CONGRESSIONAL BUDGET JUSTIFICATION

ON EX-IM BANK'S BUDGET ESTIMATES
FISCAL YEAR ENDING SEPTEMBER 30, 2013

FISCAL YEAR 2013 BUDGET REQUEST
EXPORT-IMPORT BANK OF THE UNITED STATES

Contents

Executive Summary

An Overview

Mission

The Export-Import Bank of the United States ("Ex-Im Bank" or "Bank") is an independent executive agency and a wholly-owned U.S. government corporation. Ex-Im Bank is the official export credit agency of the United States. Ex-Im Bank's mission is to enable U.S. companies – large and small – to turn export opportunities into real sales that maintain and create U.S. jobs and contribute to a stronger national economy. The Bank achieves this mission by providing export financing through its loan, guarantee, and insurance programs in cases where the private sector is unable or unwilling to provide financing. Ex-Im Bank also steps in when financing support is necessary to level the playing field for U.S. exporters that are in competition with foreign companies supported by financing from their governments. The Bank has provided financing support for export sales in over 171 markets throughout the world.

Support U.S. Exports & Jobs

In FY 2011, the Bank supported $41 billion in exports and an estimated 288,000 U.S. jobs.

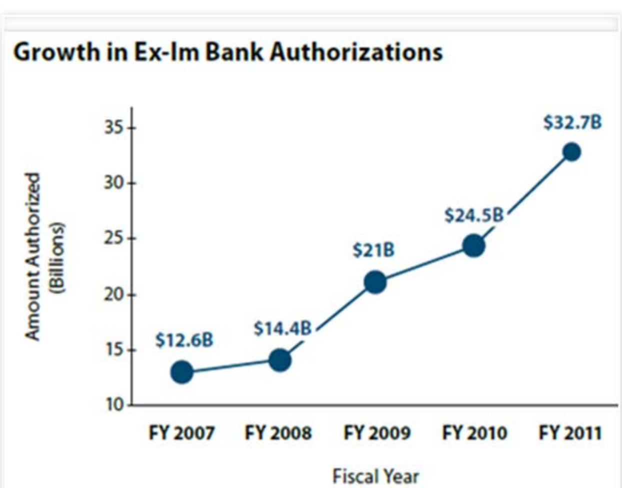
Increased Market Competition

In 2010, the G6 (excluding the U.S.) provided $52.4 billion in officially supported export financing. Brazil, India and China, provided $72.7 billion in officially supported export financing.

Addressing Financing Gaps

European Banks are expected to decrease assets by €1.5-€2.5 trillion over the next 2 years, resulting in less capital available for international export finance.

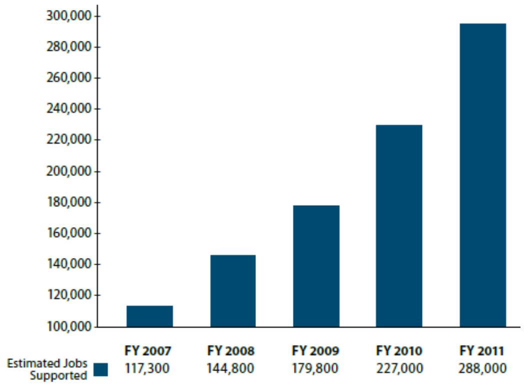
Ex-Im Bank operates as a self-sustaining agency, funding all its operations and programs through fees charged to its customers. The Bank's Charter requires reasonable assurance of repayment for the transactions it authorizes, and the Bank closely monitors credit and other risks in its portfolio. As a self-sustaining agency, Ex-Im Bank has proven to be a responsible steward of the taxpayers' resources.



Recent History

Ex-Im Bank has succeeded in its job-supporting mission over the past 77 years. Over the past three years, in particular, Ex-Im Bank has helped address the gaps in private financing caused by the financial crisis of 2008 and the ongoing Eurozone crisis. Ex-Im has stepped in where private banks and other lending institutions were unwilling or unable to meet the trade finance needs of U.S. exporters. The Bank's authorizations have doubled over historical levels. In FY 2011, Ex-Im Bank authorized $32.7 billion in financing, supporting an estimated $41 billion in U.S. exports to 94 countries.

Growth in Ex-Im Supported Jobs

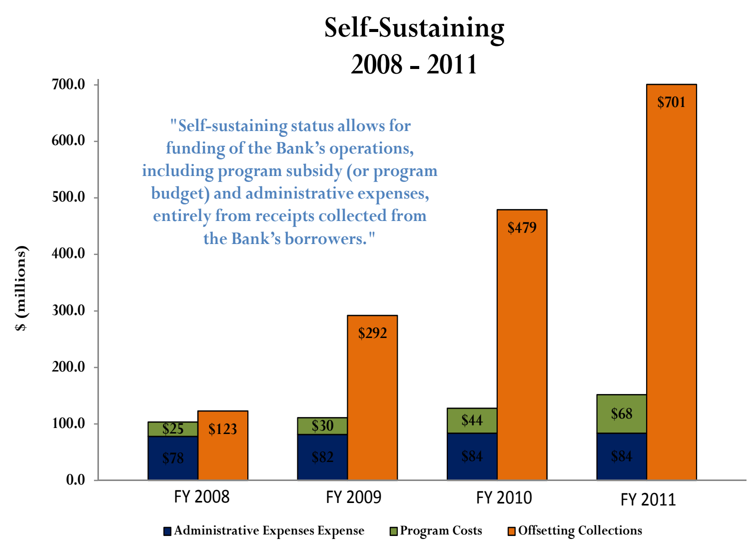


SUPPORTING U.S. JOBS

Ex-Im Bank's mission is to support jobs through U.S. exports by providing competitive export financing and ensuring a level playing field for American exporters in the global marketplace. Ex-Im Bank's FY 2011 authorizations alone are supporting an estimated 288,000 American jobs at more than 3,600 U.S. companies.

SELF-SUSTAINING STATUS

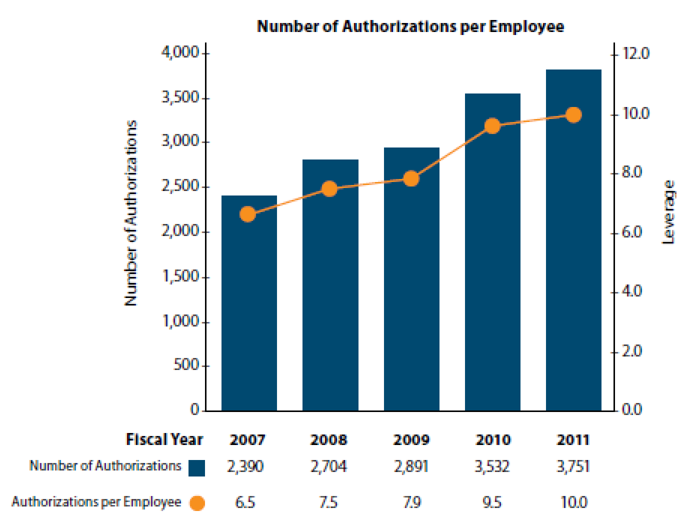
Ex-Im Bank has been self-sustaining for budgetary purposes since FY 2008. The FY 2013 President's Budget continues the Bank's self-sustaining status, which was achieved for the first time in FY 2008. Self-sustaining status allows for funding of the Bank's operations, including program subsidy (or program budget) and administrative expenses, entirely from receipts collected from the Bank's borrowers. As a result, the Bank does not rely on taxpayer resources to sustain operations. Congress will continue its oversight of Ex-Im Bank's budget, setting annual limits on its use of funds for program subsidy and administrative expense obligations.



The self-sustaining initiative is based on the Bank's performance since the implementation of Credit Reform in FY 1992. Since the Federal Credit Reform Act of 1992, the Bank has returned over $4.9 billion more to the U.S. Treasury than it has received in program and administrative expense appropriations.

EMPLOYEE EFFICIENCY

Although a small agency of less than 400 FTEs, Ex-Im Bank's employees are highly efficient. In FY 2011, the average dollar amount of authorizations per employee was $86.9 million, up from $65.9 million in FY 2010 – a 32 percent increase. The average number of authorizations per employee was 10.0 in FY 2011, up from 9.5 in FY 2010. Ex-Im Bank credits these increases to its continued focus on streamlining its bank-wide operations as well as the commitment and dedication of its staff.



Organizational Overview

Products

Bank Wide

Ex-Im Bank offers four financial products: loan guarantees, direct loans, working capital guarantees, and export credit insurance. All Ex-Im Bank products carry the full faith and credit of the U.S. government.

Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S exports. Ex-Im Bank guarantees to a lender that in the event of a payment default by the borrower it will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers commercial and political risks for up to 85 percent of the U.S. contract value.

Ex-Im Bank's direct lending program offers fixed interest-rate loans directly to foreign buyers of U.S. goods and services. Loans to an exporter's customer can cover up to 85 percent of the U.S. contract value. Ex-Im Bank's direct loans typically carry the lowest fixed interest rate and term permitted for the importing country under the "Arrangement on Guidelines for Officially Supported Export Credits" negotiated among members of the Organization for Economic Cooperation and Development (the "OECD").

Ex-Im Bank lending covers a range of terms, extending up to eighteen years. Medium-term products typically have repayment terms of one to seven years, while the long-term products usually have repayment terms in excess of seven years.

Small Business

Two of the Bank's financial products – Working Capital Guarantees and Export Credit Insurance – primarily benefit small businesses. Under the Working Capital Guarantee program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's guarantee protects the lender from default by the exporter for 90 percent of the loan principal and interest.

Ex-Im Bank's export credit insurance policies help U.S. exporters sell their goods overseas by protecting them against the risk of foreign buyer or other foreign debtor default, enabling them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

In February 2012, Ex-Im Bank unveiled Global Credit Express (GCE), a new product that will provide a revolving line of credit, up to $500,000 for 6 to 12 months, to small business exporters. During the program's pilot phase, an initial $100 million in financing will be made available through a select number of lenders nationwide. Following the pilot, the Bank will evaluate the results of this direct loan program. The product is specially designed to finance the business of exporting rather than specific export transaction

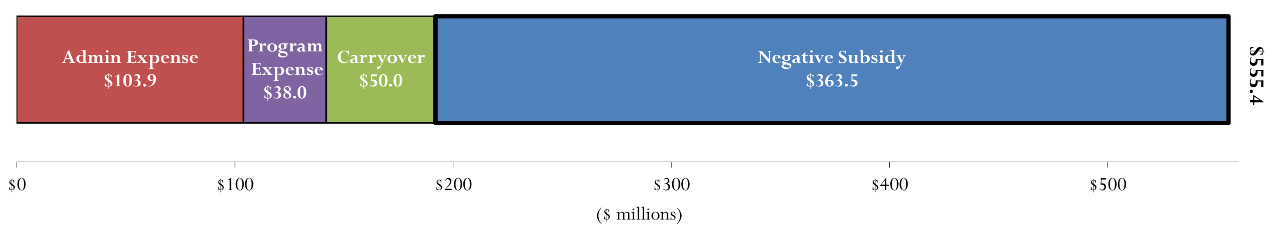
Budget Request

FY 2013 Request

Request Overview

Ex-Im Bank requests $103.9 million for administrative expense and $38.0 million for program expense. These expenses will be paid by fees, or offsetting collections, so that the net appropriation is zero. At this request level, the Bank estimates that in FY 2013 it will collect $555.4 million of fees in excess of expected losses on transactions authorized in FY 2013 and prior years and be able to support an estimated $36.9 billion of authorizations or $44.5 billion in U.S. exports. Ex-Im Bank is also requesting carryover of $50.0. After taking into account these expenses, Ex-Im Bank forecasts negative subsidy $363.5 million to be used as an offset and returned to the U.S. Treasury in FY 2013.

Offsetting Collections
FY 2013



Self-Sustaining

The FY 2013 President's Budget continues the Bank's self-financing status, which was implemented for the first time in FY 2008. Generally, under self-sustaining, at the start of fiscal year, the U.S. Treasury will give Ex-Im Bank a warrant for $141.9 million to cover its FY 2013 limitations on program budget and administrative expenses. As Ex-Im Bank collects negative subsidy receipts in FY 2013, the Bank will use these offsetting collections to repay the Treasury warrant received at the start of FY 2013. If the offsetting collections are greater than $141.9.0 million in FY 2013, any amount up to $50.0 million will be retained in Ex-Im Bank's Program Account and be available for three additional years. Ex-Im Bank forecasts negative subsidy receipts of $555.4 and expenses of $191.9 million or net receipts of $363.5 in FY 2013, the excess receipts will be transferred to Ex-Im Bank's Negative subsidy receipt account and will be returned to Treasury at the end of FY 2013.

Historical Budgetary Experience

Since FY 1992, Ex-Im Bank has returned to the U.S. Treasury approximately $4.9 billion more than the total amount of appropriations received during this period.[1] These funds were not needed to cover net claims, further evidence that Ex-Im Bank's fees have more than covered net claims over this period.

In FY 2013, Ex-Im Bank expects to return $363.5 million (excluding Inspector General expenses) of the $555.4 million in offsetting collections to the U.S. Taxpayer. This and future substantial returns to the U.S Treasury hinges upon increased administrative expense investments for an FTE base currently stretched to its limits, while also installing new IT systems to replace current systems which are in critical need of upgrades.

[1] From FY 1992 through FY 2011, the Bank has received approximately $10.6 billion in program budget and administrative expense appropriations but has returned $15.5 billion in resources to the U.S. Treasury through the annual OMB program subsidy reestimate process. This amount includes the interest earned on Financing Account cash balances.

Investment Request

FY 2013 Request

INVESTMENT OVERVIEW

Ex-Im Bank is requesting a **$14 million investment** above the FY 2012 Administrative Expense level. This investment will provide the Bank with the resources necessary to meet forecasted export financing demand. Ex-Im is a demand driven entity responding to market needs and current demand for Ex-Im support is exceeding existing capacity. This investment request addresses the Bank's infrastructure gaps, both IT systems and staff, which restrict the Bank's ability to meet this forecasted demand. Ex-Im Bank has not received any significant IT investments since 1994. Of this investment, $7 million will be used for the Phase I overhaul of our systems, and $7 million will be used for an increase in our underwriting capabilities as well as our small business outreach. In FY 2013, this investment will support $7 billion in additional export authorizations consisting of $5.6 billion in large non-small business transactions and $1.4 billion in small business transactions. It is estimated that it will generate $45.4 million in offsetting collection while supporting approximately 65,000 U.S jobs.

ADDITIONAL OFFSETTING COLLECTIONS FOR THE TAX PAYER

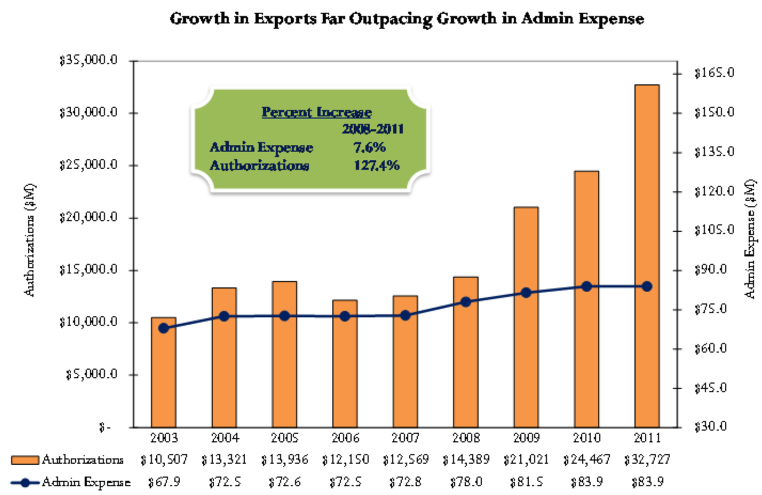
Ex-Im Bank is funded entirely by receipts collected from its customers. During the 3 year period from FY 2006 through FY 2008, Ex-Im Bank supported an average of $13.0 billion in authorizations, while supporting an average of $26.0 billion from FY 2009 through FY 2011. Since FY 2009, the Bank approved $78 billion in authorizations supporting an estimated $104 billion in U.S. exports and over 750,000 jobs – all at no cost to the U.S. taxpayer. Included in this amount is approximately $32.7 billion in authorizations for FY 2011. At the Budget Baseline $30 billion authorization level, the Bank forecasts $510 million in Offsetting Collections which would result in $328 million of negative subsidies/offsets. With the additional $14 million investment, Ex-Im Bank forecasts for FY 2013 $555.4 million in Offsetting Collections which would result in $358 million of negative subsidies/offsets.

OPPORTUNITY TO SUPPORT EXPORTS & ADDITIONAL JOBS

Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. The Bank does not compete with private sector lenders but provides export financing products that fill gaps in trade financing. This includes leveling the playing field for U.S. exporters by matching the financing that other governments provide to their exporters. The Bank forecasts demand to be in the $35 billion to $40 billion range in FY 2013, but at the FY 2012 administrative funding level it will be difficult for the Bank to provide necessary financing support, particularly in a timely fashion. Only with the $14 million investment can Ex-Im Bank meet this demand and support U.S. jobs. Ex-Im Bank forecasts the increased authorizations will support an additional 65,000 U.S. jobs over and above the baseline submission.

*The initial investment of $20 million includes $6, million approved by Congress in 2012 and an additional $14 million requested in FY 2013.

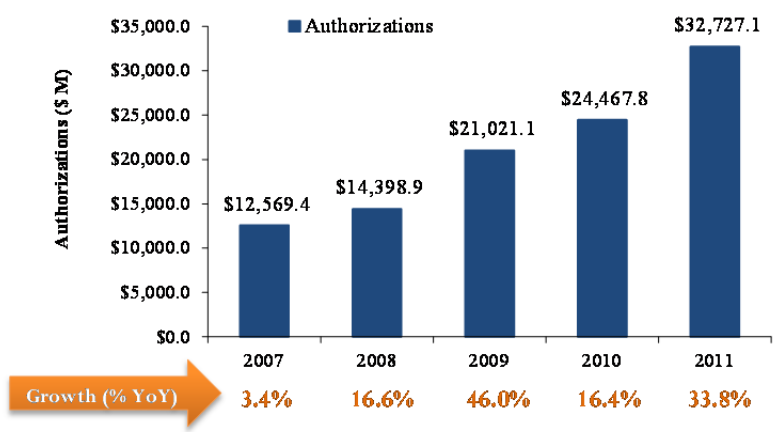
Administrative Constraint

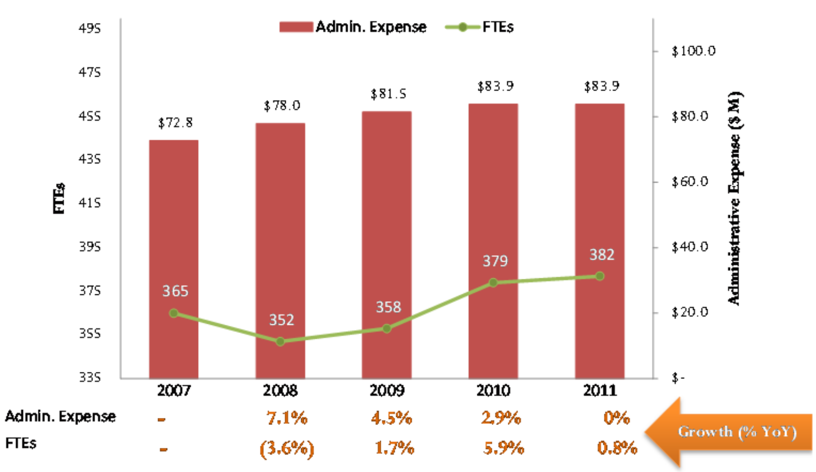


Since FY 2008, Ex-Im Bank has seen its annual authorizations levels increase by 127.4 percent while only receiving a 7.6 percent increase in Administrative Expenses. Despite the efficiency of Ex-Im Bank staff, this substantial growth in authorization compared to expense has the Bank operating significantly over its sustainable capacity in both FTEs and systems. This investment request is critical as year to year authorizations have more than doubled and the Bank faces additional mandates from the Administration and Congress. The Bank has responded to: 1] Rising Market Demand – European Bank Crisis will result in further private banking retrenchment from international trade finance; 2] Support the Administration National Export Initiative (NEI) and grow small business exports; and 3] Support Administration and Congressional Initiatives such as renewable energy and sub-Saharan Africa.

Increase in Demand

Since FY 2008 there has been a significant shift in demand for the services provided by Ex-Im Bank. During this time the Bank has seen its authorization levels increase by **127.4 percent**. The number of small business authorizations as increased by **57 percent** from 2,390 to 3,247 transactions. The Bank was able to support this increase in authorization only by stretching an already overworked and taxed infrastructure (both FTEs and systems). The additional investment will enabled continued prudent management of risks.





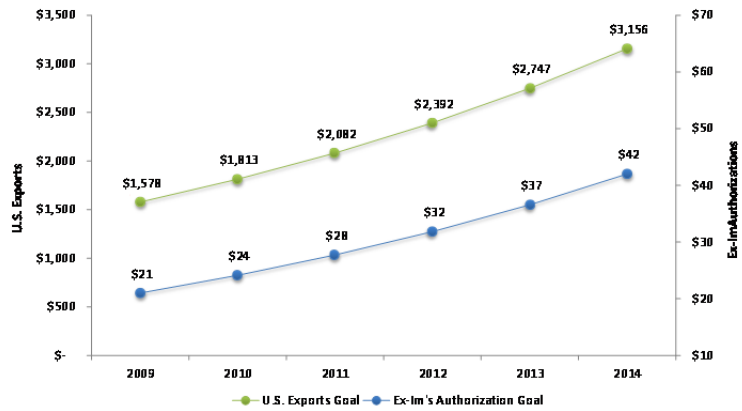
The Bank's administrative budget for FY 2008 was $78 million and $84 million for FY 2011, an increase of less than **2.5 percent per year**. In FY 2012, Congress appropriated a $6 million investment in administrative expense over the FY 2011 amount to begin addressing the Bank's IT and staffing gaps. The additional $14 million is necessary to bring the Bank's infrastructure up to levels necessary to meet forecasted demand.

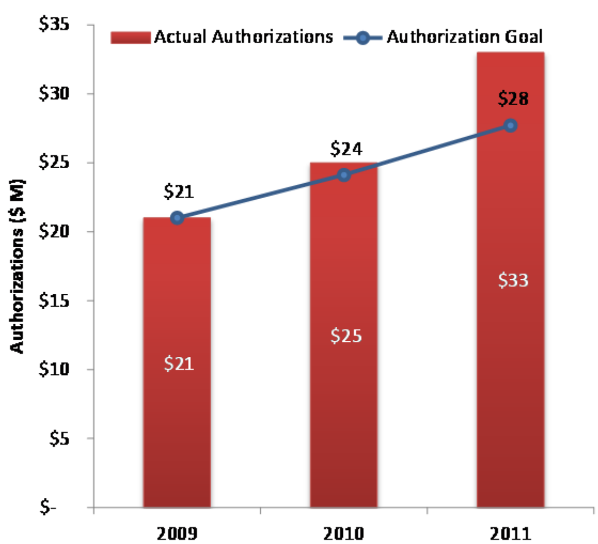
National Export Initiative

Double Authorizations by FY 2014

Doing Our Part

The Export-Import Bank of the United States supports President Obama's National Export Initiative (NEI) to double exports from their 2009 level to $3.2 trillion by 2014. Ex-Im Bank expects to grow authorizations proportionally to U.S. exports to ensure that the additional export financing needs of businesses are met. Thus, the Bank aims to double authorizations from the FY 2009 level of $21.0 billion to approximately $42.0 billion in FY 2014, requiring a year-over-year growth rate of 14.9 percent.





Surpassing NEI Targets

Growth in exports is a bright spot in the nation's economic recovery. The year-over-year growth rate of U.S. exports over the past three years has been approximately 17.1 percent – exceeding the pace needed to meet President Obama's National Export Initiative goal. Meanwhile, Ex-Im Bank authorizations have increased by 19 percent and 32 percent year-over-year in FY 2010 and FY 2011, respectively, surpassing the growth rate required to achieve the NEI. The Chairman of the Bank is also a member of the Export Promotion Cabinet that is tasked to develop and coordinate the implementation of the NEI.

Continued Support Needed

The Ex-Im Bank fully supports President Obama's National Export Initiative and the goal of doubling U.S. exports. In order to sustain Ex-Im's contribution to achieving the President's NEI goals, Ex-Im Bank needs to authorize $37 billion in financing for American exporters in FY 2013. With the additional $14.0 million in administrative expense investments, the Bank will be able to reach the $37 billion target and remain on track with the National Export Initiative.

Small Business Initiative

A Major Creator of U.S. Jobs

A Congressional Mandate

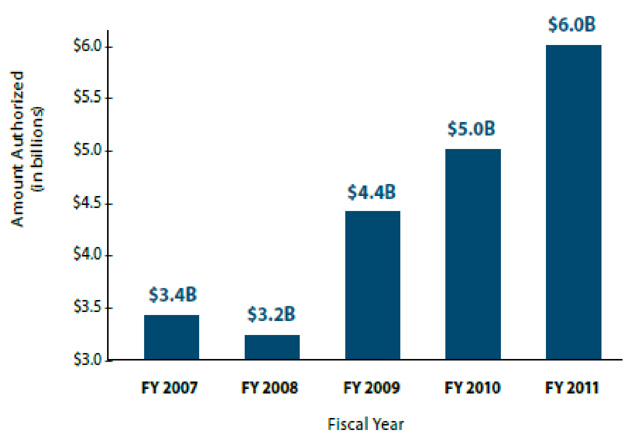
Ex-Im Bank has always played a critical role in supporting U.S. small business exporters. The Bank's Charter directs it to provide special attention to the needs of small business exporters. Congress states:

> *"Ex-Im Bank shall make available, from the aggregate loan, guarantee, and insurance authority available to it, an amount to finance exports directly by small business concerns (as defined under section 3 of the Small Business Act) which shall be no less than 20 percent of such authority for each fiscal year."*

Small business deals require more effort to originate, underwrite, and service than medium and large business deals because they tend to be smaller and less experienced in exporting. Due to these costs and the nature of the small business exporting market, if there are no additional administrative resources, the Bank will be unlikely to achieve its 20 percent small business target. However, with the additional investment of $14 million the Bank will be able to meet this important mandate.

Direct Small Business Support

Ex-Im Bank is providing export financing to an increasing number of U.S. small businesses, particularly companies that have fewer than 100 employees or traditionally have been underserved, such as minority-owned and woman-owned companies. In FY 2011, Ex-Im Bank authorized an all-time high of $6 billion – a 19.5 percent increase compared to FY 2010 – directly supporting U.S. small businesses as primary exporters. This financing represents nearly 18.4 percent of total Ex-Im authorizations. The Bank approved 3,247 transactions in FY 2011 that were made available to small-business exporters. In fact, 87 percent of all transactions authorized by the Bank went to small businesses. In FY 2011, 672 U.S. small businesses used Ex-Im products for the first time. No transaction is too small for the Bank—in FY 2011, we authorized 1,345 transactions for small businesses for amounts under $500,000.



Untapped Market

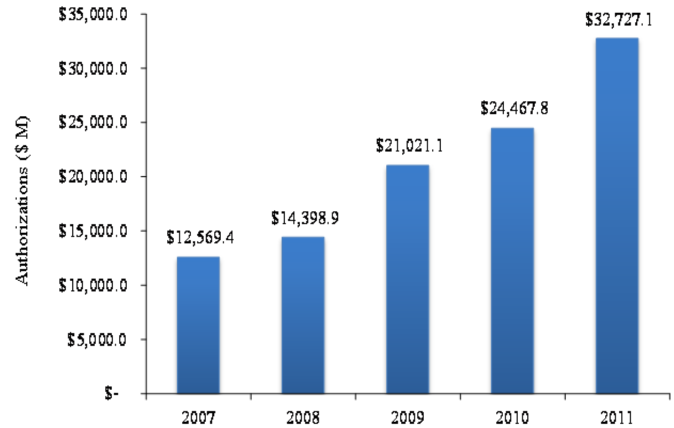
The Bank's experts estimate that in the U.S. there are 70,000 market-ready small business exporters. However, the administrative funding constraints and the higher costs of originating, underwriting, and servicing small business deals limits the Bank's ability to meet this demand. This investment request will enable the Bank to address the gap between market-ready small business exporters and the Bank's business development and underwriting capabilities. With the proper investment in our small business programs, we forecast that small business authorizations will grow from $5.8 billion estimated in FY 2011 to $8.5 – $9.0 billion by FY 2014, adding a total of 1,600 new small business exporters.

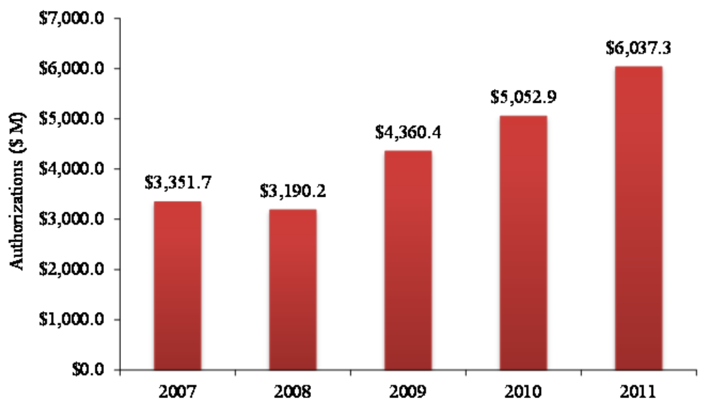
Summary of Program Results

Fiscal Year 2011

Total Authorizations

Ex-Im Bank authorized $32,467 million of loans, guarantees, and insurance during FY 2011 in support of an estimated $41,305 million of U.S. export sales. This is the highest level of authorizations in the Bank's 77-year history. Ex-Im's FY 2011 authorizations support an estimated 288,000 American jobs at more than 3,600 U.S. companies.





Small Business Authorizations

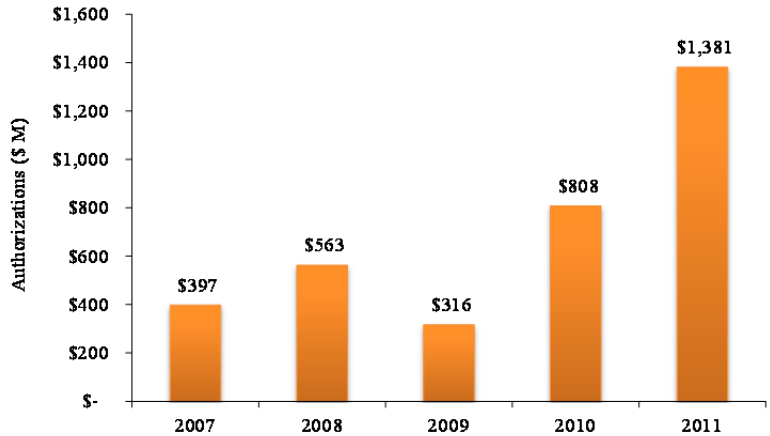
New authorizations for direct small business exports totaled $6,037.3 million, representing 18.4 percent of total authorizations compared to $5,052.9 million in FY 2009. In FY 2011, Ex-Im Bank authorized 3,247 transactions for the direct benefit of small business exporters.

Minority-Owned and Woman-Owned Business Authorizations

In FY 2011, Ex-Im Bank authorized $719 million to support exports by 598 U.S. small and medium-sized businesses known to be minority-owned and woman-owned – up 15 percent from FY 2010. Of these authorizations, $295.2 million were working capital guarantees, accounting for 9 percent of total working capital authorizations.

Sub-Saharan Africa Authorizations

In FY 2011, Ex-Im Bank authorized nearly $1.4 billion – a historic high – to support U.S. exports to sub-Saharan Africa. In addition, the Bank authorized $40 million in working capital guarantees to support U.S. exports to these markets. Over the past three years, Ex-Im Bank supported over $2.5 billion in U.S. exports to this region.



Environmentally Beneficial Export Authorizations

In FY 2011, Ex-Im Bank authorized a record $889 million to support over $1.3 billion of U.S. exports of environmentally beneficial goods and services. More than 81 percent of those authorizations supported exports related to renewable-energy production. In addition, the Bank authorized approximately $3 million in transactions supporting end-use energy efficiency exports such as insulation and thermal windows.

Key Markets

Ex-Im Bank is open for business in 175 countries. Last year, Ex-Im Bank launched a strategic review to determine the countries where Ex-Im financing could be particularly effective for American companies. The Bank analyzed countries based on GDP, infrastructure and impact and then narrowed the list down to nine countries: Mexico, Brazil, Colombia, Turkey, India, Indonesia, Vietnam, Nigeria and South Africa. While Ex-Im continues to finance exports around the globe, this targeted strategy is paying off. In FY 2011, the Ex-Im Bank supported $15.6 billion of U.S. exports to its nine key markets – an increase of more than 186 percent over the export value of financing in these markets in FY 2010.

	Ex-Im-Supported Value		U.S. Exports		Ex-Im Percentage of U.S. Exports	
Key Markets	**FY 2011**	**FY 2010**	**FY 2011**	**FY 2010**	**FY 2011**	**FY 2010**
Brazil	$517.1	$776.0	$41,282.8	$33,520.2	1.3%	2.3%
Colombia	4,703.8	25.1	13,822.5	11,564.5	34.0%	0.2%
India	3,630.8	74.6	21,055.3	18,160.5	17.2%	0.4%
Indonesia	695.0	460.8	7,395.0	6,738.4	9.4%	6.8%
Mexico	2,155.3	3,136.3	190,309.9	155,599.4	1.1%	2.0%
Nigeria	27.4	66.2	4,702.3	3,911.6	0.6%	1.7%
South Africa	1,183.1	2.5	6,990.0	5,347.0	16.9%	0.0%
Turkey	2,655.5	890.6	14,411.3	9,353.4	18.4%	9.5%
Vietnam	1.4	1.0	4,269.2	3,510.1	0.0%	0.0%
Subtotal	**15,569.4**	**5,433.0**	**304,238.3**	**247,705.1**	**5.1%**	**2.2%**
Other	**25,735.7**	**28,909.9**	**1,139,543.0**	**976,912.5**	**2.3%**	**3.0%**
TOTAL	**$41,305.1**	**$34,342.9**	**$1,443,781.4**	**$1,224,617.7**	**2.9%**	**2.8%**

Risk Management

Reserve Process & Monitoring

Federal Credit Reform Act (FCRA)

Under the FCRA, which took effect on October 1, 1991, U.S. government lending agencies are required to estimate the cost of loans and loan guarantees and to seek appropriations authority from Congress to cover that cost up front. As part of credit reform, the U.S. government budgets for the present value of the estimated cost of credit programs, excluding administrative expenses. This cost is known as program subsidy (or program budget). Program subsidy is defined as the net present value of all the cash flows of the credits to and from the U.S. government. A positive program subsidy occurs when the cash inflows are less than the reserve requirement, while a negative program subsidy occurs when the cash inflows are greater than the reserve requirement. Agencies must establish cash flow estimates for expected defaults, fees, and recoveries to estimate the subsidy cost as a part of the budget process.

Reserve Process

(In millions)	FY 2011	FY 2010
Total Loan-Loss Allowance	1,538.2	1,684.0
Total Allowance for Guarantees, Insurance and Undisbursed Loans	2,531.0	3,434.6
Total Allowance	**$4,069.2**	**$5,118.6**
Total Exposure	**$89,152.0**	**$75,213.9**
Percent Allowance to Exposure	**4.6%**	**6.8%**

Consistent with FCRA, Ex-Im Bank has taken steps to insure that it is properly reserved in the event of a default. Ex-Im Bank determines its allowance for loss for each fiscal year by assessing the repayment risk of the credit, which includes both commercial and political risk factors, then calculating the loss reserve based on the percentage of loss associated with the risk level assigned to the credit. After the political and commercial risks of the transaction are assessed, the transaction is assigned a risk rating based on the standard Inter-Agency Country Risk Assessment System ("ICRAS") classification. A determinant of the risk rating is the sovereign-risk rating of the country where the obligor is located. Credit enhancements such as the availability of liens and offshore escrow accounts are taken into consideration. The allowance for losses on this exposure is calculated using both Ex-Im Bank's own historical default and recovery rates in its cash flow models to calculate the amount of capital that must be reserved for each transaction.

In the event that losses exceed initial estimates, the Bank would be able to draw additional funds from the U.S. Treasury to satisfy those claims.

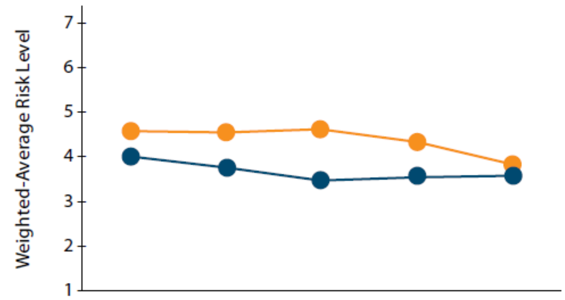
Yearly Re-Estimate

Due to the fact that financial and economic factors affecting repayment prospects change over time, the net estimated reserve requirements of the outstanding balance of loans, guarantees, and insurance is re-estimated annually in accordance with U.S. Office of Management and Budget ("OMB") guidelines. This re-estimate calculates the appropriate level of funds necessary to cover future defaults. Decreases in estimated reserve costs result in excess funds returned to the U.S. Treasury, while increases in reserve costs are covered by appropriations which become automatically available through permanent and indefinite authority pursuant to the

FCRA. Ex-Im Bank calculates an annual re-estimate of reserve requirements during the last quarter of each fiscal year. As of September 30, 2011, a re-estimate of the reserves on the outstanding balances for FY 1992 through FY 2011 commitments indicated that of the fees, interest, and appropriations in the financing accounts, the net amount of $102.2 million is needed to cover commitments. This amount is a receivable from the U.S. Treasury.

An Investment Grade Portfolio

The Bank classifies its credits into 11 risk categories, with level one being the least risky. Ex-Im Bank generally does not authorize new credits that would be risk-rated worse than level 8. On this scale, level 3 is approximately equivalent to Standard and Poor's BBB, level 4 approximates BBB-, and level 5 approximates BB. In addition, certain credits and capitalized interest included in gross loans receivable are reserved at 100 percent.



Fiscal Year	2007	2008	2009	2010	2011
Total Exposure	4.40	4.25	4.31	4.13	3.87
New Business	4.00	3.77	3.43	3.87	3.81

In FY 2011, 61.8 percent of Ex-Im Bank's portfolio was rated investment grade or better compared to 54.7 percent in FY 2010. The overall risk rating of the portfolio improved from 4.13 in FY 2010 to 3.87 in FY 2011.

Active Portfolio Monitoring

Ex-Im Bank continuously monitors its portfolio of credits after they have been approved. This includes scheduled risk-based review of the obligor's debt service capacity, taking into account all factors that directly impact ability and willingness to pay. These ongoing reviews strengthen staff's familiarity with obligors and allow the Bank to identify vulnerabilities in the credit. Consequently, the ability to develop and implement remediation action is strengthened, which ultimately has a positive impact on the quality of the portfolio. Most importantly, the information gained from portfolio reviews serves as a very critical feedback on underwriting new requests for support.

Risk Management

Exposure & Reserves

Exposure

At September 30, 2011, Ex-Im Bank's total exposure was $89,152.0 million. The Bank has reserves to cover expected losses on its outstanding exposure of $60.1 billion. Reserves for the undisbursed exposure of $29.1 billion will be established as the underlying credits are disbursed.

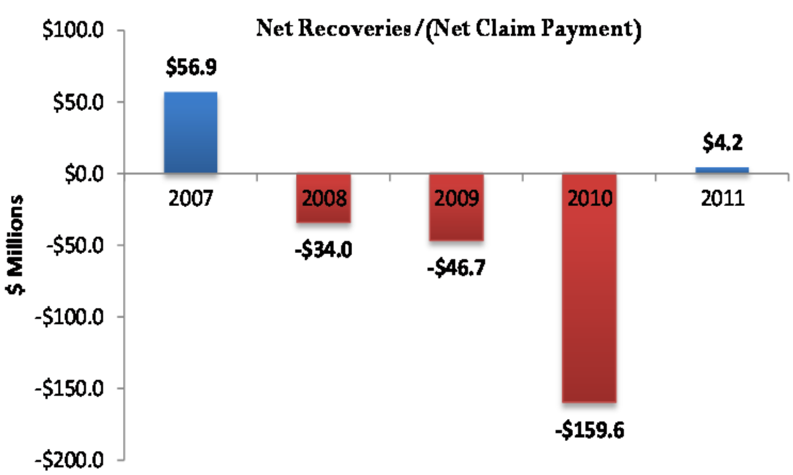
(In millions)	Outstanding	Undisbursed	Total
Guarantees	$47,844.00	$13,585.10	$61,429.10
Insurance	2,444.80	6,868.10	9,312.90
Sub Total	**$50,288.80**	**$20,453.20**	**$70,742.00**
Loans	$8,109.70	$8,622.70	$16,732.40
Claims	1,677.60	-0-	1,677.60
Sub Total	**$9,787.30**	**$8,622.70**	**$18,410.00**
Grand Total	**$60,076.10**	**$29,075.90**	**$89,152.00**

Properly Reserved

$1.2
Billion in Cash Reserves

The $50.3 billion in outstanding guarantees and insurance policies represent a contingent liability. The liability is that Ex-Im may be called upon to pay a claim to a guaranteed lender or an insured in the event of default. For financial statement purposes, Ex-Im records a liability for the estimated dollar amount of claims that the Bank could potentially have to pay on the entire outstanding guarantee and insurance exposure and sets aside an appropriate amount of cash to pay these claims. At September 30, 2011 the amount of cash reserved to pay claims was $1,220.4 million, or 2.4 percent of total outstanding guarantee and insurance exposure. The amount of cash set aside compares favorably to recent the Bank's loss experience is the Bank's long term guarantee and insurance net claim loss of less than 1.0 percent.

2.4% Reserves vs. 1.0% Net Losses



Claims & Recoveries

Over the past 5 fiscal years, the average net claim payment - claims less recoveries - was $35.8 million. This recent experience shows that the Bank is properly reserved. Ex-Im Bank has an active recovery group to recuperate losses. Since 1992, overall recovery is approximately fifty cents of each dollar paid in claims. In both FY 2007 and FY 2011, Ex-Im Bank recovered more money than it paid out.

Claims Are Paid From Fees Collected

The cash reserves set aside to pay claims derive entirely from fees collected from the Bank's customers. Since FY 1994, the Bank has collected approximately $5.1 billion in fees and paid net claims of approximately $1.9 billion for a net fee collection less claim payments of $3.2 billion. The Bank has transferred fees collected in excess of current cash requirements to the general fund of the U.S. Treasury.

$3.2 Billion
in Net Fees

Accounting Reserves

The $9.8 billion in outstanding loans and claims represent assets of the Bank in the form of receivables that will be collected over time. As with any receivable, a certain amount of loss is expected. Cash reserves to cover losses are not necessary as these funds have already been disbursed. However, the Bank establishes an "accounting" allowance for loss, reducing the value of the receivables to reflect a more reasonable expectation of what will be collected.

The allowance for loss on outstanding claims was $1,311.5 million or 78.2 percent of the total claims receivable. The high reserves for outstanding claims reflects the nature of the receivables where Ex-Im paid guaranteed or insured parties on defaulted loans and the probability of Ex-Im collecting on these defaulted loans is very low.

Of the $8,109.7 million outstanding loans receivable, $994.5 million is related to high-risk Paris Club rescheduled loans with an allowance of $903.9 million, or 90.9 percent. The remaining loans receivable of $7,115.2 million has an allowance for loss of $634.3 million, or 8.9 percent. The total allowance for loss on outstanding loans at September 30, 2011 was $1,538.2 million, or 19.0 percent of total loans receivable.

Annual Review

Each year, the Office of the Inspector General and the Bank's outside auditors, Deloitte and Touche, evaluate the level of the allowances for loss during the Bank's annual financial audit. In addition, OMB reviews the methodology for calculating reserves as part of the annual budget development process.

Requested Appropriations Language

Fiscal Year 2013

Export-Import Bank Program Account

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

Subsidy Appropriation

For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, not to exceed $38,000,000: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That such funds shall remain available until September 30, 2028, for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal years 2013, 2014, 2015, and 2016: Provided further, That none of the funds appropriated by this Act.

Receipts Collected

Receipts collected pursuant to the Export-Import Bank Act of 1945, as amended, and the Federal Credit Reform Act of 1990, as amended, in an amount not to exceed the amount appropriated herein, shall be credited as offsetting collections to this account: Provided, That the sums herein appropriated from the General Fund shall be reduced on a dollar-for-dollar basis by such offsetting collections so as to result in a final fiscal year appropriation from the General Fund estimated at $0: Provided further, That amounts collected in fiscal year 2013 in excess of obligations, up to $50,000,000, shall become available on September 1, 2013, and shall remain available until September 30, 2016. (Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012.)

Administrative Expenses

For administrative expenses to carry out the direct and guaranteed loan and insurance programs, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed $30,000 for official reception and representation expenses for members of the Board of Directors, not to exceed $103,900,000, to remain available until September 30, 2014: Provided, That the Export-Import Bank may accept, and use, payment or services provided by transaction participants for legal, financial, or technical services in connection with any transaction for which an application for a loan, guarantee or insurance commitment has been made: Provided further, That, notwithstanding subsection (b) of section 117 of the Export Enhancement Act of 1992, subsection (a) thereof shall remain in effect until September 30, 2014: Provided further, That the Export-Import Bank shall charge fees for necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Export-Import Bank, repossession or sale of pledged collateral or other assets acquired by the Export-Import Bank in satisfaction of moneys owed the Export-Import Bank, or the investigation or appraisal of any property, or the evaluation of the legal, financial, or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, or systems infrastructure directly supporting transactions: Provided further, That, in addition to other funds appropriated for administrative expenses, such fees shall be credited to this account, to remain available until expended.

Office of the Inspector General

For necessary expenses of the Office off the Inspector General in carrying out the provisions of the Inspector General Act of 1948, as amendment, $4,400,000 to remain available until September 30, 2014.

Export-Import Bank of the United States

FY 2013 Program Budget Request

($ millions)

	Amount Authorized	Subsidy Negative	Subsidy Positive
Long Term Guarantees	26,332	555.4	-
Medium Term Guarantees	215	-	8.0
Working Capital Guarantees	2,900	-	-
Total Guarantees	**29,447**	**555.4**	**8.0**
Medium Term Insurance	341	-	13.0
Short Term Insurance	7,161	-	17.0
Total Insurance	**7,502**	**-**	**30.0**
Modifications & Other	-	-	-
Total FY 2013 Demand Excluding Tied Aid	**36,949**	**555.4**	**38.0**
Budget Authority Request Tied-Aid	25	-	8.3
Total	**36,974**	**555.4** 3/	**46.3**

1/ - Ex-Im Bank proposes to use offsetting collections from negative subsidies disbursed to fund the positive subsidy requirements in FY 2013.

2/ - Estimated Tied Aid demand for FY 2013 is $8.3 million. There will be sufficient unobligated Tied Aid Funds carried over from prior years to cover estimated demands. Therefore no additional Tied Aid Funds are requested in the FY 2013 Budget.

3/ - Negative Subsidy is earned on FY 2013 and prior year authorizations disbursed in that year.

Export-Import Bank of the United States

Summary Schedule of Authorizations and Subsidy
FY 2011 – FY 2013

($ millions)

	FY 2011 Acutals		FY 2012 Re-Estimate		FY 2013 Est Demand	
	Authorization	Subsidy	Authorization	Subsidy	Authorization	Subsidy
Tranportation	12,395	0.2	11,215	-	11,955	-
Structured Finance	8,630	3.7	8,104	-	12,550	-
Long Term Trade Finance	499	3.8	1,735	-	1,827	-
Medium Term Loans	8	-	-	-	-	
Medium Term Gurarantees	693	8.9	510	25.0	215	8.0
Medium Term Insurance	239	24.1	341	21.0	341	13.0
Total Medium Term	940	33.0	851	46.0	556	21.0
Working Capital	3,228	2.1	2,900	1.8	2,900	-
Short Term Insurance	6,765	24.4	6,889	10.2	7,161	17.0
Other	271	0.9	-	-	-	-
Total Short Term	10,264	27.4	9,789	12.0	10,061	17.0
Total (Non Tied Aid)	32,727	68.1	31,694	58.0	36,949	38.0
Tied Aid	-	-	25	8.3	25	8.3
Total Estimated Demand	32,727	68.1	31,719	66.3	36,974	46.3

Export-Import Bank of the United States

FY 2013 Administrative Budget Request

($ millions)

	FY 2011 Budget	FY 2012 Re-Estimate	FY 2013 Baseline	FY 2013 Investment
Personnel Compensation	43,123,559	46,282,650	46,282,650	5,225,000
Personnel Benefits	11,207,354	12,914,106	12,914,106	1,375,000
Travel and Transportation of Persons	1,843,374	1,767,600	1,767,600	150,000
Transportation of Things	23,903	25,000	25,000	-
Rental Payments for Space	6,880,425	6,865,000	6,865,000	250,000
Communication & Utilities	937,097.77	1,008,000	1,008,000.00	100,000
Printing and Reproduction	332,754	327,600	327,600	-
Other Services	17,600,391	18,681,923	18,681,923	5,600,000
Supplies and Materials	1,006,142	1,265,121	1,265,121	-
Entertainment / Representation	30,000	30,000	30,000	-
Software and Equipment	895,000	733,000	733,000	1,300,000
Grand Total Expenses - Ex-Im Bank	**83,880,000**	**89,900,000**	**89,900,000**	**14,000,000**
Office of Inspector General	2,500,000	4,000,000	4,400,000	-