

Office of Inspector General  
Export-Import Bank of the United States



OIG-SR-26-01

March 31, 2026

## Review of EXIM's Concentration Risk in Aircraft Industry Sector



# EXECUTIVE SUMMARY

## Review of EXIM's Concentration Risk in Aircraft Industry Sector

### WHAT OIG REVIEWED

The Office of Inspector General (OIG) reviewed the Export-Import Bank of the United States' (EXIM) concentration in the aircraft industry sector. The objectives of this project were (1) to evaluate EXIM's concentration risk related to its overall aircraft sector portfolio; (2) to assess EXIM's risk mitigation for aircraft industry transactions in process, before they are authorized; and (3) to evaluate how EXIM monitors its aircraft industry transactions to ensure risks are minimized.

### WHAT OIG FOUND

OIG found that EXIM's aircraft sector concentration presented the potential for increased risk to EXIM's portfolio. EXIM took steps to mitigate that risk, including conducting a detailed risk analysis for transactions requiring approval by the Board of Directors and calculating and monitoring aircraft sector concentration as a percentage of its exposure. In addition, EXIM required cross-collateralization and cross-defaults in its aircraft transactions.

OIG determined that EXIM generally adhered to its established due diligence procedures prior to authorizing sampled aircraft transactions. However, OIG found that EXIM did not always complete a legal environment assessment, which is required for all asset-backed transactions.

In addition, OIG found that EXIM generally followed its monitoring procedures for its agricultural aircraft transactions. However, EXIM did not conduct an analysis of the collateral value for the agricultural aircraft transactions reviewed, which is required by EXIM policy for all aircraft transactions. EXIM officials stated that they do not conduct collateral analysis for agricultural aircraft and use another process to calculate risk for these transactions.

Finally, OIG found that EXIM did not apply its aircraft inspection process consistently, as three of four commercial or business aircraft transactions reviewed in the sample did not undergo either a scheduled or ad hoc inspection.

### WHAT OIG RECOMMENDS

OIG issued three recommendations to strengthen portfolio and concentration risk assessment processes related to aircraft transactions. In its comments on the draft report, EXIM concurred with all three recommendations. EXIM's formal response to each recommendation can be found in the [Recommendations](#) section of this report. EXIM's formal response is reprinted in its entirety in [Appendix B](#).

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# BACKGROUND

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## ABOUT EXIM

EXIM serves as the official export credit agency of the United States with the purpose of promoting and supporting American jobs by providing competitive and necessary export credit financing to help U.S. companies compete for global sales through loan guarantee, direct loan, and insurance programs. EXIM's Charter reflects the language of its enabling legislation, the Export-Import Bank Act of 1945, as amended, and establishes the agency's programs and operations. EXIM is required by law to ensure a reasonable assurance of repayment for all authorized transactions, and to charge fees and premiums commensurate with each transaction's assessed risk. In addition, EXIM's Charter requires that the agency maintain a default rate under two percent to continue approving new financing.

## EXIM'S AIRCRAFT SECTOR FINANCING

EXIM's aircraft sector financing generally consists of transactions related to commercial, business, agricultural, and other aircraft. EXIM aircraft sector transactions range from exports of large commercial aircraft, which can cost hundreds of millions of dollars, to small agricultural aircraft, which can cost under a million dollars. In November 2023, EXIM expanded the type of aircraft transactions it supports when it financed the manufacturing of an electric-powered aircraft and charging infrastructure production facility. In June 2025, the President directed EXIM to prioritize and support the export of United States-manufactured civil unmanned aircraft systems and related systems (i.e., drones).<sup>1</sup>

The total value and number of EXIM's annual authorizations for aircraft sector transactions fluctuated between calendar years 2019 and 2024, the period covered by this review. EXIM was unable to authorize transactions over \$10 million until May 2019, due to a lack of Board of Directors (Board) quorum.<sup>2</sup> Once the Board quorum was restored in May 2019, transactions requiring Board approval increased from \$10 million to \$25 million. As a result, EXIM only approved one large commercial aircraft transaction in 2019. As shown in Table 1, below, aircraft sector authorizations increased in subsequent years, peaking in 2023. However, annual aircraft authorizations decreased by approximately \$704 million (34.1 percent) between 2023 and 2024. Commercial aircraft<sup>3</sup> transactions comprised the largest percentage of EXIM's aircraft sector transactions, by dollar value. Comparatively, agricultural aircraft transactions

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<sup>1</sup> The White House, Executive Order 14307, *Unleashing American Drone Dominance* (June 6, 2025).

<sup>2</sup> Due to the value of typical aircraft sector transactions, most transactions require Board approval (i.e., are valued at \$25 million or more). Between 2019 and 2024, Board-authorized transactions made up approximately 8.9 percent of aircraft sector transactions by number but consisted of approximately \$6.8 billion of new financial exposure. The remaining 91.1 percent of non-Board authorized aircraft transactions totaled approximately \$720 million in exposure.

<sup>3</sup> For the purpose of this report, the term "commercial aircraft" includes all non-agricultural aircraft in EXIM's portfolio. This includes large commercial aircraft, business aircraft used for transportation or other services, and helicopters, as well as aircraft used in scheduled passenger and cargo operations.

represented a smaller dollar value but a greater percentage of the total number of transactions during this period.

**Table 1: Aircraft Sector Transactions, 2019 to 2024**

Calendar Year	Total Number of Transactions	Total Authorization Amount
2019	50	\$109,043,460
2020	58	\$1,073,106,619
2021	69	\$1,237,741,911
2022	63	\$1,660,226,519
2023	79	\$2,060,859,182
2024	61	\$1,357,226,362

**Source:** Generated by OIG from data provided by EXIM.

## MULTIPLE EXIM STAKEHOLDERS INVOLVED IN AIRCRAFT SECTOR TRANSACTIONS

Three divisions within EXIM’s Office of Board Authorized Finance (OBAF) manage aircraft sector transactions: the Transportation Division (TD), Transportation Portfolio Management Division (TPMD), and Asset Management Division (AMD). In general, TD manages potential aircraft sector transactions either through the point of authorization or to delivery or disbursement. Agricultural aircraft transactions are then managed by AMD, and commercial aircraft transactions (e.g., commercial, and other passenger and cargo aircraft transactions) are managed by TPMD.

In addition to these operating units, multiple EXIM stakeholders play a role in risk management activities related to EXIM’s aircraft sector transactions. In particular, two EXIM offices assess overall portfolio and concentration risk: the Office of the Chief Risk Officer (OCRO) and the Office of the Chief Financial Officer (OCFO). OCRO is responsible for enterprise-wide risk management, including policy development, compliance monitoring, and exposure controls. OCFO, among its core responsibilities, oversees EXIM’s portfolio risk management functions, including maintaining loan loss reserves, calculating the Charter-mandated default rate,<sup>4</sup> and implementing required stress testing.<sup>5</sup> OCFO also works with OBAF to provide a detailed portfolio concentration analysis for each transaction evaluated for Board approval; this analysis is included in the transaction memorandum provided to the Board.

<sup>4</sup> Not less frequently than quarterly, EXIM is required to calculate the rate at which the entities to which the Bank has provided short-, medium-, or long-term financing are in default on a payment obligation under the financing. See 12 U.S.C. § 635g(g)(1).

<sup>5</sup> EXIM’s Charter requires the agency to conduct periodic stress testing on the entire EXIM portfolio, reflecting different market, industry, and macroeconomic scenarios, and consistent with common practices of commercial and multilateral development banks. See 12 U.S.C. § 635a(m)(3)(A)(i).



## OVERVIEW OF RECENT AIRCRAFT SECTOR CHALLENGES

During the period covered by this review, the aircraft sector faced several challenges, including the effects of the Coronavirus Disease of 2019 (COVID-19) pandemic as well as safety incidents and supply chain disruptions involving aircraft manufactured by The Boeing Company (Boeing). Commercial air travel declined precipitously during the early stages of the COVID-19 pandemic, causing some borrowers to be unable to make payments on EXIM-financed aircraft. For the period ending June 30, 2021, EXIM's reported default rate rose to 1.55 percent—nearing the two percent default rate cap, which would require EXIM to cease lending activities. Stress testing at that time projected that EXIM could exceed its default rate cap. EXIM took several steps to manage risks associated with its aircraft sector portfolio during the pandemic. For example, EXIM restructured aircraft transactions, as needed, across both its commercial and agricultural aircraft portfolios. EXIM also conducted more analysis focused on the aircraft sector during its bi-annual industry stress testing. During the period covered by OIG's review, the aircraft sector was also impacted by safety incidents involving aircraft manufactured by Boeing, EXIM's largest aircraft exporter.<sup>6</sup> For example, the U.S. Federal Aviation Administration grounded Boeing 737 MAX aircraft for eight months in 2019 and 2020 and again in 2024, following safety incidents involving the aircraft.<sup>7</sup>

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<sup>6</sup> EXIM's aircraft sector portfolio exposure of Boeing aircraft from 2019 to 2024 included 66 aircraft that amounted to \$4,225,738,962 (or 83 percent of EXIM's aircraft sector portfolio).

<sup>7</sup> Transactions for the Boeing 737 aircraft models made up 29 percent of EXIM's aircraft sector portfolio exposure from 2019 to 2024.

## OBJECTIVES

The Export-Import Bank of the United States (EXIM) Office of Inspector General (OIG) conducted this review to:

1. Evaluate EXIM's concentration risk related to its overall aircraft sector portfolio;
2. Assess EXIM's risk mitigation for aircraft industry transactions in process, before they are authorized; and
3. Evaluate how EXIM monitors its aircraft industry transactions to ensure risks are minimized.

See [Appendix A](#) for information on the scope and methodology.

## FINDINGS

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OIG found that EXIM's portfolio is highly concentrated in the aircraft sector and that this sector is further concentrated by aircraft type, borrower, country, and exporter. The higher aircraft sector concentrations increased potential portfolio risks. However, EXIM took steps to mitigate such risks.

OIG found that EXIM generally adhered to its established due diligence procedures prior to authorizing the aircraft transactions OIG reviewed. However, OIG found that EXIM can improve its compliance with their policies for legal environment assessments of non-board authorized aircraft transactions and did not conduct collateral value assessments for agricultural aircraft transactions reviewed by OIG. Finally, OIG found that EXIM applied its aircraft inspection process inconsistently.

### **FINDING 1: EXIM'S PORTFOLIO HEAVILY CONCENTRATED IN AIRCRAFT SECTOR, EXIM TOOK STEPS TO MANAGE RISKS**

OIG found that EXIM's aircraft sector concentration remained high during the period of OIG's review. OIG also identified high exposure concentrations by borrower, country, and exporter within the aircraft sector. However, as described below, EXIM took steps to manage risks associated with its aircraft sector concentration exposure.

#### ***Aircraft Sector Exposure Remained High During Period of Review***

OIG's review of EXIM-provided data found that the agency's aircraft sector exposure remained elevated during the period reviewed by OIG. According to EXIM's annual reports, the aircraft sector exposure ranged from 41 percent of the portfolio in fiscal year (FY) 2019 to 29.3 percent

of the portfolio in FY 2024.<sup>8</sup> EXIM’s overall percentage of concentration exposure<sup>9</sup> for the aircraft sector decreased over the last six fiscal years. This decrease occurred due to lower EXIM authorizations (than historical norms) for new commercial aircraft transactions during that period. In addition, this decrease was also affected by other sectors’ exposure expanding as well as the total exposure value for the aircraft sector decreasing. For example, the oil and gas sector increased from 15.7 percent of EXIM’s exposure in FY 2019 to 22.8 percent of EXIM’s exposure in FY 2024. Table 2, below, lists the total exposure and percentage of exposure for EXIM’s aircraft sector for FYs 2019 to 2024.

**Table 2: Aircraft Sector Portfolio Exposure, FY 2019 to FY 2024**

Fiscal Year	Total Exposure (in millions)	Aircraft Sector Exposure (in millions)	Percentage of Exposure
2019	\$54,726.9	\$22,428.2	41.0%
2020	\$46,872.0	\$17,621.9	37.6%
2021	\$41,343.6	\$15,543.9	37.6%
2022	\$35,397.0	\$12,788.2	36.1%
2023	\$34,074.9	\$11,154.5	32.7%
2024	\$34,117.4	\$10,003.9	29.3%

Source: Generated by OIG using information from EXIM’s annual reports.

***EXIM’s Aircraft Sector Further Concentrated by Aircraft Type, Borrower, Country, and Exporter***

OIG’s analysis found that EXIM’s aircraft sector exposure was also highly concentrated by aircraft type, borrower, country, and exporter. EXIM’s portfolio consisted primarily of commercial and agricultural aircraft—with some diversification into other types of aircraft transactions, such as helicopters, parts, and services. Between 2019 and 2024, commercial aircraft transactions accounted for approximately 96 percent (\$4.8 billion) of EXIM’s total aircraft sector portfolio, while agricultural aircraft transactions comprised approximately 4 percent (\$226 million). In addition, the portfolio was further concentrated by borrower, country, and exporter, as outlined below.

<sup>8</sup> EXIM’s calculation of exposure includes all authorized transactions that have been disbursed, authorized transactions that have not been disbursed, and unrecovered claim balances from existing transactions. Specifically, EXIM defines exposure as the outstanding (disbursed less any repayments) and undisbursed principal balance of loans, guarantees, and insurance. It also includes any unrecovered balances of payments made on claims submitted and approved by EXIM. Exposure does not include accrued interest or transactions pending final approval.

<sup>9</sup> Concentration exposure is defined as a significant volume (e.g., over 25 percent) of credit exposure committed to a single borrower, group of borrowers, or a specific industry. This can show up across products, business lines, geographic areas, or countries.

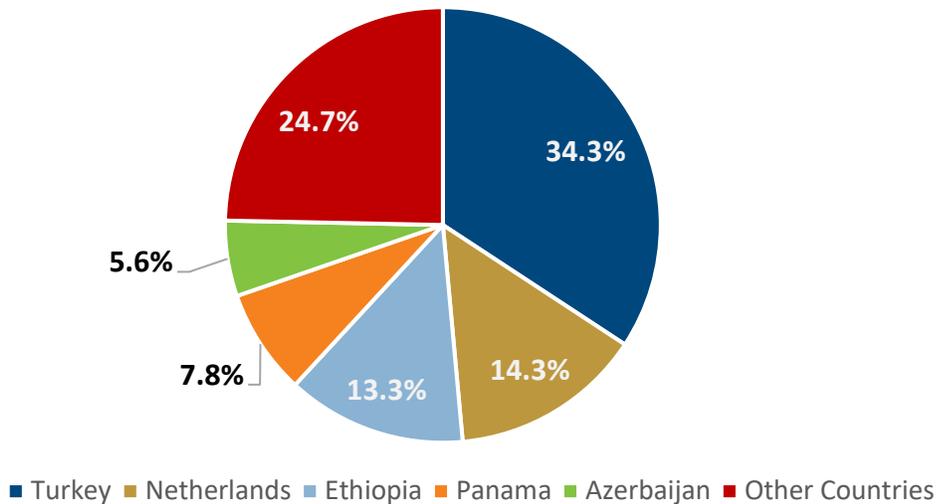


**Borrower Concentration.** Within the commercial aircraft segment, one borrower represented approximately 30 percent (\$1.4 billion) of EXIM’s total aircraft sector exposure. In addition, in the agricultural aircraft segment, the top borrower accounted for approximately 4 percent (\$8 million) of the sector exposure.

**Country Concentration.** For commercial aircraft transactions, five countries accounted for the majority of EXIM’s aircraft sector exposure, with Turkey alone representing approximately 34 percent (\$1.7 billion). For agricultural aircraft transactions, Brazil accounted for the largest share of exposure at approximately 81 percent (\$182 million). EXIM’s country concentration within the aircraft sector is presented in Figures 1 and 2 below.

**Exporter Concentration.** One U.S. exporter—Boeing—accounted for 92 percent (approximately \$4.2 billion) of commercial aircraft exposure transactions.<sup>10</sup> For agricultural aircraft, one U.S. exporter accounted for 80 percent (approximately \$180 million) of exposure.

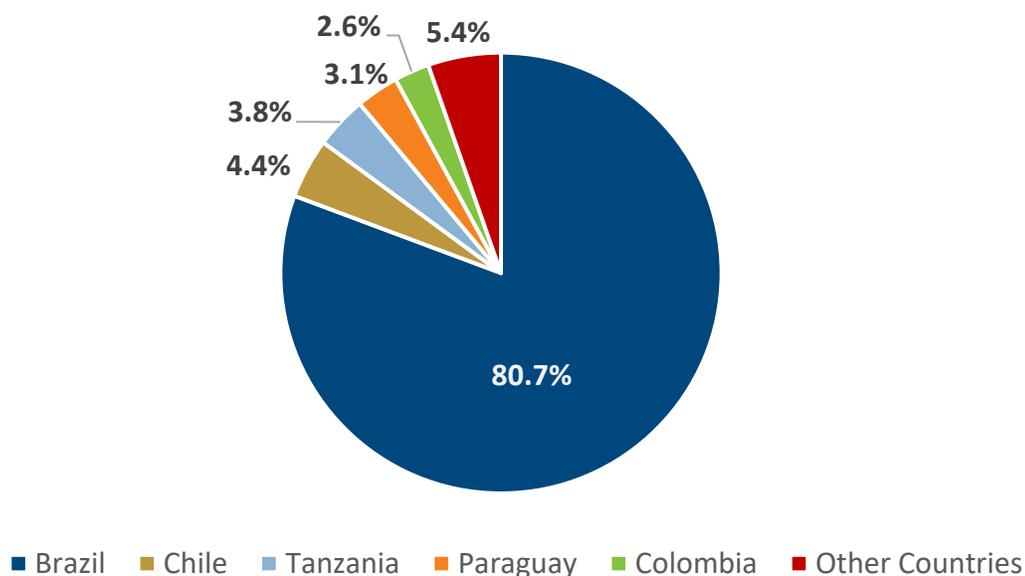
**Figure 1: Commercial Aircraft Exposure by Country, 2019 to 2024**



**Source:** OIG generated using data provided by EXIM.

<sup>10</sup> Large commercial aircraft are the most expensive aircraft in EXIM’s portfolio, and Boeing is the sole U.S. manufacturer of large commercial aircraft. Accordingly, EXIM support for Boeing aircraft is expected to exceed support for other U.S. aircraft manufacturers in dollar value.

**Figure 2: Agriculture Aircraft Exposure by Country, 2019 to 2024**



**Source:** OIG generated using data provided by EXIM.

A high concentration associated with single borrowers, countries, or exporters increases the overall risk to EXIM’s aircraft sector portfolio as well as EXIM’s entire portfolio. This is especially significant as EXIM is subject to a statutory default rate cap of two percent.

### ***EXIM Took Actions to Mitigate Aircraft Sector Concentration Exposure***

OIG found that EXIM conducted several risk-related activities to minimize the risks associated with high concentration exposure to the aircraft sector and, generally, adhered to Charter requirements when evaluating its aircraft sector risks. EXIM manages its concentration risk at the transaction level and throughout each stage of the transaction life cycle. Specifically, EXIM uses specific mitigation tools before authorizing a transaction. One major risk mitigation tool is cross-collateralization. This allows EXIM to seize any aircraft collateral that a borrower has financed through EXIM to repay the debt and is not limited to only seizing the aircraft associated with a default. For example, if a borrower defaults on a transaction, EXIM could seize the aircraft associated with that transaction or could seize another aircraft financed by EXIM to offset the debt owed.

In addition, EXIM cross-defaults its aircraft transactions. If a borrower has multiple loans with EXIM and defaults on one transaction, EXIM has the authority to declare all the borrower’s transactions in default (e.g., a default on one transaction could result in a default on all transactions). These provisions, according to EXIM officials, incentivize borrowers to repay their EXIM debt and help to facilitate the repossession of aircraft in the event of default.

OIG found that, at the portfolio level, OCFO calculated concentration for all long-, medium-, and short-term transactions. This calculation is presented to the Board, as part of the transaction

memorandum, and breaks down exposure aspects like loan term, credit risk levels, countries, and top borrowers' risks relative to the overall portfolio. OIG also found that EXIM's Enterprise Risk Management unit created portfolio concentration dashboards that show exposure by sector, country, credit rating, and loan type. These concentration dashboards offer a visual representation of the portfolio exposure and are used by EXIM's Enterprise Risk Committee to assess enterprise-wide risks. All aircraft transactions are captured within the OCRO's dashboards, ensuring a thorough view of the portfolio's concentration risk.

Following transaction approval, EXIM continued to monitor each transaction for potential risks. EXIM actively assessed each transaction by tracking adverse events that may indicate repayment concerns, allowing for timely intervention if issues arise. For example, TPMD may use an ad hoc inspection to obtain a better assessment of an aircraft's value as well as all appropriate documentation to prepare for a potential default and seizure when repayment concerns exist.

At a broad level, EXIM conducted other portfolio management activities that could include an assessment of EXIM's aircraft sector concentration risk. For example, EXIM conducted portfolio stress testing; monitored exposures through EXIM's Risk Management Committee, which reviews industry, geographic, and borrower exposure levels; and ensured compliance with risk limits by assessing the default rate, at least quarterly.

Because EXIM has assessed concentration risks and took mitigative measures, OIG is not making any recommendations.

## **FINDING 2: EXIM GENERALLY COMPLETED PRE-AUTHORIZATION DUE DILIGENCE PROCEDURES**

OIG found that EXIM generally adhered to its established pre-authorization due diligence process for the aircraft transactions sampled by OIG. In nearly all cases reviewed by OIG, EXIM conducted credit analyses, evaluating both the financial and non-financial aspects of each borrower. In addition, EXIM assessed the strengths, weaknesses, and potential uncertainties related to legal considerations for the two Board-approved transactions.

However, OIG identified a deficiency related to the completion of a legal environment assessment. Specifically, EXIM staff did not conduct a legal environment assessment for the six non-Board authorized transactions in OIG's sample. Chapter 13 of EXIM's *Loan, Guarantee, and Insurance (LGI) Manual*, which focuses on aircraft transactions, requires all asset-backed transactions<sup>11</sup> to have a legal environment assessment completed prior to authorization, and distinguishes between the legal strengths, weaknesses, and potential uncertainties for Board-authorized transactions and legal environment assessments for asset-backed transactions. Differences between policy and practice can create inconsistencies in the process and potentially limit EXIM's ability to mitigate or balance risks associated with potential aircraft transactions.

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<sup>11</sup> Most aircraft transactions are asset-backed transactions.

## Recommendation 1

The Transportation Division should bring its policy and practices related to legal environment assessments for asset-backed transactions in alignment either by updating the policy to reflect actual practices or by enforcing practices required by the current policy.

## FINDING 3: EXIM DID NOT CONDUCT A COLLATERAL ASSESSMENT FOR AGRICULTURAL AIRCRAFT TRANSACTIONS

EXIM generally followed its monitoring procedures for the aircraft transactions OIG reviewed. However, EXIM did not perform a collateral assessment for either agricultural aircraft transaction reviewed. Specifically, EXIM did not perform an assessment to determine whether the aircraft serving as collateral retained sufficient value to mitigate risk in the event of borrower default. OBAF's *LGI Manual* states that AMD's core mission is to conduct proactive risk management that helps minimize any loss to the U.S. taxpayer. According to OBAF's risk management policy, AMD does this by focusing not simply on the financial condition of an obligor, but also on the use, maintenance, and condition of the mortgaged collateral as appropriate. More broadly, EXIM policies emphasize the importance of preserving the value of its credit assets, like aircraft, regardless of the asset value.

According to EXIM officials, EXIM does not conduct collateral analysis for agricultural aircraft due to their lower value, shorter repayment terms, and the "useful life" of the aircraft (which exceeds the repayment term). In addition, EXIM uses the market where the asset is located or where the revenues are derived to calculate risk for the agricultural aircraft transaction instead of a transaction-specific budget cost level (BCL) calculation as it does for commercial aircraft.<sup>12</sup> Nevertheless, policies and procedures on the assessment of aircraft collateral do not make a distinction between the procedures applicable to commercial aircraft versus agricultural aircraft or other types of aircraft.

## Recommendation 2

The Asset Management Division should bring its policy and practices related to collateral value assessments for agricultural aircraft transactions in alignment either by updating the policy to reflect actual practices or by enforcing practices required by the current policy.

### ***Other Matter: One Commercial Transaction Missing a Collateral Assessment***

Although EXIM generally followed its monitoring procedures for the commercial aircraft transactions OIG reviewed, EXIM did not perform a collateral assessment when it restructured one of the commercial aircraft transactions included in OIG's sample. Specifically, OIG identified that EXIM did not perform a collateral assessment when it restructured a transaction in August

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<sup>12</sup> Agricultural aircraft transactions do not receive a BCL adjustment to account for collateral as do commercial aircraft transactions.

2020 to determine if the collateral aircraft retained sufficient value to mitigate the risk of borrower default. OIG is not making a recommendation because the restructuring was related to the effects of the COVID-19 pandemic.

#### **FINDING 4: EXIM DID NOT SUFFICIENTLY LEVERAGE ITS INSPECTION PROGRAM TO MONITOR AND ASSESS AIRCRAFT COLLATERAL**

OIG found that TPMD did not consistently apply its inspection program to assess collateral aircraft. Of the four transactions that should be eligible for a scheduled or ad hoc inspection, EXIM only conducted a scheduled or ad hoc inspection for one transaction during time period covered by the review.<sup>13</sup> According to EXIM officials, EXIM does not have a written policy about when to include the right to inspect aircraft, i.e., collateral, because the right to inspect should generally apply to all aircraft transactions, with some exceptions.<sup>14</sup> In addition, EXIM's policy calls for proactive monitoring of aircraft used as collateral in its financing transactions. This includes inspections to assess the aircraft's condition, usage, and maintenance—factors that directly affect the asset value and EXIM's ability to recover funds in the event of default. When an inspection identifies issues with the maintenance or upkeep of the aircraft, the borrower is required to complete work to restore the aircraft's value.

EXIM policies require proactive preservation of the credit asset's value through monitoring, ongoing collateral inspections, and value analyses.<sup>15</sup> The borrowing airline is responsible for covering the cost of scheduled inspections of EXIM financed aircraft. By contrast, EXIM is responsible for paying the cost of ad hoc inspections. For the inspections conducted since December 2019, inspection costs (plus recovery costs, if applicable) ranged from around \$16,000 to \$1.7 million, depending upon the location and other factors. TPMD staff told OIG that, in practice, they seek to recover, or attempt to recover, ad hoc inspection costs during any restructurings and collateral aircraft sales in the event of default.

Historically, inspections have been used in the normal course of debt repayment to assess the general condition of the aircraft, or when debt repayment concerns exist. EXIM employees told OIG that EXIM has not always been strategic with its use of aircraft inspections. However, the same employees described steps taken in recent years to build a more strategic, proactive inspection program.<sup>16</sup> For example, TPMD began to benchmark industry standards and best practices to establish aircraft inspection schedules. However, the effort was in the early stages and needed further policy development to establish a path forward. In addition, EXIM did not

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<sup>13</sup> At the time of the review, EXIM had scheduled an inspection for one of the transactions; however, it had not been conducted.

<sup>14</sup> According to EXIM officials, inspection rights are included in all large commercial aircraft, business aircraft, and helicopter transactions. EXIM does not require inspection rights for agricultural aircraft; maintenance, repair, and overhaul (MRO) services; and co-financed aircraft when EXIM is the "follower export credit agency".

<sup>15</sup> EXIM *Loan, Guarantee, and Insurance Manual* (May 2017), Chapter 22, Section Six: Transportation Portfolio Management Division, Paragraph 1, Global Objectives 1-3.

<sup>16</sup> For example, employees described efforts to conduct more inspections of aircraft when EXIM does not anticipate problems. The agency termed these inspections "sunny day" inspections.

have specific guidelines and tracking mechanisms that allowed for consistent execution of scheduled inspections and, instead, generally relied on ad hoc inspections.

As a result, EXIM could miss opportunities to leverage scheduled inspections, paid for by the borrower instead of EXIM, thus allowing EXIM to decrease risk and minimize the financial resources required to perform the inspections. Further, leveraging regular inspections could also improve EXIM's ability to verify whether aircraft collateral is properly maintained or remains in a usable condition and to determine whether the transaction should continue to receive a 1 BCL upgrade based upon the actual condition of the collateral. Not ensuring that the borrower properly maintains its aircraft could reduce the asset's resale value and hinder recovery efforts if a borrower defaults.<sup>17</sup> Moreover, these inspections can also help to mitigate scenarios where borrowers may default due to income loss stemming from equipment failure. For example, if an airline grounds an aircraft due to a critical failure caused by improper or insufficient routine maintenance and monitoring, no income can be generated from the affected aircraft. Without income, borrowers may struggle to repay the loan or default. Finally, a well-maintained inspection program not only supports accurate valuation but also enables EXIM to safeguard its interests in the event of borrower default and reduce the risk of exceeding its default rate cap.

### **Recommendation 3**

The Transportation Portfolio Monitoring Division should implement a periodic inspection schedule and coordinate with the borrowing airlines to assess use, condition, and maintenance records that help preserve the value of EXIM's collateral.

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<sup>17</sup> EXIM OIG previously found that EXIM did not maintain documentation of collateral impairment assessments for its BCL 7 or 8 aircraft transactions, which could result in EXIM's inability to recover the estimated value of the collateral in the event of a default. See [Review of Stranded Assets Risk to EXIM's Portfolio](#) (OIG-SR-25-03, September 30, 2025).

# RECOMMENDATIONS

OIG provided a draft of this report to EXIM stakeholders for their review and comment on the findings and recommendations. The agency’s complete response can be found in [Appendix B](#). Within 30 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan detailing the proposed actions to implement the recommendation(s) along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM’s plan to implement the recommendation(s). OIG issued the following recommendations to EXIM.

Recommendation	Management Response
1. The Transportation Division should bring its policy and practices related to legal environment assessments for asset-backed transactions in alignment either by updating the policy to reflect actual practices or by enforcing practices required by the current policy.	Concur
2. The Asset Management Division should bring its policy and practices related to collateral value assessment for agricultural aircraft transactions in alignment either by updating the policy to reflect actual practices or by enforcing practices required by current policy.	Concur
3. The Transportation Portfolio Monitoring Division should implement a periodic inspection schedule and coordinate with the borrowing airlines to assess use, condition, and maintenance records that help preserve the value of EXIM’s collateral.	Concur



# APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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EXIM OIG conducted this review from December 2024 to August 2025, in accordance with the *Quality Standards for Inspection and Evaluation*, as issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency.<sup>18</sup>

## OBJECTIVES AND SCOPE

EXIM OIG conducted this review of EXIM’s aircraft sector processes, procedures, and transactions authorized from January 1, 2019, to December 31, 2024. The objectives of this engagement were to:

1. To evaluate EXIM’s concentration risk related to its overall aircraft sector portfolio;
2. To assess EXIM’s risk mitigation for aircraft industry transactions in process, before they are authorized; and
3. To evaluate how EXIM monitors its aircraft industry deals to ensure risks are minimized.

## METHODOLOGY

OIG completed training related to aircraft leasing and financing, conducted independent research, and examined pertinent EXIM-provided records and public aircraft industry documentation. OIG also evaluated the substance of the review’s report, its findings, and recommendations with offices, individuals, and organizations affected by this review. OIG conducted portions of this review remotely and used audio and video conferencing tools in addition to in-person interviews with EXIM personnel as well as selected EXIM exporters and Qualified Business Aircraft Financing Advisors. OIG used professional judgment and analyzed all physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

### *Sampling Methodology*

During this review, OIG examined eight aircraft transactions—six commercial aircraft and two agricultural aircraft transactions—completed between January 2019 and December 2024. The sample represented approximately 2 percent of the total number of transactions and 18 percent of the total current exposure dollar value of aircraft transactions (approximately \$895 million) during that period. To review the sample, OIG created an assessment checklist that reviewed each transaction for adherence to federal and EXIM policies relating to risk

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<sup>18</sup> Final release of this report was delayed due to the lapse in EXIM’s appropriations between October and November 2025.

rating, risk assessment, mitigation, and monitoring. Table A1, below, lists the aircraft transactions OIG reviewed.

**Table A1: Sample Transactions**

Sample Number	Transaction Number	Authorized Amount
T1	08089513XXZZ01	\$455,560,560
T2	08089448XAZZ01	\$154,198,069
T3	08089374XXAA01	\$25,937,500
T4	08695907XXAA01	\$10,592,000
T5	08089274XXAC01	\$10,379,000
T6	762576 <sup>a</sup>	\$1,843,339
T7	766376 <sup>a</sup>	\$1,423,756
T8	08741041XXAA01	\$1,408,272

**Source:** Generated by OIG from data provided by EXIM.

<sup>a</sup> This denotes an agricultural aircraft transaction.

# APPENDIX B: MANAGEMENT RESPONSE



**DATE:** March 23, 2026

**TO:** Ami Schaefer, Assistant Inspector General for Special Reviews  
Eric Rivera, Assistant Inspector General for Audits

**THROUGH:** Ravi Singh, Senior Vice President & Chief Financial Officer  
RAVI SINGH Digitally signed by RAVI SINGH  
Date: 2026.03.23  
14:35:39 -0400

**FROM:** Brian Greeley, Senior Vice President & Chief Banking Officer BRIAN GREELEY Digitally signed by BRIAN GREELEY  
Date: 2026.03.23  
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Kenneth Tinsley, Senior Vice President & Chief Risk Officer  
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Date: 2026.03.23  
13:48:04 -0400

**SUBJECT:** EXIM Management Response to the draft *Review of EXIM's Concentration Risk in Aircraft Industry Sector (Report No. OIG-SR-26-01)*.

Dear Assistant Inspector General Schaefer and Rivera,

Thank you for providing the Export-Import Bank of the United States (“EXIM” or “EXIM Bank”) management with the Office of Inspector General’s (“OIG”) draft report for Review of EXIM’s Concentration Risk in Aircraft Industry Sector (OIG-SR-26-01), dated March 9, 2026 (the “Report”). EXIM’s leadership and management continue to fully support the OIG’s work, which we believe complements and enhances EXIM’s efforts to continually improve its processes. EXIM Bank is proud of the strong and cooperative relationship it has with the OIG and shares the OIG’s commitment to improving EXIM’s policies, procedures and operations.

EXIM is proud of its financing support for the export of U.S.-manufactured aerospace products and the extensive supply chain that such aerospace exports support. According to the Aerospace Industries Association’s *2025 Facts & Figures: U.S. Aerospace & Defense*, the 2024 aerospace and defense workforce stood at 2.23 million jobs, with employees in every state of the United States, representing 1.4% of America’s total employment base. In addition, according to the same report, 59% of aerospace and defense employment comes from the aerospace supply chain, which consists of an extensive network of thousands of small and medium-sized businesses. And finally, U.S. aerospace exports totaled \$138.7 billion and had a positive trade balance of \$73.9 billion.



Given the importance of the aerospace sector to the U.S. economy, it is logical that aerospace exports and services would figure prominently in EXIM's portfolio. Unlike a commercial bank, the portfolio of a typical export credit agency tends to be concentrated in the dominant or most competitive industries in that country. For the United States, those industries are largely the aerospace and oil and gas industries. The figure of 28% cited in the OIG's report as the concentration of aircraft in EXIM's portfolio is low by historical standards. This figure has been much higher, most recently during the years following the financial crisis of 2008. EXIM expects that over the next several years, aircraft transactions as a percentage of EXIM's portfolio will again increase, as Boeing expands aircraft deliveries (in particular, the 777X widebody passenger aircraft and the 777XF cargo aircraft). EXIM appreciates the OIG's acknowledgement that EXIM "took steps to manage risks associated with its aircraft sector concentration exposure." EXIM assures the OIG that it will continue to underwrite, document, and manage its aircraft exposure prudently.

EXIM also appreciates the section in the OIG's report entitled "Overview of Recent Aircraft Sector Challenges" in which the subject of the COVID-19 pandemic is discussed. EXIM would like to emphasize the unprecedented nature of the COVID-19 pandemic, which affected all airlines on all continents at the same time. Earlier crises that affected the airline industry (e.g., SARS, Ebola, various regional wars or regional economic crises) were limited to specific geographic regions and/or were much briefer in duration. In short, COVID-19 was the greatest challenge that the airline and aviation industries have faced in the 123-year history of powered flight.

The technical expertise, skill and judgment of EXIM's Transportation Portfolio Management Division (TPMD), Office of the General Counsel (OGC), and EXIM's outside counsel in navigating this unprecedented crisis should be acknowledged. No manuals existed with guidance on what to do during a global pandemic. The actions taken by TPMD and OGC provided airlines with "temporary liquidity relief," and thereby minimized the losses incurred by EXIM. In addition, TPMD's excellent relationships with EXIM's airline borrowers enabled TPMD to encourage airlines to keep the EXIM-supported aircraft in their fleets (and return other aircraft to other lenders). This not only reduced the number of aircraft that EXIM had to remarket in a down cycle but also helped position Boeing to sell additional aircraft to those airlines once they recovered from the effects of the pandemic.

EXIM wanted to mention this as part of its management response to emphasize that the EXIM aircraft portfolio recently withstood the greatest challenge to aviation financing and performed very well. This fact, as well as the other reasons cited by the OIG in its report, should help alleviate any potential concerns about concentration risk in EXIM's portfolio.

OIG made three recommendations. EXIM concurs with the three recommendations and will move forward with implementing these applicable recommendations as appropriate.

**Recommendation 1:** The Transportation Division should bring its policy and practices related to legal environment assessments for asset-backed transactions in alignment either by updating the policy to reflect actual practices or by enforcing practices required by current policy.

**Management response:** EXIM concurs with this recommendation. The Transportation Division has updated its policy documents (*e.g.*, the Transportation Chapter in the *Loan, Guarantee, and Insurance Manual* and other similar documents), to reflect its current practice for non-Board level transactions.

**Recommendation 2:** The Asset Management Division should bring its policy and practices related to collateral value assessments for agricultural aircraft transactions in alignment either by updating the policy to reflect actual practices or by enforcing practices required by the current policy.

**Management response:** EXIM concurs with this recommendation. The Asset Management Division will update its policy and practices to reflect actual practices.

**Recommendation 3:** The Transportation Portfolio Management Division should implement a periodic inspection schedule and coordinate with the borrowing airlines to assess use, condition, and maintenance records that help preserve the value of EXIM's collateral.

**Management response:** EXIM concurs with this recommendation. The Transportation Portfolio Management Division continues to implement a periodic inspection schedule and is coordinating with the airlines.

**CC:**

The Honorable John Jovanovic, President and Chair of the Board of Directors  
Alyssa Pettus, Senior Vice President and Chief of Staff, Office of the President and Chairman  
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# ABBREVIATIONS

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AMD	Asset Management Division
BCL	Budget Cost Level
Boeing	The Boeing Company
COVID-19	Coronavirus Disease 2019
CY	Calendar Year
EXIM	Export-Import Bank of the United States
FAA	Federal Aviation Administration
FY	Fiscal Year
LGI	Loan, Guarantee, and Insurance
OBAF	Office of Board Authorized Finance
OCFO	Office of the Chief Financial Officer
OCRO	Office of the Chief Risk Officer
OIG	Office of Inspector General
TD	Transportation Division
TPMD	Transportation Portfolio Management Division

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Under the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, §5274, if your organization has been identified in this report, and you would like to provide a written response for inclusion with the report, please reach out to us at [OIG.Notices@exim.gov](mailto:OIG.Notices@exim.gov) within 30 days.