



Reducing Risk. Unleashing Opportunity.

2017 Broker Annual Meeting

Washington, D.C.

April 5, 2017



Welcome

Charles J. Hall
Acting Chairman of the Board
of Directors and President

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Welcome

Troy Fuhriman
Acting Chief Banking Officer and
Sr. Vice President, Export Finance

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Agenda



1:00pm Welcome

*Charles J. Hall, Acting Chairman of the Board of Directors and President
Troy Fuhriman, Acting Chief Banking Officer and Senior Vice President,
Export Finance*

1:15pm Congressional and Intergovernmental Affairs

Lee Stewart, Director of Intergovernmental Affairs

1:25pm Broker Relations Strategy

Ed Coppola, Director, Broker Relations and Product Development

1:40pm U.S. Content Survey Update

Walter Hill, Vice President, Credit Review and Compliance

1:45pm Current Issues in Risk Management

Ken Tinsley, Chief Risk Officer



Agenda



2:00pm Trade Finance and Insurance Update

Jean Fitzgibbon, Deputy Vice President, Trade finance and Insurance

Tom Fitzpatrick, Deputy Vice President, Trade Finance and Insurance

Amy Shinkman, Director, Trade Finance and Insurance

Jacob Bakst, Loan Officer, Trade Finance and Insurance

2:45pm Break

3:00pm Emerging Markets in the Emerging New World Order

Bill Marsteller, Vice President, Country Risk and Economic Analysis

Nicolas Liszop, Financial Economist

Manli Zhang, Financial Economist

Michael Monderer, Financial Economist



Agenda



- 3:30pm EXIM Bank in Changing Times
Jim Cruse, Senior Vice President, Policy and Planning
- 3:45pm Claims Results and Lessons Learned
Irina Avilova, Senior Claims Officer
- 4:00pm Regional Export Promotion Program (REPP)
Aerek Stephens, REPP Program Manager
- 4:15pm Closing remarks
Jim Burrows, Senior Vice President, Small Business

Congressional and Intergovernmental Affairs

Lee Stewart, Director of
Intergovernmental Affairs

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Broker Relations Strategy

Ed Coppola

Director, Broker Relations and
Product Development

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Broker Strategy



› Strengthen broker relationships and engagement

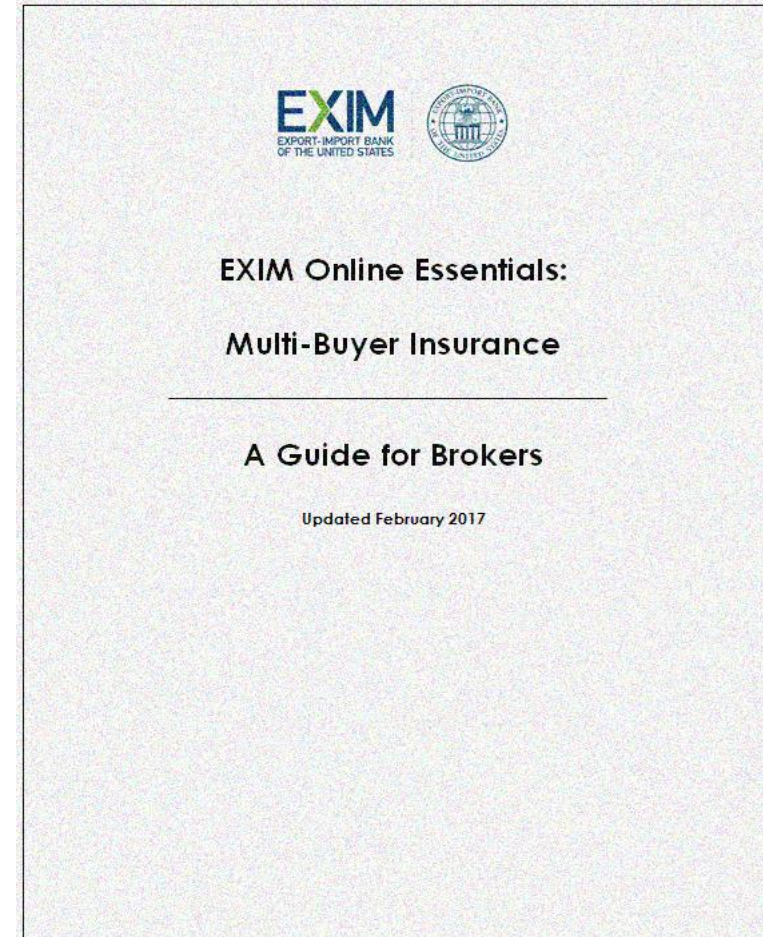
- Updated Broker Locator
- Quarterly webcasts
 - Next webcast April 20, 1:30pm – 2:30pm
 - EOL overview targeting new and infrequent users
 - Calendar invite to follow
- Newsletter
- EOL focus group (seeking volunteers)
- Personal outreach and training





› Updated and new training tools

- New EOL user guides for brokers
- Overview of key EOL functionalities
- Supplemented by a recorded webinar
- Additional recorded training tools on various aspects of EOL and other topics





› New standards for broker locator eligibility

- Attend both Trade Finance Solutions for Exporters and Lenders seminar and broker-specific training
- Bind one policy within one year to remain on broker locator
- EXIM broker registration is withdrawn if no policies renewed or bound in two-year period
 - Applies to existing and new brokers
 - Brokers already on the locator who have not issued a policy in previous one-year period need to bind or renew one policy in the next one-period to retain their EXM registration

Impact of the Lapse: FY 2014 YTD* v. FY 2017 YTD*

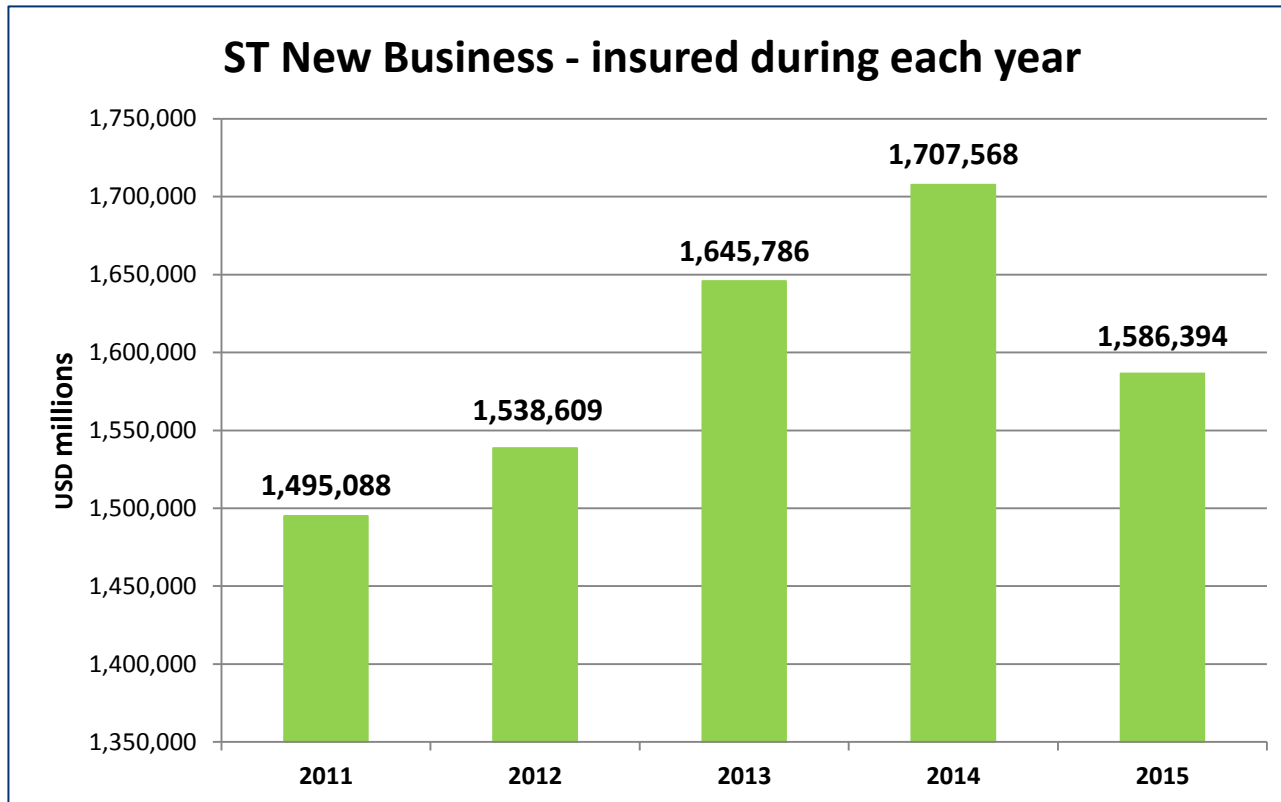
Program	FY 2017 YTD Amount (\$M)	FY 2014 YTD Amount (\$M)	FY 2017 YTD Count	FY 2014 YTD Count
MT Insurance	\$12.5	\$3.7	13	13
ST Insurance – Bank-Held	\$517	\$810.5	29	81
ST Insurance – Single-Buyer	\$55.8	\$62.7	91	175
ST Insurance – Multi-Buyer	\$443.7	\$706.5	722	886
Express	\$110.6	\$146.6	355	333
Small Business	\$108.7	\$199.4	176	297
Standard	\$224.4	\$360.5	191	256

* FY thru February

Market Conditions



- **Trade credit and political risk market as a whole continued to expand in spite of soft market**
 - Notable exception: Hiscox
 - Multi-Buyer market capacity stable



Source: Berne Union 2016 Yearbook

Market Conditions



- › Prices appear to have stabilized
- › Favorable reinsurance pricing and conditions for primary underwriters
- › Underwriters looking for new niche segments
 - Project Finance
- › Significant movement of underwriting talent
- › Several large credit and surety claims impact across the market

U.S. Content Survey Update

Walter Hill
Vice President, Credit Review
and Compliance

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Current Issues in Risk Management

Ken Tinsley
Chief Risk Officer

April 5, 2017

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Trade Finance and Insurance

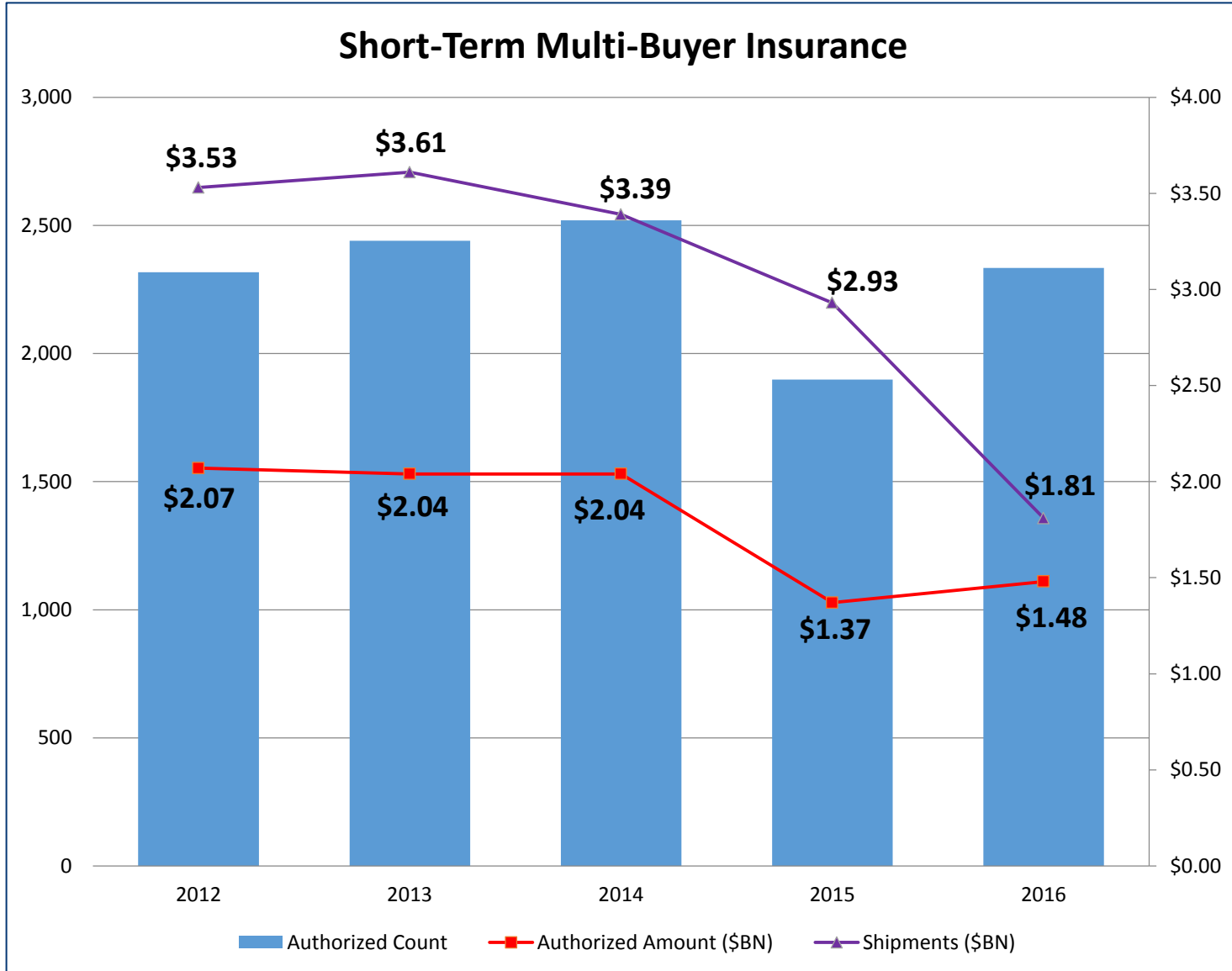
Jean Fitzgibbon, Deputy Vice President
Tom Fitzpatrick, Deputy Vice President
Amy Shinkman, Director
Jacob Bakst, Loan Officer

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Short Term Multi-Buyer Insurance



Short Term Multi-Buyer Insurance



Policy Type	FY 2016		FY 2015		FY 2014	
	Count	Authorized (millions)	Count	Authorized (millions)	Count	Authorized (Millions)
Multi-buyer (ESC) Deductible	602	\$781.8	511	\$741.3	706	\$1,134.7
Small Business (ENB)	661	\$350.2	533	\$319.7	819	\$493.4
Express Insurance (EXP)	1,071	\$348.2	854	\$307.0	995	\$414.3
TOTAL	2,334	\$1,480.2	1,898	\$1,368.0	2,520	\$2,042.4

Express Eligibility Criteria Effective March 1, 2017



Specific modifications

- Reinstatement of original 10 foreign credit buyers or fewer criteria;
- Establishment of an eligibility threshold of no more than 5 years of export credit experience;
- Reinstatement of the \$500 refundable advance deposit for all small business MB policy quotes;
- Establishment of an Express graduation policy.

Express Graduation Criteria Effective June 1, 2017



Graduation guidelines

- At the time of third renewal (i.e., going into their fourth year as a MB policyholder), Express policyholders need to convert to either:
 1. Whole-turnover policy (“ENB” or “ESC”);
 2. Reasonable spread of risk (“RSOR”) policy;
 3. Single-buyer policies (“ESS”).

Example: ACME, Inc. of CA became an Express policyholder on August 1, 2013. As of August 1, 2017, the company has been with Ex-Im for 4 years and now falls under the Express graduation criteria.

MB Policy Transaction Processing Modifications



Specific modifications

- Extension of the published 5 day processing times on buyer credit reviews to 10 days;
- Ex-Im Online (“EOL”) will be modified to allow for transactions to be placed in an “incomplete” status
 - Added EOL functions to enable uploading missing credit information (similar to current Claims process);
 - Ability to track transactions in the “incomplete status.”

Short Term Single-Buyer Insurance



Policy Type	FY 2017 YTD*		FY 2016	
	Count	Authorized (\$ Millions)	Count	Authorized (\$ Millions)
Exporter Single-buyer (ESS)	91	\$55.9	206	\$62.5
Financial Institution Buyer Credit (FIBC)	17	\$29.5	39	\$100.4
Bank Letter of Credit (ELC)	12	\$487.5	46	\$2,154.0
TOTAL	120	\$572.9	291	\$2,316.9

*End of February 2017

Medium Term Guarantees and Insurance



- › Portfolio composition
- › Recent trends
- › Underwriting nuances
- › Pricing

Medium Term Insurance and Guarantees



Type	FY 2016		FY 2015		FY 2014	
	Count	Authorized (Millions)	Count	Authorized (Millions)	Count	Authorized (Millions)
Insurance	9	\$10.2	29	\$45.7	59	\$98.8
Guarantees	28	\$123	40	\$150	58	\$135
TOTAL	37	\$133.2	69	\$196	117	\$233.8

Let's Take a Break



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EXPORT-IMPORT BANK
OF THE UNITED STATES

Country Risk Issues

Country Risk & Economic Analysis

Bill Marsteller, Vice President

Nick Lizop, Financial Economist

Manli Zhang, Financial Economist

Michael Monderer, Financial Economist

April 5, 2017

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Argentina



› Returning To Growth

- Q4 GDP growth was 0.5%

› Improving Environment

- Decreasing inflation
- Fiscal deficits contained
- Stable exchange rate

› Policy Continuity

- Reform orientation maintained
- October elections

› Risks To Outlook

- High dependence on investor appetite & capital markets
- Continued austerity raises political tensions
- Nonsovereign sector is still difficult to navigate

› Decelerating Economic Growth

- Since 2012

› External Imbalances

- Large current account deficit
- Rising external debt
- High external financing requirements
- Exchange rate volatility

› Deteriorating Political Situation

- Growing authoritarianism
- Worsening external relations

› Resilient Economy

› Economic Slowdown

- The new normal

› Strong External Balances

- Current account surplus
- A major destination for FDI
- Capital outflows
- Declining but still sizable foreign exchange reserves
- Exchange rate volatility

› Internal Stability

- Massive political apparatus
- Isolated rural and urban unrest
- Rising income inequality and widespread corruption
- Environmental degradation and health issues

- › **Deteriorating Political Stability**
 - Impeachment
 - Elections
 - Corruption
- › **Slow Economic Growth**
- › **Relatively Strong External Balances**
 - Current account surplus
 - Competitive export sector
 - Exchange rate volatility
- › **Geopolitical Risks**
 - North Korea
- › **Wealthy and Diversified Economy**



- › Brexit *Finally* Means Brexit: Long Wait Is Over
- › Massive Uncertainty
- › Hard Line Opening Positions
- › Downside Risks Dominate Every Scenario For All Parties

EXIM Bank in Changing Times

James Cruse
Senior Vice President
Policy and Planning

April 5, 2017

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Claim Results and Issues

Irina Avilova
Senior Claims Officer

April 5, 2017

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Short-Term Claims Received Are Down in 2017



No. Claims Received	2014	2015	2016	2017 YTD*
Multibuyer				
Standard (ESC)	45	60	34	4
Small Business (MB ENB/ENV)	62	51	36	17
Express	26	20	20	6
Singlebuyer				
Short-Term (ESS)	14	6	4	5
Fin. Inst. Buyer Credit (FIBC)	10	10	11	0
Total	157	147	105	32
Denied	22%	20.50%	21.90%	TBD

*March 22, 2017

Short-Term Claims Paid Are Down in 2017



Claims Paid (\$M)	2014	2015	2016	2017 YTD*
Short-Term Multibuyer	6.46	7.61	3.85	0.22
Short-Term Singlebuyer (exporter and bank held)	14.54	10.25	6.34	0
Medium-Term	4.0	1.1	0.68	0
Total	\$25.0	\$18.96	\$10.87	\$0.22

On average about 15% of short-term claimed amounts were denied over the last 3 years

* March 22, 2017

Prudent Steps to Avoid Mistakes



- Pay premium (on over shipments as well)
- Establish a valid buyer obligation
- File the claim on time
- DCL, SBCL limitations
- Satisfy any special conditions/endorsements
- Treat each shipment as if it was to end up in a claim
- Follow/know the policy!

Common Issues Raised by Exporters



- Disputes with the buyer
- Demurrage charges
- Shipment under Ex Works terms (and other terms, which are not in the policy)
- Covered causes of loss

Conclusion: Follow/know the policy!



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Regional Export Promotion Program (REPP)

Aerek Stephens
REPP Program Manager

April 5, 2017





REPP Relaunch Goals



- Increase Small Business Authorizations
- Strengthen member relationships
- Increase REPP membership across the United States
- Improve Marketing & Outreach
- Improve Tracking & Accountability Efforts

REPP Member Expectations



- Maintain at least one qualified, trained representative dedicated to promoting EXIM
- Organize at least 3 trade finance/EXIM events
- Reporting of lead generation
- Reporting of events
- Requesting EXIM speaker through REPP portal

Goal 1 – Increase Small Business Authorizations



- Primary goal of REPP is to increase the number of small business authorizations and help the Bank meet its 25% small business mandate.
- Requires 100% lead generation from REPP members
- Encourage 20% lead generation from MWOB

Goal 2 – Strengthen Member Relationships



- Bank's aim is to increase overall satisfaction of members by making improvements:
 - Collaborate to create more outreach opportunities
 - REPP Recognition
 - Dedicated web page for members
 - Streamlined on-line reporting (referral, events and speaker requests)
 - Amplify REPP via Social Media
 - Disbursement reports

Goal 2 – Strengthen Member Relationships (cont'd)

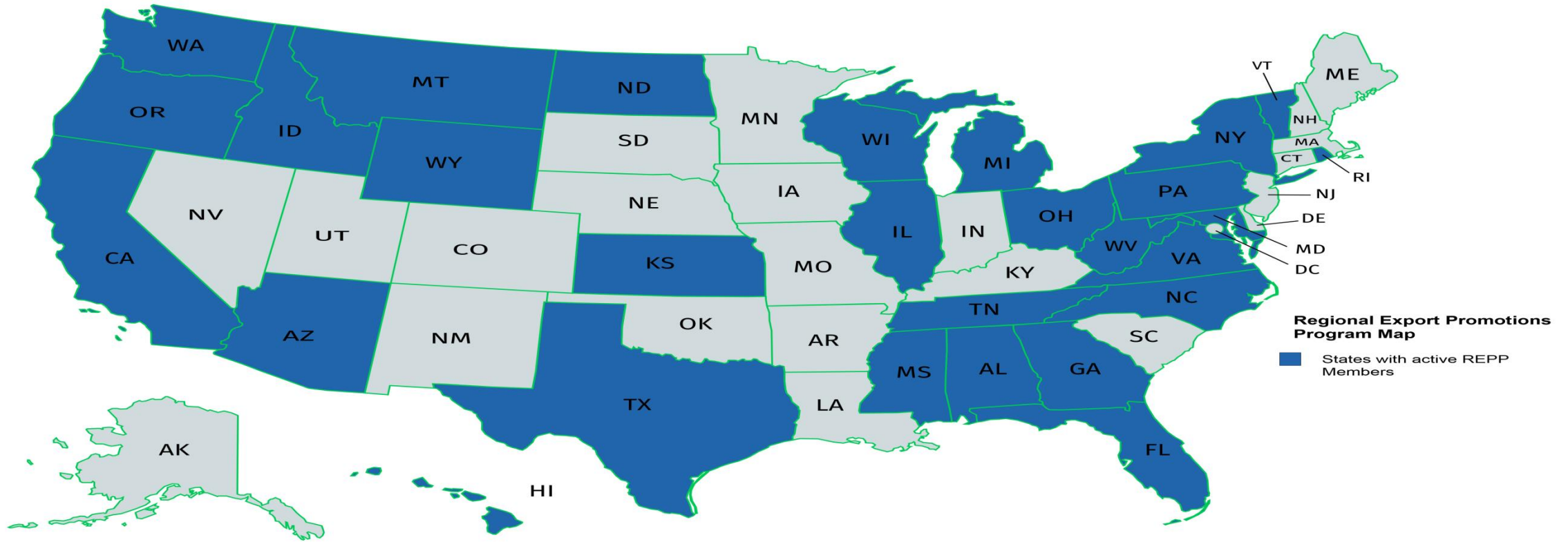
- **Member Education**

- Program success is dependent upon members having strong grasp of EXIM Bank products and services
- Webinars
- Onsite training
- Promote subscriptions to (EXIM Blog, Facebook, LinkedIn and Twitter)

Goal 2 – Strengthen Member Relationships (cont'd)

- **Increased Communication**
 - Upcoming events/webinars/Bi-monthly conference calls
 - Success stories, leads/events status
 - Member satisfaction results

Goal 3 – Increase REPP Membership



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Goal 4 – Increase Awareness of Marketing & Outreach



- Improve use of marketing tools
- Increase joint marketing
- Direct email campaigns

Goal 5 – Improve Accountability & Tracking Efforts



- On-line accountability of Member Expectations
- Salesforce
- EXIM accountability

Q & A



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