



Reducing Risk. Unleashing Opportunity.

LANDING TEAM DOCUMENT EXIM IN TRANSITION



EXIM FY2016 Authorizations & Exposure

SUMMARY

EXIM Bank approved approximately 2,900 authorizations totaling \$5.0 billion to support an estimated \$8.0 billion of U.S. exports worldwide. These authorizations are supporting approximately 52,000 jobs.



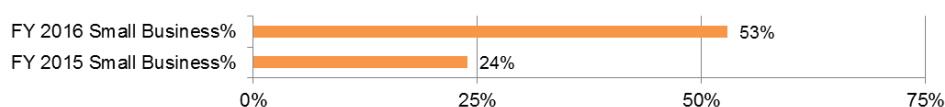
52,000 **\$8.0B in Export Value** **\$5.0B in Authorizations** **\$87.3B in Exposure**

Authorizations (\$millions)	FY 2014		FY 2015		FY 2016	
	Amount	Number	Amount	Number	Amount	Number
Total Authorizations	\$20,468	3,746	\$12,383	2,630	\$5,037	2,899
Small Business	\$5,050	3,347	\$3,031	2,342	\$2,677	2,635
Minority Or Woman Owned	\$751	756	\$581	639	\$544	769
Environmentally Beneficial	\$336	117	\$227	89	\$125	118
Sub Saharan Africa	\$2,055	192	\$397	142	\$95	121

Total authorizations in FY 2016 totaled \$5,037 million, which is a decrease from \$12,383 million in FY 2015. Total exposure at the end of FY 2016 was \$87.3 billion down from \$102.2 billion at the end of FY 2015 (15% decrease).

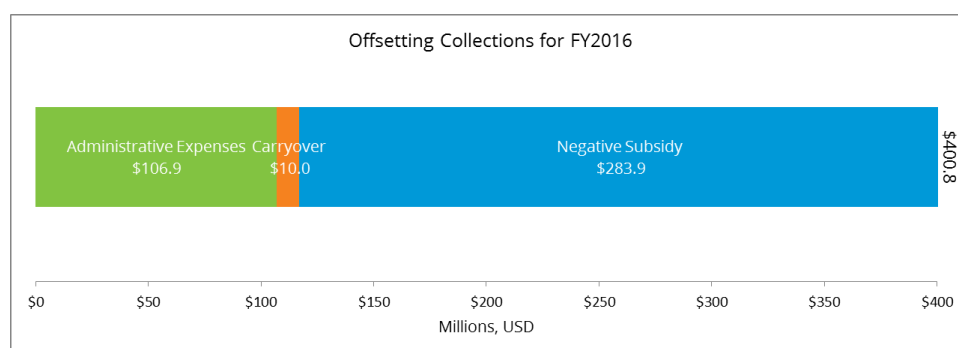
SMALL BUSINESS

In FY 2016, EXIM Bank authorized \$2,677 million – 53.2% of total authorizations by dollar volume – in financing and insurance for the direct support of American small business exporters, not including support for small businesses in the supply chains of larger exporters. The 53.2% of total authorizations exceeded the congressional target of 25%. The Bank authorized more than 2,600 small business transactions – approximately 90% of the total number of EXIM transactions.



AMOUNT SENT TO TREASURY

In October 2016, EXIM Bank wired \$283.9 million to the U.S. Treasury to be used for deficit reduction—the latest in a long line of surplus revenues. After paying all of its operating and program costs, EXIM Bank contributed a total of \$8.4 billion to the U.S. Treasury since 1992, of which \$3.8 billion has been contributed since FY 2009.



Contents

I. Introduction to EXIM.....	4
II. Transition Contacts.....	7
III. In-Person Briefing Guide.....	10
IV. Organizational Overview.....	13
V. Top Issues for New Leadership.....	30
VI. Budget Overview.....	131
VII. Congressional Relations	137
VIII. Administrative Information	139

I. Introduction to EXIM

Landing Team Document

The Landing Team Document will cover an initial overview and outlook of the Export-Import Bank of the United States (EXIM) as the transition process begins. Section II covers the primary EXIM Contacts for the transition. Section III gives an overview of in-person briefing options and the relevant key issues under each Senior Officer. Section IV provides an organizational overview of EXIM and information on Senior Staff. Section V covers each key issue in depth through key issue briefers written by the relevant Senior Officers. Section VI outlines the budgetary overview of EXIM. Section VII details the Congressional Relations and Issues facing EXIM. Section VIII covers the administrative information the Landing Team may need during the transition process.

EXIM in Brief

EXIM is an independent, self-sustaining agency of the U.S. Government. EXIM was established in 1934 and is headquartered in Washington, D.C. with 12 regional offices across the United States. The mission of EXIM is to create and sustain jobs by increasing U.S. exports of goods and services. EXIM can help minimize risk, level the playing field, and supplement commercial financing across a variety of industries, from medical equipment to renewable energy. In FY2015, EXIM financed an estimated \$17 billion in U.S. exports, with small business transactions representing nearly 90% of EXIM transactions.

EXIM Products and Services

EXIM U.S. exporters face economic, political, buyer nonpayment and cash flow risks. While private sector financing typically protects exporters from those risks, there are gaps - and that's where the Export-Import Bank comes in. EXIM provides an array of financing options tailored to the needs of the exporter - both small and large. We provide financing support to small businesses, medium-sized enterprises and larger corporations.

EXIM financial products include: 1) loan guarantees to cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S. exports, 2) direct loans directly to foreign buyers of the U.S. goods and services, 3) export credit insurance against the risk of foreign buyer or other foreign debtor default for political or commercial reasons, and 4) working capital guarantees to lenders on secure, short-term working capital loans made to qualified exporters.

Political Positions

EXIM has 5 Senate-confirmed Board appointees, the Senate-confirmed Inspector General, and 14 Schedule-C appointees. EXIM's loan authorizations are overseen by a 5-person Board of Directors headed by the Chairman. Currently, only 2 of the 5 Board positions are filled (Chair and Vice Chair), with 2 of the 3 vacant seats awaiting Senate confirmation. The Inspector General is appointed by the President with consent from the Senate, and is likewise awaiting confirmation. Major Schedule-C appointees include senior staff positions such as the Chief Operating Officer, the General Counsel, and the Chief Banking Officer.

Appointee	Positions, Current Officer
Senate-Confirmed	<p>The Board of Directors; Inspector General</p> <ul style="list-style-type: none"> • Chairman and President of EXIM: Fred P. Hochberg • Vice Chair and First VP: Charles J. Hall (acting) • Director: <i>vacant</i> • Director: <i>vacant</i> • Director: <i>vacant</i> • Inspector General: <i>vacant</i>
Schedule-C	<p>Schedule-C appointees cover operations, banking, general counsel, and more</p> <ul style="list-style-type: none"> • EVP and Chief Operating Officer: Charles J. Hall • SVP and Chief of Staff: Scott Schloegel • SVP and Chief Banking Officer: <i>vacant / career acting</i> • SVP General Counsel: Angela Freyre • SVP Congressional Affairs: Erin Gulick • SVP Communications: Caroline Scullin • Deputy Chief of Staff: Matt Bevens • VP Public Affairs: Catrell Brown • Executive Secretary: Kathleen Maher • Deputy Director Congressional Affairs: Carolyn Schopp • Speechwriter: Joe Philipson • Press Secretary: Ashley Lewis • Director of Scheduling: Christopher Semenas • Confidential Assistant: Tania Makker



II. Transition Contacts

The Transition process for EXIM is supervised by Charles Hall, EVP and COO, and Michael Cushing, SVP of Resource Management, as a political appointee and a career employee, respectively. While all Senior Officers have a role in this process and inform the key issues facing EXIM, the COO and SVP of Resource Management will oversee transition operations and serve as the main points of contact for the Landing Team. For any questions regarding the Transition process from the EXIM perspective, please contact COO Charles Hall.

Name	Role	Email	Number	Office
Charles J. Hall	EVP and Chief Operating Officer	cj@exim.gov	202-565-3509	1211
Michael Cushing	SVP of Resource Management	michael.cushing@exim.gov	202-565-3561	1009

Charles J. Hall (political appointee)

Executive Vice President / Chief Operating Officer

The Executive Vice President and Chief Operating Officer serves as the senior executive officer to the Chairman and President on operational, and management issues.

- Serves as one of the three principal direct reports to the Chairman and President, along with the Chief Banking Officer and the Chief of Staff. On behalf of the Chairman and President, the incumbent plays an important role in the development and implementation of EXIM policy and programs, organization of EXIM management issues for the attention of the Chairman and President, and coordination with EXIM senior executives.
- Serves as the Chief Operating Officer of EXIM. Directly assists the Chairman and President and the Board of Directors in instituting and implementing new programs (along with the Chief Banking Officer) and means of more effective use of EXIM's resources for expanded assistance of export financing, and directly assists the Chairman in key policy and administrative decisions.
- Provides advice and counsel to the Chairman and President on major EXIM policies, programs and management issues.
- Represents the Chairman and President in managing EXIM policies and issues, particularly in coordinating matters that cut across groups and offices, are controversial, or present complex issues. Acts on behalf of the Chairman to identify and resolve issues. Obtains and evaluates views on major issues and proposals of EXIM. Develops such views into appropriate recommendations for the consideration of the Chairman and President as directed. Provides EXIM officials with the decisions made by the Chairman and President to aid officials, organizations and other agencies directly concerned on matters of special significance.
- As requested, directs special projects or task forces. Represents the interest of the Chairman and President and assists in providing quick responses on major program and policy issues.
- Manages and coordinates other high level initiatives, as directed by the Chairman and President.

Michael Cushing (*career employee*)

Senior Vice President of Resource Management

The Senior Vice President of Resource Management leads programs in:

- Administrative budget planning, formulation, and execution
- Human resources and human capital management
 - talent acquisition, retention, and development,
 - workforce and succession planning,
 - performance management,
 - employee and labor relations, employee engagement, and
 - leadership development and training.
- Acquisition management and business services
 - business planning and budgeting,
 - acquisition strategy, planning, and business advice,
 - contract solicitation, award, and management,
 - business systems integration, and
 - acquisition policy and compliance.
- Corporate operating services
 - capital planning, construction and renovation, facilities and workplace management, environmental and sustainability programs,
 - emergency preparedness and continuity of operations,
 - records management, and
 - personnel and physical security, classified information.
- Serves on the Executive Committee of the Small Agency Council

III. In-Person Briefing Guide

Briefing List

The Landing Team may wish to meet with both political appointees and career employees during the transition process. To ease this process, we have identified key issues facing EXIM, and have organized them according to the relevant Senior Officer. For the meetings, the Senior Officers may include key subordinates to provide breadth and perspective on the issues. In Section V, the key issues are organized according to theme, with briefers provided for each issue.

Senior Officer	Key Issue	Urgency	Page
Gulick, Congressional	Board Quorum / Board Appointments	30 Days	33
	Mission & Congressional Mandates	30 Days	48
	Pay Authority	30 Days	123
	Authorization and Appropriations	180 Days	35
	Environmental & Social Policies	Background	87
Scullin, Communications	Annual Conference Arrangements	30 Days	119
	Annual & Competitiveness Reports	90 Days	121
	Non-participant Stakeholder Engage	Background	43
Tinsley, Chief Risk Officer	Risk Appetite at EXIM	30 Days	57
	Modification of Transaction Credit Analysis	Background	60
	Enterprise Risk Management	Background	62
Phillips, Acting Chief Banking Officer	Business Outlook and Opportunities	30 Days	89
	Medium-Term Program	Background	102
	Transportation Portfolio	Background	104
Freyre, General Counsel	Status of 2015 Reauth. Requirements	30 Days	75
	Delegated Authority	Background	106
Terry, Chief Ethics Officer	Ethics Program Management	Background	108

Senior Officer	Key Issue	Urgency	Page
Sena, Chief Financial Officer	Risk Management Committee	30 Days	111
	OIG Ongoing Recs and SARC	60 Days	125
	Budget Process	90 Days	37
	Portfolio Snapshot	Background	98
	Portfolio Reserve Requirements	Background	100
	Self-sustaining Status and Prospects	Background	39
Cruse, Policy & Planning	PEFCO	90 Days	96
	EXIM Reliability and Competitiveness	Background	41
	Policy Challenges in the New ECA World	Background	52
	MARAD Requirements	Background	81
	Content Policy and Jobs Linkages	Background	83
	Economic Impact Policies/ Procedures	Background	85
	Conflict in Congressional Mandates	Background	79
	International Engagements	Background	54
	Strategic Plan and Operating Priorities	180 Days	50
Hall, Chief Operating Officer &	FTE Staffing Plan / Succession Plan	90 Days	114
Cushing, Resource Management	Employee Engagement / Tier 1	90 Days	117
	Organizational Culture Change	Background	64
Bevens, Deputy Chief of Staff	Interagency Engagement / USG	Background	45
	Advisory Committee	Background	112
Burrows, Small Business	Digital Business Development	60 Days	91
Morin, Business & Product Dev.	Business and Product Development	Background	93
McCarthy, Acting Inspector General	Office of the Inspector General	Background	66
	EXIM Management Challenges	Background	69
Spira, Chief Information Officer	Information Security	30 Days	127
	IMT Investment Plan	90 Days	129

Interview Guide for EXIM Officers

If the Landing Team requests in-person meetings, EXIM staff should be prepared to discuss major EXIM issues and policies. EXIM Senior Officers can provide an introduction of key staff and point person(s) relevant, and should be adaptable to the agenda set by the Landing Team.

1. **Introduction:** Introduce key staff to the Landing Team members, as well as any point person(s) responsible for specific topics under discussion.
2. **Agenda:** The Landing Team may have an agenda for the meeting and the transition process. EXIM staff should also provide a summary of relevant key issues facing EXIM.
3. **Key Issues:** EXIM staff should highlight the key issues and their components, providing more detail and description of each of the issues.
4. **Questions:** EXIM staff should be prepared for questions the Landing Team may ask, both from a high-level and operational perspective.
5. **Course of Action:** EXIM Senior Officers should be available if the Landing Team wishes to develop an action plan moving forward during the transition process. EXIM staff should highlight the people responsible for individual components and the general timeline.
6. **Deadlines:** The Senior Officer should notify the appropriate EXIM staff of any deadlines or schedule outline set by the Landing Team.

IV. Organizational Overview

EXIM is the official export credit agency of the United States. EXIM is an independent, self-sustaining Executive Branch agency with a mission of supporting American jobs by facilitating the export of U.S. goods and services. When private sector lenders are unable or unwilling to provide financing, EXIM fills in the gap for American businesses by equipping them with the financing tools necessary to compete for global sales. In doing so, EXIM levels the playing field for U.S. goods and services going up against foreign competition in overseas markets, so that American companies can create more good-paying American jobs.

Because it is backed by the full faith and credit of the United States, EXIM assumes credit and country risks that the private sector is unable or unwilling to accept. EXIM's charter requires that all transactions it authorizes demonstrate a reasonable assurance of repayment; EXIM consistently maintains a low default rate, and closely monitors credit and other risks in its portfolio.

Mission:

The mission of EXIM, assuming full authority, is to support U.S. jobs by providing export financing through its loan, guarantee, and insurance program. Specifically, EXIM supports U.S. through export financing in cases where the private sector is unable or unwilling to provide financing or where such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that are in competition for export sales with U.S. exporters. EXIM's Charter requires reasonable assurance of repayment for the transactions EXIM authorizes, and EXIM closely monitors credit and other risks in its portfolio. In pursuit of its mission of supporting U.S. jobs through export financing, EXIM offers four financial products: loan guarantees, working capital guarantees, direct loans and export credit insurance. All EXIM obligations carry the full faith and credit of the U.S. government.

Strategic Plan:

EXIM Strategic Plan: 2013-2017 sets forth EXIM's strategy to maximize support for U.S. jobs through exports while also remaining a self-sustaining agency. The most recent update to the Plan, dated August 29, 2013 evaluates EXIM's performance towards meeting the Plan's goals over the previous three years and refines the objectives and strategies to reflect EXIM's progress towards achieving these goals. The Update also incorporated new objectives and highlights EXIM's Congressional mandates, which are central to EXIM's goals and work and are therefore incorporated accordingly into EXIM's strategic goals. This Update will also drive EXIM-wide performance planning and Government Performance and Review Act (GPRA) reporting for future years.

1. **Goal 1:** Expand awareness of EXIM services through focused business development and partnerships.
2. **Goal 2:** Improve ease of doing business with EXIM.
3. **Goal 3:** Ensure effective enterprise risk management consistent with EXIM's charter requirements.
4. **Goal 4:** Create an environment that fosters high performance and innovation.

Note: A new Strategic Plan will need to be created within 180 days of the new administration.

EXIM Board of Directors

EXIM's Board of Directors is composed of five members. The President of EXIM who shall serve as Chairman, the First Vice-President who shall serve as Vice Chair, and three additional persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the Board, not more than three shall be members of any one political party. Board Quorum, which under current law requires three Board members, is required to conduct any business including considering applications for medium- and long-term transactions exceeding \$10 million. The Board generally meets on a weekly basis to consider individual transactions, EXIM policies, and other business that may arise. Historically, the President of EXIM has assigned business development responsibilities to Board members, with focus areas including a geographic region, sector, or constituency (i.e. Small Business). There are two ex-officio Board members, the U.S. Secretary of Commerce and the U.S. Trade Representative.

EXIM Organization & Leadership Structure

Three senior officers directly serve the Chairman and President of EXIM. The EVP / Chief Operating Officer, SVP / Chief of Staff, and SVP / Chief Banking Officer directly oversee the operations and management of EXIM, including all the other SVPs.

EVP / Chief Operating Officer oversees or directs the following offices of EXIM:

1. Office of the Chief Financial Officer
2. Office of the General Counsel
3. Office of Ethics (reports directly to EXIM Board of Directors)
4. Office of Credit & Risk Management (Chief Risk Officer reports to EXIM President)
5. Office of Resource Management
6. Office of Information Management and Technology
7. Office of Innovation and Performance

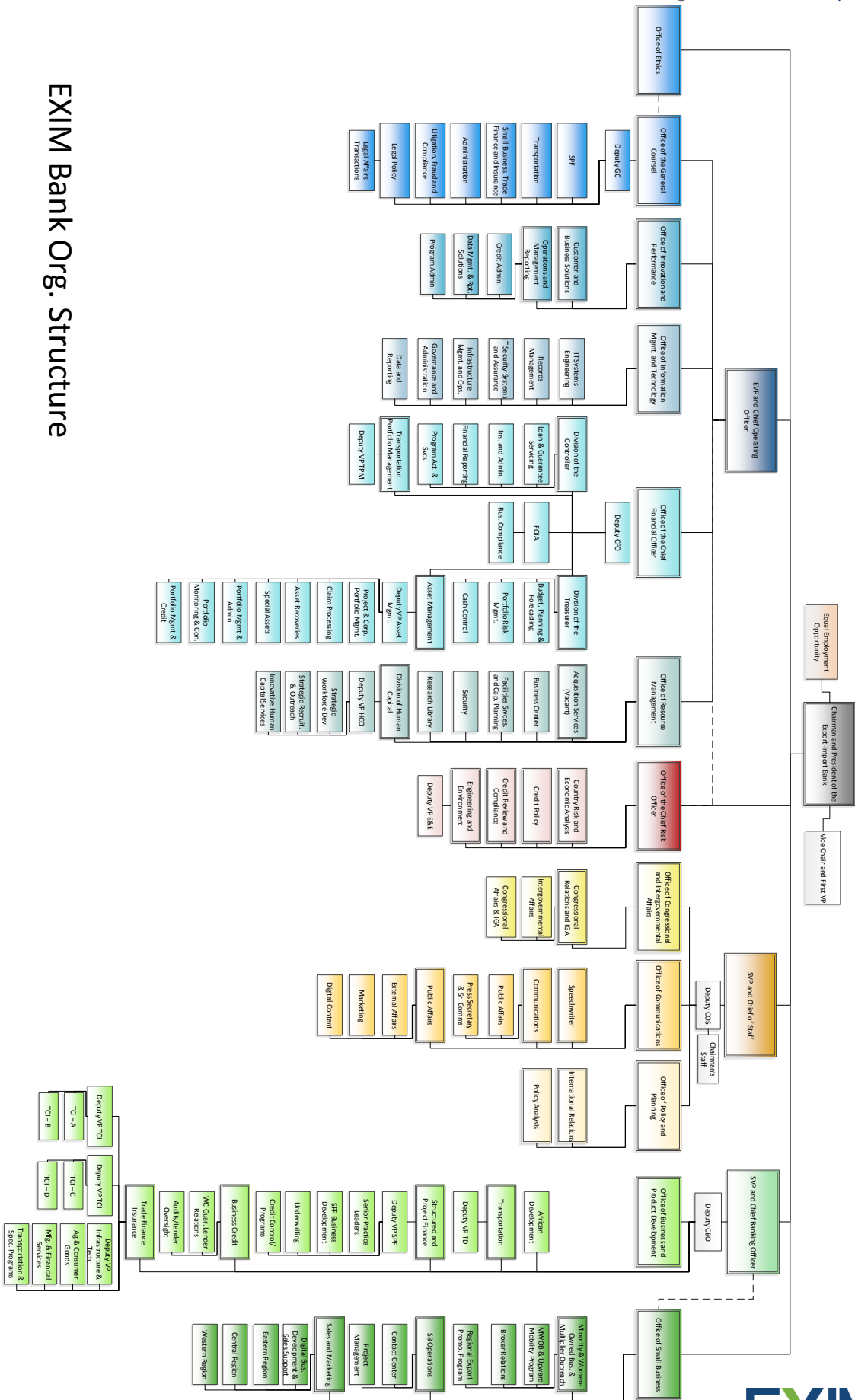
SVP / Chief Banking Officer oversees or directs the following offices of EXIM:

1. Office of Export Finance
2. Office of Small Business (reports to EXIM President)

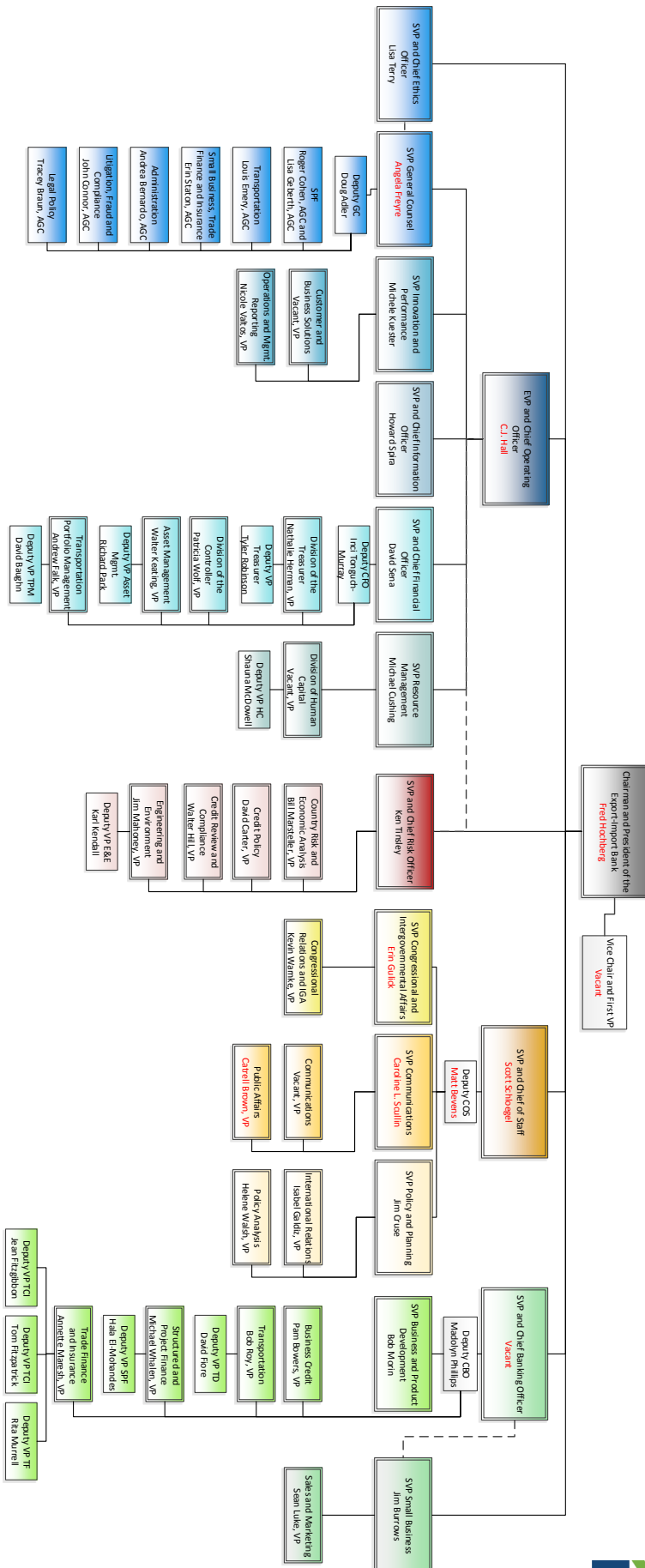
SVP / Chief of Staff oversees or directs the following offices of EXIM:

1. Office of the Chairman
2. Office of Congressional and Intergovernmental Affairs
3. Office of Communications
4. Office of Policy and Planning

See the following charts for a detailed organizational structure and leadership overview.



EXIM Bank Org. Structure



The Officers of EXIM Bank

Red Text Indicates Political Appointee Position

Offices and Divisions

Office of the Chair: The Office of the Chair consists of the Chief of Staff, Deputy Chief of Staff, Senior Advisor(s) and Confidential Assistant(s), similar to any government agency front office. The office advises the Chairman or Chairwoman on his or her internal and external activities and strategy; plans his or her schedule; conducts interagency, stakeholder and business engagement on his or her behalf; and works with all bank divisions to prepare briefing materials, among other duties.

Office of the Chief Financial Officer: The Office of the Chief Financial Officer (OCFO) is primarily responsible for matters pertaining to the Bank's funds, financial policy and operations, internal control audits, managing and reporting on the Bank's loan, guarantee, and insurance portfolio, the payment of claims and the management of recovery efforts, the preparation, monitoring, and reporting of the Bank's program and administrative budgets as well as offsetting collections, and the formulation and issuance of financial and accounting policies and procedures. The OCFO is the primary liaison with the Office of Management and Budget on budget and program-related issues. The OCFO also prepares the Bank's audited financial statements and the financial section of the annual report. In addition, the Bank's CFO serves as the Chief Freedom of Information Act (FOIA) Officer.

Office of Communications: The Communications Office encompasses EXIM's public affairs, external affairs, and marketing divisions and articulates EXIM's mission of supporting U.S. jobs through exports.

Office of Congressional and Intergovernmental Affairs: The Congressional and Intergovernmental Affairs Office is responsible for serving as EXIM's liaison to the U.S. Congress, and assists in communications with government agencies, state and local governments, and non-governmental organizations.

Office of Credit and Risk Management / Office of the Chief Risk Officer: The Office of Credit and Risk Management is composed of the following divisions: Credit Policy, Credit Review and Compliance, Country Risk and Economic Analysis, and Engineering and Environment. The Chief Risk Officer is the head of Credit and Risk Management.

Equal Opportunity and Diversity Programs: The Equal Opportunity and Diversity Programs is charged with fostering a work environment that upholds non-discrimination policies and practices in accordance with federal laws and regulations; so that all employees and applicants for employment are afforded an equal opportunity to compete and work in an environment that adheres to the principles of fairness and equality.

Office of Ethics: The Office of Ethics was mandated by Congress in EXIM's 2015 reauthorization language and is provided for in Section 3(K) of EXIM's 2016 Charter. The Office has jurisdiction over all employees of, and ethics matters related to, EXIM and is headed by the Chief Ethics Officer who is appointed by the president of EXIM and approved by the Board of Directors. The Chief Ethics Officer also serves as the Designated Agency Ethics Official pursuant to the Ethics in Government Act of 1978.

Office of Export Finance / Office of the Chief Banking Officer: The Export Finance Office is responsible for all of EXIM's short-, medium- and long-term loan guarantee and insurance programs, including Transportation and Project Finance. The Chief Banking Officer is the head of Export Finance.

Office of General Counsel: Legal Affairs and Office of General Counsel includes EXIM's 30 attorneys. The office oversees diverse transaction and litigation portfolios, represents EXIM in negotiations with key external stakeholders, and provides advice on a variety of administrative law matters.

Office of Information Management and Technology / Office of the Chief Information Officer: The Office of Information Management and Technology's responsibilities include overseeing the complete information technology portfolio including personal productivity services, infrastructure, networks and telecoms, application development, program management, information security, data quality and records management. The office is headed by the Chief Information Officer.

Office of Innovation and Performance: The Office of Innovation and Performance oversees both the Division of Customer and Business Solutions which delivers improvements in processes and systems for external customers and internal staff as well as the Division of Operations and Management Reporting which is responsible for strategic planning, data quality, management reporting, and performing the application input and loan/guarantee disbursement process.

Office of Inspector General: Promotes economy, efficiency and effectiveness in EXIM programs and supporting operations and conducts and supervises audits, investigations, inspections and reviews relating to EXIM's export credit insurance, guaranty and loan programs and supporting operations.

Office of Policy and Planning: Policy and Planning is responsible for research and analysis connected to EXIM's strategic mission of supporting U.S. exports and jobs and designing options on programs, policies, and international negotiating approaches to fulfill that mission.

Office of Resource Management: The Office of Resource Management (ORM) is responsible for program direction and management of all human resources, administrative, facilities, travel, and security services.

Office of Small Business: The Office of Small Business (OSB) is responsible to facilitate the export of U.S. goods and services provided by small businesses. OSB chairs EXIM's Small Business Committee and manages EXIM's network of regional branches and the units engaged in outreach to minority- and woman-owned businesses, partner identification and training, as well as small business product development.

Senior Staff

President / Chairman: Fred P. Hochberg

(Political)

Fred P. Hochberg is Chairman and President of EXIM. During his over seven years of leadership, EXIM has supported more than 1.5 million American jobs and financed exports with a value exceeding \$240 billion, while generating more than \$3.4 billion in surplus revenue for U.S. taxpayers and reducing internal costs by nearly 30 percent. During Hochberg's tenure, EXIM has increased its focus on customers, particularly America's small business exporters, and in each of the last several years, nearly 90 percent of EXIM authorizations have directly supported small businesses. Hochberg has also worked to expand the global footprint of key domestic industries in which U.S. exporters have a comparative advantage, such as renewable energy, aerospace technology, construction and farm machinery, and agricultural products. In addition, he has streamlined processes, cutting transaction times so that 98% of transactions are processed within 100 days, and introduced innovative new financial products to better equip U.S. companies to win sales in an increasingly competitive global economy. Hochberg has also developed new risk management processes to protect taxpayers. Under his leadership, EXIM's default rate has decreased from an average of 0.80% in FY2009 to 0.26% by June 2016.



From 2004 to 2008, Hochberg was dean of the Milano School of International Affairs, Management, and Urban Policy at The New School in New York City. From 1998 through 2001, he served as deputy, and then acting Administrator of the Small Business Administration (SBA), where he worked to quadruple lending to minority- and women-owned small businesses. Prior to his service at SBA, Hochberg was the long-time President and Chief Operating Officer of the Lillian Vernon Corporation, where he led the transformation of a small, family-owned mail order company into an international, publicly traded direct marketing corporation. Hochberg is a past board member of the Port Authority of New York and New Jersey, the Citizens Budget Commission, and FINCA International Micro Finance. He has served as co-Chair of the Human Rights Campaign, and is a founder of the David Bohnett LGBT Leadership Fellows Scholarship at Harvard's Kennedy School of Government. He was also an appointed representative to the New York State Financial Control Board.

First Vice President / Vice Chair: Charles J. Hall (acting)

(Political)

See next page for biography of Charles J. Hall.

EVP / Chief Operating Officer: Charles J. Hall

(Political)

Charles J. Hall is Executive Vice President and Chief Operating Officer at EXIM. Prior to his current position, he served as EVP and Chief Risk Officer at EXIM. He was sworn in as EXIM EVP on November 22, 2013. Prior to joining EXIM, CJ was chief executive of Envirotrade Group, a Mauritius-incorporated group with offices in the United Kingdom and South Africa and community-based agroforestry and forest protection projects at locations in sub-Saharan Africa. Its mission was to promote food security and poverty alleviation in rural communities while at the same time addressing climate change and biodiversity challenges in Africa.

Prior to leading Envirotrade, CJ and his wife founded a UK food manufacturing business, which they later floated on the London Stock Exchange and expanded with the acquisition of two larger companies operating in the same sector. Before that entrepreneurial venture, he was an emerging markets corporate finance banker with JPMorgan & Company for nine years, based in New York, São Paulo and London and focused on clients in Brazil, India and Turkey. CJ began his career in 1972 as a US naval officer serving in both the Pacific and Atlantic Fleets. From 1978 to 1987, he was a US Foreign Service Officer, with postings in Kenya, Brazil and Washington. He holds a BS in Economics from the Wharton School at the University of Pennsylvania and a MBA from Columbia University in New York.



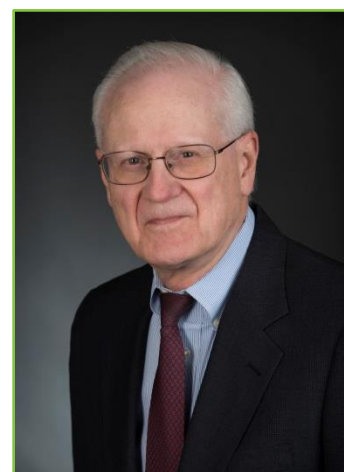
SVP / Small Business: James G. Burrows

Jim Burrows has more than 30 years of professional experience in both the public and private sectors of the financial services industry, including commercial banking, retail banking, and investment banking. Mr. Burrows joined EXIM as the Vice President of Small Business in October 2012, and was promoted to the Senior Vice President in 2013. Mr. Burrows has also held management positions at both large and regional commercial banks in the U.S.



SVP / Policy and Planning: James Cruse

James C. Cruse, senior vice president of EXIM's Policy and Planning Group, has spent the bulk of his 45-year career at EXIM helping the boards of directors evolve EXIM's strategic mission of supporting U.S. exports and jobs, and design the programs, policies and international negotiating approaches to fulfill that mission. The Policy and Planning Group addresses these responsibilities through its two divisions - Policy Analysis and Planning and International Relations. Cruse joined EXIM in 1970 as a country economist and moved to the policy side when then-Chairman William Casey created the policy unit in 1975. He was named to his current post in the 2002 EXIM-wide reorganization. Since joining EXIM, Cruse has had a variety of assignments and contributed to many of the policy and program developments that are core to today's EXIM.



SVP / Resource Management: Michael Cushing

As SVP of Resource Management, Michael Cushing provides leadership for EXIM's programs in human capital, information management and technology, and procurement, acquisitions, and private sector sourcing. Cushing's previous federal government service includes positions at the Overseas Private Investment Corporation and the Office of Personnel Management. His private sector experience includes positions as general counsel of an asset management firm and as an attorney specializing in financial institution investment development.



SVP / General Counsel: Angela Freyre

(Political)

Angela Mariana Frere is the 20th General Counsel and Senior Vice President of EXIM. In this capacity, she is EXIM's chief legal officer, managing its attorneys and overseeing diverse transactions and litigation portfolios, and is a member of EXIM's senior management team. She is responsible for interpreting and implementing laws applicable to or affecting EXIM. Prior to EXIM, Ms. Freyre served as SVP and Deputy General Counsel for Legal and Strategic Affairs at The Nielsen Company, a global leader in the media and marketing information business. Previously to Nielsen, Ms. Freyre practiced law in New York and Paris, developing an international corporate practice, including joint ventures, mergers and acquisitions, and complex financial transactions for ten years each at Coudert Brothers LLP and Mudge Rose Futhrie Alexander & Ferdon LLP.



SVP / Congressional and Intergovernmental Affairs: Erin Gulick

(Political)

As the Senior Vice President for Congressional and Intergovernmental Affairs, Gulick oversees EXIM's outreach to Congress, Governors, State Legislators, Mayors, and serves as the primary point of contact for those elected officials Members of Congress and their staff. Prior to joining EXIM in October 2014, for the past six years, Gulick served as a senior congressional advisor on international trade, banking, and tax policy matters. She most recently served as a Senior Advisor to Senator Maria Cantwell of Washington state, where she spent much of her time focused on matters before the Senate Finance Committee. Prior to that position, Gulick worked in the United States House of Representatives as a Senior Legislative Assistant to Representative Ron Kind of Wisconsin, assisting him in his role on the House Ways & Means Committee and prior to that worked with former Representative Ellen Tauscher of California. Before working on Capitol Hill, Gulick managed policy and regulatory matters at the state and federal level for the National Reverse Mortgage Lenders Trade Association and Beam Suntory.



SVP / Innovation and Performance: Michele Kuester

In her role as senior vice president for Innovation and Performance, Michele Kuester provides leadership for EXIM's efforts to make EXIM more innovative and customer focused. Ms. Kuester serves as EXIM's Performance Improvement Officer and Senior Accountable Official. Ms. Kuester has worked at EXIM over 25 years, serving both as a claims officer and a loan officer before joining Policy and Planning as a policy analyst in 1993. Starting in 2012, Ms. Kuester led a four-year management initiative called Total Enterprise Modernization (TEM). TEM implemented projects that guided EXIM towards becoming a more modern and flexible institution, able to adapt as the environment around it changes. Ms. Kuester holds an undergraduate degree in international finance from the University of Maryland and a master's degree in international management from the Thunderbird School of Global Management. She was also a fellow in the Excellence in Government Fellows program of the Partnership of Public Service.



Acting Inspector General: Michael T. McCarthy

Michael McCarthy is the Deputy Inspector General of EXIM and currently leads the Office of Inspector General. The Inspector General provides overall direction to the teams of auditors, investigators, and inspectors responsible for improving the programs and operations of EXIM and preventing and detecting fraud, waste, and abuse. Mr. McCarthy is a career public servant who has worked in all three branches of government. Before joining EXIM, he was a senior executive at the U.S. Department of the Treasury and the Administrative Conference of the United States, and previously served at the U.S. Department of Justice. For the U.S. House of Representatives, Mike served as general counsel to the Committee on Oversight and Government Reform and as staff director of that panel's Subcommittee on Government Management. He was law clerk to U.S. District Judge Leonie Brinkema (E.D. Va.). Mr. McCarthy graduated with honors from Harvard Law School and received a B.A. from Georgetown University.



SVP / Business and Product Development: Robert Morin

Bob Morin is the SVP of Business & Product Development of EXIM. Following on from his over 15 years of success in leading EXIM's Transportation Division (which is responsible for all of EXIM's aircraft and rail financings), Mr. Morin has now been tasked with developing closer "working together" relationships with other U.S. exporting industries and with foreign buyers. In addition, Mr. Morin will continue to take an active role in developing new financial products (and improving existing products) offered by EXIM, such as the EXIM Guaranteed Bond, and in adopting new policies and procedures that enable EXIM to better support the export of U.S. goods and services. Prior to joining EXIM, Mr. Morin was associated with the law firm of Milbank, Tweed, Hadley & McCloy in New York where he represented banks and other financial institutions.



Chief Banking Officer: Madolyn Phillips (career acting)

(Political)

Madolyn Phillips has more than 25 years of professional experience in financial services in the public- and private sectors, including commercial banking, investment banking, and development finance. Ms. Phillips re-joined EXIM as the Deputy Chief Banking Officer in May 2015, having worked at EXIM as a Senior Loan Officer from 2000 to 2005. She is currently serving as acting CBO until a political appointment is made. Ms. Phillips has also held management positions at the U.S. Small Business Administration and the Millennium Challenge Corporation, and worked for Bankers Trust Company and J.P. Morgan in New York, and Wells Fargo in San Francisco.



SVP / Chief of Staff: Scott P. Schloegel

(Political)

Scott Schloegel has 25 years of political experience working at the state and federal levels. In July, 2014 Schloegel was named Senior Vice President and Chief of Staff at EXIM Bank, where he oversees the Chairman's office and has the Congressional & Intergovernmental Affairs, Communications and Policy divisions of the Bank reporting to him. His congressional committee experience has been an asset as he provided advice and leadership for a number of congressional hearings for EXIM as well as strategic planning for the Bank. He also has significant interaction with White House and Administration officials on behalf of the Chairman. Schloegel joined the Obama Administration in January of 2011 as EXIM Bank's Senior Vice President of Congressional Affairs where he successfully led the Bank to a three year reauthorization and helped secure multiple increases in appropriations at a time when most federal agencies were seeing across the board cuts. He also led six EXIM Board members through Senate confirmation. A Michigan native, Schloegel worked as a Legislative Aide in the Michigan House from 1990-1992. In 1993 he became District Director for Congressman Bart Stupak of Michigan and served as Stupak's Chief of Staff from 1997 through January of 2011. While serving as Stupak's Chief of Staff, Schloegel also served as Professional Staff and an Investigator on the House Energy & Commerce Committee's Oversight & Investigations Subcommittee where he investigated issues ranging from the BP Deepwater Horizon oil spill in the Gulf of Mexico, to food and drug safety recalls, to cyber security at our nation's nuclear weapons labs.



SVP / Communications: Caroline Scullin

(Political)

Caroline Scullin joined EXIM as SVP of Communications in July, 2016. Prior to EXIM, Ms. Scullin served as VP for External Relations at the Wilson Center. She has more than 25 years of experience in strategic communications and external relations. Ms. Scullin served as Communications Director for the Center for International Private Enterprise and before that as Director of Public Relations for the United States Government Printing Office. From 2001 to 2007, she operated her own project management consulting practice.



SVP / Chief Financial Officer: David M. Sena

David M. Sena joined the Office of the Chief Financial Officer at EXIM in 2001. He previously served as the Vice President Treasurer. In February 2012, Mr. Sena was named the Chief Financial Officer. Mr. Sena, as the Chief Financial Officer, provides expertise and guidance to the President and Chairman as well as to the Board of Directors and the senior management team. His responsibilities include overseeing all asset monitoring/restructuring/recovery efforts on EXIM's \$100 billion portfolio including risk management/mitigation efforts. In addition, he is responsible for managing EXIM's revenue and expenses and other cash-related activities. He also supervises all financial and management audits and reviews.



SVP / Chief Information Officer: Howard Spira

Howard Spira was named the Chief Information Officer of EXIM in December 2014. Howard comes to EXIM from the US Treasury where he led the technology team for the Office of Financial Stability – the team that ran the rescue program in response to the financial crisis of 2008. Prior to his federal service, Howard was a senior IT executive in the financial services industry with an extensive background in international and domestic commercial finance. His past companies include Goldman Sachs, General Electric, Smith Barney and Andersen Consulting. He brings to EXIM a wealth of industry technology experience. Mr. Spira holds a BS from Cornell University's school of Agriculture and Life Sciences and an MBA from Cornell's Johnson School of Business. Howard and his family live in Bethesda, Maryland.



SVP / Chief Ethics Officer: Lisa Terry

Chairman Hochberg appointed Lisa V. Terry as EXIM's first Chief Ethics Officer, effective October 3, 2016. Prior to holding this position, Ms. Terry served as General Counsel at the U.S. Office of Special Counsel from 2013 to 2016. Ms. Terry has rejoined EXIM as Chief Ethics Officer after serving as a member of the Office of General Counsel from 2006 to 2013, including nearly two years as Assistant General Counsel for Administration. Ms. Terry brings 25 years of public and private sector legal experience in Washington, DC, including 18 years in the field of federal ethics law. She began her legal career as a law clerk to the Honorable Gladys Kessler at the Superior Court of the District of Columbia, and thereafter joined Feldesman, Tucker, Leifer, Fidell, LLP before entering the federal sector. She received a J.D. from Vanderbilt University School of Law and a B.A. in French Language from the University of Virginia. Ms. Terry is a fourth-generation native Washingtonian.



SVP / Chief Risk Officer: Kenneth Tinsley

Kenneth M. Tinsley is the Chief Risk Officer and Senior Vice President of Credit and Risk Management. In addition to his duties as Chief Risk Officer, Mr. Tinsley is responsible for overseeing credit policy, credit review and compliance, country risk and economic analysis, and engineering and environmental analysis. Previously Mr. Tinsley was the Vice President of Credit Underwriting, where he was responsible on a global basis for underwriting all short and medium-term risk, financial institution credit risk, and select long-term corporate risk for EXIM.



V. Top Issues for New Leadership

List of Top Issue Briefers

The top issues facing EXIM range from congressional mandates to operational. There are 43 top issues highlighted for the Landing Team. The issues are each assigned an urgency level and assigned a lead Senior Officer able to communicate these issues to the Landing Team. Below is a list of the top issues divided into three categories: High Level, Policies and Programs, and Administrative, with thematic groups under each. High level issues are ones that senior management have determined are core to the overall strategy and outlook of EXIM, with a wide impact across the organization. Policies and Programs issues are ones that are relevant to specific policies or programs, and are usually narrower in scope. Administrative issues are ones relevant to the functioning, staffing, and reporting of EXIM. *The briefers can be found following the list of key issues, or by clicking on the briefer title in the tables below.*

EXIM High Level

Key Issue	Urgency	Office	Lead	Page
Board and Congress				
1) Board Quorum / Board Appointments	30 days	OCIA	Gulick	33
2) Authorization and Appropriations	180 days	OCIA	Gulick	35
Budget Considerations				
3) Budget Process	90 days	OCFO	Sena	37
4) Self-sustaining Status and Prospects	Background	OCFO	Sena	39
Public Issues				
5) EXIM Reliability and Competitiveness	Background	OPP	Cruse	41
6) Non-participant Stakeholder Engage	Background	OCMM	Scullin	43
7) Interagency Engagement / USG	Background	OCOS	Bevens	45
Mission, Mandates, and Strategy				
8) Mission & Congressional Mandates	30 days	OCIA	Gulick	48
9) Strategic Plan and Operating Priorities	180 days	OIP	Kuester	50
10) Policy Challenges in the New ECA World	Background	OPP	Cruse	52
11) International Engagements	Background	OPP	Cruse	54
Risks				
12) Risk Appetite at EXIM	30 days	OCRO	Tinsley	57
13) Modification of Credit Analysis	Background	OCRO	Tinsley	60
14) Enterprise Risk Management	Background	OCRO	Tinsley	62
Management				
15) Organizational Culture Change	Background	OCOO	Hall	64
16) Office of the Inspector General	Background	OIG	McCarthy	66
17) EXIM Management Challenges	Background	OIG	McCarthy	69

EXIM Policies and Programs

Key Issue	Urgency	Office	Lead	Page
Requirements				
1) Status of 2015 Reauth. Requirements	30 days	OGC	Freyre	75
2) Conflict in Congressional Mandates	Background	OPP	Cruse	79
3) MARAD Requirements	Background	OPP	Cruse	81
4) Content Policy and Jobs Linkages	Background	OPP	Cruse	83
5) Economic Impact Policies/ Procedures	Background	OPP	Cruse	85
6) Environmental & Social Policies	Background	OCIA	Gulick	87
Business				
7) Business Outlook and Opportunities	30 days	OEF	Phillips	89
8) Digital Business Development	60 days	OSB	Burrows	91
9) New Business & Product Development	90 days	OBPD	Morin	93
10) PEFCO	90 days	OPP	Cruse	96
Portfolio and Transactions				
11) Portfolio Snapshot	Background	OCFO	Sena	98
12) Portfolio Reserve Requirements	Background	OCFO	Sena	100
13) Medium-Term Program	Background	OEF	Phillips	102
14) Transportation Portfolio	Background	OEF	Phillips	104
Legal Considerations				
15) Delegated Authority	Background	OGC	Freyre	106
16) Ethics Program Management	Background	OOE	Terry	108

EXIM Administrative

Key Issue	Urgency	Office	Lead	Page
Committees				
1) Risk Management Committee	30 days	OCFO	Sena	111
2) Advisory Committee	Background	OCOS	Bevens	112
Human Capital Plans				
3) FTE Staffing Plan / Succession Plan	90 days	OCOO	Hall	114
4) Employee Engagement / Tier 1	90 days	OCOO	Hall	117
Annual Events and Reports				
5) Annual Conference Arrangements	30 days	OCMM	Scullin	119
6) Annual & Competitiveness Reports	90 days	OCMM	Scullin	121
Legal				
7) Pay Authority	30 days	OCIA	Gulick	123
8) OIG Ongoing Recs and SARC	60 days	OCFO	Sena	125
Information Technology				
9) Information Security	30 days	ORIM	Spira	127
10) IMT Investment Plan	90 days	ORIM	Spira	129

Key Issue Briefers

EXIM High Level



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Erin Gulick, SVP, Congressional and Intergovernmental Affairs

SUBJECT: EXIM Board of Directors Quorum & Appointments

BACKGROUND

Per its Charter, EXIM has a five member Board of Directors to consider certain individual transactions, Bank policies, or other business that may arise. The Board consists of the President of EXIM (who also serves as Chairman), the First Vice President (also serving as Vice Chairman), and three additional persons, all of whom are appointed by the President of the U.S. with the advice and consent of the U.S. Senate. Of the five members, not more than three can be members of any one political party. A quorum on the Board requires three members; without a quorum the Board cannot conduct any business, including considering applications for long-term transactions exceeding \$10 million¹. Since July 2015, there have only been two members (Chair & Vice Chair), thus lacking a quorum.

Members of the Board are appointed to fixed, four-year terms and permitted an automatic six-month extension. The terms begin in January and are staggered to provide stability and continuity. While the President nominates all of the Board Members, it is customary for the Senate leader of the opposite party of the President to recommend candidates to the President for the other two seats.

- *President & Chairman (Party of the President)* – January 2017-2021
- *First Vice-President & Vice Chairman (Party of the President)* – January 2017-2021
- *Board Member (Opposite Party of Pres./Independent)* – January 2017-2021
- *Board Member (Party of the President)* – January [2015]-2019
- *Board Member (Opposite Party of Pres. /Independent)* – January [2015]-2019

¹ In 2010, EXIM Bank's Board of Directors delegated to certain Bank staff the authority to approve individual loan guarantees and direct loans (medium- and long-term) of up to \$10 million.

Additionally, the U.S. Secretary of Commerce and the U.S. Trade Representative serve as non-voting, ex officio Members of the Board.

EXIM has an independent Inspector General (IG), who is appointed by the President with the advice and consent of the Senate. The IG is responsible for review and oversight of EXIM. The IG does not serve a fixed term and can only be removed by the President, following a 30-day notification to Congress. The IG position has been vacant since June 2014.

KEY ISSUES

- **Banking Committee:** The Senate Banking Committee processes and reports EXIM nominations to the full Senate. (Senate rules permit nominations to be discharged from committee and receive immediate floor consideration so long as there is no objection to a unanimous consent request.)
- **Board Member McWatters Nomination:** In January 2016, President Obama acted on the recommendation of Senate Majority Leader Mitch McConnell and nominated a Republican, Mr. J. Mark McWatters, to serve a term ending in January 2019. While no specific objections were raised, Chairman Shelby (R-AL) objected to moving McWatters' nomination. Mr. McWatters' paperwork was submitted to the Committee and he met with 18 Senators and Minority Staff from the Banking Committee. No further action has been taken to date on his nomination.
- **Board Member Slacik Nomination:** In September 2016, President Obama nominated a Democrat, Ms. Claudia Slacik to serve a term ending in January 2019. Ms. Slacik's paperwork has also been submitted to the Banking Committee.
- **IG Walker Nomination:** In addition to the Board nominations, in July, President Obama nominated Mr. Kim Walker to serve as EXIM's Inspector General. The Banking Committee has primary jurisdiction over the IG nomination. IG nominations are then referred to the Senate Homeland Security and Government Affairs Committee for no more than 20 days. No action has been taken to date on his nomination in either committee.

ACTION ITEMS

- **Nominations:** It will be important for the nominations for the Board Members, as well as, Chair and Vice Chair positions be seen as a priority in the next Administration. If still unconfirmed, both pending Board nominations expire with the end of the 114th Congress in January and the incoming POTUS must submit new nominations in the 115th Congress. On January 20th, the terms of the Chairman and Vice Chair will expire. While they are granted an automatic six-month extension, this means that all five positions on the Board of Directors will be vacant in 2017. Given the necessity of the Board for EXIM to be fully operational, it is imperative that these nominations are given high priority.
- **IG Nomination:** Mr. Walker's nomination expires with the 114th Congress and the POTUS will need to submit a new nomination.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Erin Gulick, SVP, Congressional and Intergovernmental Affairs

SUBJECT: Authorization & Appropriations

BACKGROUND

Authorization: Federal agencies commonly need to be reauthorized by Congress; however, EXIM is unique in that without congressional authorization, it is explicitly prohibited from working on and approving new transactions. This means that EXIM must be affirmatively reauthorized by Congress to be fully operational. Rather, it is limited to managing its existing portfolio and monitoring any outstanding exposure. Because all preexisting loans, guarantees and insurance policies continue in full force and effect according to their terms of maturity, EXIM will continue to operate for years even with a lapse in authorization. EXIM has been reauthorized 17 times, with its most recent authorization receiving bipartisan support from three-quarters of the House and Senate in December 2015. EXIM's most recent reauthorization goes until September, 2019.

Appropriation: Like most federal agencies, Congress allocates the funds available to EXIM to support its authorized activities through the annual appropriations process. EXIM has been self-sustaining since 2008 and as such, EXIM receives what is known as a "net-zero" appropriation from Congress. This means that while Congress sets the level of EXIM's administrative expenses, EXIM covers all of its operation and program costs directly through fees and interest collected from its customers. This results in a net \$0 Congressional appropriation. EXIM's appropriations fall under the jurisdiction of the House of Representatives and Senate Appropriations Subcommittees on State and Foreign Operations.

KEY ISSUES

- **Appropriations:** EXIM's approach to the FY2018 appropriations will depend on the language it is able to receive at the end of 2016 in the FY2017 appropriations. EXIM will need to continue to ensure that its priorities are included, such as administratively determined pay.
- **Authorization:** EXIM will need to lay the ground work for the 2019 reauthorization in 2017. The Office of Congressional & Intergovernmental Affairs has developed a strategic plan which they will discuss with the incoming team.
- **Self-Sustaining/Offsetting Collections:** EXIM earns offsetting collection upon disbursement so EXIM often earns offsetting collections that permit EXIM to cover its operational costs and send any excess revenues to the Treasury. As the majority of offsetting collections are from long-term transactions approved by EXIM's Board, EXIM's ability to continue to be self-sustaining is weakened and potentially jeopardized in the future, should it continue to not have a Board with the ability to approve long-term transactions.

ACTION ITEMS

Items that will need to be dealt with include:

- **Appropriations:** House and Senate Appropriations begin the review and drafting process after the submission of the President's budget. With the new Administration, the submission of the budget will likely be in March, rather than February. *Deadline: March 2017*



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: David Sena, SVP, Chief Financial Officer

SUBJECT: Budget Process

BACKGROUND

The federal budget process incorporates the requests of each agency, the policy goals of the President, and the desires of Congress. The Budget process begins 16 months prior to the fiscal year. EXIM normally requests appropriations to cover Administrative Expenses and Subsidy/Carryover Expenses. Administrative expenses are one-year while Subsidy/Carryover Expenses are available for four years. EXIM is self-sustaining - the fees earned by EXIM pay for both Administrative and Subsidy/Carryover Expenses. The Net appropriation for EXIM is \$0.

Administrative Expenses cover operational expenses. Compensation & Benefits account for more than seventy percent (70%); the remaining thirty percent (30%) includes Rent, Information Technology Operation & Maintenance Expenses, travel and other efforts such as the Security Guards contract. The Subsidy/Carryover is used for transactions where fees are insufficient to cover the reserves. Since 2009, EXIM Bank has taken steps to reduce subsidy expenses to zero (\$0). In FY 2014, FY 2015 and FY 2016, EXIM Bank did not use subsidy. For all transactions authorized during those years, the fees at a minimum covered all prudent reserve requirements.

Budget Formulation: June to September

The annual budget formulation process begins sixteen months before the beginning of the fiscal year. EXIM kicks off with budget formulation by asking each division to estimate its needs for the fiscal year. Each office considers their request from an enterprise-wide perspective and aligns their needs with EXIM's strategic goals. EXIM Bank's Strategic Plan and Chairman's priorities guide efforts at all levels of the organization and are used as a foundation for internal strategic and operational discussions including the development of the budget request. Divisions plan resource levels – such as full-time employees (FTEs) and travel expenses – with expected authorizations levels. Using data from each division, feedback from the Chairman's office, and guidance from OMB, EXIM finalizes a budget request for the agency. The request includes administrative expenses,

authorization levels, subsidy expenses (EXIM Bank has not requested a subsidy appropriation in five years (FY 2014 – FY 2018), and offsetting collections. In the second week of September, the agency transmits its request to OMB. Around Thanksgiving, OMB “passes back” an EXIM budget for the President’s Budget. EXIM may negotiate any parts of this passback with which the agency disagrees. OMB guidance may include Presidential initiatives on management agenda items such as IT and real property. Once the passback is final, EXIM inputs budget information into the President’s Budget and creates documents which describe the budget request such as Congressional Budget Justifications (CBJ). The White House then submits the President’s Budget to Congress generally on the first Monday in February. Agencies submit budget-related documents shortly thereafter.

By the end of the month of September, Congress funds the government by specific program in 12 appropriation bills. EXIM is included in the State and Foreign Operations bill. If Congress has not passed appropriation bills by the end of the fiscal year, Congress may pass a “Continuing Resolution” (CR) in order to avoid a shutdown. The CR usually keeps funding level with the previous appropriation bill (e.g. at the beginning of FY 2018 an agency would receive funding at the FY2017 level). Anomalies can be submitted as part of the CR, anomalies highlight major issues for the appropriators. In FY 2017, the EXIM Bank Board Quorum anomaly was included in the CR Appropriations Issues. Within 10 days from appropriations, EXIM apportions the appropriated funds. Under a CR, these apportionments are automatic.

Budget Execution: October to September

During the budget execution phase, EXIM obligates and spends the funds Congress has appropriated for the agency, but are derived from the fees and interest EXIM charges its customers. At the beginning of the new fiscal year, the OCFO creates a budget for each division for the year. On a monthly basis, OCFO provides budget reports to EXIM’s divisions to ensure that each division spends within its allocation.

KEY ISSUES

- **Operational Risk:** EXIM is affected by government shutdown if Congress fails to pass a funding bill by September 30 each year.
- **Subsidy Risk:** All transactions are fully funded, including prudent reserve, by the fees charged to the customers.

ACTION ITEMS

- During the Budget process, the Chairman has in the past testified before the Appropriations Subcommittees on the Agency’s Budget Request.
- In prior Appropriations, the Bank had special Administrative Determined (AD) pay authority. This authority allowed for a staff with specialized expertise to be paid above the General Schedule level. This authority was inadvertently removed in the FY 2016 Appropriation Bill, and EXIM is working to have this authority restored.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: David Sena, SVP, Chief Financial Officer

SUBJECT: Self-Sustaining and Prospects

BACKGROUND

EXIM has been self-sustaining for budgetary purposes since FY 2008 and has a Net Appropriation of \$0. EXIM's program revenue (i.e., in a given year, fee and interest collections from transactions that exceed the reserve requirements on those transactions) is retained as offsetting collections and used to offset the cost of new obligations in the fiscal year, including prudent reserves to cover future losses as well as all administrative costs. Long-Term transactions generate the majority of the offsetting collections; the lack of Board Quorum jeopardizes EXIM Bank's ability to be self-sustaining.

What are Offsetting Collections?

Offsetting Collections are fees in excess of reserve requirements. For example: for a \$100 million authorization with a 15% fee and a 5% reserve requirement, EXIM earns \$15 million in fees from which it is required to set aside \$5 million in reserves to cover expected losses. The Balance of \$10 million (profit) is retained by EXIM as offsetting collections. When the transaction is presented to EXIM's Board for consideration, it will show a negative ten percent (-10%) subsidy. These, or any, excess funds are transferred to the Treasury at the end of each fiscal year.

When are Offsetting Collections earned?

EXIM earns offsetting collections upon disbursement of a negative subsidy authorization. The negative subsidy percent is multiplied by the amount disbursed to calculate the offsetting collection. With multi-year disbursements for individual authorizations, EXIM earns offsetting collections during the disbursement period,

What EXIM programs earn Offsetting Collections?

Long-Term transactions generate the majority of offsetting collections where exposure fees (established by OECD agreement) exceed reserve requirement. Medium and Short Term transactions are designed to be primarily breakeven and generally do not earn offsetting collections.

For these transactions, the fees equal the reserve requirements. Working Capital transactions are breakeven and do not earn offsetting collections.

What does EXIM do with Offsetting Collections?

Offsetting collections are available for expenditure only during the fiscal year that they are earned. EXIM uses offsetting collections to pay all Administrative Expenses, not to exceed the Appropriation level, as well as Subsidy and Carryover Expenses, not to exceed the Appropriation level.

What happens to the excess Offsetting Collections?

EXIM earns offsetting collections during the fiscal year. After paying all expenses appropriated for the year, all excess or unspent offsetting collections (negative subsidy) are savings to Taxpayers that are sent to the U.S. Treasury at the end of the year.

EXIM Bank's Offsetting Collections	
Fiscal Year	Sent to Treasury
FY 2012	(803.70)
FY 2013	(1,056.90)
FY 2014	(674.70)
FY 2015	(431.60)
FY 2016	(283.90)
	<u>(3,250.80)</u>

KEY ISSUES

- **Offsetting Collections:** Balances: As of September 2016, EXIM has \$206M in undisbursed negative subsidy (profit). EXIM expects to disburse sufficient negative subsidy to fully cover expected FY 2017 expenses. In order to remain self-sustaining, EXIM will need to begin approving new Long-Term transactions.

ACTION ITEMS

In FY 2017, the Bank estimated earning \$559 M in offsetting collections, assuming a Board Quorum. These offsetting collections not only pay for Bank expenses, they also offset other Governmental expenses. The lack of Board Quorum prevents EXIM Bank from supporting Long-Term transactions which earn the majority of the offsetting collections. Without this income, EXIM Bank cannot be a self-sustaining agency nor offset other Governmental expenses. The Bank needs to approve Long-Term transactions in order to remain self-sustaining.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Jim Cruse, SVP, Policy and Planning

SUBJECT: Reliability and Competitiveness

BACKGROUND

Despite reauthorization to do business through September 30, 2019, EXIM continues to face a variety of reliability and programmatic issues. The lapse in authority in 2015, trouble establishing a Board quorum, and a short-term reauthorization of only three years have had broad damaging impacts on how EXIM's operational reliability is viewed by its customers and the international community. From the standpoint of EXIM's customers, the inability to provide support during the lapse, the lack of Board quorum, and the uncertainty surrounding EXIM's ability to consistently provide support in the future have had a negative impact on their confidence in how supportive EXIM will be going forward. In an international context, foreign export credit agencies (ECAs) have undergone a large strategic realignment since the global financial crisis; they have trended away from passive lenders-of-last-resort, the current EXIM model, in favor of more aggressive trade augmentation strategies that emphasize more general economic benefits and promote broader national interests. As a result, these ECAs, in line with the policy goals of their governments, are increasingly able to provide more flexible and reliable support to customers than EXIM.

KEY ISSUES

- **EXIM's relationship with its customers:** Foreign buyers have reported that uncertainty surrounding EXIM's ability to provide support has caused them to select more reliable sources, shifting procurement away from US exporters.
- **Credible threat of EXIM's support:** The uncertainty surrounding EXIM in the long-run is causing the USG to lose leverage when negotiating to more fully establish a level playing field of official export credit support.
- **Decline of EXIM competitiveness relative to other ECAs:** Foreign governments and their ECAs are adopting more aggressive trade promotion strategies and developing newer, more flexible products and programs to implement these strategies.

ACTION ITEMS

Items that will need to be dealt with include:

- **At EXIM:**
 - a. Evaluate risk appetite policies to ensure that they reflect a more aggressive competitive landscape.
 - b. Establish policies that more aggressively use Bank products and programs to expand US presence in both new export markets and sectors of strategic importance; cultivate the Bank's ability to support a new expanded class of US exporters (e.g. Medium-Term) as stated in EXIM's reauthorization.
- **At the Congressional Level:**
 - a. Educate congressional stakeholders on the benefits associated with a longer term reauthorization of the Bank's Charter (e.g. 10-20 year range).
 - b. Educate congressional stakeholders on the benefits to the U.S. economy of establishing competitive Exim programs and policy parameters relative to foreign export credit providers.
- **At the Executive Level:**
 - a. Push for greater coordination and cooperation at the interagency level.
 - b. Help establish a USG negotiating strategy that focuses on pragmatic rules, based on ECAs' 'best practices' and in line with the contemporary global export credit environment, that would maximize EXIM's ability to proactively support US exporters, instead of purely filling private sector gaps.

C.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Caroline L. Scullin, SVP, Communications

SUBJECT: Non-Transactional Stakeholder Engagement

BACKGROUND

Over the last year, the EXIM Communications team conducted an audit – with contributions from EXIM divisions and business groups – of existing relationships with non-transactional stakeholders groups and current levels of engagement. These have been broadly categorized and prioritized based on a variety of factors, including but not limited to: transparency with the public, benefit to EXIM and working relationships important to the continued operation of the business across industries.

There was an assessment of current levels of engagement, gaps in engagement and support and new organizations for engagement were identified to help promote the EXIM mission. Within the categories identified below, we are working with three types of stakeholders in each category: high-level influencers and thought leaders; business leaders and CEOs; and stakeholder and industry specific groups. This engagement will include global, national and domestic relationships.

Target categories for engagement:

- Academia
- Business Associations – both broad and industry specific - (e.g. US Chamber of Commerce, Business Roundtable, National Association of Manufacturers, Coalition for Employment through Exports, National Small Business Association, Business Forward, Association of Equipment Manufacturers)
- Corporate, sector-focused: Aerospace; Aviation; Agriculture; Banking & Financial Services; Energy (Nuclear, Renewable, Oil, Gas, Coal); Infrastructure; Manufacturing; Small Business
- Environmental Groups
- Labor
- Media – Domestic & International

- Minority & Women Groups and Associations
- Think Tanks – (e.g. Petersen Institute, Brookings Institution, Wilson Center, CSIS, CAP)

KEY ISSUES

- **Strengthening current relationships:** Due to EXIM's 2015 lapse in authority and inability to engage in forward looking activities, there is a need to strengthen relationships with some of our current partners.
- **Building new relationships:** Conduct outreach to new stakeholders that share common synergies and can support EXIM's mission and business development efforts.
- **Tracking and measuring relationships:** There is a need to effectively track outreach and relationships by measuring their progress and ROI.

ACTION ITEMS

Items in the near term include:

- **Meetings with Critical Stakeholders:** Meet with the most committed and vocal stakeholder groups, at both the leadership and staff levels to establish a relationship with the new EXIM leadership team and discuss future opportunities. It may make sense for one staff person to be a constant at all meetings and establish themselves as an individual point of contact among the new leadership team and as someone who can liaise with these groups on behalf of the entire Bank.
- **New Groups:** Set up meetings with new stakeholders to discuss areas of potential cooperation and future opportunities to collaborate and grow EXIM's customer base.
- **Measuring ROI:** Establish rigorous and effective measurement processes that track both impact (on stakeholders) and return on investment (for EXIM). *Deadline: Track ROI in June 2017 and again in December 2017.*



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Matthew Bevens, Deputy Chief of Staff

SUBJECT: Interagency Engagement

BACKGROUND

Like every government agency, EXIM has frequent and deep engagement with other U.S. government agencies. This engagement comes in three forms: (1) interagency engagement that stems from our charter or by necessity; (2) EXIM participation in interagency processes where EXIM expertise or tools are useful to broader USG efforts; and (3) ad-hoc or informal EXIM engagement. Nearly every EXIM division engages with colleagues across the U.S. Government.

KEY ISSUES

- **White House:** The Chairman's Office coordinates White House interaction, with the Chief of Staff, COO and Deputy Chief of Staff (DCOS) working closely with NEC leadership, NSC leadership, PPO leadership (the DCOS is EXIM's official White House Liaison), and other White House-led interagency initiatives (i.e. the President's Export Council). OCIA deals directly with White House Leg Affairs and Communications coordinates directly with White House Comms; each SVP should establish clear channels of communication with their WH counterparts and loop staff into all-agency calls, etc. Other divisions of EXIM also work with NSC staff, but coordinate with the Office of the Chairman.
- **Office of Management and Budget (OMB):** The COO and OCFO are the primary points of contact for OMB on budget and personnel issues, most notably through the Administration's budget process. OCIA and OGC respond to and coordinate with OMB directly on legislative and legal issues, respectively. Occasionally OMB will coordinate USG document review exercises that reach a broader swathe of EXIM.
 - **ICRAS:** EXIM Bank is the Secretariat for the Interagency Credit Risk Assessment System (ICRAS), an interagency process through which the U.S. government assigns one uniform credit rating for sovereign transactions and one rating for private sector transactions in all countries eligible to receive U.S. government credit. OMB chairs ICRAS, while EXIM, State, Treasury, OPIC, Agriculture, USAID and others are participants.
- **Treasury:** The Office of Policy and Planning works most frequently with Treasury, due to their role representing the United States at the OECD. In recent years, EXIM staff and Treasury staff have

occasionally experienced disagreements on how to respond to the growth of global official export credits and negotiations to establish a new international framework. Treasury also sends a representative to all EXIM Board meetings. EXIM staff coordinates with the Office of Trade and Investment Policy, which resides under the Undersecretary for International Affairs, which is the Chair's counterpart at the agency.

- **State:** Multiple EXIM divisions work with the State Department on a daily basis and, perhaps for that reason, State has one person whose job is to be the State liaison to EXIM and USTDA, Heather Goethert. In addition to attending every EXIM Board meeting, the Chairman's office, Export Finance, OGC and other departments coordinate a good deal of their country-specific or issue-specific international and embassy outreach through this liaison. At the same time, EXIM staff members have their own relationships, and where State is leading country-specific interagency initiatives, State staff members often coordinate with EXIM staff directly.
- **Commerce:** Like State, multiple EXIM divisions coordinate closely with the Commerce department. As an institution, EXIM leans on the Foreign Commercial Service of ITA to identify exporters and export opportunities that could benefit from Bank products and also coordinate overseas meetings for EXIM staff. Many Administration-wide initiatives with significant EXIM equities, both domestic and international, were led by Commerce during the Obama Administration. Domestically, EXIM business development staff work closely with—and sometimes side-by-side with Commerce-run U.S. Export Assistance Centers in cities across the country. Closer coordination with Commerce, through their overseas staff and through offices like the Advocacy Center, is recommended going forward. The Secretary of Commerce is an ex-officio member of EXIM's Board of Directors.
 - **TPCC:** EXIM Bank is a member agency of the Trade Promotion Coordinating Committee, which is chaired by the Commerce Department. The TPCC has grown to include 21 agencies or White House offices and works to coordinate trade-related and export-supporting efforts across the U.S. government.
- **OPIC and USTDA:** EXIM interacts with two other U.S. government trade and investment agencies: the Overseas Private Investment Corporation (OPIC) and the U.S. Trade and Development Agency (USTDA). OPIC is a development finance institution focused on supporting U.S. private sector-linked international development activities (vs. EXIM's clear U.S. exports and U.S. employment mission). OPIC and EXIM have jointly participated in transactions, but this is uncommon given these different missions. USTDA and EXIM programs work more closely together, as USTDA's technical assistance work often paves the way for projects or market opportunities where EXIM guarantees, loans or insurance are needed to support U.S. exports.
- **SBA:** Export Finance coordinates with SBA staff on business development efforts and our similar, but distinct lender-focused programs.
- **Justice:** OGC works closely with DOJ on a number of issues, most importantly fraud investigations.
- **Transportation:** Policy and Export Finance staff works with DOT on MARAD issues.
- **Energy:** On nuclear and renewable issues, in particular, EXIM staff (E&E, Export Finance) coordinates occasionally with DOE.
- **Labor, USTR, Agriculture:** Limited engagement on Administration-wide initiatives. The U.S. Trade Representative (USTR) is an ex-officio member of EXIM's Board of Directors.
- **HUD, HHS, VA, EPA, Education, DHS:** Little to no engagement.

ACTION ITEMS

- Get an update on the Treasury-EXIM relationship vis-à-vis OECD efforts and issues.
- Senior political staff should establish relationships with counterparts, and meet with State liaison.
- Senior political staff should familiarize themselves with the ICRAS process and the countries up for review in the coming year.
- Other interagency issues are driven by transactions or by Administration initiatives.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Erin Gulick, SVP, Congressional and Intergovernmental Affairs

SUBJECT: EXIM Mission & Congressional Mandates

BACKGROUND

EXIM's mission is to support U.S. jobs through the export of U.S. goods and services. EXIM's role is to supplement and encourage, and not compete with, private capital while seeking a reasonable assurance of repayment. EXIM fills the gaps left by the private sector, and ensures a level playing field. Specifically, EXIM is to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are fully competitive with the government-supported rates and terms and conditions available for the financing of exports and goods and services from the countries whose exporters compete with U.S. exporters, including countries the governments of which are not members of the OECD.

Mandates: Congress established mandates that require EXIM to support small business, environmentally beneficial exports, and exports to eligible markets in sub-Saharan Africa (SSA).

- **Sub-Saharan Africa:** In 1997, Congress directed EXIM to "promote the expansion of EXIM's financial commitments in sub-Saharan Africa" and to establish the SSA Advisory Committee. Since 2000, EXIM has had a team dedicated to SSA. Since 2009, EXIM has authorized more than \$7 billion to SSA. In the 2015 EXIM Reform & Reauthorization Act, the authority for the Advisory Committee was aligned with EXIM's extension of authority. Once EXIM has a quorum, a SSA Advisory Committee must be established.
- **Small Business:** In 1983, Congress enacted a small business mandate as a percentage of EXIM's loan, guarantee, and insurance authority. This required EXIM to "make available not less than 6% of such authority" in FY1984, 8% in FY1985, and 10% in FY1986 and thereafter. Congress increased the percentage in 2002 to 20 percent, and in 2015 to 25%. Congress also included several other provisions in EXIM's Charter reaffirming its commitment to small business, including small business representation on EXIM's Advisory Committee, and Charter provisions regarding EXIM's Small

Business Division, Small Business Specialists, and Small Business Committee. The SVP of Small Business reports directly to the Chairman.

- **Environmental:** Since the 1980s, Congress has required EXIM to promote the export of environmentally beneficial exports through its Charter and later years through appropriations acts. In 1989, Congress directed that EXIM should seek to provide at least 5 percent of its energy sector financing for renewable energy projects and undertake to promote renewable energy. Following that action, in 1992 a mandate was added to the Charter to require EXIM to “encourage the use of its programs to support the exports of goods and services that have beneficial effects on the environment or mitigate potential adverse environmental effects. Similarly, EXIM’s Charter specifies that its Tied Aid Program “may only be used to defend potential sales by United States companies to a project that is environmentally sound.” In 2002, Congress directed EXIM to promote exports related to renewable energy sources. Congress also mandates that EXIM have representation of the environmental community on its Advisory Committee. In addition to the Charter, from 2008 - 2015, through appropriations bills Congress gave EXIM the following goal: *“That not less than 10 percent of the aggregate loan, guarantee, and insurance authority available to EXIM under this Act should be used for renewable energy technologies or energy efficiency technologies.”* Though the 10 percent target was removed in FY2015, the appropriations legislation has continued to suspend enforcement of EXIM’s December 2013 Supplemental Guidelines for High Carbon Intensity Projects.

KEY ISSUES

- **Congress increased the small business target to 25%.** EXIM’s support for small business was a major part of its reauthorization, with some members of congress wishing to see the allocation be much higher. Therefore, meeting the 25% mandate will be of significant interest to supporters and opponents.
- **Environmental guidelines and policies** continue to be a contentious issue in Congress, particularly as it relates to high-carbon (i.e. coal) projects. With the new OECD sector understanding, the new Administration will need to carefully consider changes to EXIM’s environmental guidelines, while considering the non-discrimination provision added to EXIM’s charter in the 2015.

ACTION ITEMS

There are no immediate action items.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Michele Kuester, SVP, Innovation and Performance

SUBJECT: Strategic Plan and Operating Priorities

BACKGROUND

The Government Performance and Results Act (GPRA) Modernization Act of 2010 mandates that all agencies follow a performance and assessment plan that includes creation of a strategic plan, annual performance plan, and annual performance report. EXIM revised its strategic plan in 2013. The current strategic plan which EXIM is operating under extends through FY2017 (September 30, 2017). While EXIM may revise and update its strategic plan at any time, an updated strategic plan must be in place by February 5, 2018. The updated strategic plan must cover a period of not less than four years.

The current Strategic Plan identifies four goals:

- Expand awareness of EXIM services through focused business development and partnerships
- Improve ease of doing business with EXIM
- Ensure effective enterprise risk management consistent with EXIM's charter requirements
- Create an environment that fosters high performance and innovation

EXIM has established annual operating priorities to be congruent with EXIM's strategic plan. The operating priorities are congruent with and provide guidance for the execution of the strategic plan.

The 2016 operating priorities:

- Strengthen small business export DNA in all programs and products
- Equip U.S. exporters to win in a rapidly changing international landscape
- Make EXIM a Tier 1 place to work
- Improve data and systems to understand and execute our business
- Continuously improve internal processes and collaboration for better effectiveness, efficiency, and risk management

EXIM uses the goals and operating priorities it has established to measure success and guide its activities. For example:

- To support the goal improve ease of doing business with EXIM, the Bank has placed a particular focus on tracking improvements in cycle time. As a result, EXIM has been able to drive and track an improvement in the percentage transactions decided within 30 days, which increased from 84% in FY 2011 to 89% in FY 2016, and in the percentage decided within 100 days, which increased from 97% to 99% over the same period.
- To improve EXIM's global competitiveness and support the goal '*Continuously improve internal processes and collaboration for better effectiveness, efficiency, and risk management*', EXIM has completed several targeted projects. These include undertaking leaning projects for Transportation Business Credit, Disbursement, and Project Finance; adopting customer-friendly policies to accept electronic documents; and streamlining and updating legal documentation for the Exporter's Certificate, Transportation Operative Memo, and the financing documentation for General Aviation aircraft.

KEY ISSUES

- **Strategic Plan Re-Evaluation:** the environment in which EXIM operates has changed dramatically between 2013 and today. A re-evaluation of EXIM's strategic plan and operating priorities is necessary.
- **Objectives, Strategies, and Metrics:** The four strategic goals still seem appropriate today. But the objectives, strategies, and performance metrics need to be re-evaluated and adjusted to reflect the progress made to date by EXIM and the rapidly changing environment in which it operates.

ACTION ITEMS

- **Update Operating Priorities:** the new leadership must evaluate the current operating priorities and prepare new operating priorities for 2017. *Deadline: April, 2017*
- **Update Strategic Plan:** the new leadership must evaluate the current strategic plan, including the objectives, strategies, and metrics, and prepare a new one for FY2018 onward. *Deadline: September 30, 2017.*



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: Jim Cruse, SVP, Policy and Planning
SUBJECT: Policy Challenges in the New Export Credit Agency World

BACKGROUND

The main providers of medium- and long-term (MLT) export finance are Export Credit Agencies (ECAs) and commercial banks (including capital markets), constrained by the Organization for Economic Cooperation and Development (OECD) Arrangement² and Basel III respectively. In recent years, as a result of Basel III regulation requirements the overall share of capital goods exports to emerging markets done by commercial banks on their own account has decreased to around one-half; similarly, as ECAs globally have expanded their products falling outside of the Arrangement rules the overall share of official MLT activity done within OECD rules has decreased to less than one-third.

During the Financial Crisis, EXIM was the most powerful, broadest-based and most program-flexible ECA, pulling \$5 to \$10 billion of trade to the United States. Today, due to the lapse and lack of a Board, EXIM has fallen far behind as it stood still while other ECAs have rapidly adapted, and continue to do so, to radically changed market conditions.

KEY ISSUES

Currently, the ECA parameters of narrow export-support focus, limited government involvement, level-playing-field goals, and "lender of last resort" philosophy are no longer the order of the day among the 85 other ECAs around the world. A highly rule-dominated ECA world fit the U.S.

² [OECD Arrangement](#) refers to the Organization for Economic Cooperation & Development's Agreement on Officially Supported Export Credits.

philosophical preference for a narrowly focused ECA. However, the emerging global consensus today, as a result of the factors cited below, does not appear to support such a limited role for ECAs.

Fundamental changes in the Export Finance environment that impact the role of ECAs include:

- **Global Macroeconomics:** Expansion of exports is seen as the main available driver for growth due to high national debt levels that limit fiscal policy and near-zero central bank interest rates that limit monetary policy. Expanded and aggressive ECAs are typically the policy tool selected to expand exports in the national interest.
- **Banking:** The regulatory response (Basel III & Dodd-Frank) to the Financial Crisis has changed banks' behavior. ECAs or multilateral institutions are now needed for the larger (>\$200 million volume per case), longer (>5 to 10 years), and riskier (non-investment grade) spectrums that commercial banks now are unwilling or unable to do as a result of increased regulation.
- **ECAs:** Growth-stimulating operational changes include restructured export finance systems (France, Italy, UK), expanded funding mechanisms (China, Denmark, Finland, Norway, Sweden), and broadened mandates (Japan). Forward-leaning ideological changes include more ECA independence to meet exporters' needs, more responsibly aggressive risk appetites, and more programs in the national interest (outside of any rules), all of which serve to provide additional financing solutions in support of exports.
- **U.S. Exporters:** Some larger U.S. exporters are maximizing their access to expanding export systems worldwide while minimizing dependence on the U.S. export system. This has been done through moving export platforms for specific products to other countries.

ACTION ITEMS

Items that will need to be dealt with include:

- Clearly lay out how EXIM can and will use current capabilities to meet the demands of the new world while meeting all Congressional mandates.
- Update the U.S. Treasury, and the interagency group, on developments in the export finance environment to inform negotiation positions for the long-term future of ECAs.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Bank Leadership

FROM: Jim Cruse, SVP, Policy & Planning

SUBJECT: International Engagements

BACKGROUND

General

A cornerstone of EXIM's ability to remain competitive is its ability to engage with its international counterparts—these engagements serve as the “eyes, ears, and voice” of EXIM to accurately assess the global competitive landscape. To date, there are 85 ECAs supporting trade-related activity of which more than two-thirds is unregulated by the established international rules for official export credit. Moreover, both the number of foreign institutions supporting trade-related activities and the various types of activities continues to increase; faced with this steadily growing competition, it is imperative that EXIM gains insight into the practices of other ECAs so that it understands the competitive landscape to appropriately target its support to level the playing field for U.S. exporters.

Organization of Economic Cooperation and Development (OECD)

The Arrangement on Officially Supported Export Credits (“the Arrangement”), along with its various sector-specific annexes, serves as the primary rules regime for officially supported export credits globally. The Arrangement housed in the Paris-based OECD is managed by the OECD staff and provides a World Trade Organization (WTO)-compliant framework of minimum interest rates and risk fees and maximum repayment terms for the use of officially supported export credits. For over 40 years, the Arrangement has consistently proven its effectiveness at leveling the playing field among Export Credit Agencies (ECAs) party to it³. Historically, all of EXIM's medium- and long-term financing is structured in strict accordance with the rules of the Arrangement.

OECD meetings generally occur three times a year (March, June, and November) at the OECD Headquarters in Paris, France.

³ As of 12 October, 2016, Arrangement Participants include the following countries: Australia, Canada, the 28 countries of the European Union, Japan, Korea, New Zealand, Norway, Switzerland, and the United States.

International Working Group on Export Credits (IWG)

The IWG was originally founded in 2012 within the bilateral framework of the US-China Strategic and Economic Dialogue (S&ED) as a commitment to improve transparency and understanding of each other's export credit programs and practices and work with other major export credit providers to establish guidelines on export credits that would be consistent with international best practices. The IWG includes both OECD and non-OECD participants and is led by a steering group consisting of the US, China, Brazil and the EU. Due to a wide range of both technical practices and philosophies regarding the role of export credits, progress on negotiating an agreement on export credit guidelines has been slow to date. However, if an agreement were to be reached in the IWG, that agreement would likely be viewed as a successor to the OECD Arrangement by the WTO.

IWG meetings generally occur three times a year with a rotating chair among the Steering Committee Members.

BERNE UNION

Berne Union principles state: "The Berne Union is the leading international organization of public and private sector providers of export credit and investment insurance. Founded in 1934, it is an international, non-profit organization dedicated to facilitating worldwide cross-border trade and investments by fostering international acceptance of sound principles in export credits and investments insurance, and by providing a forum for professional exchanges among its members."

Berne Union provides a forum for discussion of best practices and ECA experiences on topics of claims/recoveries, underwriting techniques, risk mitigation, country policies, repayment experience. In addition, the Berne Union regularly hosts special dedicated meetings to areas such as energy sector underwriting, MLT reinsurance, commercial risk rating and pricing, ship financing, and others which provide technical specialists with unique insights from their global peers. The Berne Union has the potential to be a major source of data on the activities of all ECAs.

The BU Spring meeting, to occur in Copenhagen on May 15-17, 2017, will be hosted by EKF, the official export credit agency of Denmark.

G7/12

The annual G7 Heads of ECAs meetings are held to share information and discuss relevant issues facing the world of export credit. Typically, this is a "principals-only" meeting, and while staffers have occasionally been able to attend, discussion is reserved to high-level participants. Originally, this group included EDC – Canada, the French ministry of finance, the Germany ministry of finance, NEXI – Japan, SACE – Italy, UKEF – UK, and US EXIM. However, over the past decade the size and scope of the world of export credit has changed dramatically (particularly in the wake of the global financial crisis). As emerging markets have grown to provide a significant portion of the world's official export credit, it became more relevant to include these providers in a meeting of the chief export credit providers. Beginning in 2011, in addition to the original meeting of the seven "G7", a second annual meeting of the G11 ECA Heads was constituted in the spring of 2011 to include SINOSURE – China, ECGC – India, ABGF – Brazil, and EXIAR – Russia. Last year the G11 was

expanded further to include KSURE of Korea, thereby becoming the G12 Heads of ECA group. The G7 Heads of ECAs continue to meet each fall while the G12 Heads of ECAs meet in the spring. The meetings are hosted on a rotating basis.

The Spring G12 meeting, to occur in late February 2017, will be hosted by Export Credit and Guarantee Corporation of India Limited (ECGC); and the Fall G7 meeting, to occur in mid- to late-September 2017, will be hosted by Nippon Export and Investment Insurance (NEXI) of Japan.

KEY ISSUES

- OECD:
 - While still crucial to maintaining discipline in use of export credits and to addressing current issues, the USG should continue its efforts to encourage China to become a member of the Arrangement.
 - Current issues include how to maintain categorical separation of export credits and aid, and how to maintain progress on the application of environmental standards to Arrangement activity.
- Berne Union:
 - EXIM is working on supporting a data improvement effort given that the BU data currently suffers from significant integrity/validity issues severely limiting its usefulness.
- G7/12:
 - Recent key issues have included repeated discussions on how to respond to emerging dominance of non-Arrangement official financing (e.g., China).
- IWG:
 - EXIM is pursuing transparency among IWG Members as the primary (and first) accomplishment of IWG negotiations to date.

ACTION ITEMS

There are no immediate action items.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Kenneth Tinsley, SVP, Chief Risk Officer
Madolyn Phillips, Acting Chief Banking Officer

SUBJECT: Risk Appetite at EXIM

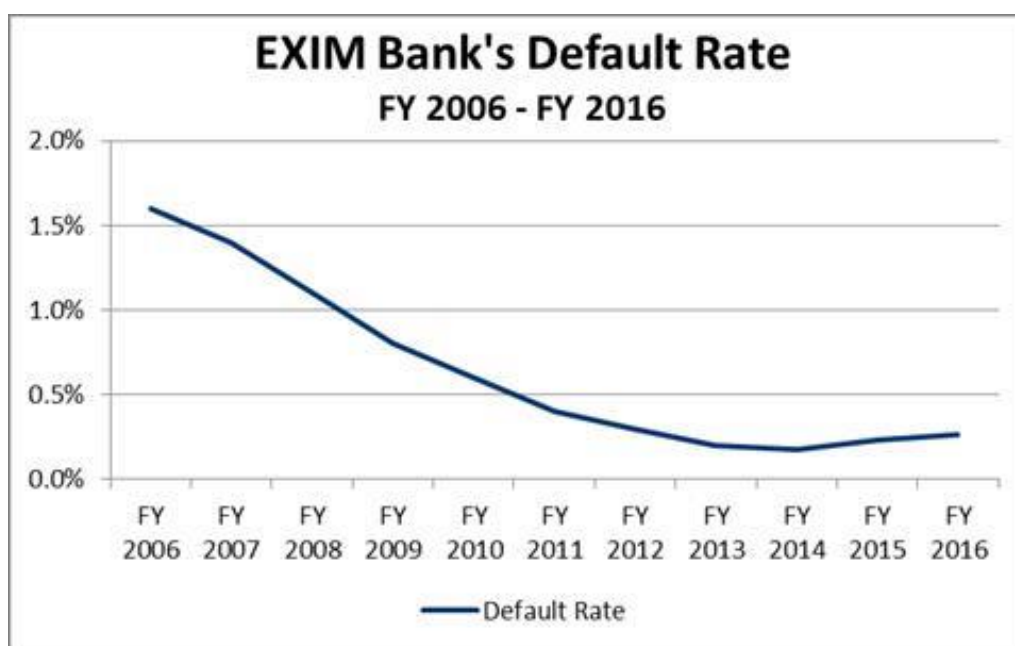
BACKGROUND

As the United States' official Export Credit Agency (ECA), EXIM is mandated to support U.S. jobs through exports while not competing with the private sector to finance these exports (i.e., EXIM must assure that there is what we call "additionality" in every transaction it authorizes). EXIM provides financing for borrowers in markets in which there is little to no liquidity or bank financing available, or to counter financing offers by non-U.S. exporters that are backed by other ECAs. EXIM strives to be fully competitive with other ECAs, especially ECAs from the high income countries that are members of the Organization for Economic Cooperation and Development (OECD), but EXIM's competitiveness has been affected by a recognized trend toward a more risk-averse credit culture.

EXIM's Risk Appetite Statement provides a high level view of the amount of risk on an enterprise level EXIM has expressed it is willing to accept. Of late, there is a more risk-averse credit culture at EXIM. Some of the core causes of this shift are significantly increased scrutiny and criticism of EXIM during the past eight years, fear of criticism if a borrower defaults, and lack of recognition for the overwhelmingly reasonable risks taken to support U.S. exporters.

Noteworthy is the unsuccessful attempt in June 2015, just prior to the lapse in authority, to expand EXIM's cover policy to selectively provide long-term support (up to 10 years) for higher risk markets and borrowers currently only eligible for medium-term support (up to 5 years). Lack of program budget (subsidy) has required higher fees and/or more credit enhancements to support historically higher risk credit programs, i.e., medium-term. Based on a recent comparison study of the risk appetite of EXIM and selected ECAs, EXIM's somewhat unique use of credit enhancements represents a slightly more conservative posture than its counterparts. EXIM reauthorization contains two provisions that relate to credit risk appetite, (1) requirement of finding "reasonable

assurance of repayment” for all export credit transactions approved, and (2) freezing of the exposure cap if payment defaults equal 2% or more in a reporting quarter.



EXIM senior management has begun discussions on how to address this issue including ensuring EXIM’s credit risk appetite, as expressed in its “Risk Appetite Statement” approved by the Enterprise Risk Committee, is more effectively cascaded down to the underwriting units. Also, whereas EXIM has conducted “lessons learned” analysis on the defaulted credits for the benefit of future underwriting, it was decided that such analysis also will be done on credits that have been repaid in a timely fashion.

KEY ISSUES

- **EXIM Portfolio Credit Risk Indicators are Mixed:** increasing low risk posture, decreasing moderate/high risk posture.
- **Low Risk:**
 - The most recent calculated default rate for the portfolio as of September 30, 2016, was 26.6 basis points (or 0.266%), well below the 2% provision. For an ECA, which by definition takes more risk than a private-sector financial institution, EXIM’s default rate suggests that the agency is not taking enough risk in furtherance of its mission.
 - The most recent weighted average risk rating of the portfolio as of September 30, 2016, was 4.03, which concords to an investment grade rating, i.e., BBB-
- **Moderate/High Risk:**
 - Historically, EXIM’s credit portfolio consisted largely of sovereign and bank exposure; but now roughly 2/3 of the portfolio consists of riskier private sector, non-bank exposure.
 - EXIM’s portfolio is concentrated in a number of areas (such as industry, borrow, etc.) with roughly 48% of exposure relating to large commercial aircraft.

ACTION ITEMS

- **Risk Appetite:** Examine the extent to which the Bank's credit risk appetite, as reflected in the "Risk Appetite Statement", has been cascaded effectively to the business units, particularly given the risk-averse culture that has recently developed.
- **Risk Agreement:** There should be a broad agreement that as an ECA, EXIM can and should assume more risk than a private-sector financial institution.
- **Future Authorizations:** EXIM should resist calls to apply portfolio concentration-related limits to future authorizations. Limits to authorizations would adversely affect the ability of US exporters to compete on a level playing field with foreign competitors being supported by their export credit agency. Also, it conflicts with the mandate to support U.S. jobs and authorize US export credit transactions on the basis of credit and policy compliance.
- **Streamlining Efforts:** EXIM should continue to make advances in streamlining its application, transaction approval, and legal documentation processes. Users of EXIM programs have cited all of these processes as having become much more difficult in the past eight years, and view additional requirements to complete a transaction as part of EXIM's increasing aversion to risk.



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: Kenneth Tinsley, SVP, Chief Risk Officer
SUBJECT: Modification of Transaction Credit Analysis

BACKGROUND

Beginning in 2015, there have been key changes in how EXIM conducts credit analysis that comport with industry best practice. Historically, credit analysis had been focused primarily on transaction-related issues. Portfolio considerations had been primarily borrower-focused in situations where the Bank is considering new exposure with an existing borrower.

Also, with the exception of large aircraft transactions, the credit analysis was focused on determining the probability of default, or the ability of the borrower to meet its obligations in a timely manner. The analysis conducted on large aircraft transactions includes not only estimating probability of default, but also the probability of loss given default which requires, inter alia, an analysis of risk mitigants and collateral that have value and enhance recovery prospects.

EXIM has already implemented a modification of its transaction credit analysis to include consideration of portfolio factors in underwriting individual transactions, e.g., industry/sector, major geographic. Work is ongoing to modify our non-aircraft underwriting analysis to include analysis of both of probability of default (PD) and loss given default (LGD).

The events triggering these changes were new reforms in EXIM's Reauthorization (consideration of portfolio factors) and the recommendations of outside consultants in their review of our credit risk rating models (probability of default analysis and loss given default analysis).

KEY ISSUES

Consideration of Portfolio-Related Factors:

- **CRO Responsibility:** Among the duties of the CRO as per the 2015 EXIM Reauthorization is to, inter alia, ensure portfolio considerations are part of the risk assessment and underwriting of individual transactions.
- **OIG Recommendation:** Among the OIG recommendations related to credit and portfolio risk management is that EXIM should ensure the risk management function appropriately informs the credit analysis and origination functions.
- **Underwriting Methodology:** EXIM has expanded its transactional underwriting methodology to include consideration of portfolio factors, such as:
 - portfolio management representation on transaction origination team
 - Board memorandum template changed to include section on portfolio-related factors, e.g., sector, major geographic region.

Bifurcation of Credit Analysis Process:

- **Default Basis:** Credit analysis conducted by origination has largely been done on a probability of default basis with the exception of large aircraft financing; industry best practice is to also include analysis of loss given default
- **Developing Bifurcated Process:** Progress is ongoing in developing a bifurcated risk rating process, probability of default (PD) and loss given default (LGD), and credit analysis as recommended by an external consultant, S&P Capital IQ

Expected Impacts:

- **Change Implementation:** There will likely be “growing pains” along the way in credit risk analysis at origination, portfolio management, and decision-making associated with the implementation of these changes.
- **Transparency:** Credit analysis should be more informative and provide decision-maker with greater transparency with regard to risk to EXIM.
- **Alignment with Risk Appetite:** Improved credit risk transparency through analysis of PD and LGD should facilitate ability to align credit decision-making with EXIM’s credit risk appetite as expressed in its Risk Appetite Statement.

ACTION ITEMS

There are no immediate action items.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Kenneth Tinsley, SVP, Chief Risk Officer

SUBJECT: Enterprise Risk Management (ERM)

BACKGROUND

Recent Office of Management and Budget (OMB) guidance calls for the integration of Enterprise Risk Management (ERM) into existing Government management practices. The importance of integrating ERM into existing management practices was highlighted in the Obama Administration's FY2017 budget. An ERM framework facilitates risk awareness and transparency, improves risk management strategies, and allows alignment of risks to risk appetite. Each agency should determine what tools and techniques work best in its unique context as ERM is an iterative process. A key element of EXIM's current ERM framework is the Enterprise Risk Committee (ERC) whose membership is comprised of the senior management team and is chaired by the Chief Risk Officer (CRO). The purpose of the ERC is to review, evaluate, coordinate, and make recommendations to the President of EXIM and senior management on issues related to enterprise risk.

Key ERM-related actions of the ERC include approval and implementation of the following:

- Risk Appetite Statement
- Risk Nomenclature or taxonomy, primary task owners, and risk registers
- Model governance policy that pertains to all models within EXIM, i.e. credit risk and credit loss factors
- 'Soft' portfolio limits dashboard to assist in identifying portfolio concentration and managing portfolio

KEY ISSUES

EXIM's development of its ERM framework, among other things, is being impacted by the following:

- **Common Practices:** Since being appointed to the position, in addition to recent OMB guidance, EXIM's CRO has been examining ERM common practices among ECAs, commercial banks and MDBs as well as reviewing guidance contained in COSO, ISO31000, and GAO's Green Book.
- **OIG Evaluation:** In July 2016 OIG completed an evaluation of EXIM's portfolio risk management

procedures pursuant to which it acknowledged important progress made. The report also contained 8 recommendations, to all of which EXIM agreed.

- **OIG review of CRO Duties:** The OIG is in the process of evaluating the implementation of the duties assigned to the Chief Risk Officer under section 3(1) of the Export-Import Bank Act of 1945, as amended by section 51005. The report is expected to be completed in December.
- **OMB Circular A – 123:** In implementing ERM, OMB Circular A –123 encourages agencies to develop 'Risk Profiles' which identify risks arising from mission and mission-supported operations, and consider those risks as part of the annual strategic review process in June 2017.

ACTION ITEMS

While still in an evolving state, based on benchmarking results conducted by the Chief Risk Officer and in an Office of Inspector General survey that was independently administered by Ernst and Young, EXIM may be a bit more advanced than many within the USG in its implementation of an ERM framework. The CRO is conducting due diligence to determine how best to organize his office in addition to how best to continue our implementation of ERM. Among the more immediate events likely impactful in that regard are the results of the OIG review of EXIM's implementation of the duties assigned to the CRO (due in early December) and new guidelines on ERM contained in OMB A-123 (currently reviewing). It's important to note that implementation of ERM will be an iterative process pursuant to which we will determine what works best for EXIM. It will take some time to determine the right fit for EXIM.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Charles J. Hall, EVP, Chief Operating Officer

SUBJECT: Organizational Culture Change at EXIM

BACKGROUND

Over the past eight years, EXIM leadership has engaged in an effort to promote culture change at EXIM in certain identified areas. This effort is reflected in the goals of the 2013-2017 Strategic Plan as well as in the supporting annual Operating Priorities, and has been aimed at improving EXIM's effectiveness in achieving its mission and serving its stakeholders.

KEY ISSUES

Principal areas of focus in promoting culture change have been:

- **Increasing customer focus:** Bank leadership created the position VP Customer Experience in order to have a champion and focal point for taking a more customer-centric view of EXIM's activities. A sustained effort has been placed on seeking customer feedback as well as on measuring EXIM's performance from the customer perspective, such as in tracking the decision cycle times achieved for various products.
- **Prioritizing innovation:** Bank leadership also created the position of VP Business Processes to lead the Total Enterprise Modernization program (TEM) in order to have a champion and focal point for process innovation at EXIM. Building off of the success of TEM, EXIM created an SVP to lead a new Office of Innovation and Performance in order to create a lasting drive for innovation and development.
- **Valuing inter-divisional collaboration:** Bank leadership in late 2013 and early 2014 identified a lack of inter-divisional collaboration as a priority risk vulnerability in its operations. Employee feedback has confirmed that collaboration and teamwork has been strong within divisions at EXIM, but has been weak between divisions. Since that time, an emphasis has been placed on collaboration between divisions in a variety of circumstances. For example, collaboration in transaction underwriting has been strengthened with the development of a "deal team" approach to transactions under which all

relevant divisions (e.g. underwriting, asset management, engineering, legal) are explicitly involved in the underwriting and deal structuring process. In other circumstances, Bank managers have made a sustained effort to encourage and require inter-divisional collaboration to improve the quality of long-term project outcomes.

ACTION ITEMS

There are no immediate action items.



MEMORANDUM

DATE: October 31, 2016
TO: Incoming EXIM Leadership
FROM: Michael T. McCarthy, Acting Inspector General
SUBJECT: Office of Inspector General

BACKGROUND

The Office of Inspector General independent entity in EXIM whose mission is to detect and deter waste, fraud, abuse, and misconduct in EXIM programs and personnel, and to promote economy and efficiency in those programs. The OIG was created by statute in 2002 and the first Inspector General was nominated and confirmed in 2007.

The Office of Inspector General has approximately 30 employees to conduct audits, inspections and evaluations, and investigations at EXIM. OIG conducts statutorily-required annual audits of EXIM financial statements, cybersecurity, and improper payments, as well as risk-based audits of EXIM programs. OIG also includes an inspections and evaluations component, which conducts in-depth reviews of selected major transactions, as well as policy evaluations. The OIG investigations division is a federal law enforcement agency comprised of special agents and investigative analysts who work with the Department of Justice to prosecute fraud committed against EXIM, as well as investigate allegations of employee misconduct.

KEY ISSUES

Inspector General Independence:

The Inspector General Act of 1978 governs the role of Inspectors General in federal agencies. Under the terms of the IG Act, IGs are located within the agency but must conduct their audits, investigations, and evaluations independently from the agency. IGs are non-partisan and are selected without regard to political affiliation. They have a dual reporting requirement -- to their agency heads and to Congress. IGs are required by the Act to keep both the agency and Congress

fully and currently informed about problems and deficiencies in their agencies' programs and operations, as well as the necessity for and progress of corrective action. IGs should meet regularly with the heads of each agency to foster effective communications. According the Act, IGs must have direct and prompt access to the agency head.

The OIG's independence is crucial to its ability to pursue allegations of misconduct, fraud, waste, and abuse. For example, the agency head may not prevent the IG from initiating, carrying out, or completing any audit or investigation. The IG Act provides the OIG with general authority to conduct investigations and issue reports that are, "in the judgment of the Inspector General, necessary or desirable." To maintain independence from the agency, the OIG receives a direct appropriation separately from EXIM, and the IG has budget and personnel authority for the OIG.

Cooperation with the OIG:

Under the IG Act, IGs are given broad statutory authorities, including access to all agency records and information. IGs also have the authority to subpoena relevant documents and information from non-federal organizations and individuals.

EXIM has a generally positive record of cooperation with the OIG. In 2014, the Chairman issued a policy on cooperation with the OIG requiring all employees to cooperate with OIG inquiries and provide access to all records requested by the OIG. Although OIG has sometimes encountered delays in receiving information requested, EXIM has not denied access to records. Other federal departments and agencies have refused to provide IGs with records in contravention of the IG Act, which has prompted Congress to reiterate in statements and appropriations bills that the law requires OIGs to have unfettered access to all records of the agency.

Inspector General Vacancy:

The Inspector General at EXIM is appointed by the President and confirmed by the Senate. The position has been vacant since the resignation of the last Senate-confirmed IG in June 2014. The Deputy Inspector General, a career employee, has been serving as Acting IG since that time. In July 2016, President Obama nominated Kim J. Walker to serve as Inspector General. The Senate has not taken action on this nomination. If Mr. Walker is confirmed, he may remain in place through the transition. Reflecting their independent non-partisan role, unlike other political appointees IGs typically remain in office when Administrations change. This general practice has been followed since the IG Act of 1978 was enacted. If Mr. Walker has not been confirmed, EXIM leadership should work with the White House and Senate to nominate and confirm an Inspector General.

ACTION ITEMS

- Schedule regular meetings between the OIG and EXIM leadership.
- If a permanent Inspector General is not confirmed before the current Congress adjourns, work with the White House and Senate to nominate and confirm an Inspector General.



MEMORANDUM

DATE: October 13, 2016
TO: Incoming EXIM Leadership
FROM: Michael T. McCarthy, Acting Inspector General
SUBJECT: Inspector General Assessment of Major Management Challenges

BACKGROUND

The Office of Inspector General is a statutorily-created independent entity in EXIM whose mission is to detect and deter waste, fraud, abuse, and misconduct in EXIM programs and personnel, and to promote economy and efficiency in those programs.

The Reports Consolidation Act of 2000 requires an annual summary of what the Inspector General considers to be the most serious management and performance challenges facing the agency and a brief assessment of the agency's progress in addressing those challenges. Through our audits, inspections and investigations, we work with Bank management in recommending actions that best address those challenges. We have identified the following topics as the top management challenges facing EXIM at the beginning of FY 2017.

KEY ISSUES

Managing Lapses in Exim's Authorization and Board Quorum

In FY 2016, we reported that the top management challenge facing EXIM was managing the lapse in authorization to incur new obligations, which under the terms of EXIM's charter had expired on June 30, 2015 and had not been renewed by Congress. As a result, at the beginning of FY 2016, EXIM lacked the authority to enter into new transactions, but continued to fulfill existing commitments and manage its existing portfolio, which was more than \$100 billion at that time. In December 2015, Congress passed a law renewing the authority of EXIM to engage in new transactions and making reforms to EXIM's risk management and governance structure, which was signed by the President on December 4, 2015. Despite the renewed statutory authority as of December 2015,

EXIM's ability to execute its mission has been limited by the absence of a quorum on its Board of Directors since July 2015. At the time of this report, two of the five Presidentially-appointed, Senate-confirmed director positions are filled, with two additional Presidential appointments pending before the Senate. Because the charter requires a minimum of three Board members as a quorum to take action, EXIM cannot currently approve new medium-term and long-term transactions over \$10 million, or approve the appointment of a Chief Risk Officer and Chief Ethics Officer as required by the reauthorization legislation. The House and Senate Appropriations Committees have included in the FY 2017 appropriations bills a provision that would waive the charter's quorum requirement when there are multiple vacancies, so that the directors in place could execute decisions under the charter. However, this provision has not yet been enacted into law.

Managing the effects of the lapse in authorization, the lapse in Board quorum, and uncertainty about the future of EXIM is the top management challenge facing EXIM. Although EXIM continues to accept applications and conduct underwriting and due diligence activities for larger transactions in anticipation of eventual restoration of a Board quorum, the uncertainty about if and when EXIM will be able to give final approval to these applications adds difficulty to EXIM customer relations and outreach activities. As the lapse in authority to approve larger transactions grows longer, EXIM becomes less likely to be viewed as a credible and reliable source of funding in the marketplace. EXIM management must also consider how to deploy employees and other resources efficiently in light of the uncertainty over when full authority might be restored. While it may be a prudent management practice to continue preparing transactions so that they are ready for consideration once Board authority is restored, management should also reconsider whether resources should continue to be expended on processing applications for larger transactions if the lapse in the Board quorum persists. Management should consider whether to reallocate employees to functions such as short-term and working capital programs, or monitoring of operative transactions, which continue even in the absence of a Board quorum.

The lapses in authority and uncertainty about EXIM's future also add complications to managing human capital, which we have consistently identified as a major management challenge. EXIM faces challenges in employee recruitment, retention and morale. EXIM competes not just with the private sector, but also with multilateral development agencies such as the World Bank and other federal financial agencies such as the Federal Reserve and the Securities and Exchange Commission, all of which offer a higher pay scale. During the lapse in authorization, EXIM instituted a hiring freeze. After the authorization was reinstated, EXIM began recruiting for vacant positions, but managers report that top candidates have turned down employment offers, citing uncertainty over the future of EXIM. Although most divisions report low attrition of key personnel over the past 18 months, senior managers are concerned that EXIM will not retain experienced credit underwriting

personnel with expertise in aircraft finance and structured finance as the lapse in authority to complete large transactions continues.

Implementing the 2015 Reauthorization Bill

In December 2015, Congress passed and the President signed a bill extending the authorization of EXIM to September 30, 2019 and making several reforms to the EXIM Charter. Major new requirements of the 2015 reauthorization law included appointment of a Chief Risk Officer and establishment of a Risk Management Committee, appointment of a Chief Ethics Officer and establishment of a new ethics office; an increase in the small business financing target to 25 percent; an increase in loss reserve to be not less than 5 percent of disbursed and outstanding loans, guarantees, and insurance; and establishment of a pilot program for risk sharing.

A key mandate from the 2015 reauthorization is improving EXIM's enterprise risk management structure. The law establishes a Chief Risk Officer, who is directed to oversee all issues relating to risk within EXIM and report to the President of EXIM. The law also establishes a Risk Management Committee, comprising the non-management Members of the Board of Directors, with the president and First Vice President of EXIM serving as ex officio members. The Risk Management Committee replaces EXIM's Audit Committee and is directed to (i) provide oversight to periodic stress testing of the entire EXIM portfolio and the monitoring of industry, geographic, and obligor exposure levels and (ii) to review all required reports on the default rate of EXIM before submission to Congress. The risk-related reforms in the 2015 reauthorization are consistent with risk management recommendations from previous OIG reports, which advised EXIM to adopt a variety of governance reforms to better evaluate risks of the entire EXIM and its portfolio as a whole, in addition to transaction-level risk analysis. The reforms in the reauthorization are also consistent with new guidance issued by OMB for all federal agencies on internal controls and enterprise risk management.

EXIM has begun to implement the requirements of the 2015 reauthorization by identifying the discrete requirements and forming working groups to implement each one. While some progress has been made, some of these initiatives are complex and will require sustained management attention to fully implement. The lapse in Board quorum also prevents EXIM from fully implementing the initiatives that require Board action, including confirming the appointment of the Chief Risk Officer and Chief Ethics Officer as required by the new law. EXIM has selected these officials and they have begun working at their assignments; however, they are not finally installed in these positions pending a quorum on the Board to approve them. Similarly, EXIM management has initiated meetings of the Risk Management Committee with the two management directors who are ex-officio members of the committee, but the committee will not fulfill the governance role that Congress envisioned until non-management directors have been confirmed by the Senate.

Management also faces challenges in implementing differing requirements of the 2015 reauthorization law that are not necessarily in harmony. For example, the law places an emphasis on reducing risk at EXIM, with provisions that reduce the portfolio cap if the default rate exceeds 2 percent. At the same time, the law increases the target for lending to small businesses and encourages EXIM to expand the medium-term lending program, both of which have historically been higher risk and have produced higher default rates than other EXIM lines of business. Implementing all of the requirements of the 2015 reauthorization law will require management to carefully plan and structure new programs, policies, and procedures, since many of the new requirements have interrelated effects.

Succession Planning and Presidential Transition

As already noted, the EXIM Board of Directors currently has three of five seats vacant. The terms of the two seats that are currently filled expire on January 20, 2017. The Presidentially-appointed, Senate-confirmed position of Inspector General has been vacant since June 2014. The senior management position of Chief Banking Officer has been vacant since April 2016 and leadership does not plan to fill the position before the next President takes office. The senior career positions of Chief Acquisition Officer and Chief Human Capital Officer have been vacant since July 2015 and December 2015, respectively. EXIM managers have expressed concern that several key senior officials with extensive institutional memory are eligible to retire.

Although turnover in top positions is typical of any Presidential transition, the Presidential transition occurring at a time when there are multiple vacancies in key positions and great uncertainty about the future of EXIM exacerbates the risks of the transition. To ensure effective internal controls and risk management, EXIM leadership should ensure that well-trained individuals are prepared to perform the duties of positions that may be vacant during the transition. Also, EXIM leadership should make sure that the transition team is fully aware that key EXIM positions need to be filled promptly, and continued vacancies in top leadership positions imperil the mission of EXIM and increase risks of ineffective governance. EXIM leadership should also take action to fill senior career positions that have been vacant for extended lengths of time.

Administrative Functions

EXIM's core banking functions are supported by an administrative infrastructure which presents its own management challenges. As discussed above, the positions of Chief Acquisition Officer and Chief Human Capital Officer have been vacant for an extended time. OIG audit and investigative reports have found serious problems in the operations of the contracting and human resources functions. A recent audit found EXIM did not have adequate internal controls to ensure EXIM's

contracting processes complied with federal contracting regulations. Specifically, EXIM lacked a comprehensive set of written policies and procedures; many bank employees did not understand the roles and responsibilities of contracting officers; Contracting Officer Representatives were not properly certified; the contract characteristics or thresholds requiring the involvement of the Office of General Counsel were not identified; and contract data was not readily available. As a result, the audit found improper, duplicate and untimely payments; unauthorized commitments; and incomplete contract files. OIG completed several investigations in response to complaints received regarding hostile work environment and prohibited personnel practices. Although these cases generally did not find violations of law or regulation, the investigations revealed significant employee morale issues and a poor management climate, along with significant personnel turnover, within the HR function. These findings were referred back to EXIM management for appropriate action, and senior HR managers have left EXIM. In addition, several different EXIM executives and division heads independently discussed their dissatisfaction with the support provided to their functional areas by the contracting and HR offices. EXIM leadership should focus on improving the contracting and human resources functions, including filling key vacancies by appointing senior executives to lead those functions and improve the service and support provided to EXIM's operating offices.

We have previously reported information technology management at EXIM as a major management challenge. In the past two years, EXIM has installed experienced senior IT leadership, has deployed new systems, and has improved EXIM's IT infrastructure. EXIM managers who rely upon IT systems report that significant progress has been made and are encouraged by the plans for new systems and more functionality. OIG has completed mandatory audits of information security and found substantial compliance with the relevant requirements. OIG is including in our annual audit plan for FY 2017 an assessment of EXIM's IT function to review progress made since previous reports, which will inform whether information technology continues to be among the top management challenges facing EXIM.

ACTION ITEMS

None.

Key Issue Briefers

EXIM Policies and Programs



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: Angela Mariana Freyre, SVP, General Counsel
SUBJECT: Status of Reauthorization Requirements

BACKGROUND

The Export-Import Bank Reform and Reauthorization Act of 2015 (the Act) became law on December 4, 2015. The Office of General Counsel (OGC) performed a detailed section-by-section analysis. The analysis included a description of the specific requirements of the Act and timing for their implementation. Twenty working groups were assembled with the mandate to analyze and make recommendations.

KEY ISSUES

Congress divided the Act into several sections:

- a. Taxpayer Protection and Increased Accountability
- b. Promotion of Small Business Exports
- c. Modernization of Operations
- d. General Provisions
- e. Other Matters

See the attached table for the key reauthorization provisions and the associated time frame and status of the working group recommendations.

ACTION ITEMS

As noted under the "Timing" and "Status" columns in the table. A majority of the working groups have completed their tasks. Unless otherwise noted, the working groups are on schedule.

STATUS OF 2015 REAUTHORIZATION REQUIREMENTS (as of 11-03-2016)

Provision	Export-Import Bank Reform and Reauthorization Act of 2015 (P.L. 114-94 - H.R. 22/S. 819)	Timing	Status
TITLE I: TAXPAYER PROTECTION PROVISIONS AND INCREASED ACCOUNTABILITY			
1. Exposure Cap	Sec. 51001. Reduction in authorized amount of outstanding loans, guarantees, and insurance. Lowers EXIM's limit on aggregate loan, guarantee, and insurance exposure to \$135 billion. Should EXIM's statutorily defined default rate rise above 2%, EXIM's lending cap would be frozen and it would not be allowed to undertake new exposure until the default rate falls back below 2%.	2015-2019	Policies drafted. Approval of procedure is in progress.
2. Loss Reserves	Sec. 51002. Increase in loss reserves. Requires EXIM to build and hold in reserve at least 5% of the value of its portfolio (amounts disbursed and outstanding).	December 4, 2016	Procedure agreed with OMB and process underway
3. Review of Fraud Controls & Report	Sec. 51003. Review of fraud controls. Reinstates the requirement that GAO review fraud controls at EXIM, such audits to be performed at least once every four years. The GAO report includes how EXIM prevents, detects, and investigates fraudulent applications for loans and guarantees, and an audit of sample of Bank transactions.	December 4, 2019 (+ every 4 yrs. after)	No Bank action required until GAO initiates audit
4. Office of Ethics, Chief Ethics Officer Position & Duties	Sec. 51004. Office of Ethics. Creates a non-political Chief Ethics Officer, appointed by the President of EXIM and approved by and reporting to the Board, to serve as EXIM's designated ethics official and establish standards of official conduct.	June 1, 2016	Chief Ethics Officer appointed; awaiting Board approval
5. Chief Risk Officer	Sec. 51005. Chief Risk Officer. Creates a non-political Chief Risk Officer, appointed by the President of EXIM and approved by the Board, to oversee all issues relating to risk within EXIM.	June 1, 2016	Chief Risk Officer appointed; awaiting Board approval

6. Risk Management/Audit Committee	Sec. 51006. Risk Management Committee. Creates the Risk Management Committee, comprised of the Board (with the President and First Vice President of EXIM serving as ex officio members), to oversee the stress testing and comprehensive risk exposure of EXIM's portfolio and review default reports to Congress. Terminates EXIM's Audit Committee.	June 1, 2016	Risk Management Committee created; awaiting Board action to make conforming changes to by-laws
7. Independent Audit	Sec. 51007. Independent audit of bank portfolio. Requires the Inspector General to audit the risk management procedures of EXIM no less than once every three years.	December 4, 2016; not less than every 3 yrs. after	Bank is cooperating with IG
8. Risk-Sharing by Private Lenders	Sec. 51008. Pilot program for reinsurance. Allows EXIM to institute a pilot program for reinsurance of up to \$10 billion to balance EXIM's risk exposure, and requires annual reports to Congress on the program.	December 4, 2016 (expires 2019)	Solicitation issued; responses are under evaluation
TITLE II - PROMOTION OF SMALL BUSINESS EXPORTS			
9. Increase Small Business Lending	Sec. 52001. Increase in small business lending requirements. Increases EXIM's small business lending target from 20 percent to 25 percent.	FY2016	Completed
10. Small & Medium-sized Enterprises	Sec. 52002. Report on programs for small and medium-sized businesses. Requires EXIM to include in its annual report to Congress its efforts to support businesses with less than \$250 million in revenue.	First year after December 4, 2016	Report in process
TITLE III - MODERNIZATION OF OPERATIONS			
11. Electronic Payments & Documents	Sec. 53001. Electronic payments and documents. Requires EXIM to implement policies for accepting electronic documents and payments within two years.	December 4, 2017	Procedures agreed. Draft of policy being reviewed
12. Information Technology Updating	Sec. 53002. Reauthorization of information technology updating. Allows EXIM to continue using administrative funds of up to 1.25% of EXIM's surplus (but no more than \$20 million) for technology systems infrastructure.	2015-2019	Ongoing
TITLE IV - GENERAL PROVISIONS			
<i>Extension of Authority</i>	<i>Sec. 54001. Extension of authority. Extends EXIM's authority through September 30, 2019.</i>	<i>2015-2019</i>	<i>N/A</i>
<i>Dual Use Exports</i>	<i>Sec. 54001 Extends EXIM's ability to finance dual use exports as long as EXIM's governing charter has been extended.</i>	<i>2015-2019</i>	<i>N/A</i>

13. Reauthorization of Sub-Saharan Africa Advisory Committee	Sec. 54001 - Provides for a reauthorization of the Sub-Saharan Africa Advisory Committee, tying its expiration to the charter's sunset date.	2015-2019	Nominations being solicited
14. Updated Definition Loan Terms	Sec. 54002. Certain updated loan terms and amounts. Increases EXIM's maximum loan size for medium-term financing from \$10 million to \$25 million.	FY2016 +	Revised IDA Memorandum in Process
15. Updated Loan Amounts	Sec. 54002. Certain updated loan terms and amounts. Increases EXIM's threshold triggering a competitive process for insurance from \$10 million to \$25 million in loan amount.	FY2016 +	Completed
16. Updated Small Business Export Amounts	Sec. 54002. Certain updated loan terms and amounts. Sense of Congress to increase EXIM's loan threshold triggering approval by EXIM's small business specialists from \$10 million to \$25 million.	FY2016 +	Revised IDA Memorandum in Process
17. Updated Environmental Effects Consideration	Sec. 54002. Certain updated loan terms and amounts. Increases EXIM's maximum loan size that triggers review from \$10 million to \$25 million (or such lower amount as consistent with international obligations).	FY2016 +	Completed
TITLE V - OTHER MATTERS			
18. Prohibition on Industry-Based Discrimination	Sec. 55001. Prohibition on discrimination based on industry. Prohibits EXIM from denying financing of an application or promulgating policies that discriminate solely based on the industry, sector, or business involved in the application.	December 4, 2015	Completed
19. Negotiations to End or Limit Export Credit Financing	Sec. 55002. Negotiations to end credit export financing. Shifts the responsibility for creating a strategy to end government-supported export subsidies among major exporting countries from the Secretary of the Treasury to the President of the United States and requires various reports.	December 4, 2015; first Treasury report due June 1, 2016	Completed
20. Study of Financing for Information & Communications Technology Systems	Sec. 55003. Study of financing for information and communications technology systems. Requires EXIM to conduct a study on the use of its products by information and communications technology and services and goods companies.	June 1, 2016	Completed



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Jim Cruse, SVP, Policy and Planning

SUBJECT: Conflicts within the EXIM Charter

BACKGROUND

EXIM's fundamental mandate is to be competitive with other ECAs and fill gaps in financing when the private sector is unable or unwilling to take on that risk. However, EXIM has several specific "good for U.S." public policy mandates requiring EXIM to act in a way explicitly contrary to what the other 85 ECAs do. Examples are outlined below. Moreover, the recently enacted Charter (2015) sends a message that EXIM should be averse to taking on risk, and will be severely penalized for taking on risk by having its lending cap frozen in the event the default rate reaches 2% or more.

KEY ISSUES

- 1) The key mandates in EXIM's charter are:
 - a) **Being competitive with foreign ECAs:** A leading Charter requirement (sec. 2(b)(1)(B)) for EXIM is that its loans, guarantees and insurance be competitive with foreign ECAs in order to neutralize the effect of foreign credit on international sales competition.
 - b) **Fill financing gaps:** Also required by 2(b)(1)(B), EXIM should "supplement and encourage, and not compete with, private capital." This mandate generally entails EXIM taking on risk the private sector will not.
- 2) However, in context of "good for U.S." Public policy, EXIM has the following mandates, that add uncertainty and costs the other 85 ECAs do not impose. These mandates directly conflict with being competitive with foreign ECAs (mandate 1a, above):
 - a) **United States Maritime Administration (MARAD) Shipping Requirements:** Public Resolution 17 (or PR-17) requires certain U.S. Government Agency supported export cargos to be shipped on U.S. flagged vessels for specified transactions (i.e., EXIM guarantees over \$20 million or longer than 7-year repayment terms and all direct loans).

- b) **Economic Impact Assessments:** EXIM is required by Sec. 2(b)(1)(B) to “take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry.”
- 3) Moreover, the 2015 Charter mandates the following, which limits EXIM’s risk-taking appetite. This requirement conflicts with mandate 1b, above, to fill financing gaps:
 - a) **Risk Aversion:** Sec. 2(b)(1)(B) of the Charter directs EXIM to avoid risk by the requirement for a reasonable assurance of repayment. This mandate is expressed in Sec. 6 of the charter, where a default rate in excess of 2% will immediately trigger a freeze in all new EXIM financing above existing exposure. This means any maturities in the portfolio could be replaced/rolled-over, but the total dollar amount of the portfolio is frozen.

ACTION ITEMS

While there is strong bipartisan political support for MARAD and economic impact, there are minor tweaks that could be made in order to manage conflict, e.g., it may be possible to improve competitiveness by working with MARAD to raise exemption levels on U.S. shipping requirements. Also the Bank should consider educating stakeholders about the effect of the 2% default rate and related freeze in exposure on the Bank’s risk-taking ability and overall competitiveness.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Bank Leadership

FROM: Jim Cruse, SVP, Policy and Planning

SUBJECT: MARAD: U.S.-Flag Shipping Requirement (Public Resolution-17)

BACKGROUND

Congress requires that certain U.S.G.-supported cargo be shipped on U.S.-flagged carriers. For EXIM, this requirement flows from Public Resolution 17 (PR-17) which was enacted in 1934. The Secretary of Transportation administers PR-17 and generally delegates the responsibility to the Maritime Administration (MARAD), an agency within the Department of Transportation. As currently administered, EXIM transactions subject to PR-17 include all direct loans and guaranteed loans valued greater than \$20 million or with repayment terms in excess of seven years (long-term guarantees).

PR-17 supports the national policy objective of maintaining a fleet of U.S.-flagged vessels, crewed by a well-trained cadre of U.S. citizen-mariners, which the U.S. Government can potentially use as auxiliary military support during times of war or national emergency.

Some U.S. exporters contend that PR-17 results in high shipping costs and logistical delays which negatively impact their competitiveness. These issues are most relevant to large, irregular-shaped products that have to be shipped on "break-bulk" cargo ships (of which there are relatively few compared to container lines). Other ECAs do not require exporters to ship cargo on home country vessels.

Under certain relatively rare conditions (e.g., non-availability of a U.S.-flagged ship), MARAD allows use of non-U.S.-flag vessels.

KEY ISSUES

Short-Term

- In December 2015, Congress increased the dollar limit for EXIM's medium-term program from \$10 to \$25 million. In July 2016, EXIM staff approached MARAD staff about revising the current \$20 million PR-17 threshold to \$25 million, given the Congressional mandate to increase the medium-term threshold and to avoid the complexity and administrative burdens of establishing two separate rules and documentary requirements within the medium-term program. MARAD staff refused to consider the EXIM request.

Long-Term

- The small, but vocal, subset of U.S. exporters that use EXIM programs and have transactions subject to PR-17 contend that the U.S. shipping policy places them at a competitive disadvantage relative to non-U.S. producers supported by foreign ECAs. Specifically, they complain about MARAD's processing time, difficulty in obtaining "waivers" when U.S.-flagged vessels are not available or when the U.S. shipping cost is substantially higher than foreign alternatives, and the practical necessity of having to obtain the services of expensive shipping experts (such as former MARAD Administrator Captain Bill Schubert) to help U.S. exporters comply with PR-17 shipping requirements.

ACTION ITEMS

Meet with Secretary of Transportation: Request a meeting with the Secretary of Transportation to discuss issues, establish a positive environment for interagency dialogue, and determine points of contact at the senior management levels.

1. If the "short-term"/technical issue of moving the dollar cap from \$20 to \$25 million has not been resolved (current management is readying an appeal), the new management team shall consider addressing the issue at the political level. *Deadline: TBD (once presidential appointments for EXIM and Transportation are confirmed).*
2. Given the probable necessity of working with the U.S. shipping requirement (which has strong U.S. military support due to the role U.S.-flag carriers can play in U.S. defense readiness and sealift), the new Chair should meet with the Secretary of Transportation. Discussion would focus on how EXIM can help MARAD be more transparent and contextual. *Deadline: In first year.*



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Jim Cruse, SVP, Policy and Planning

SUBJECT: Jobs and Content Policy

BACKGROUND

Though the Charter does not mandate limits on foreign content in EXIM transactions, EXIM's content policy reflects the Charter mandate to support U.S. jobs through exports. Specifically, EXIM relies on the content included in an export transaction to function as a proxy indicator for EXIM's support for U.S. jobs. The level of EXIM support for any specific transaction is contingent upon the amount of U.S. content in the export. In the last year operating at full capacity (no lapse or lack of quorum), FY2014, EXIM supported 164,000 U.S. jobs. In FY2016, with the lack of board quorum, 52,000 U.S. jobs were supported.

KEY ISSUES

1. **Competitiveness:** Surveys of exporters indicate that EXIM's medium and long-term content policy is clearly much more restrictive than other ECAs. Key issues that differentiate EXIM from other G-7 ECAs are requirements that foreign content be shipped from the U.S., requirement of at least 85% U.S. content for maximum cover (and therefore automatic reduction of cover when foreign content exceeds 15%), and generally the inability to transform foreign inputs into domestic content via domestic assembly or processing. These policies, while not charter mandated, reflect EXIM's understanding of the Charter mandate to support U.S. jobs through exports.
2. **Content issues raised in the Charter the last time EXIM was reauthorized:**
 - a. **Information and Communications Technology:** When EXIM was reauthorized in December 2015, EXIM was required to report to Congress by June 1st 2016 on the extent to which the products offered by EXIM are available and used by companies that export information and communications technology (ICT) services and related goods. The findings of the report indicated that the ICT industry is challenged to meet EXIM's content requirements due to complex and fragmented supply chains that result in goods and services that do not lend themselves to specific origin labels (e.g., "made in the USA"). Changes proposed by the ICT industry would significantly depart from EXIM's historical practice of financing U.S.-made

goods and services in support of U.S. workers and U.S. jobs, and are generally outside EXIM's established practice as communicated consistently to Congress.

- b. **Reinsurance with private sector:** When EXIM was reauthorized in December 2015, EXIM was encouraged to consider establishing a pilot program under which EXIM may enter into private reinsurance agreements. The broad feasibility analysis is complete and the private reinsurance market has expressed interest in the concept.

ACTION ITEMS

1. **Reinsurance Agreements:** As stipulated in the Charter, EXIM is exploring the technical, financial and operational feasibility of entering into reinsurance agreements with the private sector. The exploration of transactional reinsurance with the private sector seeks to expand the base of potential exporters (especially medium-sized exporters), by addressing EXIM's content limitations without changing the content policy. This policy allows EXIM to keep U.S. exporters competitive while acknowledging the reality of global supply chains resulting in output that is multinational. Congress has requested a report on the effort by December 5th, 2016, and EXIM anticipates meeting that deadline.
2. **ICT Sector Requirements:** As a follow-up to the mandate to report on EXIM's support for the ICT sector, EXIM is exploring how content requirements apply to high-tech, R&D intensive industries that have difficulty tying certain costs (e.g., R&D) to a specific unit of output in the context of a transaction.
3. **Certifying U.S. Content:** Continue staff level meetings with U.S. exporters to better understand the methodology followed when certifying to U.S. content; communicate findings to stakeholders, including organized labor, Congress and other USG agencies.

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	2016
Jobs Supported	179,800	227,000	288,000	255,000	205,000	164,000	109,000	52,000
Exports Supported (\$Billions)	\$26.4	\$34.4	\$41.3	\$50.0	\$37.4	\$27.5	\$17.1	\$8.0
Authorized Amounts (\$Billions)	\$21.0	\$24.5	\$32.7	\$35.8	\$27.3	\$20.5	\$12.4	\$5.0
Jobs / \$Billion Exports	6,811	6,618	7,300	6,480	6,390	6,190	6,199	6,030

EXIM Bank's jobs estimate methodology, reviewed by the Government Accountability Office in 2013, follows the jobs calculation methodology designated by the Trade Promotion Coordinating Committee (TPCC). The methodology uses employment data computed by the Bureau of Labor Statistics (BLS) to calculate the number of jobs associated with EXIM Bank-supported exports of goods and services. The jobs per \$1 billion of U.S. exports is a weighted average based on each industry's relative jobs per \$1 billion average at time of calculation.



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: Jim Cruse, SVP, Policy and Planning
SUBJECT: Economic Impact Procedures

BACKGROUND

The basis for EXIM's Economic Impact Procedures (EIPs) is found in its Charter (Sections 2(b)(1)(B) and 2(e) of The Export-Import Bank Act of 1945, as amended). Congress requires EXIM to assess whether the extension of EXIM financing support is likely to cause substantial injury to U.S. industry or would result in the production of substantially the same product that is the subject of specified trade measures. If EXIM determines that a transaction meets the legislatively specified standards, then economic impact can be the basis for denial of EXIM support, though final decision rests with EXIM's Board. In the case of denial of EXIM financing, projects may still go through with other ECA support. EXIM Bank is the only ECA to have such a mandate.

The purposes of EXIM's Economic Impact Procedures are: 1) to ensure that all transactions are screened for economic impact implications; 2) to identify those transactions that are subject to applicable trade measures or that pose a significant risk of potentially substantial injury to the U.S. economy; and 3) to put only those cases that meet the standards through a more extensive economic impact analytical process that is fair, consistent, and publicly transparent. EXIM has historically been responsive to stakeholders' views on economic impact, and has updated the EIPs periodically. The most recent review, resulting in new EIPs taking effect in 2013, added specific procedures to assess the economic impact of EXIM's commercial passenger aircraft transactions.

KEY ISSUES

Revisions to Aircraft Economic Impact Procedures

- From 2011 to 2014 Delta Airlines sued EXIM four times; in each suit some aspects of EXIM's economic impact procedures/requirements/processes were implicated in Delta's complaint.
- While EXIM prevailed in all four lawsuits, lessons learned from the various lawsuits suggest revisions to the current economic impact procedures for passenger aircraft transactions may be appropriate. In the past, revisions to the EIPs entailed a several month process with significant engagement from multiple stakeholders (e.g., other USG agencies, U.S. industry, organized Labor, and various trade associations).

Undersupply List/Economic Impact Status of Oil and Gas Projects

- Refers to commodities for which an interagency consensus exists that additional production capacity is likely to have a beneficial impact on the U.S. economy (e.g., commodities where the U.S. is import dependent). Accordingly, relevant transactions are screened out and are not subject to further economic impact analysis.
- In 2002, the Bank determined that the Undersupply List consisted of: oil, gas and diamonds.
- During the last revision of the Economic Impact Procedures in 2013, references to the concept of the Undersupply List were inadvertently removed. That omission was only noted in 2016. Nevertheless, the Bank has continued to operate as though the Undersupply List still exists.
- In light of changes in the U.S. oil and gas sector (e.g., effective December 2015, the U.S. began exporting crude oil for the first time since the 1970s, LNG shipments beginning to leave the Gulf coast since February 2016), the status of Oil and Gas on the undersupply list is currently under review.
- A review of the Undersupply List will likely entail engagement of external stakeholders (e.g., other USG agencies, U.S. industry).

ACTION ITEMS

Items that will need to be dealt with include:

- **Review of the Aircraft EIPs:** Currently drafting revisions. *Deadline: None*
- **Decision on status of Oil and Gas on the undersupply list:** Currently drafting memos to update list and to determine status of Oil and Gas. *Deadline: None.*



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Erin Gulick, SVP, Congressional and Intergovernmental Affairs

SUBJECT: Environmental and Social Policies and Guidelines

BACKGROUND

After direction from Congress, the Board approved its first Environmental Procedures and Guidelines in 1995, providing EXIM with environmental procedures for analyzing the environmental impacts of its support. EXIM periodically revises its guidelines to align with revisions made to OECD environmental agreements on export credits as well as policies of the Administration. EXIM has been forward-leaning on transparency of environmental information at the OECD and domestically. These guidelines have come under some Congressional scrutiny resulting in Congress preventing EXIM from implementing its 2013 Supplemental Guidelines for High Carbon Intensity Projects. Furthermore, in the 2015 reauthorization, Congress prohibited EXIM from denying financing of an application or promulgating rules that discriminate solely based on the industry, sector or business. In November 2015, the OECD adopted a new sector understanding for coal-fired electricity which will come into effect on January 1, 2017. EXIM is reviewing its environmental procedures and guidelines with respect to alignment with the sector understanding, in compliance with EXIM's legal requirements to not discriminate.

KEY ISSUES

- **Revised ESPG Timeline:** EXIM is proceeding with its timeline to vet its revised Environmental and Social Due Diligence Procedures and Guidelines (ESPG) with stakeholders and present them to the Board for approval, once a quorum is reestablished. Other OECD ECAs will be similarly incorporating the OECD Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects (CFSU), an Annex to the OECD Arrangement, into their environmental policies prior to the effective date of January 1, 2017.
- **Transparency Requirement:** EXIM's Charter includes an environmental transparency directive, where EXIM is required to make public environmental assessments and supplemental environmental reports. The public disclosure of this information has historically been "upon request". In response to

an increase in requests, in 2016, EXIM initiated a more proactive approach and began posting the most frequently requested environmental reports on its website. The proactive disclosure of environmental reports is a step forward for EXIM and an effort unparalleled by other ECAs. The successful creation of such a web page and its continual upkeep has been well-received by stakeholders.

- **Project-Specific Requests:** In Sept. 2015, EXIM's IG recommended that it establish a formal process for responding to project – specific information requests, submissions and concerns. EXIM has engaged with NGOs and Congressional stakeholders on how to improve this process. In response, EXIM created a Project Information and Concerns web-portal where interested parties could submit concerns, complaints, or requests for information on EXIM projects. Additionally, EXIM created a public registry to disclose the concerns or complaints it receives as well as actions taken to resolve the issue. The process and webpages may require revisions to further address issues. Continued engagement with NGOs and Congress will be critical as both have expressed interest in EXIM establishing an independent Ombudsman to respond to complaints. As a result, EXIM has established the Environmental and Social Review Committee in October 2016 headed by the Chief Risk Officer in order to manage inquiries, complaints, and information requests in regards to environmental issues.

ACTION ITEMS

- **ESPG Approval:** EXIM will conduct stakeholder engagement in the course of reviewing and revising the environmental and social procedures and guidelines (ESPG). Ultimately, EXIM's Board of Directors must review and approve the revised ESGP. If without a Board at the start of 2017, EXIM will need to decide how to approach the issue of aligning its policies with the OECD.
- **Public Disclosure Process:** EXIM needs to ensure a strong interdivisional process remains to confirm that the webpage for publicly disclosing environmental reports continues to be updated with the most recent reports available to EXIM.
- **Stakeholder Engagement:** EXIM will need to continue engaging with stakeholders on the Project Information and Concerns. It will need to continue to disclose complaints received and improve its functionality. A strong internal process for responding to the submissions will be imperative.
- **Identification of Revision Aspects:** EXIM will need to determine what aspects of the Sector Understanding on Renewable Energy, Climate Change Mitigation and Adaptation, and Water Projects EXIM would like to see revised, if any, ahead of the standard review that will begin in November 2016 and end by November 2017.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Madolyn Phillips, Acting Chief Banking Officer

SUBJECT: Business Outlook and Opportunities

BACKGROUND

EXIM's last year of uninterrupted operations was FY 2014. In FY 2014, EXIM authorized \$20.5 billion of transactions to support the export of U.S. goods and services. In FY 2015, when EXIM's authority to authorize any new business lapsed from July 1 through September 30, EXIM authorized \$12.4 billion in transactions. In FY 2016, EXIM's lapse in authority from October 1 to December 4, combined with a lack of a Board quorum for the entire fiscal year, resulted in authorizations of approximately \$5.0 billion. Should EXIM have a Board quorum by December 2016, we believe we can authorize \$15.0 billion for the 2017 fiscal year, and that authorizations will reach \$20.0 billion in FY 2018.

KEY ISSUES

Key Issues Facing EXIM's Business Outlook:

- **Rebuilding the business:** Since 2014, users of EXIM's programs have become demoralized by the uncertainty surrounding the agency's ability to function, and, when possible, large U.S. exporters have supplied products and services from overseas locations to take advantage of financing from other ECAs (EXIM's users of the short- and medium-term programs have not been affected by the lack of a Board quorum, and those businesses are largely intact). Once EXIM is able to approve long-term transactions (i.e., transactions with tenors of 7 years or more, and for amounts of more than \$10 million, agency leadership should strive to maintain stability in operations in order to revive market confidence in EXIM's sustainability as a competitive source of financing for U.S. exports.

Delegated Authority approval maximums without Board quorum**Short-term Insurance (less than one year repayment terms)**

a. Sovereign PSOR	\$35,000,000
b. Financial Institution PSOR	\$25,000,000
c. Private Company PSOR	\$10,000,000

Medium-term insurance and guarantees

a. All PSOR types (up to 5-year repayment terms)	\$10,000,000
b. Medical Technologies Special Initiative (up to 7-year repayment terms)	\$10,000,000
c. Renewable Energy Special Initiative (up to 18-year repayment terms)	\$10,000,000

Working Capital Guarantee Program	\$10,000,000
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- **Riskier markets, riskier transactions:** As the global credit markets have recovered from the 2008 banking crisis and subsequent recession, private-sector capital is returning to the credit markets, and bank financing is more easily obtained by all but the bottom quartile of risk-rated borrowers. As a result, EXIM will be tapped to resume lending to riskier borrowers in riskier markets, much more in keeping with EXIM's historical risk profile.
- **More – and more strategic – outreach:** In the next two fiscal years, the Office of Export Finance will be conducting much more targeted and consistent outreach to U.S. exporters, and particularly small businesses, to increase the number of transactions from exporters that have benefited from EXIM financing in the past, and also to increase the number of new-to-EXIM exporters.

ACTION ITEMS

There are no immediate action items.



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: James Burrows, SVP, Small Business
SUBJECT: Digital Business Development

BACKGROUND

In the EXIM Charter of 2015, Congress mandates that an increase from 20% to 25% of EXIM authorizations be used to finance exports by U.S. small businesses. This is a significant increase from previous years. One strategy that EXIM is pursuing to meet this new requirement is to significantly increase the number of small business exporters that utilize EXIM products. Since EXIM does not compete with the private sector, the best tactic is to scale awareness of EXIM resources to spur increased origination of qualified leads. The Digital Business Development initiative, in the Office of Small Business, has implemented tactics to identify, reach, educate, and qualify small business decision makers for distribution to regional offices. Continued support in the form of a dedicated budget and organizational commitment to small business outreach are essential to ensure EXIM originates enough new customers to grow the small business portfolio.

KEY ISSUES

To ensure Digital Business Development continues to grow EXIM's small business authorizations, the following key issues should be considered:

- **Test and learn:** Although we have documented successes so far, digital outreach being used by a federal agency in this manner is uncharted territory. Therefore, we use an adaptable test and learn model focused on maximizing leads to sales.
- **Content strategy:** Digital lead generation is based on the idea that we create content that small business decision makers will find useful, and manage how and when they see that content to help in the decision making process.

- **Leads to sales:** In order to meet and exceed the small business mandate, Bank outreach efforts must be done in a way that produces qualified leads for regional directors. The Digital Business Development initiative is focused entirely on creating and converting leads.
- **Targeting business decision makers:** Although EXIM has many stakeholders, only business decision makers can access EXIM products. Therefore, Digital Business Development is focused on targeting, identifying, and closing small business decision maker leads.

ACTION ITEMS

To support Digital Business Development, the following items should be acted upon:

- **Continued organizational commitment to the small business mandate:** Meeting the mandate means identifying actions that can be scaled to generate qualified leads that convert to small business authorizations.
- **Continued budget:** The accelerator pedal for awareness activities that creates qualified leads is budget. The Digital Business Development budget needs to be reallocated each year.
- **Continued Contact Center support:** To include staffing and technology upgrades (8:00 AM to 8:00 PM hours of operation, to include voice, email and live online chat capabilities).



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: Bob Morin, SVP, Business and Product Development
SUBJECT: New Business and Product Development

BUSINESS DEVELOPMENT - BACKGROUND

With respect to business development, historically, EXIM has taken the position that its business is “demand driven” (i.e., EXIM only considered transactions that its “customers” (exporters, foreign buyers and financial institutions) brought to EXIM. If EXIM truly believed this and/or if this was entirely true, there would be no need for EXIM to engage in any business development activities.

However, this is not entirely true and therefore, more recently, EXIM has appropriately put an increased emphasis on business development in terms of (i) increasing awareness of EXIM, and (ii) educating existing and other U.S. exporters (and existing and other foreign buyers) about EXIM, its products and how EXIM’s products can most effectively be used (i.e., EXIM’s “value proposition” to exporters and foreign buyers).

BUSINESS DEVELOPMENT - KEY ISSUES

One key issue with respect to EXIM’s business development activities is how they should be organized and coordinated. Business development is currently undertaken by (i) the Office of the Chairman and the other members of the Board of Directors, (ii) the SVP-Business and Product Development, (iii) the lending divisions within the Export Finance Division, (iv) the Global Business Development Division, and (v) the regional offices (but currently only with respect to small business (as defined by the Small Business Administration (“SBA”))).

Although EXIM supports all types of U.S. exports, another key issue with respect to EXIM’s business development activities is where they should be targeted. Set forth below are several non-mutually exclusive approaches to business development:

1. Focus on “mid-sized companies” (i.e., companies that are too large to qualify as a “small business”, but too small to attract the attention of, and have access to financing solutions provided by, private sector commercial financiers), which is a market that appears to have fallen “between the cracks” in terms of EXIM’s targeted business development outreach efforts to new to EXIM exporters, which has been focused almost exclusively on small businesses due to the Congressional mandate that a specified percentage of EXIM’s authorizations be for “small businesses”;
2. Focus on opportunities where the U.S. exporter (either an existing or potential EXIM customer) is actively involved in a large sales campaign against foreign competition or where there is a lack of commercial financing;
3. Focus on those industries and products where the U.S. has, or is expected to have, a “competitive advantage” (e.g., battery storage technology, security and threat detection technology, satellite and space related technology, information and communication technology, etc.), however this may require EXIM to adjust its risk appetite so as to accept some technology risk;
4. Focus on *weaker credits in strong markets* (e.g., those countries and sectors assigned a budget cost level 4 or better (“investment grade”)), and the *better credits in large weaker markets* (e.g., those countries and sectors assigned a budget cost level 5, 6, 7 or, in some special cases, budget cost level 8 (“speculative”));
5. Focus on countries that are in closer proximity to the U.S., such as countries in Latin America, which may reduce the cost disadvantage of having to ship goods long distances on U.S. flagged vessels due to Public Resolution 17 of the 73rd Congress (“MARAD Requirement”).

Finally, any business development plan should take into account and be supportive of EXIM’s three Congressional mandates, i.e., to support (i) small and minority owned businesses, (ii) exports to Sub-Saharan Africa, and (iii) renewable energy related exports.

PRODUCT DEVELOPMENT - BACKGROUND

With respect to product development/product improvement, historically, EXIM has been at the forefront of product innovation among export credit agencies. This is because EXIM has taken seriously its Congressional mandate to ensure that its programs and products are fully competitive with those of other major official export credit agencies. One recent example of a successful new product innovation is the development, and implementation (and then expansion) of the “EXIM Guaranteed Bond” product, which is generally viewed as a huge success (and one which other export credit agencies are trying to replicate).

PRODUCT DEVELOPMENT - KEY ISSUES

With respect to EXIM’s product development and product improvement activities, it should be noted that due to some of the constraints U.S. exporters frequently operate under (e.g., EXIM’s U.S. content rules, MARAD’s U.S. shipping requirements, lower life cycle costs, but higher up-front

acquisition costs), EXIM's financing products need to be *as good as, if not better than*, the financing products offered by competing export credit agencies.

Accordingly, EXIM should continue (i) to expand existing, and open up new diversified, sources of competitive funding for EXIM guaranteed financings, (ii) to explore ways to make its existing financing products and processes more attractive to foreign buyers, (iii) to explore improvements to its foreign currency guarantee program, (iv) to expand its use of co-financing, reinsurance and other structures that take into account the use of global supply chains by U.S. exporters and/or reduce EXIM's net exposure to the foreign borrower, and (v) to explore taking on only those risks that EXIM is best suited to take (e.g., construction period risk in project finance transactions, and the later maturities in corporate credit and aircraft finance transactions).

PRODUCT DEVELOPMENT - ACTION ITEMS

As a complement to EXIM Bank's very effective business development efforts with respect to "small businesses", develop and implement an overall business development plan for mid-sized businesses that focuses on, *inter alia*, companies with annual sales of \$250 million or less that do not qualify as a small business.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Jim Cruse, SVP, Policy and Planning

SUBJECT: Private Export Funding Corporation (PEFCO)

BACKGROUND

PEFCO is a private company, conceived in 1970 and operated since then, for the purpose of maximizing the availability, and minimizing the cost, of official medium- and long-term (MLT) export funding (a public mission). PEFCO provides funding for guarantees issued by EXIM. It does no underwriting and takes no credit risk. Since its inception, PEFCO (working with EXIM) has evolved into being a useful policy tool to support U.S. exports and related U.S. jobs by complementing commercial sources of export credit financing. Moreover, during periods of financial stress, PEFCO is invaluable as an emergency, if limited, source of liquidity for the medium- and long-term export finance business.

All individual cases with PEFCO as the originating source of fixed-rate funding go to Board; all PEFCO operating and lending aspects are governed by Standard Operating Procedures (the SOPs) generated every 2 to 4 years and monitored by EXIM; the basic relationship between EXIM and PEFCO is based on a 25-year agreement, the PEFCO charter.

KEY ISSUES

While there is a continuing stream of micro technical issues involving decisions as to how best to use PEFCO given the economic and financial situation of the times, the EXIM administration taking office in 2017 will be responsible for deciding the existential issue of whether to continue PEFCO. The 25-year charter expires on December 31, 2020; given the time necessary for the market to react to any changes in the charter and the current legislative end of EXIM authority in 2019, a decision needs to be made by 2019 as to whether the charter should be renewed early to reduce uncertainty.

ACTION ITEMS

Items that will need to be dealt with include:

1. **New SOPs:** PEFCO's current SOPs have no expiration date, but the export finance environment is changing enough to merit a review and revision of the current SOPs. *Deadline: First Quarter, 2017.*
2. **Renewal of PEFCO's Charter:** PEFCO's current charter is in effect until December 31, 2020. PEFCO's charters are typically for a 25-year term. Because of multi-agency involvement in PEFCO's creation, it would be very difficult to recreate PEFCO if its charter were to lapse. *Deadline: December 31, 2020.*



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: David Sena, SVP, Chief Financial Officer

SUBJECT: Portfolio Snapshot

BACKGROUND

EXIM Bank's total exposure has declined from \$102.2 billion at the end of FY 2015 to \$87.3 billion as of the end of FY 2016. Overall, the portfolio credit risk level has slightly increased from a weighted average Budget Cost Level (BCL) of 3.93 as of September 30, 2015, to 4.06 at the end of September 2016, which is approximately equivalent to a Standard and Poor's BBB- rating. The exposure breakout is:

Product (in millions)	FY 2016	Percent of Total	FY 2015	Percent of Total
Outstanding Guarantees	\$54,057.70	62%	\$59,810.10	59%
Outstanding Loans	23,950.60	27%	22,763.60	22%
Outstanding Insurance	1,115.80	1%	1,685.20	2%
Outstanding Claims	1,201.30	1%	1,222.30	1%
Total Outstanding	80,325.40	92%	85,481.20	84%
Undisbursed Loans	1,656.50	2%	5,999.00	6%
Undisbursed Guarantees	1,341.10	2%	6,070.10	6%
Undisbursed Insurance	3,939.40	5%	4,660.40	5%
Total Undisbursed	6,937.00	8%	16,729.50	16%
Total Exposure	\$87,262.40	100%	\$102,210.70	100%

Industry (in millions)	FY 2016	Percent of Total	FY 2015	Percent of Total
Air Transportation	\$42,062.20	48%	\$49,031.00	48%
Oil & Gas	14,331.20	16%	15,965.70	16%
Manufacturing (Other)	14,042.10	16%	16,323.90	16%
Power Projects	4,780.20	5%	5,800.70	6%
All Other	12,046.70	14%	15,089.40	15%
Total Exposure	\$87,262.40	100%	\$102,210.70	100%

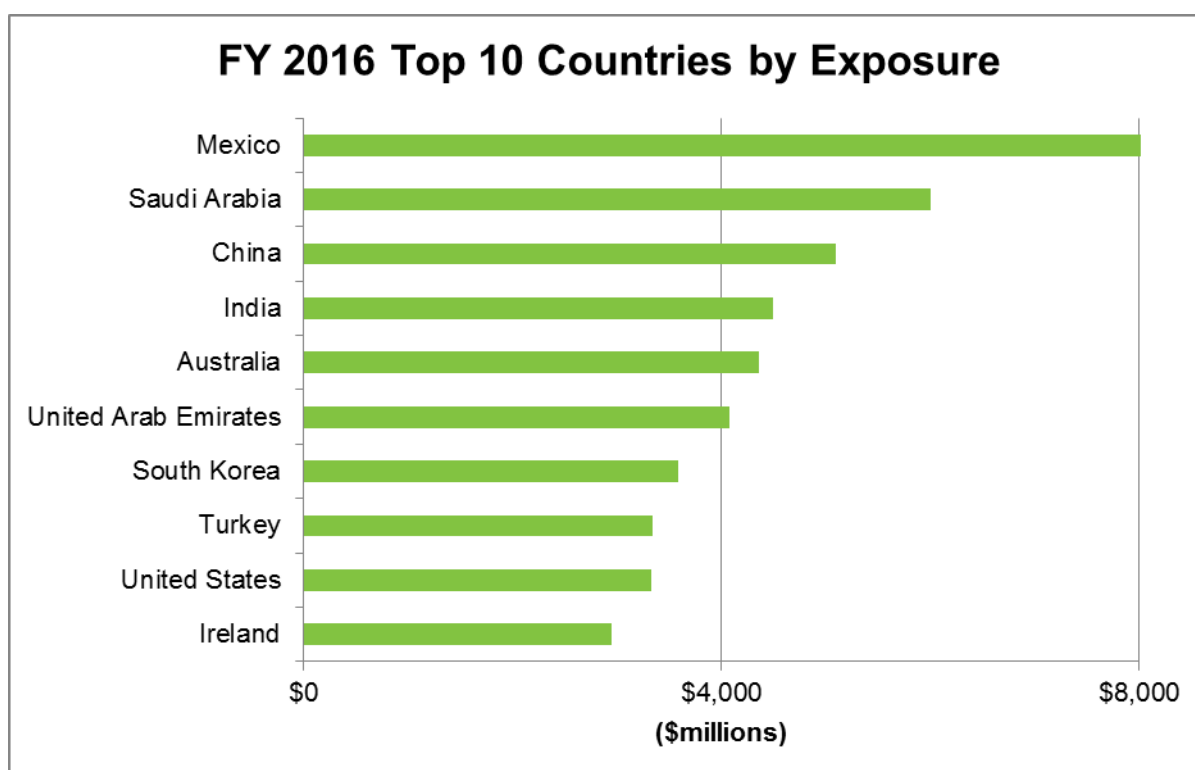
KEY ISSUES

Under its charter:

- **Maximum Outstanding:** EXIM Bank shall not have outstanding at any one time, loans, guarantees, and insurance in an aggregate amount in excess of \$135 billion.
- **Default Ratio:** If the ratio of the total amount of short, medium and long term financing that are in default on a payment obligation to the total amount of financing involved is 2 percent or more for a quarter, EXIM Bank may not exceed the amount of loans, guarantees, and insurance outstanding on the last day of that quarter until the rate calculated is less than 2 percent.

ACTION ITEMS

There are no immediate action items. As of September 30, 2016 EXIM's default rate is 0.266 percent and EXIM Bank has \$87.3 billion in exposure, which is less than the \$135 billion exposure cap. Further, during FY 2016 \$20 billion in exposure rolled off of the portfolio and \$5 billion was added through new authorizations, which led to the \$15 billion decrease in total exposure. Finally, the weighted average life remaining of the portfolio is 6.35 years.





MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: David Sena, SVP, Chief Financial Officer
SUBJECT: Portfolio Reserve Requirements

BACKGROUND

The Federal Credit Reform Act (FCRA) of 1990 requires EXIM to set aside reserves to cover expected losses of EXIM's transactions. Consistent with the FCRA EXIM uses historical loss experience and other factors in developing the expected loss factors. For new transactions EXIM compares the net present value of expected losses to the net present value of expected fees. A positive subsidy occurs when the net present value of expected losses is **greater** than the net present value of expected fees. A negative subsidy occurs when the net present value of expected losses is **less** than the net present value of expected fees. The amount of negative cost generated is the amount of offsetting collections EXIM receives upon disbursement of the transaction.

Because financial and economic factors affecting the repayment prospects change over time, the net estimated loss of loans, guarantees and insurance is re-estimated annually. This re-estimate indicates the appropriate level of funds necessary to cover expected losses. Decreases in estimated losses result in excess funds returned to the U.S. Treasury while increases in estimated losses are covered by mandatory appropriations that become automatically available through permanent and indefinite appropriations.

KEY ISSUES

In addition to the FCRA re-estimate process, EXIM's 2015 charter requires EXIM by 2019 to build to and hold in reserve, to protect against future losses, an amount that is not less than 5% of the aggregate amount of disbursed and outstanding loans, guarantees, and insurance of EXIM.

ACTION ITEMS

In FY 2016, EXIM Bank reserves were \$3.0 billion or 3.7% on all outstanding balances. These funds are set-aside to cover prudent reserve requirements covering all expected losses. On a yearly basis, these reserve requirements are audited by the Bank's external auditors, Deloitte and Touche, and the Office of the Inspector General (OIG). The Bank's external auditors and the OIG have determined that the FY 2016 reserves are reasonable and appropriate. In FY 2017, the Bank will begin to increase reserves consistent with the FY 2015 Charter requirement mandating a minimum of 5% in reserves. The effective date of this new requirement is December 2016 (one year after the date of the enactment of the Charter). In November 2016, the Bank will calculate the additional reserves requirements using the FY 2016 Financial Statements and begin funding these additional reserves.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Madolyn Phillips, Acting Chief Banking Officer

SUBJECT: Medium-Term Program - Loan Guarantees and Insurance

BACKGROUND

EXIM currently defines medium-term as a loan amount of no more than \$10 million and up to 7 year repayment terms. We offer insurance (conditional) and a loan guarantee (unconditional) as well as a delegated authority program to select lenders. Medium-term lenders are approved to operate under a bi-lateral *Master Guarantee Agreement* and submit applications through EXIM Online for individual transactions.

The December 4, 2015 Charter, Sec. 2(a) (3) proposes enhancements to the medium-term programs which the Export Finance Group is addressing through a Working Group. Exporters and lenders anticipate streamlined documentation; an adjustment to \$25 million (inflation) as well as an overall less burdensome application process.

KEY ISSUES

- MT Lender Delegated Authority program was established in 2009. Very limited utilization as lenders do not want to take cross border term risk. Transaction activity has seen \$45 million / 42 deals over the seven year period.
- MT authorizations from 2005 to 2016 were \$7.4 billion of which approximately 60 % (\$4.5 billion) resulted in real exports while the remaining \$3 billion in authorizations were cancelled or expired. 10% or \$480 million of the shipped amount resulted in claims.
- Of the claims paid, approximately 33% or \$161 million has been recovered to date.
- Many of the claims were associated with known bad actors, and the Office of Inspector General proved to be a good partner in convicting a number of these bad actors. In 2006, the agency's willingness to confront fraud resulted in more applications being declined or withdrawn.

- In 2010, reorganization combined the underwriting and diligence under one division; increased IDA limits, and disbanded the existing Credit Committee. Results were faster processing times medium-term applications of between 30-60 days with higher risk cases taking 90 days.
- Better diligence and willingness to confront fraud resulted in a sharp decline in authorizations. 2014 was the last complete year of operations during which medium-term authorizations were \$326 million and of that, \$304 funded with \$1.4 million reported as claims.
- The medium-term program has been breakeven since 2010.
- In FY2014, an increase in the MT exposure fee caused a decrease in authorizations.
- The program is based largely on capex needs and is affected by economics such as exchange rates (dollar is relatively strong right now so demand is weaker) fluctuations.
- In 2016, a multi-divisional task force was formed to explore the 2015 Charter requirement to raise the limit of the medium-term program to \$25 million.

ACTION ITEMS

- **Reauthorization 54002a:** On November 3, 2016, Trade Finance Division presented an update on this initiative to the Executive Working Committee ("EWC"). The EWC authorized staff to approach external stakeholders and seek feedback and recommendations on how EXIM might move forward with the new Charter language. Staff is taking action and will update EWC in due course. Outreach commenced on November 16, 2016.
- **Board Action and Change:** Present changes to Board for vote on proposed changes.
- **Implement changes:** Roll out changes to the medium-term programs in 2017.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Madolyn Phillips, Acting Chief Banking Officer

SUBJECT: Transportation Portfolio

BACKGROUND

The Transportation Portfolio consists of EXIM supported financing of large commercial aircraft, business aircraft, helicopters, installed and spare engines, as well as locomotives, rail cars and other rail-related equipment. Major U.S. exporters of transportation equipment, whose exports EXIM supports, include:

- AgustaWestland (helicopters);
- Electro-Motive Diesel (a locomotive manufacturing subsidiary of Caterpillar);
- General Electric (jet engines and locomotives);
- Gulfstream (business jets);
- National Railway Equipment Company;
- Sikorsky (recently acquired by Lockheed Martin);
- Textron Aviation (which includes Cessna, Bell, and Beechcraft);
- The Boeing Company (commercial aircraft);
- United Technologies; and
- Various rail car manufacturers.

KEY ISSUES

U.S. aviation exporters experience intense competition from foreign manufacturers that receive financing support from their respective Export Credit Agencies ("ECAs"). The European ECAs are strong supporters of Airbus, Export Development Canada is a strong supporter of Bombardier, and BNDES is a strong supporter of Embraer. An emerging Chinese aircraft manufacturer named Comac receives strong support from the sovereign Chinese policy banks, which provide liberal financing terms that are not subject to the OECD rules that govern EXIM's financing terms.

Although 48% of EXIM's current exposure of \$87.3 billion (as of September 30, 2016) consists of financing in support of air transportation equipment, the air transportation portfolio is well diversified, with borrowers on six continents, and consists of the following types of companies:

- Airlines such as global network carriers, regional network carriers, government-owned legacy airlines, private sector low cost carriers, charter airlines and cargo carriers;
- Non-airline borrowers such as aircraft operating lessors;
- Helicopter lessors and operators; and
- Private sector corporations that purchase business aircraft and general aviation aircraft.

Transactions in the air transportation portfolio are secured, and are structured to minimize risk of loss. It should be noted that:

- EXIM financing is based on the "net-net" price of the aircraft (i.e., net of all discounts to the airline), rather than based on the appraised value or market value, thereby ensuring that EXIM's collateral position at the start of each financing is as good as it can be for that aircraft;
- EXIM financing is limited to 85% of the "net-net" price of the aircraft;
- Because the repayment term is limited to twelve years, EXIM financing amortizes more quickly than the aircraft asset depreciates, thereby ensuring that the value of the aircraft will exceed the loan balance early in the twelve-year repayment term;
- Each EXIM financed aircraft for a given airline is cross-defaulted and cross-collateralized with all the other EXIM financed aircraft for that airline;
- Aircraft, helicopters, and engines are valuable, highly mobile assets that retain their value over time; and
- The value of the aircraft securing the air transportation portfolio exceeds the outstanding balances on the loans by approximately 40%.

The air transportation portfolio has performed extremely well over the past 25 years. Since 1991, EXIM has authorized approximately \$120 billion to support the export of approximately 2,000 commercial aircraft, as well as several billion dollars in additional support to finance business jets and helicopters. During this period, EXIM has lost approximately \$4 million as a result of the repossession and resale of one commercial aircraft.

As of September 30, 2016, EXIM's exposure on rail-related transactions was approximately \$809.6 million (including amounts authorized by not yet disbursed), and consisted mostly of GE freight locomotives. Borrowers in the portfolio of rail-related transactions include railroads on five continents. All transactions in the rail-related portfolio are performing well.

ACTION ITEMS

None.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Angela Mariana Freyre, SVP, General Counsel

SUBJECT: Delegated Authority

BACKGROUND

EXIM's Board of Directors has delegated to certain Bank staff (as set forth in the 2010 Individual Delegated Authority Resolution (the "IDA Resolution")) the authority to approve individual loan guarantees and direct loans (medium- and long-term) of up to \$10 million. Therefore, any long-term loan guarantee or direct loan above \$10 million requires Board approval. Since the medium-term program is currently capped at \$10 million, no medium-term loans or insurance policies are subject to Board approval. (Note that the Board's delegated authority referenced throughout this document excludes EXIM's exposure fees or premiums).

For working capital finance (which is short-term), the Board has delegated to Bank staff the authority to approve individual working capital guarantees of up to \$10 million. However, if financing is provided through the Fast Track System, the Board delegated authority to staff to approve working capital guarantees of up to \$25 million for a select group of EXIM-approved private sector lenders. In addition, EXIM, with board approval, has delegated to outside lenders the authority to approve working capital loans at various levels up to \$20 million.

For EXIM's short-term insurance products, the Board's delegation of authority is subject to certain transaction-specific limitations and exceptions. [The IDA Resolution grants approval authority of (i) up to \$35,000,000 for Short Term Single Buyer Insurance Policies for which the PSOR is a sovereign entity and (ii) up to \$25,000,000 of cumulative exposure for non-sovereign financial institutions.

KEY ISSUES

None.

ACTION ITEMS

The IDA Resolution is being revised to reflect changes required by the Export-Import Bank Reform and Reauthorization Act of 2015 (the “Act”), as well as other updates and clarifications due to the passage of time. As a result of two sections of the Act, proposed revisions to the IDA Resolution include raising the delegated authority limit for direct loans, loan guarantees, working capital guarantees, and insurance from \$10 million to \$25 million. The delegated authority limit was set at \$10,000,000 by the Board of Directors in 1992 and has not been adjusted for inflation. The revised draft is to be reviewed by the Executive Working Committee, with the final text to be considered and voted upon by the Board.

Current Delegated Authority approval maximums without Board quorum

Short-term Insurance (less than one year repayment terms)

a. Sovereign PSOR	\$35,000,000
b. Financial Institution PSOR	\$25,000,000
c. Private Company PSOR	\$10,000,000

Medium-term insurance and guarantees

a. All PSOR types (up to 5-year repayment terms)	\$10,000,000
b. Medical Technologies Special Initiative (up to 7-year repayment terms)	\$10,000,000
c. Renewable Energy Special Initiative (up to 18-year repayment terms)	\$10,000,000

Working Capital Guarantee Program	\$10,000,000
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MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Lisa Terry, SVP, Chief Ethics Officer

SUBJECT: Ethics Program Management

BACKGROUND

The newly created Office of Ethics (OOE) was mandated by Congress in the Export-Import Bank Reform and Reauthorization Act of 2015. It is headed by a Chief Ethics Officer and has jurisdiction over all employees of, and ethics matters relating to, the Bank. The Chief Ethics Officer oversees the following components of EXIM Ethics processes:

- **Presidentially Appointed, Senate Confirmed (PAS) Vetting:** PAS positions. Working with the nominee, White House, and Office of Government Ethics (OGE) on financial disclosure, ethics agreements, and other documentation with the nomination. Nominee is subject to Senate confirmation.
- **Financial Disclosure Review:** The OOE reviews the following financial disclosures annually:
 - Public Disclosures (OGE Form 278) annually, with 32 currently.
 - Transaction Reports (form 278;T)
 - Six PAS (5 Board members and the Inspector General) and Designated Agency Ethics Official (DAEO) Form 278
 - Confidential Financial Disclosures (450s), with approximately 240 currently
 - All employees above GS-11 (some exceptions from HR and CFO) must complete a financial disclosure form upon entrance on duty, file termination form 278 upon leaving EXIM. Requires review of financial disclosures for accuracy (comparing previous years) and conflicts with entities that do business with EXIM, and certification by Alternate DAEO. OOE provides conflicts notice to employees if necessary.
- **Financial Disclosure Management:** The OOE manages different components of the financial disclosure process, including:
 - Two different electronic systems - *FDOnline* for Staff; OGE *Integrity* for PAS and DAEO
 - Draft waivers, if necessary
 - Board conflicts throughout the year and before Board meetings
- **Ethics Training:** Above and beyond federal guidelines: mandatory in-person annual training for all employees and initial ethics orientation for all new hires.

- **Ethics Questions:** Gifts, events, and travel advice including through ethicsadvice@exim.gov
- **Outside Employment:** Annual recertification is required for all maintaining outside employment
- **Post-Employment:** Advising exiting and former employees and on potential conflicts
- **Hatch Act:** Advising on political activity
- **Office of the Inspector General:** Liaison on ethics related personnel matters
- **Audit by the Office of Government Ethics:** currently in progress
- **Advisory Committee:** Ethics briefings for members
- **Sponsored Travel:** EXIM has unique authority to accept transaction related travel as well as 1353 (conference) travel from outside entities which must be approved by Ethics team prior to travel

KEY ISSUES

Ethics is important to EXIM. It is also important to Congress as evidenced by: (1) establishment of an Office of Ethics; (2) creation of a new Chief Ethics Officer to be appointed by the President of EXIM and approved by the Board of Directors.

Thus, the Office of Ethics was created and Lisa Terry was selected as the Chief Ethics Officer effective October 3rd, 2016.

ACTION ITEMS

- Board of Directors to approve appointment of Lisa Terry as Chief Ethics Officer.
- New PAS and Schedule C appointees must receive ethics briefing within 15 days of appointment.

Key Issue Briefers

EXIM Administrative



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: David Sena, SVP, Chief Financial Officer
SUBJECT: Risk Management Committee

BACKGROUND

In December 2015, EXIM established a Risk Management Committee (RMC). The role and responsibility of the Risk Management Committee corresponds to EXIM's Charter requirements. The RMC oversees in conjunction with the OCFO the periodic stress testing of the entire Bank portfolio, monitoring of portfolio and obligor exposure levels, and reviews the default rate report provided quarterly to Congress. The RMC is comprised of the members of the Board of Directors with the President and First Vice President of EXIM serving as non-voting members.

KEY ISSUES

The RMC meets quarterly to review EXIM's portfolio exposure, industry risk and regional risk reports, and EXIM default report. Quarterly meetings occur approximately 5 weeks after the end of each quarter. EXIM has held four RMC meetings corresponding four quarters in Fiscal Year 2016. The next RMC is schedule for February 2017.

ACTION ITEMS

The Charter requires that the membership of the Risk Management Committee shall be members of the Board of Directors, with the President and First Vice President of the Bank serving as ex officio members. With the Board of Directors consisting of the President and First Vice President, the ex officio members have overseen the first four quarterly reviews. The confirmation of additional members of the Board of Directors will require their inclusion into the Risk Management Committee.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Matthew Bevens, Deputy Chief of Staff

SUBJECT: Advisory Committees

BACKGROUND

EXIM has two charter-mandated Advisory Committees, the EXIM Bank Advisory Committee and the EXIM Bank Sub-Saharan Africa Advisory Committee. The membership of both committees is approved. Both committees are chartered in accordance with and adhere to the requirements established by the Federal Advisory Committee Act. Both committees have Designated Federal Officers, currently in the Director of External Outreach and another External Affairs officer, that coordinate closely with the Chairman's Office on the committees' meetings and their agendas.

KEY ISSUES

EXIM Bank Advisory Committee

The Committee's duties focus on two primary functions:

1. Making specific recommendations to the Board of Directors of EXIM on how EXIM can improve its loan, guarantee, and insurance programs to increase U.S. exports and thereby create jobs. Every year, as the Advisory Committee's charter states, the Committee shall submit a written report to the Board containing its recommendations.
2. As required by Section 3(d)(4) of EXIM's charter, the Committee shall prepare and submit to EXIM its comments on the extent to which EXIM is meeting its mandate to provide competitive financing to expand United States exports, and any suggestions for improvements in this regard. The Committee's comments are always included in EXIM's annual competitiveness report to Congress.

The charter also lays out some membership requirements in terms of the stakeholder groups that need to have representatives on the EXIM Advisory Committee. The members shall be broadly representative of small business (at least 3 members) environment (at least 2 members), production, commerce, finance, agriculture, labor (at least 2 members), services, State government,

and the textile industry (at least 1 member). The charter also requires an Advisory Committee meeting at least every quarter.

Sub-Saharan Africa Advisory Committee (SSAAC)

The SSAAC is charter-prescribed and its charter outlines its mission as advising the Board of Directors on how EXIM can facilitate greater support by U.S. commercial banks for trade with sub-Saharan Africa. The SSAAC's charter (which was last updated in 2012) states that the Committee shall submit a written report to the Board of its suggested improvements. The 2012 SSAAC charter states that the SSAAC shall meet at least twice a year.

The SSAAC has not been constituted since 2014. The 2015 EXIM charter included the requirement for the SSAAC in section 2(b)(9)(B)(i).

ACTION ITEMS

- If the FY 2017 Committees are not yet formed, begin identifying members and begin the process of accepting applications for membership. If they are already formed, senior political staff should connect with the Chairs of each committee and learn about their priorities.
- If an Advisory Committee is formed, staff should also begin working as soon as possible with the Advisory Committee Chair on the Committee's comments that are included in EXIM's annual Report to U.S. Congress on Global Export Credit Competition. The report is due to Congress by June 30 every year.



MEMORANDUM

DATE: November 16, 2016
TO: Incoming EXIM Leadership
FROM: Charles J. Hall, EVP, Chief Operating Officer
SUBJECT: FTE Staffing Plan and Succession Planning

BACKGROUND

The president of EXIM authorizes a staffing plan based on a proposal from the EVP/COO which is constructed taking into account both budgetary and operational considerations. A new staffing plan will be presented to the president of EXIM for authorization when changed budgetary and/or operational circumstances warrant. There is no fixed timetable for the authorization of a Bank staffing plan.

Once the staffing plan has been authorized by the president of EXIM, the EVP/COO approves recruitments requested by the senior vice presidents for new positions as well as for backfills of vacancies in existing positions. The Division of Human Capital maintains a SharePoint system for this process, and will not proceed with recruitment for a position without EVP/COO approval.

The most recent Bank staffing plan and recruitment update is attached to this briefing note.

KEY ISSUES

- **Budgetary considerations:** The staffing plan provides for a total number of FTE positions which can be supported by EXIM's current administrative budget appropriation. Vacancies in the staffing plan during the fiscal year result in "savings" which may be applied to special projects, such as information technology upgrades. Roughly 70% of EXIM's administrative budget comprises compensation and benefits.
- **Operational considerations:** Anticipated changes in Bank authorizations are taken into account when drafting the staffing plan and also when approving positions for recruitment. Adjustments to the plan are made by denying the backfill of vacancies and transferring the position to another office/division in EXIM.

- **Succession planning:** In order to formalize succession planning at EXIM, in recent years a number of deputy positions have been created for senior vice presidents: deputy chief banking officer, deputy general counsel, and deputy chief financial officer. In addition, the title deputy vice president has been initiated and increasingly used within divisions to formalize succession planning at that level.

ACTION ITEMS

There are several key upper management positions that need to be filled:

- Chief Human Capital Officer / VP Division of Human Capital (candidates under review)
- VP Customer and Business Solutions (candidates under review)
- VP Communications (candidates under review)
- Chief Acquisition Officer (reposting pending)

See attached table for EXIM staffing overview.

EXIM Staffing Overview				
October 31, 2016		Authorized		Currently
Office	Division	FTEs		Onboard
CHIEF BANKING OFFICER		150		
Export Finance		96	4	2
	Transportation		11	9
	Structured/Project Finance		16	16
	Business Development		7	6
	Trade Finance		25	23
	Trade Credit Insurance		21	19
	Business Credit		12	12
Small Business		54	24	20
	Regional Offices		30	29
CHIEF OPERATING OFFICER		275		
Chief Financial Officer		97	9	8
	Treasurer		14	14
	Controller		20	15
	Asset Management		45	41
	Transportation Portfolio		9	7
General Counsel		40	9	9
	Transportation		4	3
	Structured/Project Finance		9	8
	Small Business/Trade Fin		6	6
Chief Ethics Officer	Admin Law / Chief Ethics Officer		7	5
	Policy/Litigation		5	5
Chief Risk Officer		38	2	2
Credit and Risk Management	Engineering/Environment		15	13
	Country Risk		8	8
	Credit Policy		7	7
	Credit Review		6	5
Innovation and Performance		25	1	1
	Customer & Business Solutions		3	2
	Operations		21	21
Information Mgmt & Technology		31	31	27
Resource Management		43	1	1
	Human Capital		17	14
	Library		4	2
	Security		2	1
	Facilities		4	4
	Admin/Travel Services		6	6
	Contracting Services		9	7
CHIEF OF STAFF		53		
Policy and Planning		19	4	4
	Policy Analysis		8	8
	International Relations		7	6
Congressional Relations		7	7	5
Communications		15	15	14
Chairman / Board (not incl 5 PAS)		13	9	9
	Board Assistants		4	0
			Authorized	Onboard
FTE Total Staff			478	424



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Charles J. Hall, EVP, Chief Operating Officer

SUBJECT: Employee Engagement and Tier One Initiative

BACKGROUND

EXIM's 2013 – 2017 Strategic Plan includes four Strategic Goals, including -

"GOAL 4: CREATE AN ENVIRONMENT THAT FOSTERS HIGH PERFORMANCE AND INNOVATION. EXIM considers its most important resource to be the dedicated and innovative staff it employs. EXIM competes with the private sector and other federal agencies for talent, and must therefore ensure that EXIM is a top option for potential employees. In this effort to both obtain and retain talent, EXIM must proactively revise certain processes, while at the same time it must effectively communicate with staff on all changes taking place."

In support of this Strategic Goal, during 2015 and 2016 one of EXIM's five operating priorities (attached) has been to "MAKE EXIM A TIER 1 PLACE TO WORK." This operating priority has been communicated repeatedly to staff, and has formed the basis for a number of initiatives carried out over the past two years, highlighted below.

KEY ISSUES

Initiatives taken by Bank management in the past 2 years in support of the Tier One Place to Work operating priority include:

- **Internal recruitment announcements:** The Division of Human Capital (DHC) issues all hands email announcements of all recruitment actions in order to bring hiring opportunities to the attention of current employees.
- **Upward Mobility program:** This program has been reactivated, after several years of dormancy. To encourage managers to sponsor an Upward Mobility position, EXIM has adopted the policy of

reallocating the FTE slot to the receiving division. This means that it is not necessary to have an open existing position to sponsor an Upward Mobility candidate.

- **Rotation program:** Similarly, EXIM has reactivated an internal rotation program, and is investigating opportunities for interagency rotation opportunities (beyond those provided for in the PMF program).
- **Excellence in Government program:** EXIM has participated in three recent cohorts of the EIG program conducted by the Partnership for Public Service, and management intends to continue to solicit applications for future cohorts.
- **Teambuilding:** The Partnership for Public Service also offers offsite teambuilding training for existing teams, and EXIM has funded participation in this program.
- **Leadership and management training:** EXIM has executed several contracts with the Center for Creative Leadership in recent years, aimed at providing leadership training for managers. The most recent program comprised 4 offsite days spread over six months for 3 cohorts of managers extending from the Chairman through SVPs and VPs and including deputy VPs and director-level managers. A total of 109 managers participated in this extensive program, fully 25% of total Bank staff.
- **All hands brown bag lunches:** Beginning in April 2015, in the lead-up to the lapse in EXIM's full authority, the Chief Operating Officer and the Chief of Staff conducted a series of all-hands brown bag lunch "conversations" aimed at opening channels of communication within EXIM. These sessions were initially monthly, were increased to weekly during the 5 months of the lapse in full authority, and reverted to monthly following reauthorization in December 2015. As of November 2016, a total of 33 such all hands events have taken place, during which employees may participate in person or by webinar and are encouraged to ask questions or make comments on any subject of concern to them.
- **EXIM Leadership Initiative:** Begun with the support of the Diversity Council, the EXIM Leadership Initiative is an employee-driven effort aimed at organizing events where employees can learn from each other and discuss matters of mutual interest outside a framework established by management.

Initiatives under consideration which new senior leadership may want to implement include:

- **Roosevelt Awards:** Named for Theodore Roosevelt (founder of the US Civil Service) and Franklin Roosevelt (founder of EXIM), this would be a new series of employee recognition awards to be presented annually.
- **Employee newsletter:** One of the most frequently-mentioned suggestions in employee roundtables has been to establish a monthly employee newsletter to introduce new employees, announce promotions and publicize positive events and developments.

ACTION ITEMS

There are no immediate action items.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Caroline L. Scullin, SVP, Communications

SUBJECT: EXIM Annual Conference – April 6-7, 2017

BACKGROUND

EXIM hosts its Annual Conference each spring, which serves as EXIM's marquee event. The two-day conference attracts more than 1,100 participants consisting of exporters, business leaders, policy-makers, foreign investors, foreign trade partners, financial institutions, government officials and the media. The program is comprised of a main stage component, consisting of plenaries, keynote addresses and one-on-one interviews, as well as break-out sessions on a range of topics. During the conference, EXIM and external groups also host business meetings and networking events.

KEY ISSUES

- **Venue Selection:** Due to the lapse in 2015, EXIM had to rebid service for a hotel venue to host the Annual Conference. A Request for Quote (RFQ) was issued by the Contracts Division in October 2016 for local hotels within a 3-5 mile radius from EXIM. The Omni Shoreham Hotel submitted a proposal and was selected. As part of the selection, EXIM pursued a five year contract with a base year and four option years.
- **Conference Planner Selection:** EXIM has contracted with CMP, a prior vendor, to provide conference and trade show planning services for the 2017 annual conference. Given the aggressive planning timeline, the Contracting Division issued a Limited Source Justification to secure a planner. They contacted CMP and received their proposal. Communications has received budget approval from the CFO's office to finalize the contract and they are working with the Contracting Division to retain CMP for the 2017 Annual Conference. EXIM will issue a Request for Quote (RFQ) for vendor services in spring 2017. Moving forward, EXIM will pursue a five year contract with a base year and four option years.

- **Conference Format:** The Office of Communications recommends a change to the conference format due to a presidential transition year. The Chairman's office plays an important role in working with Communications to secure high-level speakers, including Fortune 500 chief executive officers, entrepreneurs and Administration officials, for a "main stage" schedule. With a new Administration and transition, the Communications team may not have the same level of support for the 2017 Conference planning. Communications recommends hosting two days of main stage programming and two days of break-out sessions, organized with the support of EXIM divisions. The second day will focus more heavily on the break-out sessions, which will be smaller, with 100-200 participants, cover specific topics, and speakers will be subject matter experts.
- **Conference Budget and Funding:** The EXIM Annual Conference is a self-funding event. It has an OMB mandated spending limit of \$500,000, conference fees cover the majority, if not all, of the costs associated with the conference. Occasionally, the conference fees generate a budget surplus. The Office of Communications recommends a marginal increasing in conference fees to cover rising venue and vendor costs as well as to continue to operate within the mandated spending limit.

ACTION ITEMS/DEADLINES:

- **Hotel:** The venue has been selected. The conference will be held at the Omni Shoreham Hotel in Washington, DC. The Office of Contracting has finalized the agreement with the hotel.
- **Planner:** Work with the Contracts Division to select the conference planner. *Complete: CMP contracted.*
- **Invites:** Chairman's office sent the first round of invite letters to main stage speakers on November 1st. Communications will coordinate with the Chairman's office to send out the second round of invite letters to main stage speakers. *Deadline: Week of November 28, 2016.*
- **Open Registration:** Communications to work with conference planner to open registration by December 1 and close early bird registration by February 24.
- **Speakers:** Select and confirm all speakers for the main stage and break-out sessions. *Deadline: March 24, 2017.*
- **Materials:** Send all conference collateral and materials to the printer. *Deadline: March 24, 2017.*



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Caroline L. Scullin, SVP, Communications

SUBJECT: FY 2016 Annual Report / CY 2016 Competitiveness Report

BACKGROUND

Annual Report: The annual report highlights EXIM's authorizations and financials at the close of the fiscal year, September 30. This report also includes an overview of EXIM's business outreach and other activities that are required by EXIM's charter (authorizing legislation). The annual report is produced in the fall and typically is provided to Congress in printed copies and posted online in January. The FY 2016 Annual Report is presently in production, on an expedited schedule to be prepared by the end of the calendar year. Sample production assignments/schedules from two previous years are included with this memo.

Competitiveness Report: The calendar year (CY) 2016 Competitiveness Report compares the programs and financing levels of EXIM with other export-credit agencies (ECAs) around the world. This report is required to be submitted to Congress by June 30 of each year. EXIM's Office of Policy and Planning researches and produces the content. EXIM's Advisory Committee prepares an Advisory Committee statement which includes its comments on the extent to which the Bank is meeting its mandate to provide competitive financing to promote U.S. exports, and any suggestions for improvements. The Office of Communications coordinates the professional design of the report and the online posting. The CY 2016 Competitiveness Report will be produced in the spring of 2017 in coordination with the Office of Policy and Planning and the Advisory Committee.

KEY ISSUES (FY 2016 Annual Report):

- **Additional Content for MD&A:** Communications has met with the CFO's Office to discuss what content can be covered in the MD&A and what material would fit better in the narrative section. The narrative section will be shorter, featuring content required under the charter, but not be included in the MD&A. Some content cannot be covered in the analysis of the MD&A because the auditors

required extensive supporting documentation, and the data is better suited for the narrative section. Communications collected all data from the Divisions by October 31, and is currently drafting the narrative which is due to senior management for review by November 18.

- **Design:** Communications currently is working with SliceWorks, the same design firm that produced the FY 2015 Annual Report and the CY 2015 Competitiveness Report. The Contracting Office exercised an option year on the existing design contract. Communications will work with the Contracting Office to issue a new Request for Quote (RFQ) in 2017 for a creative design firm to replace SliceWorks.
- **Accelerated Production:** The chairman and the Office of Congressional Affairs have requested that the FY 2016 annual report be produced in an accelerated time frame. Printed annual reports will be delivered to EXIM and Congress in the first week of January. To accommodate the schedule, the team will need to adhere to a firm timeline, refrain from revisiting decisions previously made and keep the content and edits as succinct as possible.

KEY ISSUES (CY 2016 Competitiveness Report):

- **Design/Editorial Assistance:** There are no issues at this time. During the spring production, Communications will need to work closely with the Office of Policy and Planning to develop a production timeline, determine the design and provide editorial assistance.

ACTION ITEMS (FY 2016 Annual Report):

- **Content Placement:** Communications worked with the CFO's Office to determine the placement of required reporting. *Completed on 10/15/16.*
- **Design/Photography:** Communications worked with SliceWorks to finalize design options for the report and possible illustrative features. *Completed on November 10, 2016.*

ACTION ITEMS (CY 2016 Competitiveness Report):

- **There are no action items at this time.** The Competitiveness Report design and production schedule will be addressed with the Office of Policy and Planning beginning in February 2017. The report is due on June 30, 2017.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Erin Gulick, SVP, Congressional and Intergovernmental Affairs
Michael Cushing, SVP, Resource Management

SUBJECT: Pay Authority (e.g. Administratively Determined Pay)

BACKGROUND

Unlike many federal agencies with similar missions, EXIM is not allowed to compensate any of its employees beyond what is provided for under Title 5 for General Schedule employees. Instead, from 1992 to 2015, a rider included in EXIM's annual Congressional appropriations provided it with a limited exception for no more than 35 employees to be compensated above the General Schedule, referred to as Administratively Determined (AD) Pay Authority. EXIM's AD authority had two legislative purposes: (1) Attract and retain highly professional employees to carry out the demanding economic, financial, legal, and technical responsibilities entrusted to EXIM by Congress; and (2) Provide appropriate compensation in situations when an employee's knowledge and skills contribute to EXIM at a level beyond that payable under the General Schedule position classification system. EXIM's AD employees are among its most valuable and high-performing. Former AD employees are vice presidents and business line executives, senior loan officers, senior attorneys, a senior engineer, and the chief economist.

The provision was inadvertently removed as part of the FY16 Consolidated Appropriations Act. While some of EXIM AD Pay incumbents were moved to the General Schedule without loss of pay, 17 EXIM employees were above the General Schedule pay cap. EXIM management has continued to pursue long-term legislative remedies.

In the long-term, in order to attract and retain employees with a highly specialized skill set, EXIM will need to consider long-term legislative options, including further permanent extension of Administratively Determined Pay, inclusion as an entity covered eligible for elevated compensation

under the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), or other revisions in EXIM's charter.

KEY ISSUES

Since the FY16 appropriations, EXIM has actively pursued a legislative and administrative fix to make the 17 impacted employees whole.

- **FY2017 Appropriations:** The House and Senate Appropriations Committees support reinserting the removed AD Pay authority which was inserted into the Senate State & Foreign Ops Appropriations bill. This would be a short-term fix which would require EXIM to continually ensure is included in its annual appropriations.
- **Increase Senior Level (SL) Allocation:** EXIM's current SL allocation is 23. EXIM has requested that OMB and OPM grant 14 (with 3 below the salary cap) limited SL emergency appointments that would expire the earlier of 18 months or effective date of a legislative fix. OPM has recently indicated that it would not be willing to grant this authority, in lieu of a legislative remedy.
- **2019 Authorization:** AD pay authority is most commonly incorporated into the authorizing legislation or charter of similarly situated agencies. While the appropriations process can provide a short-term fix, ultimately, as this is an authorization, EXIM will need to pursue a more permanent fix in its next authorization.

ACTION ITEMS

- **FY2017 Appropriations:** EXIM will need to ensure that the authority for AD pay is included in full-year FY2017 which is expected in December. *Deadline: December, 2016.*
- **FY2018 Budget & FY2018 Appropriations:** EXIM will need to ensure that the President's Budget request for FY2018 and the subsequent FY2018 appropriations bills includes the requisite legislative authority for AD pay is included. *Deadline: January/February, 2017.*
- **Authorization:** EXIM will need to continue to seek a permanent fix to its pay authority challenges to ensure it can effectively compete with other agencies for talent. Over an extended period, EXIM has requested, at leadership levels, authority for pay flexibilities comparable to existing authorities available to other financial agencies with which EXIM competes for talent. OPM and OMB have not approved these requests. *Deadline: September 30, 2019.*



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: David Sena, SVP, Chief Financial Officer

SUBJECT: Office of Inspector General Recommendations and SARC

BACKGROUND

The EXIM Office of Inspector General (OIG) is an independent office within EXIM which was statutorily created in 2002 and organized in 2007. The OIG is currently headed by Deputy Inspector General, Michael McCarthy. The EXIM OIG consists of three groups: Audits, Inspections/Evaluations, and Investigations. The Audit and Inspections/Evaluations groups review Bank programs and operations. These groups make recommendations to improve EXIM's practices. The Investigations group conducts investigations related to alleged or suspected violations of law occurring in EXIM programs. The OIG has its own legal counsel.

In 2014, EXIM created a Liaison Group to assist Bank staff and the OIG during Audit and Inspections/Evaluations engagements and for close-out of recommendations. EXIM's Office of General Counsel coordinates with the Investigations group.

KEY ISSUES

- **Recommendations:** Since FY 2010, the OIG has issued 229 recommendations (72 in FY 2016 alone). As of November 1, 2016, EXIM has implemented, and the OIG has closed, 180 recommendations, submitted information to close 14 additional recommendations, and 35 remain open.
- **Semiannual Report:** The OIG is required to submit a Semiannual Report to Congress (SARC) covering the periods of October 1–March 30 and April 1–September 30 outlining the activities of the OIG during that period and the status of recommendations.

ACTION ITEMS

EXIM continues to make progress on implementing and closing out OIG recommendations. There are no immediate action items.

Historical Analysis (as of 11/01/2016)

	prior to FY2012	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	TOTAL
Recommendations Issued	19	42	27	27	42	72	0	229
Recommendations Closed	19	42	25	25	38	31	0	180
Recommendations Submitted	0	0	2	2	4	6	0	14
Outstanding Recommendations	0	0	0	0	0	35	0	35



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Howard Spira, SVP, Chief Information Officer

SUBJECT: Information Security

BACKGROUND

For any federal agency, cyber security is one of the most challenging areas within the IT portfolio. As a federal agency with “Bank” in our name and operating internationally, we attract the attention of a large cohort of bad actors. A number of initiatives are underway to enhance EXIM’s capabilities to handle a corresponding rise in threats. The Information Security Continuous Monitoring (ISCM) initiative is our key program enhancement through 2018. In 2017 we are also making a major technology transition to align with executive directives re cyber-hygiene under the auspices of the Department of Homeland Security (DHS). As the threats and defenses evolve, cyber has increasingly moved from something that was the CIO’s problem to a shared responsibility within the C-suite. At EXIM, we are giving cyber security issues increased visibility with the Chairman and senior staff, the Chief Risk officer and the Enterprise Risk Committee. Congress and OMB are taking a number of actions to empower DHS to significantly upgrade the government’s security posture. The failure to pay attention or execute in the cyber space has resulted in high-profile leadership changes in both private and public sector entities.

KEY ISSUES

- **Executive Leadership Accountability:** Trend is for increased accountability for agency executive leadership for cyber-security.
- **DHS and Transparency:** The security posture of the agency will be more transparent and in many cases directly harvested and reported by DHS – we may lose the ability to deal with issues internally before they are reported externally.
- **Convenience vs. Risk:** User desires for convenience (e.g., Limited Personal Use, telework, mobile media, etc.) and risk vectors coming into increasing conflict – agency executives in coordination with information security will have an important role in outcomes.

- **Increased Oversight Impacts:** The increasing transparency and outside oversight will likely create more pressure for absolute compliance resulting in longer development and test cycles for new and enhanced systems as well as changes in organizational behavior.
- **Growing Cyber Budget Needs:** Costs for cyber-security compliance are the fastest growing area of IMT operating budget. Shortage of admin funds will be an issue to fund this space.
- **Lack of Cyber Talent:** EXIM talent in this space is thin. We have a seasoned, experienced CISO but no bench. Demand significantly exceeds supply for cyber professionals. People with skills are going to higher grades than we have available. We are having difficulty filling open positions at the grades we have.

ACTION ITEMS

- Within two weeks of onboarding, new employees must complete information security training to maintain network access.
- At on-boarding, all new personnel to receive briefing on federal records.
- Impact of new information security requirements and funding allocation for these requirements needs to be addressed.



MEMORANDUM

DATE: November 16, 2016

TO: Incoming EXIM Leadership

FROM: Howard Spira, SVP, Chief Information Officer

SUBJECT: IMT Investment Plan

BACKGROUND

EXIM is coming up on the end of a cycle where there was significant modernization of EXIM's information systems after a period of reduced capabilities in 2010/2011. EXIM's physical infrastructure for technology was substantially replaced with state of the market equipment over the last four years. The core financial systems, the general ledger and loan servicing applications, were recently replaced as well. The remaining part of this modernization focuses on business applications involving the taking of credit applications from bank customers. The new systems will allow the submission of applications electronically. In addition to completing the modernization, the main focus of the IT function has been 1) aggressive enhancements of our new capabilities to keep them fresh and to meet evolving business needs, 2) a focus on data quality and business process management disciplines, 3) aligning and repositioning IT to a 'front-of-the-house' consultative partner to solve business problems and 4) the aggressive management of our portfolio to ensure we do not fail to keep our systems modernized.

KEY ISSUES

- **Cloud Computing Costs:** As a part of our modernization, a significant portion of our operating capabilities are commercial cloud services. These services are fully costed by their vendors and embedded in our contractual agreements. The ability to manage costs down by deferral of maintenance or other temporary reductions is reduced.
- **IT, Finance, and Procurement Functions:** The success of the IT function is increasingly intertwined with finance and procurement functions and strong teaming and execution skills are required with these groups due to the complex budget and procurement environment of IT.
- **Information Security and Customer Facing Capabilities:** A major focus of the business/IT agenda is

the creation of and improvement of customer-facing electronic interactions. We have a congressional directive in our charter to allow our customers to engage with us electronically. While exciting and positive, this requirement puts increasing pressure on our information security discipline as electronic interactions open new vectors to attack key Bank systems.

- **Talent Management:** The last two years within the IMT organization has focused on rebuilding and re-organizing the team and developing a culture of engagement with the business. Our top talent is here because they are interested in and want to be a part of EXIM's mission.
- **Unfunded Mandates:** There are a number of unfunded mandates related to data and transparency and information security. These mandates create increasing pressure on Bank resources as these requirements compete with core Bank capabilities for management attention and funding.
- **Independent Federal Agency:** As a small, independent federal agency, we maintain a full-spectrum of capabilities that adds complexity and execution challenges you would not find in the private sector. Most similar organizations in the private sector would be under some broader corporate umbrella.
- **IT Leverage:** We are relatively under-leveraged with respect to business value we can derive from IT investment. We deal with complex problems but relatively small number of transactions with which to recoup costs. We have to maintain a full set of capabilities due to our independent status that requires experienced personnel whose activity is not leveraged over a large organization.
- **IT Development Fund and Operating Costs:** Both our prior and most recent re-authorization legislation established an IT development fund to ensure IT modernization related to transaction processing systems were appropriately funded. The most recent legislation sets a funding limit up to \$20 million for this purpose. However, this funding does not cover subsequent operating costs.
- **IT Operating Budget:** A significant amount of work was done in 2016 in coordination with CFO to develop an IT operating budget that is fully funded at the beginning of the year. This dramatically simplifies and improves the coordination of IT, Procurement and CFO activity during the course of the year. The operating budget only covers the cost of running existing operations. It does not include projects or new requirements which need to have their funding identified and approved as part of their initiation process.

ACTION ITEMS

There are no immediate action items.

VI. Budget Overview

Major Budget Changes from 2009-2017

EXIM receives annual appropriations: administrative expenses, program budget (subsidy) expenses and carryover expenses. Administrative expenses are the costs to administer and service EXIM's entire credit portfolio. The program budget (subsidy) expenses are obligations to cover the estimated subsidy costs at the time loans, guarantees, and insurance are committed in cases where fees are insufficient to cover prudent reserve requirements. Carryover is a capital reserve in case of a disruption in offsetting collections due to external factors, resulting in disbursement delays.

1 – Self-Sustaining

Starting in FY 2008, EXIM has operated on a self-sustaining basis using Program revenue to administrative expenses, program budget (subsidy) expenses and carryover expenses. This authority derives from EXIM's annual appropriation language. The language states:

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.

EXIM Bank collects exposure fees and interest income from the Bank's credit program customers. From these fees, EXIM Bank first sets aside funds to maintain prudent loan loss reserves. EXIM Bank incorporates a quantitative and qualitative framework to calculate loss reserves. On a yearly basis, these reserve requirements are audited by the Bank's external auditors, Deloitte and Touche, and the Office of the Inspector General (OIG). The Bank's external auditors and the OIG have determined that the FY 2016 reserves are reasonable and appropriate. In FY 2017, the Bank will begin to increase reserves consistent with the FY 2015 Charter requirement mandating a minimum of 5% in reserves. The effective date of this requirement is December 2016 (one year after the date of enactment of the Charter). In November 2016, the Bank will calculate the additional reserves requirements using the FY 2016 Financial Statements and begin funding these additional reserves.

After setting aside prudent reserve requirements, the remaining fees are reclassified as offsetting collections. EXIM Bank uses these offsetting collections to cover operations. During FY 2016, EXIM collected \$400.8 million of receipts in excess of estimated credit losses. Out of these offsetting collections, \$106.9 million was used to fund administrative expenses and \$10.0 million will be retained and is available for obligation until September 30, 2019. During FY 2015, EXIM collected \$548.7 million of receipts in excess of estimated credit losses. Out of these offsetting collections, \$107.1 million was used to fund administrative expenses and \$10.0 million was retained and is available for obligation until September 30, 2018.

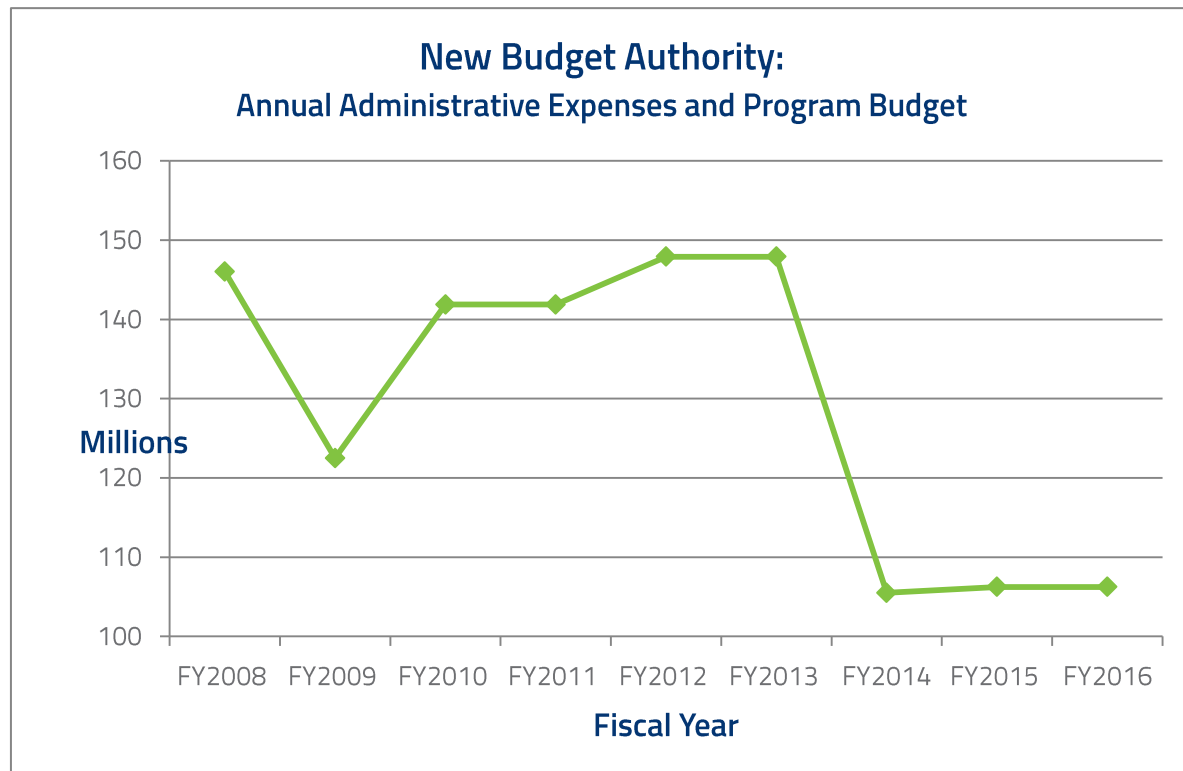
EXIM Bank Offsetting Collections		
	FY 2016 Actuals	FY 2015 Actuals
Revenue		
Offsetting Collections	(\$116.9)	(\$117.1)
Offsetting Receipts	(\$283.9)	(\$431.6)
Total Revenue	(\$400.8)	(\$548.7)
Expenses		
Administrative Expense	\$106.9	\$107.1
Subsidy Expense	-0-	-0-
Renovation Expense	-0-	-0-
Carryover	\$10.0	\$10.0
Total Expenses	\$116.9	\$117.1

After paying for operating expense, the remaining fees are reclassified as negative subsidy. EXIM is required to send this negative subsidy to the U.S. Treasury at the end of each fiscal year. During FY 2016 and FY 2015, \$283.9 million and \$431.6 million, respectively, were sent to the U.S. Treasury.

As a result of its self-sustaining status, EXIM does not rely on taxpayer resources to sustain operations. Congress continues its oversight of EXIM's budget, setting annual limits on its use of funds for program subsidy and administrative expense obligations. EXIM is able to be self-sustaining as the fees EXIM charges more than exceed the expenses of the programs. After paying all of its operating and program costs, EXIM Bank contributed a total of \$8.4 billion to the U.S. Treasury since 1992.

2 – Agency Discretionary Spending

Since FY 2008, EXIM has reduced overall expenses by 27%. As shown in the graph below, EXIM's total appropriated new budget authority for administrative expenses and program budget has decreased from \$146 million in FY 2008 to \$106.25 in FY 2016. The primary driver of this decrease is EXIM reducing program budget (subsidy) to \$0 for three consecutive fiscal years.



Budget Scoring

In FY 2017, EXIM estimates that it will collect \$299.3 million in fees in excess of expected losses. During the previous eight fiscal years (FY 2009 – FY 2016), EXIM has sent in negative subsidy to the U.S. Treasury \$3.4 billion. In FY 2017, EXIM would remain a self-sustaining agency, at no cost to the U.S. taxpayer while sending an estimated \$179.3 million in negative subsidy to the Treasury. Below is a summary of EXIM's financial activities from FY 2013 to FY 2016, as well as the projections for FY 2017.

EXIM Bank Scoring Table					
	FY 2017 President's Budget	FY 2016 Actuals	FY 2015 Actuals	FY 2014 Actuals	FY 2013 Actuals
Revenue					
Offsetting Collections	(\$120.0)	(\$116.9)	(\$117.1)	(\$125.5)	(\$197.9)
Offsetting Receipts [1]	(\$439.1)	(\$283.9)	(\$431.6)	(\$674.7)	(\$1,056.9)
Total Revenue	(\$559.1)	(\$400.8)	(\$548.7)	(\$800.2)	(\$1,254.8)
Expenses					
Administrative Expense	\$110.0	\$106.9	\$107.1	\$105.0	\$89.9
Subsidy Expense	-0-	-0-	-0-	-0-	\$58.0
Renovation Expense	-0-	-0-	-0-	\$10.5	-0-
Carryover [2]	\$10.0	\$10.0	\$10.0	\$10.0	\$50.0
Total Expenses	\$120.0	\$116.9	\$117.1	\$125.5	\$197.9
Negative Subsidy	(\$439.1)	(\$283.9)	(\$431.6)	(\$685.2)	(\$1,056.9)
Inspector General	\$5.8	\$6.0	\$5.8	\$5.1	\$4.0
Net Appropriation	(\$433.4)	(\$277.9)	(\$425.9)	(\$680.1)	(\$1,052.9)

[1] Offsetting Receipts represent EXIM Bank's earned profit after expenses and is sent to Treasury for deficit reduction.

[2] Carryover is designed as a capital reserve in case of a disruption in offsetting collections due to external factors, resulting in disbursement delays.

Funding Categories

Historically, EXIM's expenses have consisted of two major line items: administrative expenses and program budget (subsidy) expenses. All of EXIM's administrative expenses are attributed to the support of EXIM's loan, guarantee and insurance programs. Administrative expenses are not allocated to individual programs. There are three major line items under the administrative expenses budget.

- Personnel compensation and benefits
- Fixed cost such as rent, security contract and library expenses
- Discretionary costs such as Information and Technology operation and maintenance expenses, audit/risk management expenses, copy center contract, and consultant expenses

Expenditures by Administrative Expense

Compensation and Benefits represent about seventy percent of the Administrative Expense. As mentioned above, EXIM has certain fixed costs within the administrative expense line, such as rent and security contracts, meaning the primary area for budget cuts would be from compensation and benefits (personnel).

EXIM Administrative Expenses (in millions USD)	
Category	FY2017 President's Budget
Compensation and Benefits	74.1
IT (Operations and Maintenance)	15.4
Rent	8.4
Travel	2.0
Other Services	10.1
Total EXIM Expenses	110.0

Office of Inspector General	5.8
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Expenditures by Program Budget (Subsidy) Expense

The program budget (subsidy) expenses are obligations to cover the estimated subsidy costs at the time loans, guarantees, and insurance are committed in cases where fees are insufficient to cover prudent reserve requirements. Currently, all programs generate enough funds through fees and interest to cover the reserve requirement.

Since FY2009, EXIM has made a priority of reducing its program budget to zero, successfully achieving its goal by reducing it to zero in FY 2014, FY 2015, and FY2016. From FY 2014 to FY 2016, EXIM has sent \$1.4 billion in negative subsidy (savings to taxpayers) to the Treasury.

VII. Congressional Relations

The Office of Congressional and Intergovernmental Affairs (OCIA) is the primary point of contact for Congress and state and local governments at EXIM. OCIA informs and educates elected officials and their staff on how EXIM supports American jobs through the financing exports of U.S. made goods and services. In addition, OCIA responds to Congressional concerns, prepares EXIM officials for Congressional hearings, and helps elected officials to educate their constituents on EXIM financing tools through hosting local events.

Oversight Committees

- Senate Committee on Banking, Housing & Urban Affairs (Subcommittee on National Security & International Trade & Finance)
- House Financial Services Committee (Subcommittee on Monetary Policy & Trade)
- Senate Appropriations (Subcommittee on State, Foreign Operations, and Related Programs)
- House Appropriations (Subcommittee on State, Foreign Operations, and Related Programs)
- House Oversight and Government Reform Committee
- While the House Foreign Affairs & Senate Foreign Relations do not have primary jurisdiction over EXIM, EXIM has testified before these Committees

Senate Banking Committee

In the 115th Congress, due to term limits, Sen. Crapo (ID) will be taking over as Chairman, while Ranking Member Brown (OH) will maintain his position. With the election loss of Sen. Kirk (R-IL) and retirement of Sen. Vitter (R-LA), the Committee is expected to replace those Members. EXIM will need a new Republican Champion on Committee.

- **Key Republican Staff:** John O'Hara (EXIM), Gregg Richard (Crapo staff and expected to be on Committee)
- **Key Democrat Staff:** Graham Steele (EXIM), Mark Powden (Staff Director), Laura Swanson (Deputy Staff Director)

House Financial Services Committee (HFSC)

Chairman Hensarling is expected continue to chair the Committee through 2018. Rep. Fincher (TN-08) sponsored a reform bill for EXIM which had several Republican Committee members who cosponsored including: King (NY-02), Lucas (OK-03), Stivers (OH-15), Hultgren (IL-14), Wagner (MO-02). Ranking Member Waters (CA-43) and Subcommittee Ranking Member Moore (WI-04), as well as Rep. Heck (WA-10) were particularly active on EXIM, though the Democrats were generally very active on EXIM.

- **Key Republican Staff:** Brett Sisto, Anthony Chang, Drew Davidhizar, Kirsten Mork (Staff Director)
- **Key Democrat Staff:** Kirk Schwarzbach, Dan McGlinchey, Charla Ouertatani (Staff Director)

Senate Appropriations Committee

Most of the activity for EXIM takes place in the Subcommittee on State & Foreign Operations (SFOP), with Chairman Graham (SC) and Ranking Member Leahy (VT). These individuals are expected to retain these positions, though the Ranking on the full Committee could change this.

- **Key Republican Staff:** Jason Wheelock
- **Key Democrat Staff:** Janet Stormes

House Appropriations Committee

Appropriations Chair Rogers (KY) is term limited and it is unclear who will be the next Chair; Ranking Member Lowey (NY) is expected to retain her position. The SFOPs is the key focus for EXIM. The current Chair, Kay Granger (TX), may be replaced. However, Ranking Member Lowey (NY) is expected to retain this position.

- **Key Republican Staff:** Alice Hogans
- **Key Democrat Staff:** Erin Kolodjeski

Other Notable Members

EXIM has broad bipartisan support in both Chambers, in addition to those directly on the Committees of jurisdiction.

- **Senators:** Cantwell(WA), Shaheen(NH), Klobuchar(MN), Manchin(WV), Blunt(MO), Portman(OH), Murray(WA), Kaine(VA), Coons(DE)
- **Representatives:** Hoyer (MD-05), Pelosi (CA-12), Cartwright (PA-17), Kinzinger (IL-16), Newhouse (WA-04), McArthur (NJ-03), Poe (TX-02), Collins (NY-27), Reed (NY-23), Sessions (TX-32)

EXIM Board of Directors & Senate Confirmation

EXIM has a 5 member Board, which requires 3 members for a quorum. While President Obama has nominated individuals to serve, the Banking Committee has not taken steps to confirm.

- Mark McWatters – Member, Board of Directors (Republican), nominated January 2016 and paperwork is with the Committee.
- Claudia Slacik – Member, Board of Directors (Democrat), nominated September 2016 and paperwork is with the Committee.
- Kim Walker – Inspector General, nominated July 2016 and paperwork has not been submitted to the Committee.

VIII. Administrative Information

Security and Access

For access to the Lafayette Building, all visitors must possess a valid government-issued identification. Upon entering the building, visitors must go through the security screening process. Once completed, visitors will then proceed to the Guard Desk to receive their visitor badge. After receiving your badge, visitors will then proceed to the waiting area for an escort.

Computer Access and Technology

Landing Team members will be provided email address and/or laptops from GSA, not EXIM. However, at EXIM, Landing Team members can access the internet using the guest network (EXIMGuest). Users attempting to access EXIMGuest will need a laptop with wireless capability to successfully access the network. The EXIM guest wireless network requires web-based authentication via a web browser. EXIM guest wireless provides Internet-facing connectivity. There is no network access to EXIM-facing resources, e.g., EXIMConnect. To access EXIMGuest from a personal computer or other device, e.g., mobile devices, not issued by EXIM, perform the following:

1. Open the wireless control panel of the device.
2. Identify the wireless access point labeled "EXIMGuest" and click to connect.
3. Open a web browser. You will be directed to EXIM Guest Wireless portal.
4. Use the login credentials that will be provided by IT staff.
5. Press "Submit."

Information Management Technology (IMT) Support and Assistance: The EXIM Information Technology Help Desk team is available Monday-Friday from 7:30am to 5:30pm. The Help Desk can be reached by calling 202-565-3990 or by emailing helpdesk@exim.gov. Employees can also visit the Help Desk by visiting Room 964 on the 9th floor at Bank HQ.

Office Use

EXIM is currently housed on floors 8-12, with the Transition Team provided space in Room 1231. The main entrance is on Vermont between H and I streets, with the car garage entrance on H street between Vermont and 15th Street.



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Reducing Risk. Unleashing Opportunity.