

Government Performance and Review Act (GPRA): Export-Import Bank FY 2018 Annual Performance Report (APR)

The following document is the Export-Import Bank of the United States (EXIM) Government Performance and Review Act (GPRA) Annual Performance Report, based on execution of the first year of EXIM's FY 2018-2022 Strategic Plan, available on the [EXIM.gov](https://www.exim.gov) agency website. The 2018-2022 Strategic Plan identifies three strategic goals that serve as the basis for the FY 2018 annual metrics and targets:

- **Goal 1:** Return EXIM to full operational capacity and regain the long-term confidence of large U.S. exporters to increase American manufacturing production in the years ahead;
- **Goal 2:** Quadruple the number of U.S. small and medium-sized enterprises (SMEs) supported by EXIM;
- **Goal 3:** Prepare EXIM for the dynamic business evolution of export trade credit and the competition resulting from other export credit agencies (ECAs).

The agency staff members responsible for performance are as follows:

Chief Operating Officer (COO): Jeffrey Goettman, Executive Vice President and Chief Operating Officer. The COO provides overall organizational management to improve agency performance and achieve the mission and goals of the agency through the use of strategic and performance planning, measurement, analyses, and regular assessment of progress.

Performance Improvement Officer (PIO): Michele Kuester, Senior Vice President (SVP), Office of Strategy and Performance. The PIO advises and assists EXIM leadership to ensure that the mission and goals are achieved through strategic and performance planning, measurement, analysis, regular assessment of progress, and use of performance information to improve results.

Goal Leaders: David Sena, SVP, Office of Board Authorized Financing (Goal 1); James Burrows, SVP, Office of Small Business (Goal 2); and Michele Kuester, SVP, Office of Strategy and Performance (Goal 3). Designated goal leaders manage and are responsible for EXIM efforts related to the specific goals.

It is important to note that for the fourth consecutive fiscal year, EXIM has operated from a handicapped position due to the lack of a quorum of its Board of Directors. For the most part, EXIM can only finance transactions valued at less than \$10 million as most transactions greater than \$10 million require a vote of EXIM's Board of Directors. As a result, EXIM has approximately \$40 billion of transactions in its pipeline that cannot be approved until a quorum of three or more Board members are confirmed by the Senate. This status significantly hampers the achievement of our Strategic Plan goals, has led to

lower-than-targeted total authorizations, and has placed limits on the performance of the Agency.

The following narrative provides a brief overview of how the performance metrics on the accompanying spreadsheet correspond to EXIM's 2018-2022 Strategic Plan.

Goal 1: Return the Bank to full operational capacity and regain the long-term confidence of large U.S. exporters to increase American manufacturing production in the years ahead.

Goal Leader: David Sena, SVP, Office of Board Authorized Finance (OBAF)

The first section of the attached table reflects EXIM's efforts to rebuild its role as a reliable provider of medium-term and long-term financing. The ongoing lack of a Board quorum continued through the end of FY 2018. EXIM is preparing to advance its board-authorized activities once it is fully operational.

- FY 2018 Activities and Accomplishments supporting Goal 1:
 - o To improve customer responsiveness and our underwriting process, EXIM successfully implemented a reorganization separating functions related to medium and long-term (MLT) transactions and short-term transactions with SMEs. The new structure of OBAF continues to move toward a more specific industry focus to build on the success of the Transportation Division. The reorganization will allow greater exporter interaction and enhanced underwriting capabilities to meet the financing needs of our customers.
 - o EXIM has established a "Life-Cycle" approach that supports transactions from underwriting through authorization and repayment. EXIM established a more rigorous transaction underwriting process supervised by the Transaction Review Committee to review pre-authorization transactions during the underwriting process. OBAF created a Transaction Pipeline Status report to track transactions during the different stages of the life cycle and permit greater transparency. In FY 2018, EXIM presented 16 transactions through the Committee for internal review. (OBAF has established a transparent process that increases accountability and ensures sound, well-informed, and objective decisions.)
 - o EXIM has achieved success in increased support for medium-term transactions compared to the prior year. In FY 2018, EXIM increased support for medium-term transactions by over \$100 million, from \$170 million in FY 2017 to \$290 million in FY 2018. In FY 2018, the Bank could not approve MLT transactions above \$10 million. Given this challenge, EXIM could not meet certain GPRA goals that were predicated on a fully functioning Bank. EXIM

will be able to target these goals once a quorum of the Board of Directors has been established.

- FY 2018 Metrics Measurement for Goal 1:
 - o **Competitive ECA Ranking (TXF data¹):**
 - In FY 2018, EXIM's ECA ranking fell below #17 (placing it outside the range for which TXF reports specific rankings) and, therefore, did not meet the FY 2018 target of a ranking of third to fifth place.
 - The reported ranking is based on TXF survey data published in Q2 of FY 2018. The data was collected during the 2017 calendar year, which includes Q1 of FY 2018. It does not reflect any trends later in FY 2018.
 - This ranking was a drop by over 15 places from the FY 2017 ranking, echoing the customer reaction to the continued lack of a Board quorum.
 - This ranking reflects an index of nine customer survey responses. The category where EXIM's score is highest is "Industry Expertise" (for which EXIM still scores above the industry average).
 - Not surprisingly given the continued lack of a Board quorum, one of the biggest drivers of EXIM's drop in ranking from #5 in FY 2017 to below #20 in FY 2018 was a decline in the "Capacity" category (defined by TXF as "the size and scope of financing that an institution is able to provide, both on an individual deal basis and across the entirety of your client relationship.")
 - o **U.S. Medium- and Long-Term Customers Supported:**
 - As of the end of FY 2018, EXIM was supporting 1,941 current, unique MLT customers, which did not meet the target of 2,352 MLT customers.
 - This was a net loss of 291 MLT customers at the end of FY 2018, compared to the count at the end of FY 2017.
 - This decline in MLT customer count (despite the growth in new Medium-Term transactions in FY 2018) reflects the impact of EXIM's inability to authorize new Long-Term transactions without a Board quorum, as older Long-Term transactions from previous years are fully repaid.
- FY 2019 Plan for Goal 1
 - o Without a Board quorum, EXIM will continue to focus on developing and growing its Medium-Term transactions to support large U.S. manufacturers with the most relevant financing products available.

¹ TXF Limited is a third-party firm providing data on international finance; including an annual customer survey which tracks and ranks customer perceptions of the major Export Credit Agencies (ECAs) worldwide, including EXIM. TXF data provides a useful view of the dimensions of EXIM's value to customers, showing trends over time and comparisons to competitor ECAs.

- EXIM will continue to engage with exporters as a partner and knowledgeable industry insider, leveraging the agency's continued reputation for industry expertise.
- Based on the reorganization in FY 2018, EXIM will continue to execute its strategy of increasing its regional presence based on an industry expertise organizational model, while improving processes and efficiency among members of the banking teams and continuing to improve the Transaction Review Committee process.
- EXIM will continue to promote partnerships for risk-sharing with insurers, ECAs, and private businesses to provide a larger portfolio of opportunity for U.S. exporters.

Goal 2: Quadruple the number of U.S. small- and medium-sized enterprise exporters.

Goal Leader: James Burrows, SVP, Office of Small Business (OSB)

The second section of the attached table provides EXIM's metrics and targets associated with SMEs. As discussed in the Strategic Plan, EXIM is focusing on SME growth that will directly benefit small businesses in the U.S. and support a broader reach across industrial America.

To achieve this goal, EXIM has developed several strategies collectively aimed at attracting and retaining SME customers, growing intermediaries, improving customer experience, and increasing operational efficiency. Furthermore, EXIM is actively tracking its progress towards these initiatives through various analytical reports and dashboards.

Specifically, EXIM has provided tracking data for FY 2015 to present for the following three metrics: Retention Rate, U.S. Short-Term Customers Supported, and Intermediaries (see Goal 2 table below). Further detail on each of these metrics is below:

- **Retention Rate:**

- Accomplishments

- Defined metric, obtained historical data, and set strategy to work towards enhancing customer retention into future fiscal years.
- Created Client Care Unit to proactively reach out to short-term customers to ensure they have the assistance they require to utilize their policies. This customer support function is aimed at ensuring these customers continue to do business with EXIM.
- Produced analytical dashboard to pull accurate data for tracking and monitoring of the metric to enable proactive action towards Agency goal.

- Performance Metric Measurement
 - o In FY 2018, EXIM retained 80 percent of its short-term customers from the previous fiscal year. This is lower than the 85 percent target.
 - o Despite missing the FY 2018 target, EXIM has improved its customer retention year-on-year from FY 2015 to present.

- FY 2019 Plan
 - o Continue with active outreach to U.S. small businesses via the Client Care Unit, ensuring small business customers have full knowledge and understanding of their policies.
 - o Establish active outreach to U.S. businesses whose policies have expired (customers EXIM has lost) to re-engage them with EXIM's service offerings.

- **U.S. Short-Term Customers Supported:**
 - Accomplishments
 - o Defined metric, obtained historical data, and set strategy to work towards enhancing short-term customers served into future fiscal years.
 - o Produced analytical dashboard to pull accurate data for tracking and monitoring of the metric to enable proactive action towards Agency goal.
 - o OSB staff presented/attended in excess of 500 outreach events to directly engage with prospective and existing customers and promoted EXIM's service offerings to a vast number of U.S. small businesses.

 - Performance Metric Measurement
 - o In FY 2018, EXIM supported 2,252 short-term customers, below the 3,040 target.
 - o EXIM's short-term customers supported count has been declining year-on-year since FY 2015. This decline stems primarily from EXIM's 2015 lapse in authority, continued lack of a Board quorum, and uncertainty regarding EXIM's reauthorization. All of these factors have decreased customer confidence in EXIM's ability to provide the products and services they require for investing the time and resources to work with EXIM.

 - FY 2019 Plan
 - o Focus on client service excellence through Client Care Unit and outreach to previous (now lost) policyholders.
 - o Implement significant improvements to our customer engagement mechanisms via new digital technologies of the Bank, e.g. a virtual data room (easing application submission for working capital loan guarantees).

- Re-focus the Regional Sales Unit within OSB to focus on intermediaries (insurance brokers and working capital lenders (banks)) to enhance scale of customer outreach and acquisition.
- Expand prospective customer database through reviewing and vetting legacy Medium- and Long-Term EXIM transaction lists, improving digital engagement through the EXIM web site, and continuing to engage with, and promote, shared data agreements with interagency partners.

- **Intermediaries**

- Accomplishments

- Defined metric (and sub-metrics which feed aggregate metric), obtained historical data, and worked with various teams across the division to set strategy to work towards growing the number of active intermediaries into future fiscal years.
- Produced three monthly analytical reports in order to track and monitor metric to enable proactive action towards Agency goal.
- Expanded Regional Export Promotion Program (REPP) partnerships to ensure EXIM has a regional presence in each State.

- Performance Metric Measurement

- In FY 2018, EXIM engaged with a total of 120 intermediaries. This is below the 130 aggregate target.
- Despite missing the FY 2018 target, EXIM has increased/sustained its number of active intermediaries since FY 2016.
- EXIM's REPP program has grown this fiscal year, while EXIM's number of working capital lenders has declined. The latter is the result of a decline in working capital demand in the marketplace, as well as the continued long-lasting effects of EXIM's 2015 lapse in authority, lack of a Board quorum, and uncertainty regarding EXIM's reauthorization.

- FY 2019 Plan

- Continue to onboard new EXIM insurance brokers and working capital lenders with the ultimate goal of reaching more short-term customers.
- Re-focus Regional Sales Unit within OSB to focus on intermediaries (insurance brokers and working capital lenders (banks)).
- Initiate e-learning/training offering to prospective EXIM insurance brokers and working capital lenders via newly acquired learning management site. This will expand the scale of growth of EXIM intermediaries.

Goal 3: Prepare EXIM for the dynamic business evolution of export trade credit and the competition resulting from other export credit agencies.

Goal Leader: Michele Kuester, SVP, Office of Strategy and Performance (OSP)

The third section of the table reflects EXIM's focus on developing its staff and internal capabilities. As discussed in the Strategic Plan, EXIM is supporting this goal through several strategies aimed at developing critical skills, increasing accountability, and improving employee engagement. EXIM has a number of ongoing initiatives that support achievement of this goal, including the Excellence in Government (EIG) fellows program. EXIM will identify and baseline critical skill area gaps in FY 2018 and begin reporting the number/percentage of current employees deployed in critical skill areas in the FY 2019 Annual Performance Report.

- **Critical-skill employees**

- Accomplishments

- EXIM created and tracked an updated list of seven critical skill areas² aligned with the current agency Strategic Goals.
- EXIM placed a priority on developing critical skills capabilities among staff through training and staffing decisions.
- EXIM encouraged managers to target employee learning and development to focus on critical skill areas and developed staff through the EIG program.
- In FY 2018, there were several agency-wide training sessions that were intended to help bridge skill gaps in a wide variety of topics, ranging from basic Office software (i.e., Excel) to OPM training on Performance Management to Strategic Thinking and Problem Solving.

- Performance Metric Measurement

- To measure progress on this objective, EXIM established the metric "number of employees deployed in critical skill areas" to be baselined in FY 2018 and then targeted for growth in following years.
- For the baseline taken in Q4 of FY 2018 EXIM identified 201 employees in designated critical-skills positions out of 373 total employees (54% of all employees).

² The list of critical skill areas defined for FY 2018 include Financial Analysis/Systems, Data Analytics/Management, Customer Experience, Digital Marketing Optimization, Quality Management, Self-Management/Continually Learning, and Process Improvement.

- FY 2019 Plan
 - o EXIM will continue to increase critical skills employment by developing staff capabilities through hiring, training, and on-the-job mentoring.
 - o To strengthen the performance metric, EXIM plans to incorporate a supervisory survey that pinpoints deficiencies for each identified critical skill across its workforce

- **Consistency of employee performance reviews**
 - Accomplishments
 - o EXIM managers attended a two day class on Performance Management to help them learn how to write performance plans effectively.
 - o Human Capital and senior leadership worked across the agency to support managers in making meaningful performance distinctions throughout the ratings process.
 - o The progress toward a new approach to making meaningful performance distinctions is a culture change for employees, and the Agency has made significant progress in working through that challenge in FY 2018.

 - Performance Metric Measurement
 - o EXIM's review of year-end performance ratings finalized and approved during FY 2018 (the FY 2017 ratings scored by managers during Q1 of FY 2018) measured 74% of supervisors making meaningful distinctions between fully effective, excellent performer, and top performer ratings.
 - o This means that EXIM came close to, but did not achieve, the target of 75% for this metric. The FY 2018 result for this metric provides a useful baseline and reflects that in FY 2018, EXIM was still early in its work on improving performance evaluations.

 - FY 2019 Plan
 - o EXIM will continue supporting managers with tools and input on how to prepare for and identify meaningful performance distinctions throughout the performance cycle.
 - o By the end of FY 2019, EXIM should show significant improvement in both the performance plans and rating criteria, which will reflect the full impact of the training managers received in the summer of FY 2018 and further activities supporting the performance management process.

- **Alignment of senior-manager performance goals**

- Accomplishments

- Human Capital staff provided EXIM-wide communication and one-on-one counseling related to SMART goal development to all levels of the organization.
- As discussed above, EXIM managers attended a two day class on Performance Management to help them learn how to write performance plans effectively.
- EXIM leadership stressed (and held senior managers accountable for) the importance of aligning team and office goals with Agency goals, as a way to improve the likelihood of meeting agency goals.

- Performance Metric Measurement

- Only 65% of GS-15s and above had two goals tied to agency goals which did not meet the target of 100%.
- This result reflects the fact that EXIM was beginning efforts toward more meaningful goal-setting in FY 2018 but will need to further reinforce the new approaches for managers.

- FY 2019 Plan

- EXIM will continue to provide guidance to supervisors and employees on how to draft well-aligned performance goals.
- EXIM will also undertake an internal communication initiative to educate all staff on EXIM's strategic goals and how they relate to EXIM's day-to-day work.

- **Federal Employee Viewpoint Survey Employee Engagement Index (EEI)**

- Accomplishments

- EXIM supported the Leaders Lead component of the EEI through frequent communication by senior leaders explaining organizational changes and priorities.
- EXIM supported the Supervisor and Intrinsic Work Experience components of the EEI through supervisory training and support on developing effective performance management and working within budget constraints to help supervisors provide training and development opportunities for their staff.

- Performance Metric Measurement

- EXIM's EEI decreased to 55% in FY 2018, which did not meet the target of 70%.

- Small Federal agencies overall also declined on average by one point in FY 2018 to 69% on the EEI; however, EXIM's larger decrease reflects agency-specific challenges.
 - The biggest factor in the decrease identified was the lack of a Board quorum, which limits EXIM's ability to function at full capacity. This created uncertainty and reduced options at every level: top leaders, supervisors, and employees.
 - Budget uncertainty and potential constraints also represented a significant challenge to the factors measured in the EEI (EXIM needed to plan for a \$95.5 million budget for much of FY 2018 versus its ultimate \$110 million allocation) and can explain why employees felt their supervisors were not supportive of employee development.
- FY 2019 Plan
- To support employee engagement in the context of continued uncertainty about EXIM's Board quorum, senior leaders will provide more frequent internal communication on the situation and the challenges and opportunities encountered to alleviate staff feelings of uncertainty.
 - EXIM will continue to focus on strengthening the effectiveness of supervisors, including the performance management efforts discussed above, to ensure staff receives useful and equitable feedback.
 - To support multiple aspects of the EEI and, in particular, staff sense of having purposeful and strategically-aligned work, EXIM will undertake an internal communications initiative to increase staff understanding of agency strategic goals, including personal development.

Data Accuracy and Reliability

The metrics provided in the accompanying table provide a framework that measures the outcome of EXIM's efforts toward our three strategic goals. Data used to verify and validate measured values in the accompanying table comes from EXIM's management reporting system. It 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 EXIM supports and, as such, is subject to a rigorous review process performed by the underwriter, an underwriting manager, management, and other EXIM offices, including the Office of the Chief Financial Officer. EXIM has a high level of confidence in the quality of its performance data.

EXIM PERFORMANCE METRICS						
I. GOAL 1: REGAIN THE LONG-TERM CONFIDENCE OF LARGE U.S. EXPORTERS AND RETURN THE BANK TO FULL OPERATIONAL CAPACITY* (Goal Leader: David Sena)	Measurement	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual
a. Competitive ECA Ranking	TXF ranking of EXIM versus all global ECAs	--	4th	5th	3rd – 5th	below 17th
b. U.S. Medium- and Long-Term Customers Supported:	# of unique Medium- and Long-Term customers supported as of end of fiscal year and % growth	2,801	2,386	2,240	2,352	1,941

*The objective and metric for “Long-Term Charter reauthorization” present in previous reports was removed to reflect it not being listed as an objective in the final version of the agency Strategic Plan.

EXIM PERFORMANCE METRICS						
II. GOAL 2: QUADRUPLE THE NUMBER OF U.S. SMALL AND MEDIUM ENTERPRISE (SME) EXPORTERS (Goal Leader: James Burrows)	Measurement	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual
a. Retention rate	% of unique Short-Term (Insurance and Working-Capital) customers retained from previous fiscal year, excluding unused policies (new or renewal authorization recorded on any Short-Term product)	65%	74%	75%	85%	80%
b. Short-term customers supported	# of unique Short-Term (Insurance and Working-Capital) customers supported as of end of fiscal year	3,113	2,650	2,533	3,040	2,252
c. Intermediaries	# of intermediaries	--	111	119	131	120

EXIM PERFORMANCE METRICS						
III. GOAL 3: PREPARE EXIM FOR THE DYNAMIC BUSINESS EVOLUTION OF EXPORT TRADE CREDIT (Goal Leader: Michele Kuester)	Measurement	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual
a. Critical Skills³	# of employees deployed in critical skill areas and % growth	--	--	--	--	201
b. Consistency of employee performance reviews and feedback⁴	% of supervisors making meaningful distinctions between fully effective, excellent performer, and top performer ratings	--	--	--	75%	74%
c. Performance goal alignment⁵	% of GS-15s and above with at least two goals tied to agency goals	--	--	--	100%	65%
d. Employee engagement	% positive response on Federal Employee Viewpoint Survey Employee Engagement Index	68%	64%	63%	70%	55%

³ Historical data is currently unavailable. Baseline reported here for FY 2018 without target. Annual targets for this metric begin in FY 2019.

⁴ Historical data is unavailable.

⁵ Historical data is unavailable.