

Appendix A: Calculation of Ex-Im Bank Grade

In the body of this report, Ex-Im Bank graded its policies and programs. In the sections of the report pertaining to the core financing programs and practices, grades were assigned to each program and practice. In order to aggregate and average these grades for the determination of the overall competitiveness grade in Chapter 7, values were assigned to each grade that are comparable to those used in a typical U.S. university. First, **Figure A1** provides the meaning and score of select grades. Averaged sub-category grades determined a category's grade, and **Figure A2** illustrates the range of possible averaged scores that defined each grade.

Figure A1: Definition of Select Grades

Grade	Definition	Score
A+	Fully competitive compared to other ECAs. Consistently equal to the (or is the sole) ECA offering the most competitive position on this element. Levels the playing field on this element with the most competitive offer from any of the major ECAs.	4.33
A	Generally competitive compared to other ECAs. Consistently offers terms on this element equal to the average terms of the typical major ECA. Levels the playing field on this element with the typical offer from the major ECAs.	4.00
A-/B+	Level of competitiveness is in between grades A and B.	3.50
B	Modestly competitive compared to other ECAs. Consistently offers terms on this element equal to the least competitive of the major ECAs. Does not quite level the playing field on this element with most of the major ECAs.	3.00
B-/C+	Level of competitiveness is in between grades B and C.	2.50
C	Barely competitive compared to other ECAs. Consistently offers terms on this element that are a notch below those offered by any of the major ECAs. Puts exporter at financing disadvantage on this element that may, to a certain extent, be compensated for in other elements or by exporter concessions.	2.00
D	Uncompetitive compared to other ECAs. Consistently offers terms on this element that are far below those offered by other major ECAs. Puts exporter at financing disadvantage on this element so significant that it is difficult to compensate for and may be enough to lose a deal.	1.00
F	Does not provide program	0.00
NA	Does not have experience with policy/program.	

Figure A2: Range of Averaged Scores for Each Grade

Grade	Maximum Score	Minimum Score
A+	4.330	4.165
A	4.164	3.75
A-/B+	3.74	3.25
B	3.24	2.75
B-/C+	2.74	2.25
C	2.24	1.50
D	1.49	0.50
F	0.49	0

Because the public policies and economic philosophies are not expected to impact the same volume of transactions as the core financing and program elements, survey respondents were asked to indicate if the public policies and economic philosophies would positively, negatively or neutrally affect Ex-Im Bank's competitiveness. The following chart in **Figure A3** shows the scale that was used by survey respondents to assess the competitive impact of these policies and philosophies.

Figure A3: Assessing Impact of Economic Philosophies and Public Policies Ex-Im Bank's Overall Competitiveness

	Effect on Competitiveness	Description
+	Positive	Philosophy, policy or program has a positive impact on Ex-Im Bank's competitiveness (moves Ex-Im Bank's competitiveness grade up one notch).
*	Neutral	Philosophy, policy or program has a neutral impact on Ex-Im Bank's competitiveness (no impact on Ex-Im Bank's competitiveness grade).
-	Negative	Philosophy, policy or program has a negative impact on Ex-Im Bank's competitiveness (moves Ex-Im Bank's competitiveness grade down one notch).

Figure A4 shows how Ex-Im Bank's overall competitiveness grade was calculated. Grades from the Core Business Policies and Practices and Major Program Structures were given equal weight and averaged. If applicable to a transaction, also shown are the results of how U.S. economic philosophies and Ex-Im Bank's public policies would be expected to impact a U.S. exporter's competitiveness.

Figure A4: Detailed Grading of Ex-Im Bank's Overall Competitiveness (based on survey results)

Key Elements	Grade	Value	Weight	Score
Core Business Policies and Practices	A	4.0	50%	2.00
A. Cover Policy & Risk Taking	A			
B. Interest Rate	A			
C. Risk Premia	A			
D. Operational Efficiency	A-/B+			
Major Program Structures	A-/B+	3.5	50%	1.75
A. Large Aircraft	A			
B. Project Finance	A+			
C. Co-financing	B-/C+			
D. Foreign Currency Guarantee	A			
OVERALL GRADE	A		100%	3.75
Competitive Impacts of Non-financial Elements				
Economic Philosophy			Negative	
A. Tied Aid			Negative	
B. Untied Aid			Negative	
C. Market Windows			Negative	
Public Policies			Negative	
A. Economic Impact			Negative	
B. Foreign Content			Negative	
C. Local Cost			Positive	
D. Shipping/PR 17			Negative	

