

## **Government Performance and Review Act (GPRA): Annual Performance Plan/Report (APP/R) and Ex-Im Bank Performance Metrics/Targets**

Pursuant to United States Code - Title 31: Money and Finance Sections 1115 and 1116, the attached table serves as Ex-Im Bank's Annual Performance Plan/Report (APP/R). This federal regulation establishes a performance management framework for the federal government and emphasizes key elements of the Administration's approach to improving the effectiveness and efficiency of the government. The performance metrics on the accompanying table provide a snapshot of Ex-Im's performance along three strategic goals as articulated in the Bank's strategic plan. All three of these goals represent the Bank's key priorities for FY 2012 and tie directly to the Federal government's priority performance goal to double U.S. exports by the end of 2014.

- Goal 1: Expand awareness of Ex-Im Bank services through focused business development and effective partnerships
- Goal 2: Improve the ease of doing business for customers
- Goal 3: Create a work environment that fosters high performance and innovation

The following narrative provides a brief overview of how the performance metrics on the accompanying spreadsheet map to Ex-Im's Strategic Plan.

### **Goal 1: Expand awareness of Ex-Im Bank services through focused business development and effective partnerships**

The first section of the table looks at the impact of the Bank's business development efforts and partnerships as evidenced by (a) authorizations and (b) partnerships and outreach. The metrics associated with authorizations and transactions illustrate on a high level how the Bank's business development efforts have resulted in continual, substantial growth over the past several years. Results surrounding congressionally-mandated areas of focus, including small business, minority and women-owned businesses, renewable energy, and Sub-Saharan Africa exports, remain mixed, as various market and resource challenges continue.

- **Small business.** Ex-Im's small business goals are driven by two key mandates: the Congressional mandate requiring up to 20% of total Ex-Im authorizations to be allocated to small business, and the White House National Export Initiative mandate to generate 5,000 new small business customers by September 30, 2014. In FY 2012, the Bank supported a record number of small business authorizations; however, authorizations grew by only 1% and transaction unit volume rose only 2%. The flattening growth curve shows the Bank's historical business model is reaching full capacity.

Challenges include a limited range of specialized products, a small number of bank and broker intermediaries, a practice of originating transactions primarily through direct outreach to the exporting niche of the small business sector, and processing credit manually.

To achieve our goals, the Bank plans to implement a business model that includes expanded product lines, expanded origination channels with banks and brokers as an alternative to direct origination, synergizing with other government agencies including the Small Business Administration and Department of Commerce, and increasing the capacity to process credit prudently at scale through credit scoring and credit portfolio management. These efforts are currently underway at the Bank and will continue in FY 2013.

- **Renewable energy.** Ex-Im's renewable energy goal is driven by a Congressional mandate that articulates that 10% of its authorizations be used for renewable energy technologies or end-use energy efficiency technologies. However, demand for solar fell sharply in FY 2012 due to significant drops in panel prices, overcapacity, and falling tariffs in key markets. Other challenges include programmatic changes in India's national solar mission program structure and national content requirements in Brazil and Canada. These market-related challenges precluded the achievement of Ex-Im's FY 2012 renewable energy goal.

In FY 2013, we expect to continue to offer robust support to U.S. renewables exporters. For example, Ex-Im has recently seen considerable interest in U.S. wind exports in Latin America and Canada. However, because of the significant market changes noted above, our previously stated FY 2013 target will change.

- **Sub-Saharan Africa (SSA).** In FY 2012, Ex-Im approved a record \$1.5 billion in financing to support U.S. exports to sub-Sahara Africa, surpassing the \$1.4 billion record achieved in FY 2011. Ex-Im Bank also renewed the Short-Term Africa Initiative, demonstrating the ability to finance U.S. exports to fragile and emerging African countries. Ex-Im Bank narrowly missed its FY 2012 goal because one large transaction in Mauritania was delayed by the project sponsor. While such delays are common and generally outside of Ex-Im's control, the Bank is undertaking a strategic review to assess ways to mitigate the risk that a single transaction can cause the Bank to miss its target.

Ex-Im Bank is mindful of its duty to meet its Congressional mandate in sub-Sahara Africa and to support the President's Policy Directive to promote increased trade and investment in Africa. The Bank is committed to supporting US-Africa trade for reasons that extend beyond these directives. Ex-Im Bank is committed to serving U.S. exporters and sees an opportunity to do that in SSA. Rapid growth in the volume of commercial opportunities across SSA and a substantial increase in the Bank's SSA transaction pipeline offer strong evidence of the potential for U.S. exporters to do significantly more business on the continent. In particular, the Bank anticipates continued growth in infrastructure projects, including the commercial and cargo aviation sector, power, mining, rail, healthcare and the oil and gas sectors.

Staffing constraints pose a challenge to processing transactions currently in-house and identifying other potentially attractive opportunities. Ex-Im is conducting a strategic review of all of its business lines. As part of this strategic planning process, the Bank will assess its resource needs with respect to Sub-Sahara Africa. With the right resources in place, Ex-Im Bank's senior leadership is confident that the Bank can increase its activity in high-potential markets, such as Nigeria, Angola, Ghana, Mozambique, Kenya, Tanzania and South Africa in a manner that is consistent with its normal credit standards and practices.

- **Nine priority markets.** The Bank is implementing outreach plans for each market that include: 1) targeting private and public sector buyers, financial institutions and government agencies in order to build awareness of Ex-Im products available to support procurement from the U.S.; 2) identifying projects and transactions where U.S. procurement is possible; 3) and reaching out to related trade associations in the U.S. and in country to expand awareness of Bank products. As a demand-driven organization committed to financing U.S. exports to any market in which there is demand for U.S. goods and services and where credit-worthy foreign clients exist, Ex-Im does

not set authorization goals for its key markets. Key markets are also not necessarily Ex-Im's largest markets. However Ex-Im does expect that these markets will continue to represent important growth opportunities for U.S. exporters. Also, the Bank has identified other "countries of opportunity" where we see great potential for U.S. exports and for Ex-Im Bank support. These include: Ghana, Tanzania, Mozambique, China, Russia, United Arab Emirates, Saudi Arabia, and the Philippines.

## **Goal 2: Improve ease of doing business for customers**

The second section of the table examines Ex-Im's transaction processing time with metrics on (a) average cycle time for high volume products and programs and (b) the percent of deals completed within 30 and 100 days. In FY 2012, we exceeded these transaction processing time targets, reaching 90% success rates on deals completed in less than 30 days and 98% of deals completed in less than 100 days (objective 2.1—streamline end-to-end processes from application submission to approval and disbursement).

Ex-Im has reviewed program details and risk pricing internally (objective 2.2—optimize product portfolio and risk pricing). In light of various changes in the financial markets, Ex-Im Bank has strengthened its reserves against losses and increased monitoring of its default rate, which remains well below the default rates of commercial banks. Products and processes demonstrating Ex-Im's efforts to optimize its product portfolio are discussed in the Cross-Cutting Initiatives section.

## **Goal 3: Create an environment that fosters high performance and innovation**

The third section of the table seeks to quantify Ex-Im's goal to foster high performance and innovation by focusing on employee satisfaction and resource utilization.

- **Employee satisfaction.** Metrics associated with employee satisfaction show the results of Ex-Im's Annual Employee Survey. While Ex-Im's job satisfaction rate has been stable both over time and among Federal government agencies, the recent growth of the bank has placed enormous strain on staff required to underwrite and monitor transactions. Although Ex-Im has been able to manage some of the growth through increased operating efficiencies, such as the business process re-engineering efforts of Total Enterprise Modernization project (see Cross-Cutting Initiatives, below), the current configuration is not sustainable for the continued high levels of activity Ex-Im expects to see in the coming years. Additional resources are needed to meet forecasted export financing demand. Ex-Im's FY 2013 goal has been amended to better match the employee satisfaction rates of other Federal government agencies.

The principal drivers of employee satisfaction are external factors beyond the Bank's control—Principally, the disconnect between the Bank's self-sustaining operations and annual returns to Treasury of nearly \$1 billion and severe resource constraints to meet the mission. These external constraints include: the continuing pay freeze, which precludes use of the Bank's statutory pay flexibilities to recruit, retain and reward high-performers with essential skills, limitations on travel essential to the Bank's internal national mission, and limitations on performance awards.

The Bank has sought to mitigate these obstacles and plans to continue in FY 2013 with non-monetary initiatives, including: internal reallocation of staff to highest priority needs, new health and wellness programs, increased non-monetary recognition, enhanced executive,

management and skills development, rotation and upward mobility programs, and streamlining efficiencies and new tools to reduce administrative burdens.

- **Resource utilization.** Ex-Im has revamped its employee performance reviews and goal-writing process to align the Bank’s macro-level goals with microlevel activities (objective 3.1—update performance metrics for departments and individuals to reflect overall Bank strategy).

The products and processes discussed in the Cross-Cutting Initiatives section below are representative of Ex-Im’s efforts to institute an innovative, high performance environment.

### **Cross-Cutting Initiatives**

Ex-Im has introduced a variety of processes and program enhancements designed to improve bank performance and fill gaps in the market. These innovations represent Ex-Im’s efforts to both enhance its product portfolio (an objective of Goal 2: Improve ease of doing business for customers) and promote an atmosphere of innovation (a broad aim of Goal 3: Create an environment that fosters high performance and innovation). A few examples of new and continuing products and processes include the following:

- *The Total Enterprise Modernization Project* focuses on modernizing systems infrastructures and improving outdated business processes throughout the bank. A cross-disciplinary team of personnel from our small business, project and structured finance, engineering division and Office of the General Counsel, for example, spearhead projects, provide direction, and aid in resolving issues/removing obstacles, to enable successful project implementations.
- *Express Insurance* is one of two new products designed specifically for the small business sector. This product helps small businesses compete with global suppliers, enter new markets, add foreign buyers and improve cash flow while extending more attractive payment terms. Ex-Im issued 388 Express Insurance policies that were operative at the end of FY 2012, with a risk portfolio totaling \$182.6 million. This innovative product received a prestigious “Bright Idea in Government” award from Harvard University.
- *The Global Credit Express Loan Program* is the second of two products designed specifically for the small business sector. It is a direct-loan pilot program designed to facilitate rapid approval and processing of small-business loans up to \$500,000. The product is intended to add liquidity to the U.S. small-business market by financing the overall business of exporting, rather than specific export transactions. Ex-Im Bank is working closely with a cross-section of national, regional and community banks approved as originating financial institutions that refer applications to the Bank on behalf of their small-business customers.
- *Automated Underwriting.* Initiated for the Global Credit Express Loan program, this process is also being developed for our working capital and trade credit insurance programs. Automated underwriting improves consistency, accuracy and speed of approval—all of which benefit the borrower and the intermediary. Automated underwriting also increases Ex-Im Bank’s ratio of transactions underwritten per full-time employee.
- *Credit Portfolio Management.* Initiated for the short-term small business lending, guarantee and insurance products, Ex-Im Bank’s new credit portfolio management reporting and analytics help to identify credit risk trends among borrowers, lenders and underwriters for the purpose of early intervention and remediation.

### **Metrics without Targets**

Many of the metrics on the following table have associated targets. Some of the metrics, however, do not have associated targets (“n/a” in target column) because of one or more of the following reasons:

- While Ex-Im's efforts may impact these metrics, there are external factors which can have an overwhelming influence on these measures; e.g. the Bank's administrative budget is appropriated by Congress, and/or
- They are derivatives of other measures; e.g. jobs supported are estimated based on authorizations in a given year.

These metrics have been included because they are barometers of Ex-Im's performance and the external environment, but they do not lend themselves to targets.

### **Data Accuracy and Reliability**

The metrics provided in the accompanying table provide a framework that measures the outcome of Ex-Im's efforts toward our three strategic goals. Data used to verify and validate measured values in the accompanying table comes from Ex-Im's management reporting system, is designed to capture disparate data across the institution, and transform it into useful management information. Most of the data is used to underwrite, authorize and monitor the transactions Ex-Im Bank supports and as such is subject to a rigorous review process performed by the underwriter, an underwriting manager, management and other bank offices – including the Office of the Chief Financial Officer. Ex-Im Bank has a high-level of confidence in the quality of its performance data.

## Ex-Im Performance Metrics

				FY2009	FY2010	FY2011	FY2012	FY2012	FY2013	FY2014	
				Actual	Actual	Actual	Actual	Target	Target	Target	
<b>I. Goal 1: Business development and partnerships</b>				<b>Unit of Measure</b>							
a.	Authorizations	i.	Total Authorizations	\$ millions	\$21,021	\$24,468	\$32,727	\$35,784	n/a	n/a	n/a
		ii.	Total Transactions	Number of Transactions	2,891	3,532	3,751	\$3,796	n/a	n/a	n/a
		iii.	Small Business	\$ millions	\$4,360	\$5,053	\$6,037	\$6,122	\$6,600	\$6,300	\$7,700
		iv.	Minority and Women Owned	"	\$517	\$628	\$720	\$838	n/a	n/a	n/a
		v.	Renewable Energy <sup>1</sup>	"	\$101	\$332	\$721	\$356	\$850	\$900	\$1,100
		vi.	Sub-Saharan Africa	"	\$310	\$812	\$1,381	\$1,522	\$1,600	\$1,000	\$1,800
		vii.	Nine Priority Markets <sup>2</sup>	"	\$5,030	\$5,210	\$12,336	\$5,476	\$7,400	\$9,500	\$10,500
		viii.	Jobs supported <sup>3</sup>	Number of Jobs	195,000	227,000	290,000	255,000	n/a	n/a	n/a
b.	Partnerships and outreach effectiveness	i.	Lenders with ≥ 5 authorizations	Number of Partners/Customers	56	69	66	77	73	80	80
		ii.	Brokers with ≥ 5 authorizations	"	39	47	45	52	50	53	53
		iii.	New small business exporters <sup>4,5</sup>	"	583	733	628	624	1,000	1,100	1,000

<sup>1</sup>Renewable energy transactions represent a subset of environmentally beneficial transactions

<sup>2</sup>Mexico, Brazil, Colombia, Turkey, India, Indonesia, Vietnam, Nigeria, South Africa

<sup>3</sup>Derived from export value associated with authorizations

<sup>4</sup>New to Ex-Im Bank within the last five years

<sup>5</sup>Target set at 5,000 new small business exporters between 2010 and 2015

**Ex-Im Performance Metrics**

				<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>
				Actual	Actual	Actual	Actual	Target	Target	Target
<b>II. Goal 2: Customer service and transaction processing time</b>				<b>Unit of Measure</b>						
a.	Average cycle time for high volume programs (new applications only)	i. Short-term multi-buyer, exporter-held insurance (ENV, ENB, ESC)	<b>Average Number of Days to Decision<sup>1</sup> (Total Cases)</b>	23 (740)	24 (2,034)	18 (651)	19 (263)	15	15	15
		ii. Short-term single-buyer, exporter-held insurance (ESS)	"	32 (353)	29 (509)	18 (473)	15 (469)	21	21	21
		iii. Short-term single-buyer, bank-held insurance (FIBC)	"	66 (186)	48 (193)	41 (236)	43 (229)	45	45	45
		iv. Medium-term credit insurance	"	70 (141)	54 (184)	47 (150)	42 (117)	60	60	60
		v. Medium-term guarantees	"	72 (133)	56 (157)	60 (109)	54 (84)	60	60	60
b.	Days to decision within target	i. Percent of deals completed in ≤ 30 days	<b>Percent</b>	57%	65%	80%	90%	80%	80%	80%
		ii. Percent of deals completed in ≤ 100 days		90%	93%	99%	98%	95%	95%	95%
<b>III. Goal 3: Environment of high performance and innovation</b>										
a.	Employee satisfaction	i. Percent satisfied with job <sup>2</sup>	<b>Average Score (Response Rate)</b>	71% (64%)	70% (64%)	65% (47%)	65% (46%)	80% (75%)	70% (75%)	70% (75%)
b.	Resource utilization	i. Administrative budget appropriated and utilized	<b>\$ millions</b>	\$82	\$84	\$84	\$90	n/a	n/a	n/a
		ii. Ratio of authorization value to administrative budget	--	256	291	391	398	n/a	n/a	n/a
		iii. Program budget utilized <sup>3</sup>	<b>\$ millions</b>	\$37	\$43	\$68	\$72	\$58	\$38	n/a
		iv. Claims paid	"	\$167	\$231	\$119	\$37	n/a	n/a	n/a
		v. Self-sustaining results	"	\$181	\$370	\$544	\$840	n/a	n/a	n/a
		vi. Ratio of authorization value per FTE	<b>\$ millions per FTE</b>	\$58	\$66	\$87	\$91	n/a	n/a	n/a

<sup>1</sup>Average number of days from application to decision

<sup>2</sup>Average percent of respondents satisfied/very satisfied with their job

<sup>3</sup>Program budget = sum of all positive subsidy transactions; positive subsidy transactions are those whose fees do not cover expected losses over the life of the loan, with the positive subsidy amount being the difference between the expected losses and fees