

Facts about Ex-Im Bank

1. **Question: Does Ex-Im Bank provide subsidies to American export companies and their foreign customers?**

Answer: No. Ex-Im Bank *does not* provide subsidies or grants to any companies, governments or financial institutions. The Bank simply does not provide subsidies. Rather, just like in the private sector, Ex-Im Bank charges fees or interest to its customers for the loans, credit insurance and loan guarantees that they receive. The fees (and interest payments in the case of direct loans) pay all of the Bank's cost of operations and establish the reserve accounts from which the Bank pays claims and recoups bad loans.

2. **Does Ex-Im Bank provide “corporate welfare”?**

Answer: No. Far from being "corporate welfare", the companies that receive Ex-Im Bank export-financing support pay fees as they would in the private sector. Those fees have paid for all Bank operations and payments of claims. Because the Bank's loan loss rate has since 1934 been below two percent, Ex-Im earns more than cost of operations and costs of bad loans, so it actually earns a profit for U.S. taxpayers, \$1.9 billion in the last five years alone.

3. **Question: Ex-Im Bank claims it is needed because it provides financing in markets where commercial banks are unwilling or unable to conduct business. If private financial institutions won't offer financing in certain markets why should the U.S. taxpayers? Isn't this similar to the risk to taxpayers assumed with Fannie Mae and Freddie Mac?**

Answer: No. Comparing the Bank to Freddie Mac and Fannie Mae is misleading to say the least. Ex-Im Bank's portfolio is spread across over 170 countries and dozens of industries. U.S. taxpayers "own" the Bank ---it has no shareholders, and the employees are not eligible for extravagant bonuses. As proof of Ex-Im's low risk operations, during its 78-year history the Bank's loan loss rate has remained below 2 percent.

In fact, for the first half of Fiscal Year 2012, the Bank has earned interest and fees totaling \$548 million compared to \$18 million paid in claims.

Ex-Im Bank currently has a loan loss reserve account of over \$4 billion.

Furthermore, far from creating losses Ex-Im Bank has earned for taxpayers \$4.9 billion since 1992. In that time, every claim has been paid using the fees collected from Ex-Im customers.

4. **Question: Has the Bank provided financing, and lost money, by providing export financing to Enron?**

Answer: No. Ex-Im Bank has never provided financing to Enron. Ex-Im *did* provide export financing support to the company's foreign customers who purchased services or products from Enron. Far from losing money on those transactions, the Enron loans were paid in full as required and the Bank collected more than \$119 million in fees and interest for the U.S. taxpayers.

5. **Question: Has the Bank provided financing, and lost money, by providing export financing to Solyndra?**

Answer: No. Ex-Im never gave financing to Solyndra. Ex-Im provided a loan guarantee to a Belgian bank that in turn financed the purchase of solar panels from Solyndra. The order was shipped and panels installed on the buyer's warehouse in Belgium. The Ex-Im loan guarantee became operative only after the installation was complete and accepted by the buyer.

Ex-Im bank has no exposure to Solyndra (it never did) - but, rather to the Belgian buyer. The Belgian Bank, KBC Bank NV, is paying fees for Ex-Im's loan guarantee. So, once again, Ex-Im made a profit for the taxpayer. The Belgian buyer has made all payments to the Belgian guaranteed lender, as required, and Ex-Im has collected over \$300,000 in fees.

6. **Question: Why did Ex-Im Bank provide export financing to Gamesa, a Spanish company, to sell wind power equipment to Honduras.**

Answer: Ex-Im Bank's mission is to help create and maintain the jobs of American workers by providing export financing support to companies in the United States that are selling American-made products and services to foreign customers. The ownership of the company is not relevant to the Bank's decision to provide financing as long as American workers are producing the exports and the sale meets all other Bank requirements.

In this particular transaction, as the U.S. subsidiary of a Spanish company, Gamesa Wind US LLC, a wind-turbine manufacturer headquartered in Langhorne, Pa., exported equipment and services for the Cerro de Hula Wind Farm, the first utility-scale wind project in Honduras, with the support of project financing from the Export-Import Bank of the United States (Ex-Im Bank). The wind farm will be the fourth largest power generator in Honduras, producing about 6 percent of the country's power.

7. **Doesn't Ex-Im Bank financing distort markets?**

Answer: No. All major exporting countries, including the fiercest competitors in a global market, have export credit agencies that support their countries' exports. Ex-Im steps in, when requested, to help level the playing field to support U.S. companies so they can match competition from foreign companies.

8. **Question: Does Ex-Im Bank compete with private sector export financing?**

Answer: No. The vast majority of export financing continues to be provided by private sector lenders. On average, Ex-Im Bank actually provides export-financing support for only about two percent of total U.S. exports. But the transactions for which the Bank does provide support are those that would otherwise go to foreign competitors absent the Bank's participation. These transactions come to Ex-Im for various reasons, including lack of commercial lender liquidity, or discomfort with the risks of lending to foreign buyers without Ex-Im support.

9. **Question: When Ex-Im Bank provides export financing for some companies and not others is it picking "winners" and losers?**

Answer: No. Far from picking winners and losers, Ex-Im Bank loan guarantees simply ensure that the United States has a chance to have winners in the international marketplace.

The Bank is a demand-driven organization. U.S. exporters choose whether to request export financing from the Bank, not the other way around.

When a customer approaches us, we ask just two fundamental questions:

- One, will the loan be repaid? and
- Two, is our financing essential to make this sale happen?

If the answer is yes, the financing is approved.

There are no "losers" in an Ex-Im Bank transaction, and Ex-Im Bank does not favor or prioritize any parties.

10. **Question: Does Ex-Im Bank ignore its legal requirement to analyze the impact of its financing transactions on American jobs?**

Answer: No. The Bank evaluates the potential for adverse economic effect of every transaction it considers. It does so through its Economic Impact Procedures (EIPs), which have been published for decades. The EIPs reflect both the requirements of the Charter and the Bank's decades-long expertise in analyzing affected economic sectors to assess whether Ex-Im Bank's support for exports is likely to affect other parties or sectors in the United States.

11. **Question: Is Ex-Im Bank really "Boeing's Bank" as some are calling it?**

Answer: No. Ex-Im Bank is the *United States'* official export credit agency. In FY'11 Ex-Im Bank supported 290,000 export-related jobs at companies across the United States representing dozens of industries. Eighty-seven percent of last year's transactions directly

benefited small businesses, adding up to a record \$6 billion in export-financing support. Boeing is the nation's largest exporter and Ex-Im Bank is proud to support the thousands of jobs maintained with the sale of each aircraft. In FY '11 Ex-Im supported about \$11 billion worth of large commercial sales of Boeing aircraft which helped employ approximately 85,000 American aerospace workers - and also supported tens of thousands of workers at small- and large-sized businesses that supplied parts and services to Boeing. Ex-Im Bank support for Boeing sales is essential to Boeing's direct competition with Airbus. Any restrictions or burdens placed on Ex-Im aircraft transactions would tilt the competition squarely in favor of Airbus, to the detriment of U.S. jobs.

12. Question: What was the outcome of the lawsuit filed against Ex-Im by Air Transport Association?

Answer: On Wednesday, July 18, 2012 the U.S. District Court for the District of Columbia granted summary judgment to Ex-Im Bank in the lawsuit filed by Air Transport Association (ATA) and other parties. The suit was commenced by ATA in November 2011 in a bid to stop the Bank from providing its previously authorized guarantee for the sale of U.S. manufactured commercial aircraft to Air India.

The U.S. District Court upheld the decision of the Bank's Board of Directors authorizing such guarantees. Ex-Im is pleased that the court ruled in the Bank's favor, and we look forward to continuing to work on behalf of America's workers, companies and small business owners.

13. Question: Is it true that Ex-Im Bank has made loans to individuals involved with the Mexican drug cartel?

Answer: No. This allegation was made in 2007, without substantiating evidence, in a television news report. It was investigated by law enforcement authorities and has never been substantiated.

14. Is it true that Ex-Im Bank provided financing for exports of U.S. motion pictures? Did the Bank lose money doing so?

Answer: In 2002, Ex-Im Bank guaranteed financing to support the production of four U.S. independent films under a program that promoted more U.S.-based film production and preserved entertainment jobs in the United States. Unlike major studios, which can finance their own productions, independent film producers rely on bank loans for which foreign distribution contracts serve as collateral.

The loans were paid off as required and Ex-Im sustained no losses. The Film Production Guarantee Program was subsequently ended.