

**WRITTEN TESTIMONY OF
FRED P. HOCHBERG - PRESIDENT AND CHAIRMAN
EXPORT-IMPORT BANK OF THE UNITED STATES
BEFORE THE SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN
AFFAIRS**

“Oversight of the Export-Import Bank of the United States”

June 4, 2015

Chairman Shelby, Ranking Member Brown, and distinguished members of the Committee, thank you for inviting me to testify before you today.

ABOUT EXIM BANK

The Export-Import Bank (EXIM Bank) was created to support American job growth by facilitating the export of American goods and services. Each year, EXIM Bank empowers thousands of U.S. businesses—the vast majority of which are small—to contend for sales in an increasingly competitive global marketplace. With 95% of the world’s consumers living beyond America’s borders, U.S. companies are increasingly looking abroad so that they can grow sales and add jobs here at home. Because of global trends in financing, however, U.S. companies are no longer simply competing for sales against foreign businesses—they’re also competing against countries offering generous financing terms to their domestic exporters. American exporters face additional competitive headwinds due to broader trends in global trade; for three decades prior to the financial crisis, global trade grew at twice the rate of the global economy, but today, that rate has been cut in half. In an ideal world, competitive financing terms would not be an additional challenge faced by our businesses; however, countries such as China, Russia, and others increasingly see expanding their respective nations’ exports as critical to growing their economies. It is incumbent upon America to continue to lead, and to strive to level the playing field in the global export arena—restoring free market factors to their rightful place at center stage of competition. That is where the EXIM Bank comes in.

EXIM Bank is a small and effective government agency whose approximately 450 employees are passionate about empowering businesses to create more American private sector jobs, while serving as responsible stewards of taxpayer dollars. EXIM fulfills its mission to support U.S. jobs in two ways. First, EXIM fills the gaps when the private sector is unable or unwilling to provide financing for U.S. exports—a particularly important role for American small businesses, which often find it difficult to obtain export financing from their local bank, and for exports to the developing world, which accounted for 68 percent of EXIM’s authorizations in 2014. Second, the Bank seeks to ensure a level playing field for U.S. exports by making available financing that encourages buyers to make decisions based on free market factors such as price and quality, rather than on foreign competitors’ state-sponsored or cut-rate financing.

EXIM Bank does not pick winners and losers; rather, it serves any eligible American business seeking competitive financing to export goods and services. EXIM’s customers pay fees and interest for the financial services offered by the Bank, and as a result, EXIM Bank is a

self-sustaining agency. Over the past two decades, EXIM Bank has sent nearly \$7 billion to the U.S. Treasury. Consequently, if EXIM Bank were not reauthorized, the agency would no longer be able to serve as a budgetary offset.

EXPORT-IMPORT BANK REAUTHORIZATION ACT OF 2012 (P.L. 112-122)

In May 2012, the Export-Import Bank Reauthorization Act of 2012 (P.L. 112-122) was passed by Congress with overwhelming bipartisan support in both chambers – 330 Republicans and Democrats in the House and 78 in the Senate. The vote carried on a long tradition of bipartisan support that has existed for 81 years.

To be clear, every action and study required in the Bank’s 2012 bipartisan reauthorization has been completed and implemented, or is being complied with on an ongoing basis (Attachment 1). Of the 16 recommendations made by the Government Accountability Office (GAO) since the 2012 reauthorization, EXIM has addressed 15, and is working to address the final recommendation (Attachment 2). Further to the work we do with the GAO, the Bank regularly consults with the Office of the Inspector General (OIG). Since early 2012, the Office of Inspector General has issued 26 reports and follow-up evaluations containing a total of 145 recommendations. Of those 145 recommendations, EXIM Bank has fully concurred with 143 and has fully implemented 92 to date. We are diligently working to fully implement the remaining 51. On the remaining two unresolved recommendations we continue to work with the OIG on the best path forward (Attachment 3). We have closed four additional recommendations since the April 15th hearing.

I fully respect and would like to thank the Committees, Congress, the Office of the Inspector General, and the GAO, as well as the EXIM Bank employees, all of whom have played an integral role in ensuring effective oversight of the Bank. This attention and oversight has helped the Bank to become a better institution, and has allowed us to better achieve our shared goals of growing U.S. exports while protecting American taxpayers. Over the past several years, the Bank has become more transparent, heightened its focus on risk, expanded its attention on small business and textiles, and is increasingly mindful of global competition—all of which has made the Bank a more effective, more resilient institution supporting U.S. job growth.

ENHANCING PRIVATE SECTOR COMPETITIVENESS

The top priority at EXIM Bank has and will continue to be to support American jobs by facilitating U.S. exports. In FY 2014, EXIM Bank supported 164,000 U.S. jobs through financing approximately \$27.5 billion worth of exports. In accordance with its Charter, the Bank must first and foremost consider a reasonable assurance of repayment standard for the Bank’s approval of financing transactions. Except in certain cases that are clearly and carefully defined in EXIM Bank’s Charter, EXIM Bank support is only available to finance exports to buyers that lack sufficient private sector liquidity or capital to finance most transactions.

Transparent & Consistent Lending Standards

EXIM Bank's practices adhere to competitiveness and transparency standards established by the Organisation for Economic Cooperation and Development (OECD) Arrangement on Guidelines for Officially Supported Export Credits. In an effort to promote a level global playing field for exports based on free market competition, the OECD Arrangement put into place responsible market based lending and transparency rules, which for several decades governed the totality (100 percent) of official export credit support worldwide. Today, only 16 years removed from that 100 percent figure, the share of official export support that still falls under these guidelines has now dropped to 35 percent (this includes tied and untied financing), as countries such as China and Russia, which operate outside of the OECD Arrangement, have begun to aggressively back their domestic exporters with unregulated, opaque financing. Even among countries that adhere to the OECD guidelines, competition is increasing. For example, Korea's medium- and long-term official export support was more than double that of the United States in 2014, despite the fact that the U.S. economy is eleven times larger than the Korean economy.

Equipping American Businesses to Compete and Promoting a Free and Open Market

More often than not, American businesses and workers aren't simply competing against their Chinese, Russian, and French counterparts; more and more, they're being asked to compete against 'China, Inc.' Though the United States remains well-stocked with innovative businesses of all sizes—many of which are perfectly capable of winning sales opportunities on their merits throughout the world—American companies aren't always able to bring competitive financing packages with them to close a sale, which is increasingly required today. Even those that can secure financing from private lenders face a serious disadvantage when going up against foreign rivals offering generous state financing support of their national champions. This trend has the potential to threaten America's global economic leadership.

I just returned from a meeting with the Berne Union, a group made up of my counterparts from many of the 79 and counting export credit agencies around the globe. At that meeting, I wanted to know whether they anticipate doing more or less to support their domestic exporters over the next five years than they currently do. Japan, Korea, Russia, Germany, France, United Kingdom, Brazil, and others all indicated that they expect to accelerate their official export credit backing for their exporters. Generally, China is hesitant to share such forecasts with the world—but no serious observer could possibly anticipate anything other than rapid, aggressive acceleration of official export financing support from China in the years to come. Only Austria and Norway indicated they did not expect significant growth in the coming years.

Our European rivals in particular are keenly focused on job growth. Following our lead, they are putting increased emphasis on supporting their small business exporters. As a result, there's going to be more competition than ever for U.S. small businesses looking to win sales in global markets. And that's to say nothing of larger foreign exporters who will have access to more financial backing than ever before as they compete for business against some of America's largest manufacturing employers. It is also important to remember that those large manufacturers support extensive small business supply chains in cities and towns across America.

Additionally, as my foreign counterparts acknowledged their export credit agencies have become increasingly critical resources in the face of financial crises—both global and regional. When private financiers withdraw from regions or sectors that are experiencing downturns, export credit agencies are equipped to step in so that their domestic exporters don't experience a drop in sales—thereby maintaining domestic jobs. Export credit agencies are like firetrucks in that sense—not always necessary, but, when disaster strikes, absolutely essential. Like firetrucks, export credit agencies have a security function, safeguarding U.S. exporters' sales from the fires of global and regional financial meltdowns. You don't sell off the firetruck just because there doesn't happen to be a fire at this time. No one can predict when or where the next crisis will hit.

Other countries are aggressively supporting their commercial sectors as a means to enhance their sphere of influence. For example, in February, 12 former national security officials sent a letter to Congress stating: “By way of example, the government of China has announced a new initiative to devote an additional \$10 billion in export credit to Africa – bringing China's total to \$30 billion, roughly the equivalent of the EXIM Bank's global volume for the year. This will enable Chinese firms to expand their reach in the continent – particularly in the infrastructure sector, where projects can have a lifespan of twenty to thirty years. In an environment such as this, we should be exploring how to strengthen the EXIM Bank through sound reform and expand its efforts to counter the aggressive moves of our economic competitors” (Attachment 4).

GOVERNMENT ACCOUNTABILITY

EXIM Bank is a demand-driven agency; EXIM does not pick winners and losers. Therefore, EXIM Bank does not set pre-determined exposure limits for industries, companies, and countries. Within those limitations, the Bank's rigorous underwriting and due diligence processes ensure that the standard of reasonable assurance of repayment embedded in our charter is achieved for all approved transactions. The Bank has a comprehensive risk management framework as noted by a recent GAO Audit (GAO Report 13-303). EXIM Bank continually improves the accuracy and reliability of its monitoring and loss reserve systems based on recommendations from internal and external auditors, OMB, OIG, GAO, as well as private sector best practices. The Bank's Country Limitation Schedule, which is derived from the Interagency Country Risk Assessment System (ICRAS, chaired by OMB) country rating process, provides policy limitations on the Bank's business based on country credit considerations. The Bank's low default rate is evidence that this system of portfolio management is effective.

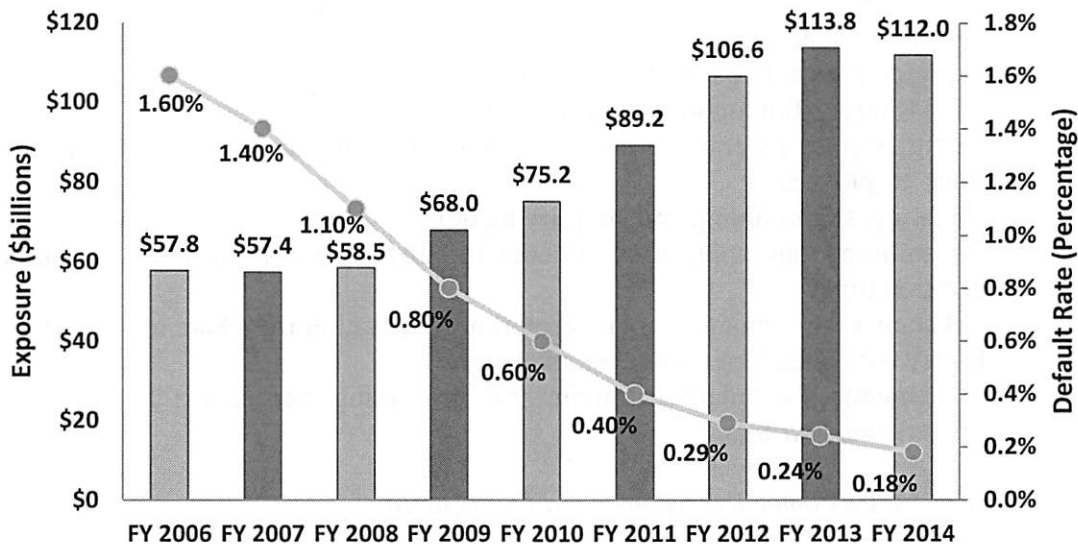
Safeguarding American Taxpayers from Excessive Exposure

Essential to protecting taxpayer dollars is a solid risk management framework which starts with effective underwriting for potential transactions. After a new transaction is authorized, the Bank focuses on proactive monitoring of the credit, through both rigorous due diligence and documentation. This proactive management framework prevents potential defaults and allows the Bank to recover the rare actual defaults, as noted in a recent GAO audit (GAO-13-446).

The result of our strong focus on comprehensive risk management: our low default rate of 0.167% as of March 31, 2015.¹ As called for in the 2012 reauthorization, we now report our default rate to Congress every quarter, using a methodology that is completely transparent. As illustrated in the chart below, EXIM's default rate remained low during the global financial crisis—the most realistic 'stress test' imaginable—and has declined since that time. In addition, in FY 2014, almost 80 percent of the Bank's exposure was backed by collateral or a sovereign guarantee.

EXIM Bank's risk management framework has ensured a low number of defaults, coupled with high recovery rates on those rare credits that have entered into default. Since the Federal Credit Reform Act went into effect in 1992, the Bank has succeeded in recovering approximately 50 cents for every dollar defaulted in the portfolio. Claims are paid from fees collected from the Bank's customers—not from taxpayers.

FY 2006 - FY 2014 Exposure and Default Rate



In addition to closely monitoring its exposure, EXIM Bank performs regular stress testing of its portfolio to identify how the current portfolio may perform in the future under stressed scenarios. Those stress tests results are included in our quarterly default rate reports that we send to Congress.

Stress testing provides a forward-looking assessment of the potential impact of various adverse scenarios that could impact a banking institution's financial condition and capital adequacy. EXIM Bank's stress testing builds capacity to understand the Bank's risks and the

¹ This default rate is different than the default rates published in the annual Budget Appendix due to differing definitions. The reported rate in the Budget Appendix reflects projected defaults over the life of the loan while the default rate in this report reflects actual defaults at a particular point in time.

potential impact of stressful events and circumstances on the Bank's financial condition. EXIM Bank's Inspector General recommended—and EXIM accepted—that “Ex-Im Bank should develop a systematic approach to stress testing and should conduct stress testing at least annually as part of its re-estimate process.” The Bank accepted the OIG's recommendations and took proactive measures to go one step further by including an additional stress scenario, which assumes zero recoveries for the Bank—a highly unlikely, but informative stress test. The Bank will continue to monitor and report the results of these future stress test scenarios to the U.S. Congress.

EXIM Bank has a culture of continuous improvement, and has implemented numerous risk management improvements to further ensure that we remain effective stewards of the taxpayers we serve. Equally important is the Bank's commitment to improving how it measures, controls, and mitigates risks. The Bank has made numerous advancements in recent years, including:

1. Hiring a Chief Risk Officer;
2. Creating the Enterprise Risk Committee to examine and monitor all bank wide risk;
3. Creating a Special Assets unit to enhance recoveries;
4. Expanding proactive monitoring efforts;
5. Increasing staffing in our asset monitoring divisions by 33 percent;
6. Going beyond federal requirements to implement mandatory ethics training for ALL Bank employees;
7. Updating, streamlining, and simplifying domestic content requirements;
8. Streamlining our application process to provide better customer service and reduce decision time;
9. Enhancing the customer contact center, now operating from 8am to 8pm Monday through Friday with a team of trained operators; and
10. Implementing mandatory training on preventing and detecting fraud for all loan officers/underwriters.

Small Business, Customer Experience, and Data Quality

EXIM Bank is constantly seeking out new ways to serve its customers more efficiently without compromising our underwriting standards. Expanding on the 2012 reauthorization efforts to improve our IT infrastructure, we have taken additional steps to meet industry standards and focus on data quality. With a new Chief Information Officer, the Bank is proactively working to improve these practices. Alongside this effort to improve technology, EXIM has streamlined its application processing, which has seen the number of days needed to reach an authorization decision cut in half since 2009.

Additionally, as part of our ongoing efforts to enhance the customer experience for current and prospective exporters, EXIM Bank initiated a new and improved customer contact center that includes an improved 1-800 number experience, along with a new email response system. The contact center also has online chat capabilities that allows small businesses to get questions answered quickly. The new contact center is the latest EXIM Bank initiative aimed at bringing our customers “government at the speed of business.” EXIM Bank is one of only four

government agencies to have established a dedicated customer experience function. In addition, to improve the quality, reliability, and accuracy of the data we collect, we updated our application processes to require that certain data be included prior to accepting an application, such as number of employees, annual sales volumes, and NAICS codes. By requiring this information, we are working to improve our data quality as well as enhance the support we provide to our customers, your constituents.

HISTORY OF ONGOING ACTIONS TO PREVENT CORRUPTION & FRAUD

As a U.S. Government agency, EXIM Bank takes rigorous proactive measures to protect taxpayer dollars. Corruption and fraud mitigation efforts begin with EXIM Bank participants meeting our “Know Your Customer” requirements and “Transaction Due Diligence” standards. Risk-based due diligence is performed by staff to underwrite transactions. Subsequent due diligence is performed post-authorization using a risk-based sampling of authorized transactions to identify possible corruption and fraud. Any evidence of corruption and/or fraud uncovered as a result of these activities is referred to the Office of Inspector General (OIG), which began operating in 2007 and has a team of 23 employees. The successful record of the OIG in prosecuting parties involved in attempting to defraud the Bank is an important deterrent as well.

EXIM Bank has zero tolerance for fraud, waste, or abuse and takes thorough and immediate action when any hint of misconduct or fraud is detected by the safeguards we have in place, including working closely with OIG. EXIM Bank conducts mandatory ethics training for all employees on an annual basis, including specific segments on rules relating to gifts from participants in EXIM Bank programs. Additionally, there is mandatory fraud-awareness training for all loan officers/underwriters on an annual basis. This training is designed to maintain a vigilant awareness of the risk of fraud in EXIM Bank transactions.

EXIM’s culture of high ethical standards is evident in the Bank’s collaborative work with the OIG and support of OIG investigations and Department of Justice prosecutions of fraud matters. Of course, any organization can experience a bad apple. However, in the last six years, there has been only one indictment involving an EXIM Bank employee. In fact, the situation was uncovered thanks to a tip received by the OIG from a fellow EXIM employee. That employee recently pled guilty and is facing sentencing. Fortunately, this was an isolated incident. Unfortunately, like many other government agencies, there are also those outside the agency who try to take advantage. As Michael McCarthy, Acting Inspector General, stated in his testimony before the joint subcommittees of the House Financial Services Committee and House Oversight and Government Reform Committee on April 15, 2015: “So what I can assure you is at this time in those other cases that we are investigating [*sic*] do not have evidence that we have developed of EXIM Bank employee internal complicity or participation...In those other cases, [Interruption] at this point, [interruption] within the 31 cases, I would not at this point expect indictments of EXIM employees.”

EXIM Bank is committed to operating under the highest ethical standards. The agency’s ethics program is not only fully compliant with all laws, but goes beyond government regulations, and policies that govern this aspect of our work. We conduct comprehensive ethics

training for all employees and foster an environment where employees are encouraged to ask questions and report suspected unethical behavior. Among other duties, our ethics staff:

- Reviews 227 Confidential Financial Disclosure forms and 55 Public Financial Disclosure forms and conducts conflicts reviews;
- Reviews outside activity requests from Bank employees;
- Provides advice to employees on ethics questions;
- Provides advice on post-employment restrictions for current and former employees;
- Provides travel guideline advice; and
- Monitors the Bank's "Ethics Advice" email account, which was created to provide employees quick and discreet ethics advice on basic ethics questions.

Furthermore, all new employees receive introductory ethics training upon arrival and mandatory training annually thereafter. The Bank brings in the Office of Special Counsel (OSC) to conduct Hatch Act training as well. Our ethics staff ensures 100% participation of all employees (above and beyond the minimum requirements of GS-11) by tracking who attends the training and following up with employee supervisors to ensure attendance. Employees who are unable to attend live sessions take an electronic course through the AGLearn online learning program.

Also, the Bank introduced the "Ethics Guide for Federal Government Employees" a pocket sized guide to provide a quick reference for employees to refer to ethics rules. We incorporated the use of the guides into the 2013 training module, and we distribute the guides to all new employees. The guides have been well-received by the staff and resulted in increased employee engagement in ethics rules.

CONCLUSION

We appreciate the widespread bipartisan support of EXIM, and are eager to continue to support American jobs, as the Bank has done effectively and efficiently for more than eight decades. Providing long-term certainty to U.S. businesses seeking to compete in overseas markets is imperative as they make long-term plans to grow their global sales, to hire more workers, and to invest in innovation. Deciding to export is not a last-minute decision, but one that requires extensive planning. For companies like Bassett Ice Cream in Philadelphia, L&H Industrial in Gillette, Wyoming, or Murray Equipment in Fort Wayne, Indiana, EXIM Bank plays a critical role—and one that by definition would not be filled by the private sector.

Selling goods across borders is not the same as selling goods domestically. Access to credit is frequently what is needed to make global projects happen. When U.S. companies compete for international, large-scale infrastructure projects, the financial options are more limited. The larger the project, the greater the impact on a company's day-to-day cash flow. Zeeco, a combustion technology company in Broken Arrow, Oklahoma knows this fact very well. Zeeco started as a small business, but due to export sales has been able to triple its size and grow into a medium-sized business. This was primarily due to the superior products they provide, but also a result of the guarantee they were able to obtain from EXIM Bank. That guarantee allowed them to effectively compete with foreign rivals who were offering financing packages as a part of their sales pitch. When I visited Zeeco in March, they told me that

commercial banks get nervous about making loans on international transactions, and that unless you are investment-grade, the commercial sector would not extend credit without a guarantee. Zeeco is a great example of where EXIM Bank has been able to simultaneously fill the gap and level the playing field.

Companies face a variety of challenges in competing for sales. The U.S. government should be there to break down barriers wherever we can, not to put up more road blocks. We know that export-backed jobs pay up to 18 percent more on average than other jobs and we also know that exports have accounted for nearly one-third of our total economic growth over the past five years. Right now, U.S. exports are at record levels, representing over 13% of our GDP. But I think we can do better, which is why the President is trying to open more markets for American goods with bipartisan free trade agreements, and why EXIM continues to work with the private sector to fill in commercial financing gaps in order to encourage more U.S. exports.

Rising competition and an ever-globalizing world have made EXIM Bank more vital than ever for reducing the risks faced by American exporters so that they can unleash opportunity in the form of new jobs. I look forward to continuing to work with you on empowering your constituents to export, grow, and hire more American workers.



Export-Import Bank Reauthorization Act of 2012: Every Reform Completed

Less than three years ago, Congress voted to reauthorize the Export-Import Bank of the United States, including a number of reforms (P.L. 112-122). Ex-Im Bank has now completed and implemented **every single reform**. But reforming and improving our operations doesn't begin or end with a bill's passage. At Ex-Im Bank, we pride ourselves on "government at the speed of business," and we've taken a number of steps in recent years to improve the customer experience for small business exporters, streamline operations, manage risk, and improve transparency.

Section by Section: Export-Import Bank Reauthorization Act of 2012 Status

Section 1: Short Title; Table of Contents No Action Required

Section 2: Extension of Authority No Action Required

Section 3: Limitations on Outstanding Loans, Guarantees, and Insurance Completed
 Ex-Im Bank met all conditions for an increase in its exposure cap to \$130 billion in 2013 and an increase to \$140 billion in 2014 (see sections 4-6, 11).

Section 4: Export-Import Bank Exposure Limit Business Plan. Completed
 Ex-Im Bank sent its final business plan to Congress and the Comptroller General on September 28, 2012.

Section 5: Study by the Comptroller General on the Role of the Bank in the World Economy and the Bank's Risk Management Completed
 GAO submitted its report to Congress in March 2013. The Bank submitted its report to Congress on the implementation of GAO's recommendations in June 2013.

Section 6: Monitoring of Default Rates on Bank Financing; Reports on Default Rates; Safety and Soundness Review Completed Quarterly
 Ex-Im Bank submits a default rate report to Congress each quarter.

Section 7: Improvement and Clarification of Due Diligence Standards for Lender Partners Completed
 Ex-Im Bank updated its due diligence standards and "know your customer" requirements on May 30, 2014.

Section 8: Non-Subordination Requirement Completed
 Ex-Im Bank added this requirement to its Policy Handbook and completed training of Ex-Im Bank staff.

Section 9: Notice and Comment for Bank Transactions Exceeding \$100,000,000 Ongoing
 Notices are regularly published in the Federal Register as required.

Section 10: Categorization of Purpose of Loans and Long-Term Guarantees in Annual Report Completed
 Ex-Im Bank first included a categorization of long-term loans and guarantees in its FY 2012 Annual Report. The categorization will continue to be included in all future Ex-Im Bank Annual Reports.

Section 11: Negotiations to End Export Credit Financing Completed Annually by U.S. Department of Treasury
 Completion of this reform was assigned by Congress to the U.S. Department of the Treasury. Treasury provides a report on export credit financing to Congress annually.

Section 12: Publication of Guidelines for Economic Impact Analyses and Documentation of Such Analyses Completed
 Updated economic impact procedures and methodology were approved by Board on November 19, 2012. They were published online and reported to Congress, GAO, and the Inspector General on November 26, 2012.

EXPORT-IMPORT BANK *of the United States*

Continued:

Section by Section: Export-Import Bank Reauthorization Act of 2012 Status

Section 13: Report on Implementation of Recommendations of the Government Accountability Office . . . Completed

Ex-Im Bank submitted this report to Congress on November 26, 2012.

Section 14: Examination of Bank Support for Small Business. Completed

Ex-Im Bank's Small Business Report was submitted to Congress on November 26, 2012.

Section 15: Review and Report on Domestic Content Policy Completed

Ex-Im Bank's report to Congress on domestic content policy was submitted on May 30, 2013.

Section 16: Improvement of Method for Calculating the Effects of Bank Financing on Job Creation and Maintenance in the United States. Completed

GAO submitted its report on May 23, 2013.

Section 17: Periodic Audits of Bank Transactions. Initial Audit Completed

GAO completed an initial audit of underwriting guidelines, lending policies, due diligence procedures, content guidelines, and fraud controls. It was sent to Congress on September 9, 2014. Future audits will take place periodically.

Section 18: Prohibitions on Financing for Certain Persons Involved in Sanctionable Activities with Respect to Iran Completed

Procedures and certificates have been posted on Ex-Im Bank's website, and training of Ex-Im Bank staff has been completed. Certificates are being collected as required.

Section 19: Use of Portion of Bank Surplus to Update Information Technology Systems Ongoing

Ex-Im Bank is modernizing its IT systems.

Section 20: Modifications Relating to the Advisory Committee Completed

Beginning in 2013, each Ex-Im Bank Advisory Committee has included a textile industry representative. That member helps ensure that the Advisory Committee is working to advise Ex-Im Bank on how to increase support for the U.S. textile industry.

Section 21: Financing for Goods Manufactured in the United States Used in Global Textile and Apparel Supply Chains. Completed

Ex-Im Bank's Report on Global Textile and Apparel Supply Chains was sent to Congress on November 30, 2012.

Section 22: Technical Correction No Action Required

Section 23: Sub-Saharan Africa Advisory Committee No Action Required

Section 24: Dual-Use Exports No Action Required

Section 25: Effective Date No Action Required

Ex-Im Bank has also enacted a number of additional voluntary improvements to better serve exporters and protect taxpayers:

- Realigned internally by industry sector to respond to market trends and better serve U.S. exporters.
- Improved customer service for U.S. exporters through the new Customer Contact Center at 1-800-565-EXIM.
- Established the office of Chief Risk Officer and created the Enterprise Risk Committee to maintain comprehensive and systematic risk management.
- Mandated ethics training for every single Ex-Im Bank employee, resulting in a 100% participation rate.



Export-Import Bank Reauthorization Act of 2012: Working with GAO to Keep Improving

Since the last Ex-Im Bank reauthorization, the GAO has issued five reports containing a total of 16 recommendations. **Of those 16 recommendations, Ex-Im Bank has agreed with all 16 and has addressed 15 of them** – subsequently 13 have been closed by GAO, and GAO is currently reviewing materials provided by Ex-Im for two. Ex-Im Bank is also working diligently to address the one remaining recommendation from the most recent GAO report.

March 28, 2013 - Recent Growth Underscores Need for Continued Improvement in Risk Management (GAO-13-303)

- **Recommendation 1** – Improve reliability of loss estimation model – **CLOSED**
- **Recommendation 2** – Retain point in time data on credit performance – **CLOSED**
- **Recommendation 3** – Report stress test scenarios to Congress – **CLOSED**
- **Recommendation 4** – Develop and monitor workload benchmarks – **CLOSED**

May 23, 2013 - More Detailed Information about its Jobs Calculation Methodology Could Improve Transparency (GAO-13-446)

- **Recommendation 1** – Increase transparency of the methodology to calculate number of jobs Ex-Im supports – **CLOSED**

May 30, 2013 - Additional Analysis and Information Could Better Inform Congress on Exposure, Risk, and Resources (GAO-13-620)

- **Recommendation 1** – Adjust Bank's forecast models – **CLOSED**
- **Recommendation 2** – Report financial performance at sub-portfolio level – **CLOSED**
- **Recommendation 3** – Assess sensitivity of the exposure forecast model – **CLOSED**
- **Recommendation 4** – Provide additional information on the resources associated with meeting the mandated target – **CLOSED**

August 28, 2014 - Monitoring of Dual-Use Exports Should Be Improved (GAO-14-719)

- **Recommendation 1** – Strengthen Ex-Im guidance for monitoring end use – **RESPONDED**

Continued:

September 9, 2014 - Enhancements Needed in Loan Guarantee Underwriting Procedures and for Documenting Fraud Processes (GAO-14-574)

- **Recommendation 1** – Develop and implement procedures prior to loan guarantee approval – **RESPONDED**
- **Recommendation 2** – Establish mechanisms to oversee compliance with Ex-Im’s existing procedures – **CLOSED**
- **Recommendation 3** – Develop and implement detailed instructions prior to loan guarantee approval – **CLOSED**
- **Recommendation 4** – Update CRTI review process – **WORKING TO ADDRESS**
- **Recommendation 5** – Document risk-based approach for scheduling delegated authority lender examinations – **CLOSED**
- **Recommendation 6** – Document overall fraud process – **CLOSED**



Export-Import Bank Reauthorization Act of 2012: Working with OIG to Keep Improving

Since early 2012, the Office of Inspector General has issued 26 reports and follow-up evaluations containing a total of 145 recommendations. **Of those 145 recommendations, Ex-Im Bank has fully concurred with 143** and has implemented 92 to date, while we are diligently working to implement the remaining 51 (26 of which have been issued in the past 90 days). On the remaining two unresolved recommendations we continue to work with the OIG on the best path forward to address concerns raised in the reports.

September 17, 2010 - Economic Impact Procedures (OIG-EV-10-03)

- **Recommendation 1** – Present the available quantitative and qualitative information a concise balancing format – **FULLY IMPLEMENTED**
- **Recommendation 2** – Consider guidance provided by OMB in developing specifications for its analysis and reports to the Board – **FULLY IMPLEMENTED**
- **Recommendation 3** – Reliance on trade flow analysis or any other quantitative methods should be made subject to Board approval – **FULLY IMPLEMENTED**
- **Recommendation 4** – Trade flow analysis should not be the sole or primary criterion for deciding economic impact cases – **FULLY IMPLEMENTED**
- **Recommendation 5** – Develop additional criteria for analysis of economic impact – **FULLY IMPLEMENTED**
- **Recommendation 6** – Provide for a periodic backward-looking empirical review – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 7** – Reevaluate the “sensitive commercial sectors list” – **FULLY IMPLEMENTED**
- **Recommendation 8** – Include more information about the PPG staff’s methodology and publish it on the Bank’s website – **FULLY IMPLEMENTED**
- **Recommendation 9** – Revise the Bank’s internal procedures in preparing economic impact reports – **FULLY IMPLEMENTED**
- **Recommendation 10** – Make economic impact reports publicly available – **FULLY IMPLEMENTED**
- **Recommendation 11** – Develop and make public a methodology to identify at an early stage low risk transactions – **FULLY IMPLEMENTED**
- **Recommendation 12** – Request exporters of capital equipment to provide relevant data to support an accelerated review – **FULLY IMPLEMENTED**

- **Recommendation 13** – Inviting proponents of transactions subject to formal economic impact review to submit white paper analyses – **FULLY IMPLEMENTED**
- **Recommendation 14** – Provide earlier notice to Congress and the Reviewing Agencies of the initiation of economic impact review – **FULLY IMPLEMENTED**
- **Recommendation 15** – Implementing a policy with the Reviewing Agencies that would set a specified limited time period – **FULLY IMPLEMENTED**
- **Recommendation 16** – Hire a trained economist to assist in implementing the improvements suggested in this Report – **FULLY IMPLEMENTED**

June 7, 2011 - Review of the Ex-Im Bank Nigeria Banking Facility (OIG-SR-11-01)

- **Recommendation 1** – Develop policies and procedures clearly defining when a Special Delegation of Authority is beneficial– **FULLY IMPLEMENTED**
- **Recommendation 2** – Develop policies and procedures describing how credit facilities would be established – **FULLY IMPLEMENTED**
- **Recommendation 3** – Establish an anti-corruption hotline – **FULLY IMPLEMENTED**

January 24, 2012 – Information Technology Support for Ex-Im Bank’s Mission (OIG-AR-12-04)

- **Recommendation 1** – Have business owners individually and in aggregate reevaluate their business requirements – **FULLY IMPLEMENTED**
- **Recommendation 2** – Develop a formal working file document management policy – **FULLY IMPLEMENTED**
- **Recommendation 3** – Implement a unique identifier to ensure that all participants can be readily identified with their historical transactions – **FULLY IMPLEMENTED**
- **Recommendation 4** – Revise required minimum participant data necessary to process an application – **FULLY IMPLEMENTED**
- **Recommendation 5** – Develop a formal data management policy and procedures to ensure complete and accurate participant data – **FULLY IMPLEMENTED**
- **Recommendation 6** – Require that the formal data management policy and procedures be communicated, reviewed and readily accessible – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 7** – Develop a process for creating a clear and comprehensive IT Strategic Plan – **FULLY IMPLEMENTED**
- **Recommendation 8** – Classify requested and authorized IT funds according to OMB’s CIRCULAR A–11 – **FULLY IMPLEMENTED**
- **Recommendation 9** – Enhance or replace the AAA system to provide information on actual versus planned IT – **FULLY IMPLEMENTED**

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- **Recommendation 10** – Formally direct the CIO on the implementation of requirements in OMB’s M-11-29, Chief Information Officer Authorities – **FULLY IMPLEMENTED**
- **Recommendation 11** – Ensure Ex-Im Bank’s SDLC process is consistently followed when implementing major systems – **FULLY IMPLEMENTED**

March 27, 2012 – Performance Metrics & Operational Efficiency (OIG-INS-12-01)

- **Recommendation 1** – Develop a systematic approach to defining and measuring customer satisfaction via annual survey – **FULLY IMPLEMENTED**
- **Recommendation 2** – Develop a customer service plan in accordance with Executive Order 1357 on improving customer service – **FULLY IMPLEMENTED**
- **Recommendation 3** – Participate in an inter-ECA dialogue on operational performance and customer service. Promote ECA best practices – **FULLY IMPLEMENTED**
- **Recommendation 4** – Implement performance standards throughout the agency in accordance with GPRA Modernization Act of 2010 – **FULLY IMPLEMENTED**
- **Recommendation 5** – Redefine performance measures and implement a balanced score card, incorporating quantitative and qualitative metrics – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 6** – Solicit customer input and revisit its metrics and customer service response time levels to reflect customer expectations – **FULLY IMPLEMENTED**
- **Recommendation 7** – Develop uniform response time cycle – **FULLY IMPLEMENTED**
- **Recommendation 8** – Implement improved monitoring procedures and appropriate response time targets for long-term guarantees and loans – **FULLY IMPLEMENTED**

September 26, 2012 – Audit of Export-Import Bank’s Purchase Card Program (OIG-AR-12-06)

- **Recommendation 1** – Verify that all purchase card program participants complete required purchase card training – **FULLY IMPLEMENTED**
- **Recommendation 2** – Establish a process and recordkeeping system for tracking and verifying completion of required training – **FULLY IMPLEMENTED**
- **Recommendation 3** – Provide a current Delegation of Procurement Authority to purchase cardholders – **FULLY IMPLEMENTED**
- **Recommendation 4** – Develop Bank specific purchase card training to supplement refresher training offered by GSA – **FULLY IMPLEMENTED**
- **Recommendation 5** – Revise Ex-Im Bank’s Purchase Card Policy to more clearly describe restrictions on use of convenience checks – **FULLY IMPLEMENTED**
- **Recommendation 6** – Perform random audits of cardholder accounts and conduct annual review of the purchase card program – **FULLY IMPLEMENTED**

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September 27, 2012 – Portfolio Risk and Loss Reserve Allocation Policies (OIG-INS-12-02)

- **Recommendation 1** – Develop a systematic approach to identifying, measuring, pricing, and reserving for portfolio risk – **FULLY IMPLEMENTED**
- **Recommendation 2** – OCFO should design and implement a formal governance framework for the use of financial models – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Develop a systematic approach to stress testing and conduct stress testing annually as part of its re-estimate process – **FULLY IMPLEMENTED**
- **Recommendation 4** – Implement soft portfolio concentration sub-limits based on industry, geography, or asset class – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 5** – Create the position of Chief Risk Officer to oversee the design and implementation of an agency-wide risk management – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 6** – Amend bylaws to broaden the responsibility of the Audit Committee to oversight of agency-wide risk management – **CONTINUE TO WORK WITH OIG**
- **Recommendation 7** – Review current risk metrics and reporting procedures to enhance transparency and to better inform key stakeholders – **FULLY IMPLEMENTED**

September 28, 2012 – Export-Import Bank’s Short Term Insurance Program (OIG-AR-12-05)

- **Recommendation 1** – Document policies and procedures through management directives, administrative policies, and operating manuals – **FULLY IMPLEMENTED**
- **Recommendation 2** – Implement enhanced due diligence procedures for insurance applications that may have elevated business risks – **FULLY IMPLEMENTED**
- **Recommendation 3** – Ensure that individuals with delegated authority verify that CRTI due diligence is performed before approving a policy – **FULLY IMPLEMENTED**
- **Recommendation 4** – Implement a monitoring process for periodically reviewing a sample of short-term insurance program authorizations – **FULLY IMPLEMENTED**
- **Recommendation 5** – Implement a due-diligence procedure checklist that is completed by individuals with delegated authority – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 6** – Develop and implement a monitoring process for periodically reviewing a sample of authorizations – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 7** – Perform separate underwriting for all new multi-buyer policies, all new SBCLs over \$5,000, and all enhanced assignments – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 8** – Perform separate underwriting for all policy renewals with a limit over \$1 million – **CONCUR, WORKING TO IMPLEMENT**

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- **Recommendation 9** – Implement periodic reviews of authorizations underwritten and approved by the same individual – **FULLY IMPLEMENTED**
- **Recommendation 10** – Implement controls to ensure that EOL's exporter score calculations used during underwriting are accurate – **FULLY IMPLEMENTED**

January 23, 2013 – FY2012 Financial Statement Audit – Management Letter (OIG-AR-13-02)

- **Recommendation 1** – Enhance the review process from TPMD prior to submission of the risk rating to the VP of TPMD for approval – **FULLY IMPLEMENTED**
- **Recommendation 2** – Review changes made in the LGA after August 31 by Office of the Controller to ensure BCL risk ratings are appropriate – **FULLY IMPLEMENTED**
- **Recommendation 3** – Review and compare information for transactions in LGA against the final approved executed agreements / amendments – **FULLY IMPLEMENTED**
- **Recommendation 4** – Add a second level of review on the subsidy calculation prior to releasing approved or amended transactions into the LGA – **FULLY IMPLEMENTED**
- **Recommendation 5** – Perform a thorough review of “accrual” status of loans on a regular basis – **FULLY IMPLEMENTED**
- **Recommendation 6** – Enhance controls around the journal entry review process to detect any misstatements that may potentially occur – **FULLY IMPLEMENTED**
- **Recommendation 7** – Perform a more detailed review of the formulas used in in the allowance for loan loss methodology – **FULLY IMPLEMENTED**
- **Recommendation 8** – Ensure all actions taken on the Daily Security Monitoring report are documented and retained – **FULLY IMPLEMENTED**

March 14, 2013 – Improper Payments Reporting (OIG-AR-13-03)

- **Recommendation 1** – Revise procedures to ensure improper payments assessment correctly calculates improper payment rates – **FULLY IMPLEMENTED**
- **Recommendation 2** – Address the potential elevated risk of improper loan disbursements or management's acceptance of the risk – **FULLY IMPLEMENTED**
- **Recommendation 3** – Modify the method used to score improper payments risk assessment questionnaires – **FULLY IMPLEMENTED**

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- **Recommendation 4** – Include a reasonable estimate of fraudulent insurance claim payments or obtain OMB’s written approval to exclude – **FULLY IMPLEMENTED**
- **Recommendation 5** – Consider the cost effectiveness of conducting payment recapture audits and additional periodic testing to prevent – **FULLY IMPLEMENTED**

March 22, 2013 – FY2012 Information Security Program and Practices Audit (OIG-AR-13-04)

- **Recommendation 1** – Currently only have access to redacted version without recommendations – **FULLY IMPLEMENTED**
- **Recommendation 2** – Currently only have access to redacted version without recommendations – **FULLY IMPLEMENTED**
- **Recommendation 3** – Currently only have access to redacted version without recommendations – **FULLY IMPLEMENTED**

September 26, 2013 – Export-Import Bank’s Management of Direct Loans and Related Challenges (OIG-AR-13-05)

- **Recommendation 1** – Develop a systematic quality control review program to correct Bank staff noncompliance with credit program policy – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Identify operational risks and impacts on Ex-Im Bank’s ability to achieve credit program goals and objectives – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Require loan officers to maintain detailed documentation regarding the need for Ex-Im Bank support – **FULLY IMPLEMENTED**
- **Recommendation 4** – Adopt applicable Federal credit program policies and guidance – **FULLY IMPLEMENTED**

September 30, 2013 – Minera y Metalurica del Boleo S.A. (OIG-INS-13-01)

- **Recommendation 1** – Conduct a comprehensive review of its credit analysis and approval procedures by benchmarking credit review – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Consider the implementation of a risk-based approach to monitoring – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Establish a streamlined, automated electronic invoice submittal system with a client web portal – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 4** – Enhance the KYC/CRTI process, perform a full check (including local media sources) – **CONCUR, WORKING TO IMPLEMENT**

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- **Recommendation 5** – Evaluate current fraud prevention practices for local costs by benchmarking best practices – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 6** – Increase staff in both the pre- and post-operative transaction monitoring teams and related internal resources – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 7** – Conduct a post-mortem review of the structural issues encountered in the Boleo transaction – **FULLY IMPLEMENTED**

December 11, 2013 – Report on Export-Import Bank’s Content Policy (OIG-AR-14-01)

- **Recommendation 1** – Implement procedures to verify exporter self-certifications of content throughout each fiscal year – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Obtain resolution on the 2001 requirement to provide an Annual Report on Content Trends – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Require loan officers to maintain detailed documentation regarding the need for Ex-Im Bank support – **CONCUR, WORKING TO IMPLEMENT**

December 13, 2013 – Audit of Export Import Bank of the United States Fiscal Year 2013 Financial Statements (OIG-AR-14-02)

- No recommendations resulted from this report.

March 21, 2014 – FY 2013 Financial Statement Audit Management Letter (OIG-AR-14-04)

- **Recommendation 1** – Enhance the review process of the working capital guarantee information entered by staff members – **FULLY IMPLEMENTED**
- **Recommendation 2** – Institute policies for the application of proper invoice date according to the Prompt Payment Act – **FULLY IMPLEMENTED**
- **Recommendation 3** – Review of the subsidy re-estimate spreadsheet be performed to detect any material misstatements in a timely manner – **FULLY IMPLEMENTED**
- **Recommendation 4** – Perform a review of the inputs used in the macro prior to performing the calculation of the subsidy re-estimate – **FULLY IMPLEMENTED**
- **Recommendation 5** – Implement controls to ensure that the proper journal entry is recorded to write off the rescheduled loan – **FULLY IMPLEMENTED**
- **Recommendation 6** – Perform a review of transactions in the portfolio to ensure that they are assigned to appropriate monitoring divisions – **FULLY IMPLEMENTED**
- **Recommendation 7** – Focus on the execution of access changes in relation to the annual access review – **FULLY IMPLEMENTED**

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March 26, 2014 – FY 2013 Information Security Program and Practices Audit (OIG-AR-14-03)

- **Recommendation 1** – Implement the use of PIV cards to achieve multifactor authentication – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Document policies and procedures for information security oversight of externally hosted services and systems – **FULLY IMPLEMENTED**
- **Recommendation 3** – Ensure that individuals with significant security responsibilities complete annual security training – **FULLY IMPLEMENTED**
- **Recommendation 4** – Clearly define, document, and review a list of events required to be captured by the system – **FULLY IMPLEMENTED**
- **Recommendation 5** – Ensure that inactive accounts are disabled after a 90 days and terminated individuals are removed immediately – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 6** – Follow the established security assessment and authorization policy and procedures document – **FULLY IMPLEMENTED**

April 15, 2014 – Improper Payments Reporting (OIG-AR-14-06)

- **Recommendation 1** – State in the Annual Financial Report (AFR) the decision whether or not to perform payment recapture audits – **FULLY IMPLEMENTED**
- **Recommendation 2** – Ensure that OGC reports all required payments received from non-Federal sources – **FULLY IMPLEMENTED**

April 23, 2014 – Ex-Im Bank's Sponsored Travel (OIG-AR-14-05)

- **Recommendation 1** – Establish reporting procedures over sponsored travel – **FULLY IMPLEMENTED**
- **Recommendation 2** – Ensure that OGC reports all required payments received from non-Federal sources – **FULLY IMPLEMENTED**
- **Recommendation 3** – Establish effective control activities over submission of the sponsored travel vouchers – **FULLY IMPLEMENTED**

June 18, 2014 – PNG LNG Project (OIG-INS-14-01)

- **Recommendation 1** – Strengthen the effectiveness and transparency of the CRTI/KYC due diligence – **FULLY IMPLEMENTED**
- **Recommendation 2** – Strengthen compliance with Ex-Im Bank Policies and to enhance transparency in the financing of local goods and services – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Establish a streamlined, automated electronic invoice submittal system with a client web portal – **CONCUR, WORKING TO IMPLEMENT**

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September 30, 2014 – Punj Lloyd Solar Power, Ltd. (OIG-INS-14-02)

- **Recommendation 1** – Review and evaluate its current CRTI policies and procedures – **FULLY IMPLEMENTED**
- **Recommendation 2** – Evaluate its current Post-Operative Monitoring Policy – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Consider obtaining a credit reference or sharing information with the other federal credit programs – **CONCUR, WORKING TO IMPLEMENT**

January 14, 2015 – FY 2014 Financial Statement Audit Management Letter (OIG-AR-15-02)

- **Recommendation 1** – Enhance the effectiveness of the review processes over the ESS risk rating and CSC2 input form – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Enhance the process for removing user access as part of the employee separation process – **FULLY IMPLEMENTED**
- **Recommendation 3** – Expand its review process over the privileged access groups – **FULLY IMPLEMENTED**
- **Recommendation 4** – Establish a review process for privileged access to the application servers – **FULLY IMPLEMENTED**
- **Recommendation 5** – Configure the password settings for its servers in accordance with its Access Control Policy – **CONCUR, WORKING TO IMPLEMENT**

February 9, 2015 – Independent Audit of Ex-Im Bank’s Information Security Program for FY 2014 (OIG-AR-15-03)

- **Recommendation 1** – Deploy mobile phone security controls – **FULLY IMPLEMENTED**
- **Recommendation 2** – Improve Controls over Remote Access – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Establish effective control activities over submission of the sponsored travel vouchers – **CONCUR, WORKING TO IMPLEMENT**

March 23, 2015 – Audit of Ex-Im Bank’s Short Term Multi-Buyer Insurance Program (OIG-AR-15-0)

- **Recommendation 1** – Develop and implement procedures to ensure underwriting summaries clearly present the required information – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Ensure operating profit information is collected for Express transactions – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Develop a procedure to ensure CRTI checks are completed – **FULLY IMPLEMENTED**
- **Recommendation 4** – Provide additional professional training and enhance communication amongst TCID underwriters and directors – **CONCUR, WORKING TO IMPLEMENT**

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- **Recommendation 5** – Consider using the full functionality of EOL to approve lower risk Short-Term Multi-Buyer transactions – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 6** – Develop procedures and internal controls such as standard reporting, a data dictionary, and periodic data analyses – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 7** – Make the necessary changes to EOL and the Manual to ensure exporter scores are properly calculated – **CONCUR, WORKING TO IMPLEMENT**

March 31, 2015 – Report on Ghana Credits: Ridge Hospital Complex & Kumawu-Mampong Water Treatment Works (OIG-INS-15-01)

- **Recommendation 1** – Conduct a post mortem review of the Kumawu-Mampong Transaction – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Follow OECD DAC Guidelines for developmental projects that contain a Tied Aid component – **CONTINUE TO WORK WITH OIG**
- **Recommendation 3** – Consistently adhere to the monitoring requirements set forth in the Credit Agreement – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 4** – Establish policies and procedures for the borrower and end-user to address grievances with the Bank – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 5** – Ensure it establishes a uniform record keeping system – **CONCUR, WORKING TO IMPLEMENT**

March 31, 2015 – Independent Audit on Ex-Im Bank's Planning and Implementation of FMS-NG (OIG-AR-15-05)

- **Recommendation 1** – Plan and document data-conversion activities – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Save key evidence of FMS-NG data-conversion activities – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Centrally organize and maintain all planning, converting, testing and implementation documentation – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 4** – Document formal account management procedures – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 5** – Develop and implement an access request form – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 6** – Develop and implement separation-of-duties requirements – **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 7** – Develop and document contingencies for essential functions – **CONCUR, WORKING TO IMPLEMENT**

May 12, 2015 – Improper Payments Reporting (OIG-AR-15-06)

- **Recommendation 1** – Align the Bank’s Process and Procedures for Improper Payments with OMB requirements - **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 2** – Review the Improper Risk Assessment Questionnaire - **CONCUR, WORKING TO IMPLEMENT**
- **Recommendation 3** – Review the Improper Payment Risk Assessment prior to the issuance of the Annual Financial Report - **CONCUR, WORKING TO IMPLEMENT**

February 11, 2015

The Honorable John Boehner
Speaker of the
House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Democratic Leader
House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Democratic Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Boehner, Senator McConnell, Senator Reid, and Representative Pelosi:

We recognize the many challenges requiring Congressional attention today, but as the 114th Congress begins its work this year, we write to encourage Congress to make one a particular priority - the reauthorization of the US Export-Import Bank, or Ex-Im Bank.

From our prior experience in government, each of us has seen how commercial and economic diplomacy have become critical elements of US national security. The involvement of US companies in emerging markets is fundamentally beneficial to the American economy while helping to drive growth, prosperity and political stability abroad. When companies in America export their goods to foreign countries, they promote transparency and sound business practices, and in many cases share knowledge, provide training, and increase investment and employment in the markets where they operate. All of this helps to spread American values and strengthen our interests, while creating jobs and sustaining economic growth here in the United States. American economic engagement through exports to foreign countries is truly a win-win proposition, and the American government must do what it can to support our companies on the front lines.

The Ex-Im Bank is one of the most important tools in our system of government to enable US companies to compete and secure business in overseas markets. As much as the United States has done to promote the creation of free markets and fair trade, it remains an imperfect world. The foreign competitors of US manufacturers all have access to export credit agencies in their countries of origin – many of which are much larger and do not abide by the same stringent rules as the Ex-Im Bank. The Ex-Im Bank levels the playing field for our companies, whether small, medium or large, and enables them to participate in international tenders where their goods and services will be evaluated on an equal basis against their foreign competitors. Indeed, many global customers require access to export credit agency funding as a prerequisite to submit a proposal. Without access to the Ex-Im Bank, US manufacturers could lose deals before they even begin to assemble their bids.

To us, it is inconceivable that some in Congress could contemplate dismantling the Ex-Im Bank while the dynamics of global trade remain as they are. Unilateral disarmament has never been considered a viable defense policy, and we cannot think of a reason why it should be considered a rational export

policy. By way of example, the government of China has announced a new initiative to devote an additional \$10 billion in export credit to Africa – bringing China’s total to \$30 billion, roughly the equivalent of the Ex-Im Bank’s global volume for the year. This will enable Chinese firms to expand their reach in the continent – particularly in the infrastructure sector, where projects can have a lifespan of twenty to thirty years. In an environment such as this, we should be exploring how to strengthen the Ex-Im Bank through sound reform and expand its efforts to counter the aggressive moves of our economic competitors.

We urge you to support reauthorization of the Ex-Im Bank’s charter immediately. Our national security and economic interests depend upon it.

Sincerely,

Madeleine Albright, Former U.S. Secretary of State

Richard Armitage, Former U.S. Deputy Secretary of State

Samuel Richard “Sandy” Berger, Former U.S. Assistant to the President for National Security Affairs

William Cohen, Former U.S. Secretary of Defense

Kenneth M. Duberstein, Former White House Chief of Staff

Carlos Gutierrez, Former U.S. Secretary of Commerce

Stephen Hadley, Former U.S. Assistant to the President for National Security Affairs

Carla Hills, Former U.S. Trade Representative

General James L. Jones, Former U.S. Assistant to the President for National Security Affairs and Former Supreme Allied Commander Europe and Combatant Commander

Ron Kirk, Former U.S. Trade Representative

Thomas “Mack” McLarty, Former White House Chief of Staff

John Negroponte, Former Director of National Intelligence