especially aimed at promoting small business by making investments in enhancing customer outreach and stakeholder education to increase EXIM's share of small business authorizations. These investments include a "Channel Operations" strategy² intended to grow the number of exporters participating in its Working Capital and Export Credit programs.

In carrying out its authority, EXIM is committed to strong stewardship of taxpayer assets. This stewardship includes a commitment to reforms, effective risk-management structures and procedures, as well as transparency of operations.

EXIM's Strategic Goals for FY 2018 – FY 2022

In December 2019, EXIM released its Strategic Plan for FYs 2018 – 2022 (Revised for FYs 2020 – 2022).³ This plan outlines the agency's key goals and serves as a roadmap for fulfilling the congressional mandate of supporting U.S. jobs by facilitating the export of "Made in the USA" goods and services. This plan includes the following goals:

1. Support U.S. job creation by increasing outreach and medium- and long-term (MLT) support for U.S. exporters.

¹ *Further Consolidated Appropriations Act, 2020*, P. L. 116-94, Division I, Title IV

² Beginning in FY 2020, EXIM will provide direct support to its lending and broker partners, which is aimed at helping them better identify, originate, onboard, and service exporters. EXIM will provide resources that are tailored to their specific circumstances and needs as they work with exporters. The strategy envisions that account managers will work with the individual partners to assist them in developing an account plan that includes various types of marketing, outreach, training, and commission incentives.

³ Available at: <https://www.exim.gov/sites/default/files/reports/Strategic-Plan-2018-2020.pdf>

2. Increase small-, and medium-sized enterprise engagement with EXIM to support the growth of U.S. jobs.
3. Level the playing field for U.S. exporters to protect U.S. competitiveness and enhance U.S. national security interests.
4. Protect U.S. taxpayers through good governance and enhanced customer service.
5. Recruit and retain top talent.

Budget Request

EXIM Overview

The Export-Import Bank of the United States, an independent and self-financing Executive Branch agency, is the official ECA of the United States. EXIM's mission is to support U.S. jobs by facilitating exports. EXIM achieves this by assisting American businesses when the private sector is unable or unwilling to provide financing, supplementing and encouraging private sector export financing, and helping U.S. exporters remain competitive despite increasingly aggressive foreign ECAs.

EXIM supports the Administration's efforts to emphasize the importance of economics and trade as a key element of national security. For some American exporters, accessing needed export financing may be difficult for certain transactions because of competition from foreign export promotion efforts, circumstances surrounding the country purchasing the exports, or regulatory constraints. EXIM offers needed support to facilitate these transactions to ensure American exporters are not put at a disadvantage when competing for global sales.

EXIM also aids American taxpayers through the reduction of U.S. debt. As a self-financing agency, EXIM has managed its operational costs and financing risks to provide more than \$9.4 billion to the Department of the Treasury (Treasury) since 1992.

Finally, EXIM contributes to U.S. economic growth through the support of thousands of small and medium-sized enterprises around the country. Between FY 2010 and FY 2019, EXIM supported more than 1.4 million American jobs, overall, and in FY 2019, nearly 90 percent of EXIM's transactions supported small businesses. EXIM's trade credit support is critical to businesses that lack private-sector financing options to sell their American-made products overseas. Continuing and improving small- and medium-sized business participation in exports is a key EXIM goal.

FY 2021 Budget Request

The FY 2021 President's Budget Request (PB) provides \$100.9 million for administrative expenses, which is a reduction of 8.3 percent from the FY 2020 appropriated level of \$110.0 million. EXIM products facilitate support for U.S. exports through four major programs: loan guarantees, direct loans, export credit insurance, and working capital guarantees.

Exhibit 1 shows the individual line items by object classification reported in the President's Budget that comprise the administrative expenses of the FY 2021 Budget Request:⁴

⁴ The Budget Request uses Object Classifications for informational purposes only. They should not be considered individual programs, projects, or activities.

Exhibit 1

EXIM Bank Administrative Expenses (USD millions)			
	FY 2019	FY 2020	FY 2021
	Actual	Estimate	Estimate
Object Classification			
Personnel compensation	46	52	48
Civilian personnel benefits	16	18	16
Travel and transportation of persons	1	2	1
Rental payments to General Services Administration	6	8	8
Communications, utilities, and miscellaneous charges	2	2	2
Advisory and assistance services	1	1	1
Other services from non-Federal sources	13	7	6
Other services from Federal sources	2	2	2
Operations and maintenance of equipment	16	12	11
Supplies and materials	2	2	2
Equipment	6	4	4
Total	111	110	101

The Budget Request also proposes canceling \$84.0 million in the Tied Aid unobligated balances. The Tied Aid appropriation is used to match concessional financing provided by foreign governments to support their respective exports.

The Budget Request is expected to support \$20,875 million in new authorizations with an estimated export value of \$28.2 billion in FY 2021. Exhibit 2 provides a breakdown of these authorizations by program and type, showing \$16,712 million in long-term authorizations, \$600 million in medium-term authorizations, and \$3,563 million in short-term authorizations. The Budget Request supports 159,000 jobs.

The Budget Request also will support EXIM as it begins to implement the reforms in its 2019 reauthorization. As part of the recent reauthorization, Congress increased the target share of small business authorizations to 30 percent beginning on January 1, 2021.⁵ Thus, the FY 2021 Budget Request will support EXIM in focusing on the growth of its small business customer base.

EXIM expects to increase the share of small business authorizations through continued investments in its “Channel Operations” strategy, which will support enhancing customer outreach and stakeholder education. These investments will help EXIM support a broader number of small businesses and help drive their growth. The U.S. will benefit as more small businesses are able to access trade finance, boost their sales, and grow their workforce in communities across America.

Exhibit 2

Authorization Forecast (USD millions)		
	FY 2020	FY 2021
	PB	PB
Long-Term		
Project Finance	10,137	7,587
Global Infrastructure	1,217	4,350
Transportation	7,275	4,775
Subtotal	18,629	16,712
Medium-Term		
Guarantees	420	525
Insurance	80	75
Subtotal	500	600
Short-Term		
Multi-Buyer Insurance	2,500	2,550
Single-Buyer Insurance	260	240
Working Capital	1,141	773
Subtotal	3,901	3,563
Total	23,030	20,875

⁵ Further Consolidated Appropriations Act, 2020, P. L. 116-94, Division I, Title IV, § 404.

EXIM will ensure that stakeholder education and outreach is effective and that EXIM’s medium- and long-term financing programs are sufficiently competitive to ensure U.S. businesses—including the many small and medium-sized businesses that utilize EXIM’s MLT financing products—can successfully compete against foreign competitors. EXIM’s increased outreach to all exporters will provide greater awareness of the flexible trade credit financing EXIM offers that is important for exporters seeking growth in the developing and intermediate market economies around the globe.

EXIM’s Self-Financing Projection

EXIM collects exposure fees and interest income from EXIM’s credit program customers. From these fees, EXIM first sets aside funds to cover the costs of its credit programs, consistent with the prudent reserve requirements of the Federal Credit Reform Act of 1990 (FCRA).⁶ The remaining fees are classified as offsetting collections, which are used to cover operations, as authorized in the agency’s annual appropriations language. After paying these operating expenses, the remaining offsetting collections are classified as negative subsidy, and EXIM is required to send this negative subsidy to the Treasury at the end of each fiscal year. Since 1992, EXIM has sent a net of \$9.4 billion to the Treasury.

EXIM expects to collect \$711.2 million in fees in excess of expected program losses in FY 2021. Of that amount, \$100.9 million will be classified as offsetting collections to cover operating expenses and the remainder will be classified as negative subsidy.

In FY 2021, EXIM expects to be self-financing and to remit an estimated \$610.3 million in excess collections to the Treasury, which is reflected in the chart provided in Exhibit 3. This chart also shows EXIM’s total expenses for FY 2021 and the net appropriation, which includes the cancelation of \$84.0 million in Tied Aid unobligated balances and the administrative expenses for the EXIM Office of the Inspector General.

Exhibit 3

EXIM Bank Financial Activity (USD millions)			
	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Budget Request
Revenue			
Offsetting Collections	(15.7)	(110.0)	(100.9)
Negative Subsidy	-	(497.0)	(610.3)
Total Revenue	(15.7)	(607.0)	(711.2)
Expenses			
Administrative Expenses	111.4	110.0	100.9
Subsidy Expenses	-	-	-
Carryover	-	-	-
Total Expenses	111.4	110.0	100.9
Summary			
Total Revenue	(15.7)	(607.0)	(711.2)
Total Expenses	111.4	110.0	100.9
Tied Cancellations	-	(64.0)	(84.0)
Inspector General	5.7	5.7	5.2
Net Appropriation	101.4	(555.3)	(689.1)

⁶ Codified at 2 U.S.C. § 661.

Exposure

EXIM's total aggregate loan, guarantee, and insurance exposure may not exceed \$135.0 billion at any one time.⁷ EXIM defines exposure as the outstanding and undisbursed principal balance of authorized loans, guarantees, and insurance. It also includes the unrecovered balance of payments made on claims submitted to EXIM in its capacity as guarantor or insurer under its export guarantee and insurance programs. Exposure does not include accrued interest or transactions pending final authorization. Ultimately, EXIM's exposure is primarily derived from two sources: new authorizations and repayments of approved authorizations.

EXIM develops exposure forecasts by estimating the approval of new authorizations combined with the reduction of exposure due to the expected repayments, prepayments, or cancellations of transactions. The difference between the two provides the change in exposure during a fiscal year. Exhibit 4, below, provides the summary of EXIM exposure through FY 2021.

Exhibit 4

Exposure Analysis (USD billions)							
FY	2015	2016	2017	2018	2019	2020 est	2021 est
Exposure (Beginning of FY)	112.0	102.2	87.3	72.5	60.5	54.7	67.9
Repayments/Prepayments/Cancellations	(22.2)	(19.9)	(18.2)	(15.3)	(14.0)	(9.8)	(7.8)
New Authorizations	12.4	5.0	3.4	3.3	8.2	23.0	20.9
Exposure (End of FY)	102.2	87.3	72.5	60.5	54.7	67.9	81.0

⁷ Section 6(a)(2) of *The Export-Import Bank Act of 1945*, as amended (12 U.S.C. § 635e(a)(2)).

Risk Management

Oversight

While providing support to United States exporters is key to the mission of EXIM as an institution, an effective comprehensive risk management framework is an integral, underlying requisite for the agency to properly utilize its authority increase transparency and strengthen taxpayer protections. EXIM continues to conduct prudent oversight and due diligence through a comprehensive risk management framework. This framework starts with effective underwriting to ensure a reasonable assurance of repayment. More than 80 percent of EXIM's portfolio is backed by collateral or a sovereign guarantee.

EXIM's comprehensive risk-management program includes detailed documentation to ensure the agency's rights are legally protected and the transaction is consistent with U.S. Government policy. Risk management continues after a transaction is approved with proactive monitoring efforts to minimize defaults and aggressively pursue recoveries, when appropriate. EXIM also engages in proper oversight and governance of the agency's portfolio, which includes setting aside adequate loan-loss reserves for all transactions.

As part of its risk management structure, and as required by statute,⁸ EXIM's chief risk officer reports directly to the President of EXIM. The EXIM Risk Management Committee, which is composed of the Board (with the EXIM President and First Vice President serving as *ex officio* members), has met quarterly since the first quarter of FY 2016. In conjunction with the Office of the Chief Financial Officer, the Committee oversees the stress testing of the entire Bank portfolio and the monitoring of aggregate industry, geographic, and obligor exposure levels.

Reasonable Assurance of Repayment

All EXIM transactions must demonstrate a "reasonable assurance of repayment."⁹ Underpinning the underwriting of individual transactions is the credit grading system in which loan classifications reflect the risk of default and credit losses. The credit ratings of EXIM include a detailed assessment of country risks developed through the Interagency Country Risk Assessment System (ICRAS), which includes agencies such as the Office of Management and Budget (OMB) and Treasury. This rating system is used by all U.S. Government agencies and programs providing cross-border loans, guarantees, or insurance. The ICRAS process establishes two risk ratings for each country: a sovereign and a non-sovereign rating. These ratings—ranging from 1 to 11, with 11 being the riskiest—are used in determining the risk-based fees charged for each transaction.

The country-risk ratings also determine EXIM's ability to underwrite a transaction from a credit perspective. Given the requirement for a reasonable assurance of repayment, the agency is "open" under all of its normal long-term programs for markets rated up to 7. For short- and medium-term transactions, EXIM is "open" for markets rated 8 or lower. EXIM financing is not available for markets rated 9 through 11

⁸ Section 3(l) of *The Export-Import Bank of 1945*, as amended (12 U.S.C. § 635a(l)).

⁹ Section 2(b)(1)(B) of *The Export-Import Bank of 1945*, as amended (12 U.S.C. § 635(b)(1)(B)).

unless the risks can be mitigated to the agency's satisfaction. EXIM's credit assessment processes are very similar for medium- and long-term transactions with commitments above \$25 million, which require approval by the EXIM Board of Directors.

Credits of \$30 million or more are reviewed through the National Advisory Council on International Monetary and Financial Policies, in which other U.S. federal agencies (including OMB; Departments of Commerce, Treasury, and State; and the Office of the U.S. Trade Representative) are given the opportunity to provide comments to EXIM's Board of Directors. EXIM notifies Congress and provides the public with a 25-day comment period through the Federal Register prior to authorizing transactions of \$100 million or more.

Default Rate

EXIM reports to Congress on a quarterly basis the current default rate on its active portfolio.¹⁰ As of September 30, 2019, the default rate was 0.497 percent. This rate reflects a "total amount of required payments that are overdue" (claims paid on guarantees and insurance transactions plus loans past due) divided by a "total amount of financing involved" (disbursements). The low default rates are the result of the agency's efforts to continuously improve its strong underwriting processes, employee expertise, and effective portfolio management in the monitoring of exposure and recoveries on those credits that default. In the event the default rate reaches two percent, EXIM's lending cap is immediately frozen, limiting the capacity of the agency to authorize new transactions.¹¹

Reserves

Consistent with FCRA, EXIM has taken steps to ensure that the agency has properly reserved against defaults in its portfolio. EXIM determines its allowance for loss each fiscal year by assessing the current country and credit risk of each exposure, which includes both commercial and political risk factors, and calculating the loss reserve based on the percentage of loss associated with the risk level assigned to the credit. After the political and commercial risks of the transaction are assessed, the transaction receives a risk rating based on the standard ICRAS classification. The allowance for losses on each exposure is modeled using both EXIM's own historical default and recovery rates to calculate the amount that must be reserved for each transaction.

A significant portion of the financial exposures underwritten by EXIM contain risk mitigants such as collateral, sovereign guarantees, and risk sharing. For example, EXIM receives security interests in assets such as turbines and trains for large power and oil and gas projects, as well as satellites in various space-launch projects. In the case of a default, EXIM has the legal right to claim and sell its security interests in order to reduce the risk of loss for taxpayers.

EXIM also recently concluded a risk-sharing pilot program pursuant to Section 51008(e) of the *Export-Import Bank Reform and Reauthorization Act of 2015* (P.L. 115-94, Division E). The pilot program sought to reinsure, through public-private partnership, \$1 billion of the agency's transactions. The program focused

¹⁰ Section 8(g)(2)(B) of *The Export-Import Bank of 1945*, as amended (12 U.S.C. § 635g(g)(2)(B)).

¹¹ Section 6(a)(3) of *The Export-Import Bank Act of 1945*, as amended (12 U.S.C. § 635e(a)(3)).

on reinsuring a portion of the portfolio to best mitigate the likelihood of equaling or exceeding a two-percent default rate. The pilot program, executed on the aircraft portfolio, was successful. EXIM will continue to explore and utilize risk-sharing opportunities to ensure appropriate risk management throughout its portfolio.

Consistent with statutory requirements, EXIM holds “in reserve, to protect against future losses, an amount that is not less than five percent of the aggregate amount of disbursed and outstanding loans, guarantees, and insurance of the Bank.”¹² Reserved funds consist of the amounts held for a specific purpose in accordance with the reserve requirements of FCRA noted above. Per the reserve requirement, the agency has set aside an additional \$1,100 million to protect against future losses combined with the total allowance of \$2,208.9 million reserved in accordance with FCRA. In total, EXIM has available reserves at the Treasury and allowance at Treasury for losses totaling \$3,308.9 million (approximately 7.0 percent of the total outstanding balance of loans, guarantees, and insurance) as of September 30, 2019. EXIM reviews the reserve levels in the financing accounts on an annual basis.

Asset Management

Following the underwriting phase of a transaction, EXIM continuously manages and monitors the portfolio of credits after they have been approved, documented, and disbursed. EXIM’s monitoring procedures include writing annual or semi-annual credit-rating reviews of obligors’ debt service repayment capacity, taking into account all factors that directly affect the ability and willingness to pay. These ongoing reviews strengthen EXIM’s familiarity and working relationships with obligors and allow EXIM to identify vulnerabilities in the credits. This improves EXIM’s ability to develop and implement remediation action, which ultimately has a positive effect on the quality of the portfolio.

The monitoring groups also identify any transactions warranting high-risk monitoring plans and notify EXIM’s senior management as appropriate of major changes in risk status. Information gained from portfolio monitoring is provided as critical feedback to continuously improve the process, policy, analysis, and ultimate documentary structure when underwriting new transactions.

¹² Section 6(b) of *The Export-Import Bank Act of 1945*, as amended (12 U.S.C. § 635e(b)).

Appropriations Language in the President's FY 2021 Budget

Program Account

The Export-Import Bank (the Bank) of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the program for the current fiscal year for such corporation: Provided, That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country, other than a nuclear-weapon state as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act, that has detonated a nuclear explosive after the date of the enactment of this Act.

Administrative Expenses

For administrative expenses to carry out the direct and guaranteed loan and insurance programs, including hire of passenger motor vehicles and services as authorized by section 3109 of title 5, United States Code, and not to exceed \$30,000 for official reception and representation expenses for members of the Board of Directors, not to exceed \$100,946,000, of which up to \$15,141,900 shall remain available until September 30, 2022: Provided, That the Export-Import Bank (the Bank) may accept, and use, payment or services provided by transaction participants for legal, financial, or technical services in connection with any transaction for which an application for a loan, guarantee or insurance commitment has been made: Provided further, That notwithstanding chapter 51, subchapter III of chapter 53, and section 5373 of title 5, United States Code, the Board of Directors of the Export-Import Bank of the United States may set an employee's rate of basic pay up to the rate for level III of the Executive Schedule, and this authority may be applied to no more than 35 employees at any point in time and shall remain in effect until September 30, 2021: Provided further, That the Bank shall charge fees for necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Bank, repossession or sale of pledged collateral or other assets acquired by the Bank in satisfaction of moneys owed the Bank, or the investigation or appraisal of any property, or the evaluation of the legal, financial, or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, or systems infrastructure directly supporting transactions: Provided further, That in addition to other funds appropriated for administrative expenses, such fees shall be credited to this account for such purposes, to remain available until expended.

Receipts Collected

Receipts collected pursuant to the Export-Import Bank Act of 1945, as amended, and the Federal Credit Reform Act of 1990, as amended, in an amount not to exceed the amount appropriated herein, shall be credited as offsetting collections to this account: Provided, That the sums herein appropriated from the General Fund shall be reduced on a dollar-for-dollar basis by such offsetting collections so as to result in a final fiscal year appropriation from the General Fund estimated at \$0.

Cancellation of Funds

Of the unobligated balances available under the heading "Export and Investment Assistance, Export-Import Bank of the United States, Subsidy Appropriation" for tied-aid grants from prior Acts making appropriations for the Department of State, foreign operations, and related programs, \$84,000,000 are hereby permanently cancelled.

Appendix 1: EXIM Digital Modernization Report

Sec. 3(d)(2) of the 21st Century Integrated Digital Experience Act (Digital Experience Act)¹³ requires agencies to report to the public in an existing report on the items shared with the Office of Management and Budget relating to existing agency websites and digital services compliance with the Digital Experience Act.

EXIM reviewed its websites and digital services, consistent with the Digital Experience Act. EXIM currently maintains one public website (<http://www.exim.gov>) and one public digital service (EXIM Online). EXIM has made a prioritization determination on the modernization of its public-facing digital services.

EXIM undertook a full redesign of its public website in 2015. In reviewing the public website, EXIM has determined it fully complies with the eight requirements set out under Section 3(a) of the Digital Experience Act. Therefore, EXIM will not incur any additional costs to modernize its public website.

EXIM Online is a legacy system and a public digital service located on a restricted access website only accessible to EXIM customers. It is a lending and insurance application system whose customers are commercial banks, exporters, and brokers. These customers typically interact with the application from their office environments given the information density, complex reporting, and forms included in the EXIM Online application. EXIM Online currently complies with six of the eight criteria set out under Section 3(a) of the Digital Experience Act. The two remaining criteria are that the digital services be accessible to individuals with disabilities in accordance with Section 508 of the Rehabilitation Act of 1973¹⁴ and fully functional and usable on common mobile devices.

Currently, EXIM Online is partially compliant with Section 508. While the legacy components are non-compliant, as new components are developed, steps are being taken to ensure full Section 508 compliance.

EXIM recognizes the importance of confirming its digital tools are fully compliant with Section 508 and is working to update these components in a timely and cost-effective manner. As a result of the comprehensive nature of this system, it is not currently practicable to make EXIM Online mobile-accessible.

¹³ P.L. 115-336 (44 U.S.C. § 3501 note).

¹⁴ 29 U.S.C. § 794d.

Appendix 2: Report on Outstanding Government Accountability Office and Inspector General Recommendations

The Good Accounting Obligation in Government Act (GAO-IG Act)¹⁵ requires each federal agency, in its annual budget justification, to include a report on the implementation status of each public recommendation described as follows: (1) each public recommendation of the Government Accountability Office (GAO) that is designated by GAO as "open" or "closed, unimplemented" for a period of not less than one year preceding the date on which the annual budget justification is submitted; (2) each public recommendation for corrective action from the Office of Inspector General (OIG) of the agency that was published not less than one year before the date on which the annual budget justification is submitted; and for which no final action was taken as of the date on which the annual budget justification is submitted.

EXIM takes all OIG and GAO reports and recommendations seriously and has an excellent record of implementing and closing out recommendations.

Currently, EXIM has 16 open OIG recommendations that were issued prior to February 2019. Of those, EXIM has implemented five and they are now pending OIG closure.

Additionally, EXIM has five open GAO recommendations issued prior February 2019. EXIM has implemented all five and they are now pending GAO closure.

EXIM has no OIG or GAO issued recommendations with which it disagreed.

The following charts provides the implementation status of the various OIG and GAO recommendations, as required by the Act.

¹⁵ P.L. 115-414 (31 U.S.C. § 1105 note).

GAO Recommendations Issued prior to February 2019

Report	Issuance Date	Recommendation	Timeline for Implementation
Fraud Risk Management GAO-18-492	7/19/18	Rec. 1: The acting Bank president and Board chairman should ensure that the Bank evaluates and implements methods to further promote and sustain an antifraud tone that permeates the Bank's organizational culture, as described in GAO's Fraud Risk Framework. This should include consideration of requiring training on fraud risks relevant to Bank programs, for new employees and all employees on an ongoing basis, with the training to include identifying roles and responsibilities in fraud risk management activities across the Bank.	EXIM has implemented this recommendation and submitted supporting documentation for the GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 4: The acting Bank president and Board chairman should ensure that the Bank develops and implements an antifraud strategy with specific control activities, based upon the results of fraud risk assessments and a corresponding fraud risk profile, as provided in GAO's Fraud Risk Framework.	EXIM has implemented this recommendation and submitted supporting documentation for the GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 5: The acting Bank president and Board chairman should ensure that the Bank identifies, and then implements, the best options for sharing more fraud-related information--including details of fraud case referrals and outcomes--among Bank staff, to help build fraud awareness, as described in GAO's Fraud Risk Framework.	EXIM has implemented this recommendation and submitted supporting documentation for the GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 6: The acting Bank president and Board chairman should lead efforts to collaborate with the Bank's OIG to identify a feasible, cost-effective means to systematically track outcomes of fraud referrals from the Bank to the OIG, including creating a means to link the OIG's proven cases of fraud to the specific Bank transactions from which the OIG actions arose. If any such means are found to be feasible and cost-effective, the acting Bank president and Board chairman should direct appropriate staff to implement them, with such information to be used for purposes consistent with GAO's Fraud Risk Framework, such as data analytics.	EXIM has implemented this recommendation and submitted supporting documentation for the GAO closure.
Fraud Risk Management GAO-18-492	7/19/18	Rec. 7: The acting Bank president and Board chairman should ensure that the Bank monitors and evaluates outcomes of fraud risk management activities, using a risk-based approach and outcome-oriented metrics, and that it subsequently adapts antifraud activities or implements new ones, as determined to be appropriate and consistent with GAO's Fraud Risk Framework.	EXIM has implemented this recommendation and submitted supporting documentation for the GAO closure.

OIG Recommendations Issued prior to February 2019

Report	Issuance Date	Recommendation	Timeline for Implementation
Evaluation of Risk Management Procedures and CRO Responsibilities OIG-EV-17-01	12/2/16	Rec. 1: To clarify the authority and responsibility of the CRO with respect to the current allocation of risk management responsibilities across the agency, EXIM Bank should formally document the risk management roles, responsibilities and authority of its line of defense functions; clarify responsibilities and interaction between different senior management committees and divisions; identify the individuals and functions to be responsible for each; and address any gaps in those responsibilities.	Expected completion: 3/31/20.
Report on EXIM's Credit Guarantee Facility Program OIG-EV-17-03	3/30/17	Rec. 4: With respect to amendments to the terms and conditions of transactions previously approved by the Board: (i) enhance policies and procedures for CGFs to ensure the adequacy and consistency of the Bank's due diligence (e.g., Iran sanctions due diligence) in consideration of those amendments; and (ii) in accordance with the Bank's Individual Delegated Authority policy, develop an internal process to assess the level of materiality of proposed amendments and to discern the need to revert back to the Board for approval. Such a process should involve a deliberative body such as the Transaction Review Committee.	EXIM has implemented this recommendation and submitted it for OIG closure.
Report on EXIM's Credit Guarantee Facility Program OIG-EV-17-03	3/30/17	Rec. 5: Review and update the reach-back policy for the CGF program to be consistent with actual practice and reduce the need for waivers. In reviewing and updating the reach-back policy, the Bank should analyze the case-by-case determination of a reach-back relative to the average policy date (i.e., operative date); consider establishing limits on the utilization of the facility for reach-back transactions; set requirements for communicating analysis of reach-back issues to decision makers including the Board; and establish procedures for consideration of waivers to the policy. This would include documenting the supporting evidence in the credit file.	Expected completion: 3/31/20.
Audit of EXIM's Disbursement Processes OIG-AR-17-05	9/29/17	Rec. 9: Implement a process for recording and validating disbursement data between EOL, FMS-NG, and the GL on at least a quarterly basis so that third-party requests for validated data can be completed in a timely manner and staff can effectively track program performance.	EXIM has implemented this recommendation, but is further working with the OIG as to what additional steps would deem this recommendation fully implemented and closed by the OIG.
Audit of Medium-Term Early Problem Credits OIG-AR-18-06	9/26/18	Rec. 2: Establish procedures necessary to reduce transactional credit risk for transactions involving principal owners of closely held companies, where it's legally permissible.	Expected completion: 3/31/20.
Audit of Medium-Term Early Problem Credits OIG-AR-18-06	9/26/18	Rec. 3: Develop policies and procedures to require the identification and validation of the borrower's source of down payment prior to the lender's cash disbursement and that all supporting documentation is included in the credit file.	Expected completion: 3/31/20.

OIG Recommendations Issued prior to February 2019 (continued)

Report	Issuance Date	Recommendation	Timeline for Implementation
Audit of Medium-Term Early Problem Credits OIG-AR-18-06	9/26/18	Rec. 4: Develop policies and procedures to perform appropriate due diligence checks (i.e., CRTI check) on the source of down payment if the source is not the borrower.	Expected completion: 3/31/20.
Audit of Medium-Term Early Problem Credits OIG-AR-18-06	9/26/18	Rec. 5: Enhance EXIM's policies and procedures to require the loan officer to document the analysis of Operations Cash Flow to Debt Service ratio and how it was considered in EXIM's decision making process.	Expected completion: 3/31/20.
Audit of Medium-Term Early Problem Credits OIG-AR-18-06	9/26/18	Rec. 6: Finalize the revisions of the Master Guarantee Agreement used in the Medium-Term Loan Guarantee Program.	Expected completion: 3/31/20.
Additionality Evaluation OIG-EV-19-01	11/28/18	Rec. 1: For medium-term transactions, ensure the reason for Bank support is documented in the decision memo as required.	Expected completion: 3/31/20.
Additionality Evaluation OIG-EV-19-01	11/28/18	Rec. 2: For long-term transactions, ensure the required checklists and/or appendixes for additionality are completed and documented in the credit file.	Expected completion: 3/31/20.
Additionality Evaluation OIG-EV-19-01	11/28/18	Rec. 3: Revise the additionality policy and procedures to require the confirmation of information to be documented in the credit file.	Expected completion: 3/31/20.
Additionality Evaluation OIG-EV-19-01	11/28/18	Rec. 4: Re-evaluate the current additionality policy and procedures for short-term transactions to identify an approach to improve how determinations are supported and verifiable at the transaction level.	Expected completion: 3/31/20.
FY 18 Financial Statements Management Letter OIG-AR-19-02	12/17/18	Rec. 7: Continue to enhance the model documentation to articulate how the cash flow model works and the rationale used in the models. The documentation should be at a sufficient level of detail to enable a reviewer to independently analyze the model.	EXIM has implemented this recommendation and submitted it for OIG closure.
FY 18 Financial Statements Management Letter OIG-AR-19-02	12/17/18	Rec. 8: Assess the need to further modify the cash flow model to adjust the lifetime PD assumption to account for the age and performance of each deal, or document the determination as to how such a model change would have an insignificant effect on the model results.	EXIM has implemented this recommendation and submitted it for OIG closure.
FY 18 Financial Statements Management Letter OIG-AR-19-02	12/17/18	Rec. 9: Document, in sufficient detail, additional qualitative considerations used by management to calculate re-estimates for financial statement reporting, that clearly bridges the gap between model historical performance and the resulting calculations. The documentation should include a quantification of the impact of these qualitative considerations on the outputs of the cash flow model.	EXIM has implemented this recommendation and submitted it for OIG closure.

Discrepancies between the Report submitted with the Budget Justification and the OIG Semiannual Report to Congress for April 1, 2019 to September 30, 2019

EXIM is required to provide an explanation for any discrepancy between the reports submitted with the annual budget justification and the semiannual reports submitted by the Office of Inspector General. The following recommendations were reported by the OIG as “open” in the OIG Semiannual Report to Congress for April 1, 2019, to September 30, 2019. EXIM has implemented and the OIG has closed these recommendations.

Report	Issuance Date	Rec. #	Status
FY 2018 Financial Statement Management Letter OIG-AR-19-02	12/17/18	1, 2, 3, 4, 5, 6, 10, 11	CLOSED