



EXPORT-IMPORT BANK
of the United States

ANNUAL REPORT 2008



The Export-Import Bank of the United States (Ex-Im Bank)

is the official export-credit agency of the United States. Ex-Im Bank supports the financing of U.S. goods and services in international markets, turning export opportunities into actual sales that help U.S. companies of all sizes to create and maintain jobs in the United States.

Ex-Im Bank assumes the credit and country risks that the private sector is unable or unwilling to accept. Ex-Im Bank also helps U.S. exporters remain competitive by countering the export financing provided by foreign governments on behalf of foreign companies.

More than 80 percent of Ex-Im Bank's authorizations in recent years have been made available for the direct benefit of U.S. small businesses.



CHAIRMAN'S MESSAGE

For 74 years, the Export-Import Bank of the United States (Ex-Im Bank) has been there for U.S. exporters through good times and bad. Ex-Im Bank steps up to help companies of all sizes expand their opportunities in overseas markets when commercial lending is unavailable. In fiscal year (FY) 2008, Ex-Im Bank authorized \$14.4 billion in financing in support of an estimated \$19.6 billion in U.S. exports of goods and services—an increase of 22 percent over the previous year.

This support came during a critical time for exporters. Throughout FY 2008, our country's economic growth depended on exports more than at any other time since James Madison, one of the Founding Fathers, occupied the White House. At Ex-Im Bank, we are proud of the small role we have played in helping these exporters bring to completion so many transactions that have resulted in the creation and maintenance of jobs right here in the United States.

Because small business is essential to the creation of jobs and economic growth, the Bank strengthened programs that reach out to small and medium-sized exporters, inviting them to take advantage of support that helps them meet increased demand for high-quality U.S. goods and services overseas. As a result, our Working Capital Guarantee Program has seen continued growth, breaking the billion-dollar barrier in support of small business for the first time.

The Bank has likewise enhanced its programs in other key areas. For example, we recognized the growing importance of India as a market for U.S. goods and services by creating a \$2.4 billion India infrastructure facility. This delegated line of credit helps U.S. companies participate in the development of India's roads, bridges, power systems, airports and other needs estimated to be at least \$500 billion. Similarly, we doubled the limit on our Nigerian banking facility to \$1 billion, offering foreign buyers expedited review of their financing needs.

Under our new Medium-Term Delegated Authority Program, approved lenders can underwrite and authorize Ex-Im Bank-backed medium-term transactions without prior Bank approval, streamlining the process for transactions of up to \$10 million. We also reduced the premium rate on our short-term small business and environmental multibuyer policies by 15 percent, making our products an even better value for our customers.

That is just some of what we did this past year, but the change of administration presents an opportunity to reflect upon other steps the Bank's board and staff have taken over the previous eight years. Since 2001, we helped support over \$120 billion in U.S. exports without burdening taxpayers. We reported a total

“Ex-Im Bank will remain true
to the primary mission with which
it was entrusted in 1934:
supporting U.S. jobs through exports.”

James H. Lambright
Chairman and President



Ex-Im Bank Board of Directors, FY 2008

Left, standing: J. Joseph Grandmaison, board member; James H. Lambright, chairman and president. Left, sitting: Linda Mysliwy Conlin, vice chairman and first vice president; Diane Farrell, board member; Bijan R. Kian, board member.

net income of \$6.8 billion, and, after providing for prudent reserves, excess funds were returned to the U.S. Treasury.

Recognizing the Bank's net benefit to the taxpayer, Congress enacted legislation in 2007 that made Ex-Im Bank a self-sustaining institution no longer requiring a direct appropriation to fund operations. To better optimize our performance, we reorganized internal operations to bring our small-business portfolio to the forefront. We broadened delegated authority of working capital products, increasing the efficiency of our process. We made the application for medium-term and short-term transactions simpler and easier with Ex-Im Online. We created the Office of Renewable Energy and Environmental Exports to bring even more attention to the needs of exporters seeking to sell environmentally beneficial goods and services. Again, that's just some of what we have done.

As we enter our 75th year, it is apparent that the global economy has lost its stable footing. Financial markets are undergoing a necessary and severe

process of deleveraging and repricing of risk after a period of significant imbalance, lax lending standards, aggressive appetites for risk and an erosion of market discipline. With many banks facing funding uncertainty, Ex-Im Bank has taken steps to support the needs of exporters and their suppliers through direct loans. In addition, modifications to our Working Capital Guarantee Program relative to warranties and performance bonds will result in improved liquidity for these companies.

Despite the significant adjustments the Bank will continue to make in order to adapt to new market realities, you can rest assured that Ex-Im Bank will remain true to the primary mission with which it was entrusted in 1934: supporting U.S. jobs through exports. It has been a pleasure to serve with such a talented team dedicated to this worthy goal.

Sincerely,

James H. Lambright
Chairman and President



“Ex-Im Bank’s assistance on the transaction helped to further our international portfolio of geothermal projects and will lead to more business as Turkey develops renewable power.”

Jack Hand
President and CEO

Top photo: POWER Engineers Inc. staff built a geothermal plant in Germencik, Turkey, with the support of Ex-Im Bank financing.

Right photo: A worker installs a fan drive in one of the geothermal plant’s cooling tower cells.



POWER ENGINEERS INC.

U.S. companies lead the world in environmentally beneficial technologies such as renewable energy, but obtaining the financing to increase sales in foreign markets can pose a challenge. Ex-Im Bank's Environmental Exports Program provides the solution for U.S. environmental exporters by helping their foreign buyers obtain financing, mitigating the risk of buyer nonpayment and enabling exporters to acquire the funds to fulfill export contracts.

POWER Engineers Inc., an engineering consulting firm based in Hailey, Idaho, exported nearly \$4.9 million of its services for a geothermal power project in Turkey with financing assistance from Ex-Im Bank. Two small businesses in San Francisco, Calif., Geologica Inc. and Veizades & Associates Inc., served as suppliers.

To support these services exports, Ex-Im Bank is guaranteeing the 15-year, \$4.6 million loan from Toronto-Dominion Bank in Toronto, Canada. The transaction took advantage of the longer repayment terms available for renewable-energy and water projects.

The company provided procurement, design and engineering services for a 45-megawatt geothermal power plant in Germencik, near Aydin in western Turkey. The buyer and borrower is Güriş İnşaat ve Mühendislik A.S., a civil construction contractor in Turkey. The plant will supply power to the local area under an affiliated company, Gürmat Elektrik Uretim A.S.

POWER Engineers Inc. specializes in electrical, electronic and multidisciplinary architectural/engineering services. The company employs 1,000 engineers and support staff at its headquarters in Hailey, Idaho, and at other offices in California, Colorado,

Georgia, Idaho, Maine, Michigan, Missouri, Montana, Oregon, Pennsylvania, South Carolina, Texas, Washington and Wisconsin.

Ex-Im Bank's Environmental Exports Program provides enhanced financing for U.S. exports of environmentally beneficial goods and services, and renewable-energy exports. The Bank's environmental portfolio includes financing for exports of renewable-energy equipment, wastewater treatment projects and air pollution technologies, among others.

To assist these exports, Ex-Im Bank provides export-credit insurance, working capital guarantees, loan guarantees, direct loans, and project and structured finance. Renewable-energy and other environmentally beneficial exports are eligible for enhanced financing that includes longer repayment terms, capitalization of interest during construction and automatic support for financing of local costs of up to 30 percent of the U.S. export value.

Repayment terms of up to 15 years are available for U.S. exports to water and wastewater projects, as well as renewable-energy projects involving solar, wind, geothermal, bio-energy and hydroelectric power sources.

In FY 2008, Ex-Im Bank authorized \$226.9 million to assist U.S. exports of environmentally beneficial goods and services valued at an estimated \$434.2 million, of which \$339.5 million of these exports were supported by the Bank's working capital guarantees.





“Ex-Im Bank’s insurance helped us to grow our total exports from practically nothing in 2002 to nearly \$8 million last year. Today, exports sustain the jobs of 25 percent of our employees.”

Terry Fee
Vice President

Top photo: McDavid Knee Guard employee Severina Calderón applies HexPad™ material at the company’s manufacturing facility in Woodridge, Ill.

Right photo: McDavid Knee Guard is using Ex-Im Bank’s multibuyer insurance to export its sports protective products such as its 422 Dual Disk Hinged Knee Brace.

McDAVID KNEE GUARD INC.



International markets literally provide a world of sales opportunities for U.S. small businesses, but the risks and financing needs of these markets can sometimes be challenging. Ex-Im Bank's Export-Credit Insurance Program offers a range of policies to help U.S. exporters minimize the risks of buyer nonpayment and enable them to offer financing terms to their foreign customers.

McDavid Knee Guard Inc. of Woodridge, Ill., is a manufacturer of sports medical and protective-apparel products. The Bank's short-term, multibuyer insurance policy has helped this small-business exporter increase its global sales more than three-fold from \$1.8 million to \$7.7 million between 2004 and 2007. Ex-Im Bank recognized the company's success by awarding it the Bank's 2008 Small Business Exporter of the Year award.

McDavid Knee Guard Vice President Terry Fee estimates that without Ex-Im Bank's insurance policy, the company's export volume would only be a quarter of the current level. Ex-Im Bank's policy helped McDavid Knee Guard obtain a line of credit on its foreign receivables from a local bank, Park National in Woodridge.

The company actually got its start in the basement of Fee's mother's house in 1980. Bob McDavid, company co-owner and president, joined with his college friend Fee to create a football lateral protective knee brace that soon became widely used. Today, the company manufactures over 400 different products for athletes and active people of all ages and employs 230 workers at its manufacturing facility in Woodridge.

Ex-Im Bank's short-term export-credit insurance minimizes the risk and provides protection against buyer default for political or commercial reasons. Single-buyer and multibuyer policies are available to U.S. exporters and financial institutions. The Bank's policies cover 95 percent of the invoiced amount.

The Bank's short-term insurance enables U.S. exporters to offer open-account terms to customers, which makes them more competitive in foreign markets. The insurance also functions as a financing tool because banks are more willing to lend against insured foreign receivables. Exporters may assign their rights to receive the insurance proceeds to a lender to facilitate obtaining a loan.

The Bank's small-business policy is similar to the multibuyer policy but features enhancements that include no first-loss deductible for small-business exporters with an export volume averaging not more than \$5 million over the three most recent years. Many small-business exporters begin with this product and later "graduate" to using the multibuyer policy.

In FY 2008, Ex-Im Bank authorized \$3.9 billion in export-credit insurance, of which small-business authorizations totaled \$1.6 billion. More than 91 percent of the Bank's insurance policies directly benefited small-business exporters.





“Ex-Im Bank’s help was instrumental on this project,
which will maintain manufacturing jobs at CAI and at our suppliers
in California and elsewhere around the country.”

Kusum Kavia
Vice President

Top photo: CAI Benin team member Victor Gbenou (in black suit) examines the future site of the Maria Gleta I power plant with officials from the government of Benin. An Ex-Im Bank insurance policy is supporting the financing of the multimillion-dollar project for which CAI is supplying eight electric-power generating systems.

Right photo: CAI team members use heavy industrial equipment in the construction of a generator skid.

COMBUSTION ASSOCIATES INC.



Sub-Saharan Africa is home to tremendous opportunities for U.S. exporters. That's why Ex-Im Bank has made it a top priority to assist U.S. firms in expanding their business in the region. Ex-Im Bank can facilitate financing for African buyers in both the public and private sectors in most countries.

Combustion Associates Inc. (CAI), a small, growing company in Corona, Calif., is just one of many companies to take advantage of this support. Using an Ex-Im Bank insurance policy, CAI is expanding its global business and workforce through a multimillion-dollar sale of eight 10-megawatt electric-power generating systems to the government of Benin. To fulfill the contract, CAI is nearly doubling its workforce from 35 to 65 employees.

This turnkey contract covers all aspects of the project, including the provision of engineering, construction management, installation, training and post-installation services for Benin's Ministry of Mines, Energy and Water. The completed 80-megawatt power plant will use mostly natural gas to generate power for the national grid.

The transaction is being supported through a collaborative effort in which Ecobank, through its subsidiaries in Benin and Nigeria, is providing a letter of credit facility confirmed by Citibank, N.A. Ex-Im Bank is supporting the financing through its bank letter of credit policy.

Ecobank, which is owned by Ecobank Transnational Inc., is a pan-African bank with a network of more than 500 branches in 26 countries. It is also one of 14 banks participating in Ex-Im Bank's \$1 billion Nigerian banking facility to expedite processing of short-term and medium-term insurance

and guarantee transactions supporting U.S. exports to Nigeria.

CAI is a minority-owned and woman-owned company, founded in 1989 by Kenyan immigrants, Mukund and Kusum Kavia. The company began as an environmental consulting firm and later expanded into manufacturing and installation of electrical power-producing equipment and auxiliary systems. Today CAI offers an array of skid-mounted and stationary combustion and gas-powered systems with multiple fuel capabilities that include natural gas, diesel oil and landfill methane gas.

Ex-Im Bank offers a range of financing solutions for U.S. exporters and African buyers. Products include working capital guarantees, export-credit insurance, commercial loan guarantees, and project and structured finance. These products help U.S. exporters obtain the funds to fulfill export contracts, protect against commercial and political risks of buyer non-payment and enable them to offer financing to their African buyers on competitive repayment terms.

In FY 2008, Ex-Im Bank authorized \$555.3 million in insurance, loan guarantees and direct loans to support U.S. exports to sub-Saharan Africa. In addition, the Bank assisted U.S. exporters with more than \$20 million in working capital loan guarantees made to support their exports to 20 sub-Saharan African countries.





“Ex-Im Bank’s financing assistance has been instrumental in helping GE Transportation to make sales abroad and sustain hundreds of manufacturing jobs in the United States.”

David Tucker
Vice President of Sales

Top photo: A GE Evolution Series 44AC diesel electric locomotive is prepared for sale to Ferrocarril Mexicano, S.A. de C.V., the owner of one of Mexico’s largest private railways.

Right photo: GE’s locomotives are built at the company’s manufacturing facilities in Erie, Pa.



GE TRANSPORTATION

While demand continues to grow for American-made capital goods in developing markets, exporters sometimes require financing assistance for large exports that have longer repayment terms. To meet this need, GE Transportation turned to Ex-Im Bank, securing an \$80.4 million long-term loan guarantee to support the sale of its GE Evolution Series 44AC diesel electric locomotives to a private-sector buyer in Mexico.

The transaction supports hundreds of manufacturing jobs at two GE Transportation facilities in Pennsylvania. The diesel engines are manufactured in Grove City, and the locomotives are built in Erie.

This export also promises significant environmental benefits. The Evolution Series locomotive is designed to reduce emissions by 40 percent with improved fuel economy and lower operating costs. It was the first locomotive to achieve the U.S. Environmental Protection Agency's tough Tier II emission standards.

The foreign buyer, Grupo Ferrovíario Mexicano (GFM), is leasing the locomotives to a wholly owned subsidiary, Ferrocarril Mexicano S.A. de C.V. (Ferromex), one of the largest privately owned railways in Mexico. Calyon S.A. of Courbevoie, Hauts de Seine, France, is the Ex-Im Bank guaranteed lender.

GE Transportation also turned to Ex-Im Bank for assistance in entering the Russian market where railways are updating a vast fleet of aging locomotives. An Ex-Im Bank medium-term insurance policy supports the \$7.2 million sale of GE locomotive modernization kits to Nomos Leasing NW, a Russian company.

The end user is Yakutia Railways, a regional railway operator in Siberia.

GE Transportation is a supplier to the railroad, marine, drilling, wind and mining industries. GE provides freight and passenger locomotives, railway signaling and communications systems, information technology solutions, marine engines, motorized drive systems for mining trucks and drills, and replacement parts and services. With sales in excess of \$4.5 billion, GE Transportation is headquartered in Erie, Pa., and has approximately 10,000 employees worldwide, of which nearly 8,000 work in the United States.

Ex-Im Bank's medium-term and long-term products cover 100 percent of commercial and political risks on up to 85 percent of the contract's U.S. content. Medium-term products (insurance and loan guarantees) typically have repayment terms of one to five years and up to seven years for exports of medical and transportation-security equipment and environmentally beneficial goods and services. Long-term products (loan guarantees and direct loans) typically have repayment terms of seven to 12 years. The Bank also provides project and structured financing to support U.S. exports to large international projects.



SMALL-BUSINESS REPORT

In accordance with Section 8 of the Export-Import Bank Act of 1945, as amended, Ex-Im Bank reports the following on its FY 2008 small-business activities.

DIRECT SMALL-BUSINESS SUPPORT

Ex-Im Bank authorized \$3.2 billion – more than 22 percent of total authorizations – in direct support of U.S. small businesses as primary exporters in FY 2008. The Bank approved 2,328 transactions that were made available for the direct benefit of small-business exporters. These transactions represented 86 percent of the total number of transactions approved (see p. 14).

SMALL-BUSINESS SUPPLIER DATA (INDIRECT SUPPORT)

Ex-Im Bank estimates the value of exports supported that is attributable to small-business suppliers at the time of authorization of each long-term transaction (i.e., transactions either of \$10 million or more or with a repayment term in excess of seven years).

Ex-Im Bank estimates that the total value of the indirect small-business content of transactions supported by the Bank's long-term loan and guarantee authorizations during FY 2008 is more than \$1.1 billion out of a total estimated export value of \$9.9 billion. This represents more than 11 percent of the total estimated export value of the Bank's long-term financings.

INCREASED LENDER PARTICIPATION

Ex-Im Bank added 26 lenders serving small businesses to the roster of providers of the Bank's products.

PRODUCT IMPROVEMENTS

The Bank established the Medium-Term Delegated Authority Program to increase use of the Bank's medium-term guarantees supporting commercial loans for foreign buyers of U.S. capital goods. The program enables approved lenders to reduce transaction turnaround time.

Ex-Im Bank reduced the premia on its small-business insurance policies. Small businesses now receive a 15 percent premium-rate reduction on these short-term export-credit insurance policies: the small-business multibuyer policy and the small-business environmental multibuyer policy. These reductions, effective October 1, 2008, affect approximately half of all Ex-Im Bank policy holders.

TECHNOLOGY IMPROVEMENTS

Ex-Im Online, the Bank's online business system, provides exporters with the benefits of electronic application submission, processing and insurance-policy management.

The Bank incorporated the new 15 percent premium-rate reductions on small-business policies into Ex-Im Online. The Bank also perfected interfaces for short-term and medium-term insurance products.

For internal tracking and performance measurement, the Bank has developed improved reporting capabilities through Ex-Im Online. The Bank has begun a two-year initiative and has awarded a contract to implement enterprise-wide business intelligence reporting tools and capabilities. These tools will be used to develop dashboards that continuously display key performance indicators for monitoring business operations, small-business goals, and geographic and market penetrations.

Ex-Im Bank's regional offices in New York, Florida, Illinois, Texas and California use a hosted customer relationship management (CRM) tool to track existing and prospective Ex-Im Bank customers and business partners such as lenders and brokers providing Ex-Im Bank products. The new CRM tool enables staff to follow up on requests and cross-sell Ex-Im Bank products.

Ex-Im Bank continually updated its Web site (www.exim.gov) to provide customers with access to information, applications and forms in a format that can be filled electronically. The Bank also expanded its Web-based subscription service and list manager providing up-to-date Bank news.

The Bank maintains a Web portal specifically for small businesses: "If You're a Small-Business Exporter . . ." (www.exim.gov/smallbusiness). This portal provides step-by-step assistance, including an interactive guide and Ex-Im Bank contacts.

Ex-Im Bank's Web site is integrated in the U.S. government's "Business Gateway" initiative (www.business.gov) and export Web site (www.export.gov). The Bank also participates in the Trade Promotion Coordinating Committee's "One Stop, One Form" Internet-based application system.

FOCUSED OUTREACH

Ex-Im Bank is committed to providing export financing for socially and economically disadvantaged small businesses, including

minority-owned and woman-owned companies, and small businesses that have fewer than 100 employees.

Ex-Im Bank authorized \$385.7 million to support exports by small businesses known to be minority-owned and woman-owned. Included in this total is \$159.5 million in working capital guarantees authorized for these companies.

Ex-Im Bank sponsors seminars for small businesses that traditionally have been underserved in trade finance. These programs provide training in the use of U.S. government resources to find foreign buyers and trade-finance tools.

Ex-Im Bank's Office of Small Business staff participated in over 90 events sponsored by women's business centers, small-business associations, minority-focused chambers of commerce and other

OVER \$1 BILLION FOR SMALL-BUSINESS WORKING CAPITAL

Ex-Im Bank's Working Capital Guarantee Program is an asset-based lending program for U.S. exporters that guarantees 90 percent of the outstanding balance of working capital loans based on inventory and accounts receivable related to exports.

In FY 2008, Ex-Im Bank authorized a record \$1.4 billion in working capital guarantees, \$1.1 billion of which supported small businesses. More than 90 percent of these transactions directly benefited small businesses.

organizations. The Bank's Board of Directors and senior management supported regional office small-business outreach and participated in conferences nationwide.

SUB-SAHARAN AFRICA INITIATIVE



In accordance with Section 2 of the Export-Import Bank Act of 1945, as amended, Ex-Im Bank reports the following on its FY 2008 sub-Saharan Africa activities.

BUILDING RELATIONSHIPS WITH AFRICAN INSTITUTIONS

In March 2008, Ex-Im Bank approved special delegated authority for the African Export-Import Bank (Afreximbank) to finance up to \$40 million in Ex-Im Bank-backed short-term and medium-term transactions with reduced processing time. The facility also helps Ex-Im Bank and Afreximbank promote African purchases of U.S. goods and services.

The agreement was signed by Afreximbank Chairman and President Jean-Louis Ekra and Ex-Im Bank Chairman and President James H. Lambright at Ex-Im Bank's annual conference in Washington, D.C., in April. The conference featured a seminar on project finance for African electric-power projects that was attended by representatives from private companies, government agencies and African banks.

In June, Ex-Im Bank more than doubled its Nigerian banking facility to \$1 billion. With 14 participating banks, the facility allows for expedited processing of short-term and medium-term insurance and guarantee transactions supporting U.S. exports to Nigeria. The facility was also extended to long-term transactions supporting U.S. exports to larger infrastructure projects.

Throughout FY 2008, Ex-Im Bank board members and staff participated in several international and national conferences highlighting the benefits of the Bank's financing for U.S. exports to sub-Saharan Africa. The Corporate Council on Africa sponsored three of these events: the 2007 Infrastructure Conference, U.S.-Africa Business Summit and

2008 Agribusiness Forum. Ex-Im Bank staff and Sub-Saharan Advisory Committee members also participated in Africa-related seminars in Virginia, Wisconsin and Texas that were well-attended by representatives from companies, banks and brokers.

COORDINATING WITH OTHER U.S. GOVERNMENT ENTITIES

Ex-Im Bank coordinated its efforts with the Foreign Service, Foreign Commercial Service and other U.S. government entities to encourage economic engagement with Africa pursuant to the African Growth and Opportunity Act (AGOA).

At the 2008 AGOA Forum in July 2008, Ex-Im Bank presented a breakout session on financing Africa's power infrastructure. The event was attended by representatives from the African Union and power-project sponsors.

Ex-Im Bank sponsored and participated in trade missions with the U.S. Foreign Commercial Service and U.S. Departments of Commerce and Agriculture. Ex-Im Bank led a transportation-sector trade mission to Nigeria in November 2007. The Bank also participated with other government agencies in a regional agribusiness trade and investment mission to West Africa in March 2008 along with a trade mission to South Africa. These events promoted U.S.-African trade in numerous sectors, including transportation, energy, telecommunications, information technology, agriculture and health care.

In June 2008, Ex-Im Bank, the U.S. Commercial Service and the U.S. Trade and Development Agency jointly sponsored a structured trade and project finance seminar in Abuja, Nigeria, on financing Nigerian independent power projects.

FY 2008 AT A GLANCE

TOTAL FINANCING

- Ex-Im Bank approved 2,704 authorizations in support of U.S. export sales in FY 2008.
- Ex-Im Bank authorized \$14.4 billion in loans, guarantees and export-credit insurance, which will support an estimated \$19.6 billion of U.S. exports to markets worldwide.

SMALL-BUSINESS SUPPORT

- Ex-Im Bank authorized \$3.2 billion (22.2 percent of total authorizations) in direct support of U.S. small businesses as primary exporters.
- Ex-Im Bank approved 2,328 transactions that were made available for the direct benefit of small-business exporters, representing 86 percent of the total number of transactions.
- There were 386 small-business first-time users of Ex-Im Bank's programs.
- Ex-Im Bank approved financing in amounts under \$500,000 for 916 small-business transactions.
- Ex-Im Bank estimates the export value of small-business content supported indirectly through long-term transactions where small businesses serve as suppliers. The Bank estimated that the total value of its indirect support for this small-business content through its long-term loans and guarantees was more than \$1.1 billion out of a total estimated export value of \$9.9 billion – more than 11 percent of the total estimated export value of the Bank's long-term transactions.

MINORITY-OWNED AND WOMAN-OWNED BUSINESS SUPPORT

- Ex-Im Bank authorized \$465.8 million to support 434 export sales by 381 U.S. businesses known to be minority-owned and woman-owned.
- Included in this total is more than \$188.9 million in working capital guarantees authorized in support of these companies – 13.7 percent of total working capital authorizations.

SUB-SAHARAN AFRICA SUPPORT

- Ex-Im Bank authorized more than \$555.3 million in export-credit insurance and guarantees to support U.S. exports of goods and services to sub-Saharan Africa.
- In addition, the Bank authorized \$20.2 million in working capital guarantees to support U.S. exports to these markets.

WORKING CAPITAL

- Ex-Im Bank authorized \$1.4 billion in working capital guarantees – \$1.1 billion of which supported small businesses.
- Of the 459 working capital guarantee transactions authorized, 414 were made available for the direct benefit of small businesses, representing 90.2 percent of the total number of working capital transactions.

EXPORT-CREDIT INSURANCE

- Ex-Im Bank authorized \$3.9 billion in export-credit insurance, of which small-business insurance authorizations totaled \$1.6 billion.
- Ex-Im Bank issued 1,854 export-credit insurance policies that were made available for the direct benefit of small-business exporters. These policies represent 91.4 percent of the total number of Ex-Im Bank's policies for the year.

PROJECT AND STRUCTURED FINANCE

- Ex-Im Bank authorized \$400 million in limited-recourse project financing to support U.S. exports to Peru LNG, a liquefied natural gas plant under development in Peru.
- Ex-Im Bank authorized approximately \$2 billion for 10 long-term structured-finance and corporate-finance transactions. The transactions supported U.S. exports of equipment and services to a variety of oil-field and gas-field development projects and upgrades for Petróleos Mexicanos (Pemex) in Mexico, an offshore oil rig to Perforadora Central in Mexico, equipment and services for the development of the Krishna Godavari Basin gas field in

India, and small power plants using GE turbines for three corporate groups in Turkey.

TRANSPORTATION FINANCE

- Ex-Im Bank authorized more than \$5.5 billion to support the export of 97 new U.S.-manufactured, large commercial aircraft to a total of 17 airlines and two aircraft leasing companies located in 15 different countries.
- Ex-Im Bank also authorized \$123 million in guarantees to support exports of U.S.-manufactured small aircraft, helicopters, locomotives and other transportation-related equipment to various operators around the world.

ENVIRONMENT

- Ex-Im Bank authorized \$226.9 million in financing to support an estimated \$434.2 million of U.S. exports of environmentally beneficial goods and services.
- Included in this total are 20 working capital guarantees totaling \$130.2 million to support an estimated \$339.5 million of U.S. environmentally beneficial exports and six financial guarantees totaling \$57.2 million to support \$55.2 million of these exports.
- Also included in this total were 61 export-credit insurance transactions to support \$39.5 million of U.S. environmentally beneficial exports. More than 2,460 shipments of U.S. environmentally beneficial exports were supported by Ex-Im Bank's insurance.

ENERGY

- Ex-Im Bank authorized \$30.4 million for transactions that supported U.S. renewable-energy exports. Included in this total was a financial guarantee supporting a geothermal power plant, five export-credit insurance transactions for solar-energy and wind-energy exports, and a working capital transaction supporting solar-energy exports. The amount of \$30.4 million authorized in FY 2008 to support renewable-energy exports greatly exceeded the amounts authorized for these exports in the previous three fiscal years: \$2.7 million in FY 2007, \$9.8 million in FY 2006 and \$16.8 million in FY 2005.
- Ex-Im Bank authorized 16 transactions under its loan and guarantee products and approximately 30 new and renewed export-credit insurance policies to support U.S. exports related to foreign energy production and transmission. These activities include electric-power generation and transmission, and oil and gas exploration

and refineries. The estimated export value of these transactions totaled \$2.5 billion.

- Ex-Im Bank authorized support for \$100.7 million of U.S. exports for four new fossil-fuel power plants. The Bank estimates that the aggregate amount of carbon-dioxide emissions produced directly by these plants will total approximately 2.2 million metric tons per year. On average, the cost of the U.S. exports that Ex-Im Bank financed for these power projects represents 50 percent of the total cost of the equipment and services associated with these projects.
- Ex-Im Bank authorized support for \$1.5 billion of U.S. exports for oil and gas production projects, and a liquefied natural gas and pipeline project. The Bank estimates that the aggregate amount of carbon-dioxide emissions produced directly by these projects will total approximately 2.9 million metric tons per year. On average, the cost of the U.S. exports that Ex-Im Bank financed for these oil and gas and petrochemical projects represents less than 20 percent of the total cost of the equipment and services associated with these projects.

SERVICES

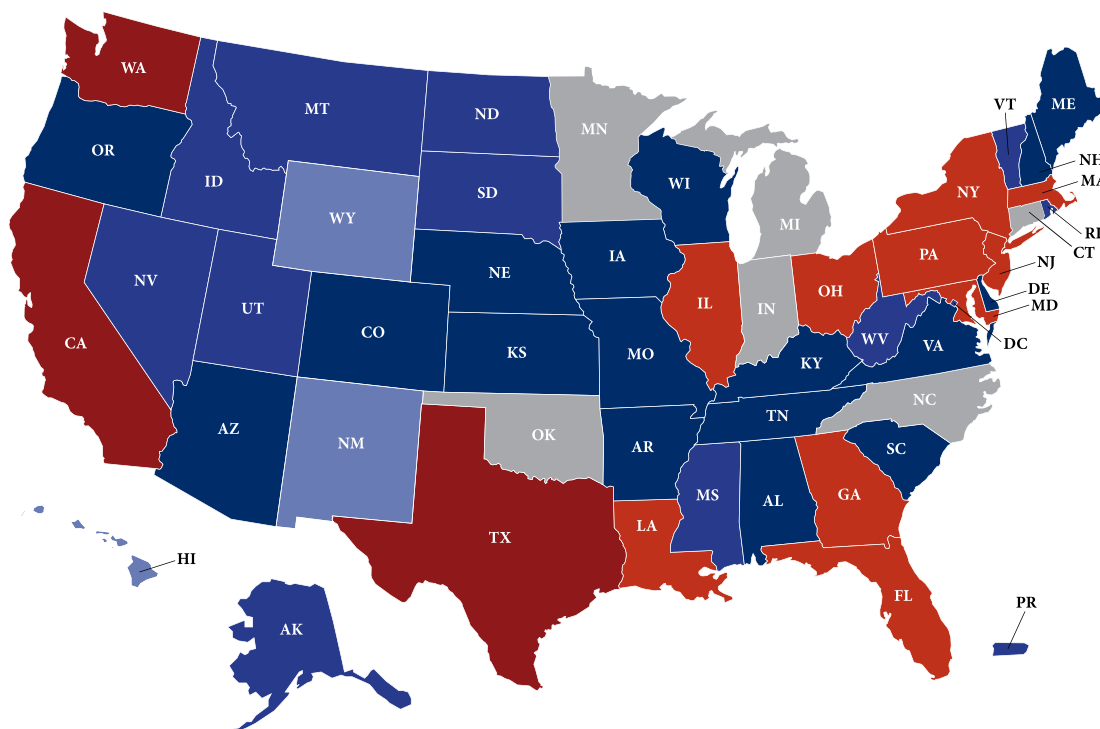
- Ex-Im Bank supported the export of a wide range of U.S. services, including engineering, design, construction, computer software, oil and gas drilling, training, and consulting. The estimated export value of these services totaled more than \$1.2 billion.
- Ex-Im Bank also authorized \$84.2 million in working capital guarantees to support an estimated \$670 million of service exports from U.S. small and medium-sized businesses.

AGRICULTURE

- Ex-Im Bank authorized support, including insurance, for an estimated \$1.2 billion of exports of U.S. agricultural goods and services, including commodities, livestock, foodstuffs, farm equipment, chemicals, supplies and services. In addition, the Bank authorized \$30.3 million of working capital guarantees to support an estimated \$450 million of agricultural exports from U.S. small and medium-sized businesses.



EXPORT-IMPORT BANK *of the United States*



Estimated Value of U.S. Exports Supported in Past Five Years (October 1, 2003–September 30, 2008)

OVER \$9 BILLION

California (\$9.4 billion)
Texas (\$10.5 billion)
Washington (\$28.0 billion)

OVER \$1 BILLION

Florida (\$4.3 billion)
Georgia (\$1.0 billion)
Illinois (\$2.1 billion)
Louisiana (\$1.6 billion)
Maryland (\$1.0 billion)
Massachusetts (\$1.7 billion)
New Jersey (\$2.3 billion)
New York (\$3.9 billion)
Ohio (\$1.3 billion)
Pennsylvania (\$3.0 billion)

OVER \$500 MILLION

Connecticut (\$908 million)
Indiana (\$559 million)
Michigan (\$797 million)
Minnesota (\$755 million)
North Carolina (\$698 million)
Oklahoma (\$502 million)

OVER \$100 MILLION

Alabama (\$403 million)
Arizona (\$253 million)
Arkansas (\$275 million)
Colorado (\$400 million)
Delaware (\$249 million)
Iowa (\$112 million)
Kansas (\$250 million)
Kentucky (\$148 million)
Maine (\$283 million)
Missouri (\$285 million)
Nebraska (\$194 million)
New Hampshire (\$212 million)
Oregon (\$173 million)
South Carolina (\$331 million)
Tennessee (\$333 million)
Virginia (\$460 million)
Wisconsin (\$359 million)

OVER \$10 MILLION

Alaska (\$11 million)
District of Columbia (\$43 million)
Idaho (\$56 million)
Mississippi (\$89 million)
Montana (\$30 million)
Nevada (\$54 million)
North Dakota (\$70 million)
Puerto Rico (\$27 million)
Rhode Island (\$38 million)
South Dakota (\$12 million)
Utah (\$95 million)
Vermont (\$28 million)
West Virginia (\$90 million)

OVER \$750,000

Hawaii (\$860,000)
New Mexico (\$3 million)
Wyoming (\$780,000)

2008 FINANCIAL REPORT

FISCAL YEAR 2008 AUTHORIZATIONS SUMMARY

(\$ millions)

Program	Number of Authorizations		Amount Authorized		Estimated Export Value		Program Budget Used	
	2008	2007	2008	2007	2008	2007	2008	2007
LOANS								
Long-Term Loans	2	-	\$ 356.0	\$ -	\$ 501.7	\$ -	\$0.1	\$ -
Medium-Term Loans	-	-	-	-	-	-	-	-
Tied Aid	-	-	-	-	-	-	-	-
Total Loans	2	-	356.0	-	501.7	-	0.1	-
GUARANTEES								
Long-Term Guarantees	79	47	8,101.5	7,234.0	9,409.9	7,670.1	0.6	12.8
Medium-Term Guarantees	135	159	697.0	504.2	740.0	601.9	12.1	9.6
Working Capital Guarantees	459	483	1,380.9	1,255.3	5,035.9	4,160.4	-	16.7
Total Guarantees	673	689	10,179.4	8,993.5	15,185.8	12,432.4	12.7	39.1
EXPORT-CREDIT INSURANCE								
Short-Term	1,879	1,903	3,635.5	3,274.1	3,635.5	3,274.1	1.0	3.4
Medium-Term	150	201	228.0	301.8	274.2	334.5	11.6	8.3
Total Insurance	2,029	2,104	3,863.5	3,575.9	3,909.7	3,608.6	12.6	11.7
Modifications							-	0.9
GRAND TOTAL	2,704	2,793	\$14,398.9	\$12,569.4	\$19,597.2	\$16,041.0	\$25.4	\$51.7

FISCAL YEAR 2008 SMALL-BUSINESS AUTHORIZATIONS

(\$ millions)

Program	Number		Amount	
	2008	2007	2008	2007
Export-Credit Insurance	1,854	1,893	\$1,647.5	\$2,087.3
Working Capital Guarantees	414	435	1,075.5	989.6
Guarantees and Direct Loans	60	62	467.2	274.8
GRAND TOTAL	2,328	2,390	\$3,190.2	\$3,351.7

FISCAL YEAR 2008 AUTHORIZATIONS BY MARKET

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
AFRICA MULTINATIONAL					69,800,000
Albania					48,478,773
Algeria					273,018,907
Angola					300,360,540
Anguilla					96,860
Antigua and Barbuda					666,474
Argentina		7,147,840	20,996,305	28,144,145	362,314,043
Aruba					1,217,802
Australia			450,000	450,000	918,416,758
Austria					395,525,581
Azerbaijan		68,000	4,968,440	5,036,440	65,447,314
BAHAMAS			299,438	299,438	4,638,062
Bahrain					71,296,460
Bangladesh					1,034,516
Barbados			750,000	750,000	2,630,298
Belgium			49,500	49,500	5,288,825
Belize					15,449,782
Benin					62,660,055
Bermuda					764,952
Bolivia					2,380,679
Bosnia and Herzegovina					23,789,038
Botswana					9,314
Brazil	11,817,792	843,462,134	19,625,775	874,905,701	2,489,436,801
Brunei					16,578
Bulgaria					46,966,991
Burkina Faso					1,818,348
CAMEROON		1,165,013		1,165,013	15,905,749
Canada		557,254,216	800,000	558,054,216	2,436,385,245
Canary Islands					6,345
Cape Verde					187,641
Cayman Islands					1,527,709
Central African Republic					8,925,956
Chile		426,821,446	6,009,443	432,830,889	1,190,784,587
China (Mainland)		150,415,986	1,732,500	152,148,486	1,670,791,940
China (Taiwan)					991,176,044
China (pre-1949)					26,386,019
Colombia		831,219	5,665,576	6,496,795	127,500,177
Congo					15,784,788
Congo, Democratic Republic of					191,865,131
Costa Rica			25,214,982	25,214,982	66,597,202
Côte d'Ivoire					151,710,900
Croatia			45,000	45,000	183,700,773
Cuba					36,266,581
Cyprus			9,978,344	9,978,344	18,329,595
Czech Republic					77,637,945



FISCAL YEAR 2008 AUTHORIZATIONS BY MARKET

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
DENMARK			180,000	180,000	5,215,836
Dominica					142,004
Dominican Republic		307,281	46,950,738	47,258,019	515,778,286
ECUADOR					77,194,315
Egypt		15,956,108		15,956,108	324,879,362
El Salvador			7,369,696	7,369,696	26,995,562
Equatorial Guinea					36,100
Estonia					847,641
Ethiopia					237,732,625
FIJI ISLANDS			630,000	630,000	29,478,329
Finland		13,518,356		13,518,356	16,398,424
France			45,000	45,000	13,818,263
French Polynesia					70,917
GABON					38,902,363
Germany					173,102,444
Ghana	344,231,003	3,888,918	735,000	348,854,921	549,710,350
Greece			1,147,500	1,147,500	6,426,504
Grenada					3,063,036
Guatemala		20,543,071	5,000,849	25,543,920	62,717,726
Guinea					6,183,936
Guyana					2,508,284
HAITI					3,478,267
Honduras			4,792,639	4,792,639	22,734,945
Hong Kong		437,855,060		437,855,060	636,075,197
Hungary					1,270,825
ICELAND					1,015,604
India		999,714,964	4,952,585	1,004,667,549	3,886,716,045
Indonesia			5,191,068	5,191,068	1,538,003,560
Ireland		787,074,500	735,881	787,810,381	2,785,572,779
Israel					322,165,925
Italy			1,512,000	1,512,000	340,818,172
JAMAICA			4,589,436	4,589,436	50,868,779
Japan			900,000	900,000	84,110,736
Jordan			548,200	548,200	57,103,904
KAZAKHSTAN		269,139,319	270,000	269,409,319	648,681,680
Kenya					444,267,015
Korea, Republic of			1,622,341	1,622,341	2,221,507,806
Kuwait					76,940,236
LATVIA					757,429
Lebanon					3,339,503
Liberia					1,442,627
Libya			722,000	722,000	722,000
Lithuania			45,000	45,000	4,850,605
Luxembourg		108,019,544		108,019,544	244,511,662

FISCAL YEAR 2008 AUTHORIZATIONS BY MARKET

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
MACAU					41,325
Macedonia					39,730
Malaysia					608,320,419
Maldiv Islands					283,226
Mali					10,787,196
Malta			4,085,000	4,085,000	4,387,686
Mauritania			225,000	225,000	464,262
Mauritius					35,864
Mexico		1,197,742,718	238,397,264	1,436,139,982	7,246,881,860
Micronesia					54,176
Moldova					120,000
Monaco					23,554
Mongolia					326,603
Montenegro					20,898,551
Montserrat					4,802
Morocco		119,349,277	9,500,000	128,849,277	699,996,624
Mozambique					66,921
NETHERLANDS					547,552,418
Netherlands Antilles					1,184,514
New Caledonia					16,109
New Zealand			225,000	225,000	186,684,138
Nicaragua			4,107,029	4,107,029	29,634,364
Niger					235,796
Nigeria		85,683,475	12,752,521	98,435,996	326,708,191
Norway					3,233,779
OMAN		38,581,500		38,581,500	87,737,443
PAKISTAN		781,897		781,897	1,176,145,027
Panama		98,434,171	9,845,114	108,279,285	451,280,870
Papua New Guinea					310,237
Paraguay			1,677,605	1,677,605	6,020,837
Peru		412,722,905	11,644,093	424,366,998	495,391,060
Philippines			3,616,275	3,616,275	342,704,601
Poland					2,226,483
Portugal			270,000	270,000	1,945,046
Puerto Rico					1,638
QATAR					1,009,017,917
RÉUNION					3,690
Romania					223,720,903
Russia		334,504,914	39,930,669	374,435,584	743,900,705



FISCAL YEAR 2008 AUTHORIZATIONS BY MARKET

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
SAUDI ARABIA		17,414,520	1,755,000	19,169,520	1,383,576,781
Senegal					41,680,396
Serbia					183,853,586
Singapore		233,190,749	1,542,600	234,733,349	1,660,054,449
Slovak Republic					203,989
Slovenia					462,275
South Africa			360,000	360,000	131,410,847
Spain			45,000	45,000	12,165,016
Sri Lanka			327,314	327,314	25,334,836
St. Kitts and Nevis					115,186
St. Lucia					484,516
St. Vincent and Grenadines					491,189
Sudan					28,246,331
Suriname			669,699	669,699	681,229
Sweden			517,500	517,500	5,230,500
Switzerland			360,000	360,000	30,784,959
TANZANIA					459,074
Thailand			197,236	197,236	1,112,068,288
Togo					2,820
Trinidad and Tobago			765,000	765,000	26,903,115
Tunisia					75,248,245
Turkey		586,394,191		586,394,191	2,161,146,054
Turks and Caicos Islands					1,259,377
Tuvalu					13,933
UGANDA			844,919	844,919	5,904,757
Ukraine		53,166,845	405,181	53,572,025	242,614,666
United Arab Emirates		796,006,651	1,298,065	797,304,716	1,546,846,235
United Kingdom			1,008,000	1,008,000	47,743,305
United States of America		1,557,777,090		1,557,777,090	2,715,810,265
Uruguay					44,507,351
Uzbekistan					212,932,225
VARIOUS COUNTRIES UNALLOCABLE					81,421,295
Venezuela					235,909,126
Vietnam					279,704,975
Virgin Islands, British		4,159,380		4,159,380	9,752,647
WEST INDIES, BRITISH					400,701
West Indies, French					249,659
YEMEN					127,116
ZAMBIA		285,332		285,332	271,065
Zimbabwe					69,603
TOTAL	356,048,795	10,179,378,590	530,896,320	11,066,323,705	54,377,682,233
<i>Multibuyer Insurance, Short-Term</i>			3,332,620,000	3,332,620,000	4,095,072,975
TOTAL	\$356,048,795	\$10,179,378,590	\$3,863,516,320	\$14,398,943,705	\$58,472,755,208

FISCAL YEAR 2008 LOANS AND LONG-TERM GUARANTEES

Auth. Date	Obligor Principal Supplier Guarantor*	Credit	Product	Interest Rate	Loans	Guarantees
BRAZIL						
14-Dec-07	GOL Transportes Aereos S.A. The Boeing Co.	080949	Commercial Aircraft			\$308,412,021
29-Feb-08	Lider Taxi Aereo S.A. Sikorsky International Products Inc.	083653	Helicopters	3.980%	\$11,817,792	
10-Jul-08	Tam Linhas Aereas S.A. The Boeing Co.	083697	Commercial Aircraft			\$518,046,258
Total for Brazil					\$11,817,792	\$826,458,279
CANADA						
08-Nov-07	WestJet Airlines Ltd. The Boeing Co.	081554	Commercial Aircraft			\$33,192,364
08-Nov-07	WestJet Airlines Ltd. The Boeing Co.	082525	Commercial Aircraft			\$100,633,479
10-Jan-08	Air Canada The Boeing Co.	083038	Commercial Aircraft			\$423,428,373
Total for Canada						\$557,254,216
CHILE						
01-Nov-07	Lan Airlines S.A. The Boeing Co.	082547	Commercial Aircraft			\$426,821,446
Total for Chile						\$426,821,446
CHINA						
10-Jun-08	Industrial & Commercial Bank of China Harsco Corp. Ministry of Finance	083408	Equipment for Railroad Track Maintenance and Inspection			\$126,011,280
21-Aug-08	Export Import Bank of China CNH America LLC Ministry of Finance	083547	Cotton-Harvesting Machines			\$10,180,644
Total for China						\$136,191,924
EGYPT						
25-Mar-08	Egypt Basic Industries Corp. Kellogg Brown & Root Inc. None	078068	Engineering Services and Equipment			\$5,516,000
Total for Egypt						\$5,516,000

* Note: Not all guarantors are reported for all private-sector transactions.



FISCAL YEAR 2008 LOANS AND LONG-TERM GUARANTEES

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
GHANA						
28-Aug-08	Ministry of Finance and Economic Planning Weldy-Lamont Associates Inc. None	081922	Equipment for Rural Electrification Project	4.600%	\$344,231,003	
Total for Ghana					\$344,231,003	
HONG KONG						
30-Sep-08	Cathay Pacific Airways Ltd. The Boeing Co.	083871	Commercial Aircraft			\$437,855,060
Total for Hong Kong					\$437,855,060	
INDIA						
16-Apr-08	Bhopal Medical College Private Ltd. JQ American Corp. Punjab National Bank	082919	Equipment and Services for Construction of Bhopal Medical College			\$29,430,309
17-Jul-08	ICICI Bank Caterpillar Inc. None	083749	Equipment and Services for Coal-Mining Project			\$20,199,060
31-Jul-08	Air India Charters Ltd. The Boeing Co.	082752	Commercial Aircraft			\$185,355,063
31-Jul-08	National Aviation Co. of India The Boeing Co.	082753	Commercial Aircraft			\$363,316,349
28-Aug-08	Reliance Industries Ltd. Bechtel Corp., et. al. None	083787	Equipment and Services for Gas-Field Development of Krishna Godavari Basin			\$400,000,000
Total for India					\$998,300,781	
IRELAND						
14-Feb-08	Ryanair Ltd. The Boeing Co.	083260	Commercial Aircraft			\$787,074,500
Total for Ireland					\$787,074,500	
KAZAKHSTAN						
27-Dec-07	Astana Finans AO Deere and Co. Astana Finans AO	083548	Agricultural Equipment			\$18,035,300
27-Dec-07	Astana Finans AO Deere and Co. Astana Finans AO	083451	Agricultural Equipment			\$14,416,000
27-Dec-07	Astana Finans AO Deere and Co. Astana Finans AO	083455	Agricultural Equipment			\$14,422,800

FISCAL YEAR 2008 LOANS AND LONG-TERM GUARANTEES

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
27-Dec-07	Astana Finans AO Deere and Co. Astana Finans AO	083460	Agricultural Equipment			\$16,231,770
27-Dec-07	Agrofirm TNK LLC Deere and Co. JSC Halyk Bank	083536	Agricultural Equipment			\$13,954,826
01-Jul-08	Apk-Invest LLC Deere and Co. Kazkommertsbank OJSC	083761	Agricultural Equipment			\$10,845,958
07-Aug-08	Apk-Invest LLC Deere and Co. Kazkommertsbank OJSC	083760	Agricultural Equipment			\$19,863,289
Total for Kazakhstan						\$107,769,943
LUXEMBOURG						
10-Jul-08	Cargolux Airlines International S.A. The Boeing Co.	083745	Commercial Aircraft			\$108,019,544
Total for Luxembourg						\$108,019,544
MEXICO						
08-Nov-07	Perforadora Central S.A. de C.V. Keppel Amfels Inc. None	083306	Jack-up Drilling Rig			\$113,223,349
12-Jun-08	The Pemex Project Funding Master Trust Various Suppliers Petróleos Mexicanos	083490	Equipment and Services for Oil-Field and Gas-Field Development in New Pidiregas Projects			\$400,000,000
12-Jun-08	The Pemex Project Funding Master Trust Various Suppliers Petróleos Mexicanos	083421	Equipment and Services for Oil-Field and Gas-Field Development of Burgos Basin Project			\$100,000,000
19-Jun-08	Aeroservicios Especializados S.A. de C.V. Sikorsky Aircraft Corp.	083675	Helicopters			\$39,416,125
31-Jul-08	The Pemex Project Funding Master Trust Various Suppliers Pemex Gas y Petroquímica Basica	083441	Equipment and Services for Strategic Gas Project			\$200,000,000
31-Jul-08	The Pemex Project Funding Master Trust Various Suppliers Pemex Gas y Petroquímica Basica	083597	Facility Supporting Small-Business Exports for Oil-Field and Gas-Field Development			\$150,000,000



FISCAL YEAR 2008 LOANS AND LONG-TERM GUARANTEES

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
28-Aug-08	Aerolineas Ejecutivas de San Luis S.A. de C.V. Hawker Beechcraft Corp.	083807	Aircraft			\$17,101,627
23-Sep-08	Comisión Federal de Electricidad General Electric Co. None	082250	Cylinder for Burner			\$4,950,780
Total for Mexico						\$1,024,691,881
MOROCCO						
17-Jan-08	Royal Air Maroc The Boeing Co.	078791	Commercial Aircraft			\$80,652,177
17-Jan-08	Royal Air Maroc The Boeing Co.	083154	Commercial Aircraft			\$38,697,100
Total for Morocco						\$119,349,277
NIGERIA						
03-Apr-08	GZ Industries Ltd. Roeslein & Associates Inc. Fidelity Bank PLC	083377	Can-Manufacturing Equipment Technology and Services			\$20,278,026
10-Apr-08	Dana Airlines Ltd. Learjet Inc.	083587	Aircraft			\$9,740,421
16-Apr-08	Michharry & Co. Nigeria Ltd. Smith Maritime Diamond Bank Ltd.	083628	Lift Barge			\$13,655,418
01-May-08	Zenith Bank PLC Citicorp Leasing Inc.	083686	Commercial Aircraft			\$29,227,195
Total for Nigeria						\$72,901,060
OMAN						
20-Mar-08	Oman Aviation Services Co. The Boeing Co.	083680	Commercial Aircraft			\$38,581,500
Total for Oman						\$38,581,500
PAKISTAN						
21-Mar-08	Pakistan International Airlines Corp. The Boeing Co.	079207	Commercial Aircraft (Credit Increase)			\$781,897
Total for Pakistan						\$781,897

FISCAL YEAR 2008 LOANS AND LONG-TERM GUARANTEES

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
PANAMA						
08-May-08	Copa Holdings S.A. The Boeing Co.	083274	Commercial Aircraft			\$98,138,293
Total for Panama						\$98,138,293
PERU						
24-Jan-08	Peru LNG S.R.L. Chicago Bridge & Iron Co. N.V. None	080938	Equipment and Services for Peru LNG Project			\$400,000,000
Total for Peru						\$400,000,000
RUSSIA						
06-Dec-07	Russian Agricultural Bank Deere & Co. None	083445	Agricultural Equipment			\$12,401,588
06-Dec-07	Russian Agricultural Bank Deere & Co. None	083446	Agricultural Equipment			\$9,052,798
06-Dec-07	Russian Agricultural Bank Deere & Co. None	083449	Agricultural Equipment			\$11,407,690
06-Dec-07	Russian Agricultural Bank Deere & Co. None	083450	Agricultural Equipment			\$16,901,950
20-Dec-07	ProbusinessBank Deere & Co. Agro-Construction Technologies LLC	083447	Agricultural Equipment			\$10,586,154
14-Feb-08	Bank Avangard Deere & Co. Alcor Holding Group AG	083579	Agricultural Equipment			\$10,661,049
14-Feb-08	Bank Avangard Chief Industries Inc. Alcor Holding Group AG	083617	Prefabricated Metal Building			\$11,466,654
14-Feb-08	Russian Agricultural Bank Deere & Co. None	083611	Agricultural Equipment			\$18,176,400
13-Mar-08	Uralsib Leasing Co. Deere & Co. None	083520	Agricultural Equipment			\$16,868,018



FISCAL YEAR 2008 LOANS AND LONG-TERM GUARANTEES

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
13-Mar-08	Uralsib Leasing Co. Deere & Co. None	083521	Agricultural Equipment			\$16,197,350
13-Mar-08	Uralsib Leasing Co. Deere & Co. None	083522	Agricultural Equipment			\$17,146,714
Total for Russia						\$150,866,365
SAUDI ARABIA						
30-Apr-08	National Chevron Phillips Co. Chevron Phillips Chemical Co. LLC None	082625	Services for Saudi Polymers Petrochemical Project (Credit Increase)			\$3,350,463
Total for Saudi Arabia						\$3,350,463
SINGAPORE						
25-Sep-08	BOC Aviation Pte. Ltd. The Boeing Co.	083891	Commercial Aircraft			\$230,595,747
Total for Singapore						\$230,595,747
TURKEY						
01-Nov-07	Pegasus Airlines The Boeing Co.	082381	Commercial Aircraft			\$100,930,530
19-Feb-08	Güriş İnşaat ve Mühendislik A.S. Power Engineers Inc. Güriş Holding A.S.	083589	Services for Geothermal Power Plant			\$4,660,688
13-Mar-08	Aksa Enerji Uretim A.S. GE Packaged Power Inc. Kazanci Holding A.S.	083541	Equipment and Services for Gas-Fired Combined-Cycle Power Plant			\$99,746,520
08-May-08	Türk Hava Yollari Tao The Boeing Co.	083622	Commercial Aircraft			\$185,346,933
08-May-08	Türk Hava Yollari Tao The Boeing Co.	083621	Commercial Aircraft			\$111,745,143
19-Jun-08	A.S. Enerji Elek Uretim Sanayi ve Ticaret General Electric Capital Corp. None	083552	Equipment for Gas-Fired Power Plant			\$26,143,244
11-Sep-08	Ugur Enerji Uretim Ticaret ve Sanayi S.A. GE Packaged Power Inc. Asya Katilim Bankasi A.S.	083849	Gas-Turbine Generator			\$17,855,632

FISCAL YEAR 2008 LOANS AND LONG-TERM GUARANTEES

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
30-Sep-08	Delta Enerji Uretim ve Ticaret A.S. GE Packaged Power Inc. Palmet Enerji A.S.	083691	Equipment and Services for Gas-Fired Combined-Cycle Power Plant			\$37,463,118
Total for Turkey						\$583,891,808
UKRAINE						
08-May-08	Rais Closed JSC Deere & Co. Raiffeisen Bank Aval OJSC	083613	Agricultural Equipment			\$14,114,334
Total for Ukraine						\$14,114,334
UNITED ARAB EMIRATES						
17-Jan-08	Emirates Airline The Boeing Co.	083176	Commercial Aircraft			\$796,006,651
Total for United Arab Emirates						\$796,006,651
MISCELLANEOUS						
16-Sep-08	ACG Capital Group The Boeing Co.	083826	Commercial Aircraft			\$78,970,100
01-Apr-08	Private Export Funding Corp. (PEFCO) None	003048	Interest on PEFCO's Own Debt			\$97,951,503
Total for Miscellaneous						\$176,921,603
GRAND TOTAL					\$356,048,795	\$8,101,452,572



Management's Discussion and Analysis of Results of Operations and Financial Condition

For the Fiscal Year Ended September 30, 2008

Executive Summary

The Export-Import Bank of the United States (Ex-Im Bank or the Bank) is an independent executive agency and a wholly owned U.S. government corporation. Ex-Im Bank is the official export-credit agency of the United States. Its mission is to support U.S. exports by providing export financing through its loan, guarantee and insurance programs in cases where the private sector is unable or unwilling to provide financing or when such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that compete with U.S. exporters. By facilitating the financing of U.S. exports, Ex-Im Bank helps companies create and maintain U.S. jobs. The Bank's charter requires reasonable assurance of repayment for the transactions it authorizes, and the Bank closely monitors credit and other risks in its portfolio.

Ex-Im Bank reports under generally accepted accounting principles in the United States applicable to federal agencies (government GAAP). Under government GAAP standards, Ex-Im Bank's net excess revenue over costs for fiscal year (FY) 2008 was \$204.5 million and \$200.3 million for FY 2007.

Ex-Im Bank has authorized \$14,398.9 million of loans, guarantees and insurance for FY 2008 in support of an estimated \$19,597.2 million of U.S. export sales. Over the past five fiscal years, annual authorizations have ranged from \$12,150.5 million to \$14,398.9 million, in support of estimated U.S. export sales of \$16,041.0 million to \$19,597.2 million.

New authorizations for direct small-business exports in FY 2008 totaled \$3,190.2 million, representing 22.2 percent of total authorizations. These figures compare to new small-business authorizations in FY 2007 that totaled \$3,351.7 million, representing 26.7 percent of total authorizations. In FY 2008, Ex-Im Bank

authorized 2,328 transactions that were made available for the direct benefit of small-business exporters, compared to 2,390 small business transactions in FY 2007. Over the past five fiscal years, Ex-Im Bank's direct support for the small business sector, primarily through working capital guarantees and short-term insurance, has ranged from \$2,257.3 million to \$3,351.7 million.

Ex-Im Bank currently has exposure in over 160 countries throughout the world totaling \$58,472.8 million at September 30, 2008. Of this total, the Bank's largest exposure is in the air transportation sector, accounting for 47.3 percent of total exposure. The highest geographic concentration of exposure is in Asia, with 40.9 percent of total exposure.

The program composition of Ex-Im Bank's credit portfolio has changed over the past five fiscal years. Direct loans as a percentage of total exposure have decreased from 15.9 percent in FY 2004 to 7.8 percent in FY 2008. The insurance and guarantee programs account for the remainder of the exposure.

While most of Ex-Im Bank's financings are denominated in U.S. dollars, Ex-Im Bank also guarantees notes denominated in certain foreign currencies. In FY 2008, Ex-Im Bank approved \$1,618.8 million in foreign-currency-denominated transactions. Total outstanding foreign-currency exposure at September 30, 2008, is \$8,016.8 million, which is 13.7 percent of total exposure. The Bank anticipates that its outstanding exposure for authorizations denominated in a currency other than the U.S. dollar will continue to grow.

The Bank classifies its credits into 11 risk categories, with level one being the least risky. The Bank's overall weighted-average risk rating is 3.77 on new authorizations for FY 2008 compared with a weighted-average risk rating of 4.00 for FY 2007. Sixty-two percent of Ex-Im Bank's medium-term and long-term

new authorizations in FY 2008 fell in the level 3-to-5 range (BBB to BB) while 8.2 percent were rated level 7 or 8 (B or B-). The weighted-average risk rating on the overall outstanding portfolio is 4.25 at September 30, 2008, compared with the weighted-average risk rating of 4.40 at September 30, 2007.

Over the years, there has been a shift in Ex-Im Bank's portfolio from primarily sovereign and other public-sector borrowers to primarily private-sector borrowers. Between FY 2004 and FY 2008, exposure to public-sector obligors has decreased from 50.5 percent to 40.5 percent, while exposure to private-sector obligors has increased from 49.5 percent to 59.5 percent.

I. MISSION AND ORGANIZATIONAL STRUCTURE

Congressional Authorization and Mission

Ex-Im Bank is an independent executive agency and a wholly owned U.S. government corporation that was first organized as a District of Columbia banking corporation in 1934. Ex-Im Bank's operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act (FCRA) of 1990 (P.L. 101-508). Congress periodically reauthorizes Ex-Im Bank. The Export-Import Bank Reauthorization Act of 2006 (the charter) extended the Bank's authority until September 30, 2011.

Ex-Im Bank's mission is to support U.S. exports by providing export financing through its loan, guarantee and insurance programs in cases where the private sector is unable or unwilling to provide financing or where such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that are in competition for export sales with U.S. exporters. By facilitating the financing of U.S. exports, Ex-Im Bank helps companies create and maintain U.S. jobs. The Bank's charter requires reasonable assurance of repayment for the transactions the Bank authorizes, and the Bank closely monitors credit and other risks in its portfolio. In pursuit of its mission of supporting U.S. exports, Ex-Im Bank offers four financial products: direct loans, loan guarantees, working capital guarantees and export-credit insurance. All Ex-Im Bank obligations carry the full faith and credit of the U.S. government.

Products

Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. Ex-Im Bank's direct loans

carry the lowest fixed-interest rate permitted for the importing country and term under the Arrangement on Guidelines for Officially Supported Export Credits negotiated among members of the Organisation for Economic Co-operation and Development (OECD).

Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S. exports. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers commercial and political risks for up to 85 percent of the U.S. contract value.

Loans and guarantees extended under the medium-term loan program typically have repayment terms of one to seven years, while loans and guarantees extended under the long-term loan program usually have repayment terms in excess of seven years.

Under the Working Capital Guarantee Program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's working capital guarantee protects the lender from default by the exporter for 90 percent of the loan principal and interest.

Ex-Im Bank's Export-Credit Insurance Program helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

Reasonable Assurance of Repayment

Ex-Im Bank's charter requires a reasonable assurance of repayment for all credit authorizations in order to ensure that Ex-Im Bank balances support for U.S. export transactions with protection of taxpayer resources.

The Bank's Board of Directors, Credit Committee or a Bank officer acting pursuant to delegated-approval authority from the Board of Directors makes the final determination of reasonable assurance of repayment, taking into consideration staff recommendations. Transactions resulting in over \$10 million in exposure generally require the approval of the Board of Directors.



Budgeting for New Authorizations Under the Federal Credit Reform Act

Under the FCRA, the U.S. government budgets for the present value of the estimated cost of credit programs. For Ex-Im Bank, the cost is determined by analyzing the net present value of expected cash receipts and cash disbursements associated with all credits authorized during the year. Cash receipts typically include fees or premia and loan principal and interest, and cash disbursements typically include claim payments and loan disbursements.

When expected cash disbursements exceed cash receipts, there is a net outflow of funds, resulting in a “cost” to the Bank. This cost is sometimes referred to as subsidy or program cost. Ex-Im Bank is required to annually estimate this cost and to seek budget authority from Congress to cover that cost. New loans and guarantees cannot be committed unless sufficient budget authority is available to cover the calculated credit cost.

When expected cash receipts exceed cash disbursements, there is a net inflow of funds to Ex-Im Bank. The net inflow to the Bank is a “negative” subsidy or program revenue. Prior to FY 2008 the amount of negative subsidy was not credited or retained by the Bank but instead was transferred to a general fund receipt account at the U.S. Treasury upon disbursement of the underlying credit.

The President’s FY 2008 Budget initiated a change in the way budget authority is provided to the Bank to cover (1) the estimated costs for that portion of new authorizations where fees are insufficient to cover expected losses (subsidy or program cost) and (2) administrative expenses. At the start of FY 2008, the U.S. Treasury provided Ex-Im Bank with an appropriation warrant for program costs as well as administrative expenses. The amount of the warrant was established by spending limits set by Congress. Fees collected during the year that are in excess of expected losses (the negative subsidy or program revenue) are now retained by Ex-Im Bank and used to repay the warrant received at the start of the year, resulting in a net appropriation of zero. As a result, the Bank was self-financing in FY 2008 for budgetary purposes. In addition, Ex-Im Bank may retain for use in the following three fiscal years up to \$50.0 million of fees collected in excess of the annual warrant amounts. At the end of FY 2008, Ex-Im retained \$44.8 million after repaying the warrant to the U.S. Treasury.

This change occurred as a result of an ongoing in-depth analysis of the Bank’s historical net default experience in relation to the fees collected on its credit programs. The analysis shows that fees collected were not only sufficient to cover credit losses, they were also sufficient to cover administrative costs. In fact,

since the inception of FCRA, the Bank has returned to the U.S. Treasury over \$4 billion more than it received in appropriations for program and administrative costs.

Although Ex-Im Bank no longer receives appropriations, Congress continues its oversight of the Bank’s budget, setting annual limits on its use of funds for program and administrative-expense obligations.

Organizational Structure

Ex-Im Bank is an organization with a nationwide presence. Ex-Im Bank’s headquarters is located in Washington, D.C., with business development efforts supported through eight regional offices across the country.

Ex-Im Bank is divided into the following key functional areas:

Board of Directors: The Board of Directors consists of the president of the Bank, who also serves as the chairman; the first vice president of the Bank, who serves as vice chairman; and three additional directors. All are appointed by the president of the United States with the advice and consent of the Senate. The Board authorizes the Bank’s major transactions and includes an Audit Committee.

Office of the President: The president serves as the chief executive officer of the Bank and chairman of the Board of Directors. The president represents the board generally in its relations with other officers of the Bank, with agencies and departments of the government, and with others having business with the Bank. The president has general charge over the business of the Bank.

Credit and Risk Management Group: The Credit and Risk Management Group is responsible for reviewing the creditworthiness of proposed transactions. This group also evaluates the engineering aspects and environmental impact of proposed projects. The Credit and Risk Management Group is also responsible for auditing transactions for compliance with Bank policies.

Export Finance Group: The Export Finance Group is responsible for the origination of proposed transactions for all products, services and operations.

Small Business Group: The Small Business Group leads the Bank’s outreach to small-business exporters and includes Ex-Im Bank’s eight regional offices, which exclusively focus on small-business outreach.

Office of the General Counsel: The Office of the General Counsel provides legal counsel to the Bank’s management and the Board of Directors and negotiates and documents the Bank’s major transactions. The Office of the General Counsel also ensures that

the Bank complies with all applicable laws and regulations.

Office of the Chief Financial Officer: The Office of the Chief Financial Officer is responsible for all financial operations of the Bank, including budget formulation and execution, treasury, internal audit, credit accounting and servicing, asset monitoring and management, claims and recoveries, and portfolio review.

Office of Policy and Planning: The Office of Policy and Planning is responsible for policy development and analysis as well as liaison with the OECD and Berne Union.

Office of Resource Management: The Office of Resource Management directs human resources, contracting, technology management, agency administration and operating services.

Office of Communications: The Office of Communications is responsible for marketing, public affairs and external affairs.

Office of Congressional Affairs: The Office of Congressional Affairs is responsible for the Bank's relations with Congress.

Office of Inspector General: The Office of Inspector General is an independent office within the Bank created by law to conduct and supervise audits, inspections and investigations relating to the Bank's programs and supporting operations; to detect and prevent waste, fraud and abuse; and to promote economy, efficiency and effectiveness in the administration and management of the Bank's programs.

II. FINANCIAL-ACCOUNTING POLICY

The accompanying FY 2008 and FY 2007 financial statements have been prepared in accordance with generally accepted accounting principles in the United States applicable to federal agencies. The format of the financial statements and footnotes are in accordance with form and content guidance provided in Circular A-136, *Financial Reporting Requirements*, revised as of June 3, 2008, issued by the Office of Management and Budget (OMB). Circular A-136 details the financial data required to be disclosed, the assertions and reviews over financial information that must be performed and suggests the presentation of such information.

Ex-Im Bank follows OMB Circular A-11 as the primary guidance for calculating the program cost associated with the Bank's transactions. In accordance with this guidance, the amount of program cost calculated on the Bank's transactions authorized after FCRA and the associated fees collected equates to the loss allowance on these transactions and is disclosed as such on the financial statements and related notes.

III. STRATEGIC GOALS

Strategic Goal: Facilitate U.S. Exports To Support U.S. Jobs

Ex-Im Bank's operations are driven by one fundamental goal: support U.S. jobs by facilitating the export of U. S. goods and services to international markets. Ex-Im Bank's programs offer effective financing support, enabling exporters to win export sales where such support is necessary to match officially supported foreign competition and to fill financing gaps due to the lack of available commercial financing. Exports and the associated jobs are a critical component of the U.S. economy, with exports representing over 13 percent of the U.S. gross domestic product.

Results of Operations: FY 2008 Authorizations

Full year authorizations have ranged from \$12,150.5 million to \$14,398.9 million during the past five fiscal years as shown in Exhibit 1.

Strategic Goal: Facilitate U.S. Exports by Small Business

Small businesses are major creators of jobs in America. The Bank's mandate from Congress places significant emphasis on supporting small-business exports. In addition, the Bank's charter states: "The Bank shall make available, from the aggregate loan, guarantee and insurance authority available to it, an amount to finance exports directly by small-business concerns (as defined under section 3 of the Small Business Act) which shall be not less than 20 percent of such authority for each fiscal year."

Ex-Im Bank's Small Business Group provides a bankwide focus on small-business support with overall responsibility for expanding and overseeing small-business outreach. This group is responsible for making small businesses aware of the opportunities available to them and for acting as a liaison with the Small Business Administration and other departments and agencies in the U.S. government in matters affecting small businesses.

Ex-Im Bank's programs play an important role in providing export-finance support to small businesses that have the ability to expand and create American jobs. In 1978, Ex-Im Bank introduced its first short-term export-credit insurance policy tailored for small business. Since this introduction, Ex-Im Bank has been designing and implementing programs and policies to meet the needs of the U.S. small-business exporter.



EXHIBIT 1: AUTHORIZATIONS BY FISCAL YEAR

(in millions)

Authorizations	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
LONG-TERM					
Loans	\$227.1	\$ -	\$56.5	\$-	\$356.0
Guarantees	7,112.1	8,076.1	6,603.5	7,234.0	8,101.5
Subtotal, Long-Term	7,339.2	8,076.1	6,660.0	7,234.0	8,457.5
MEDIUM-TERM					
Guarantees	540.5	399.4	387.6	504.2	697.0
Insurance	911.5	451.0	641.4	301.8	228.0
Subtotal, Medium-Term	1,452.0	850.4	1,029.0	806.0	925.0
SHORT-TERM					
Working Capital	880.4	1,096.3	1,173.8	1,255.3	1,380.9
Insurance	3,649.3	3,913.4	3,287.7	3,274.1	3,635.5
Subtotal, Short-Term	4,529.7	5,009.7	4,461.5	4,529.4	5,016.4
TOTAL AUTHORIZATIONS	\$13,320.9	\$13,936.2	\$12,150.5	\$12,569.4	\$14,398.9

Results of Operations: FY 2008 Small-Business Authorizations

In FY 2008, the Bank authorized \$3,190.2 million in direct support of U.S. small-business exports, representing 22.2 percent of total authorizations, compared to \$3,351.7 million and 26.7 percent for FY 2007. In FY 2008, the Bank authorized 2,328 transactions that were made available for the direct benefit of small businesses, representing 86.1 percent of the total number of transactions. These figures compare to 2,390 transactions, which represented 85.6 percent of the total number of transactions in FY 2007. Ex-Im Bank's objective is to grow small-business authorizations in the context of a reasonable assurance of repayment and in response to market demand.

Ex-Im Bank offers two products that primarily benefit small businesses: working capital guarantees and short-term insurance. In FY 2008, \$1,075.5 million, or 77.9 percent, of total authorizations in the Working Capital Guarantee Program supported small businesses. Of total authorizations under the Export-Credit Insurance Program, \$1,647.5 million, or 42.6 percent, supported small businesses. In FY 2007, \$989.6 million, or 78.8 percent, of total authorizations in the Working Capital Guarantee Program supported small businesses. Of total authorizations under the Export-Credit Insurance Program, \$2,087.3 million, or 58.4 percent, supported small businesses.

EXHIBIT 2: SMALL-BUSINESS AUTHORIZATIONS

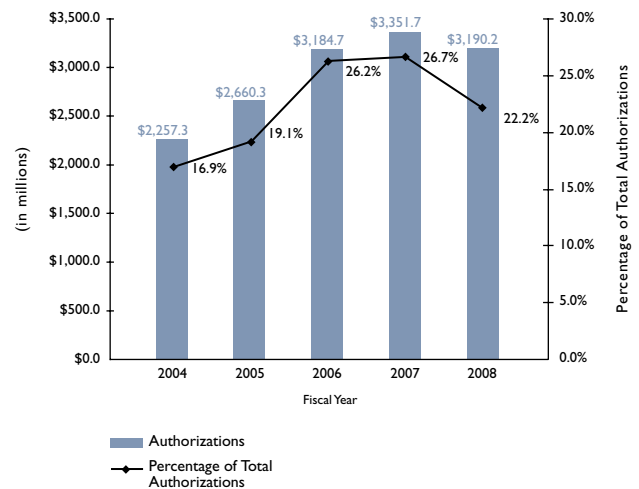


Exhibit 2 shows the total dollar amount of authorizations for small-business exports for each year since FY 2004, together with the percentage of small-business authorizations to total authorizations for that fiscal year.

IV. EFFECTIVENESS AND EFFICIENCY

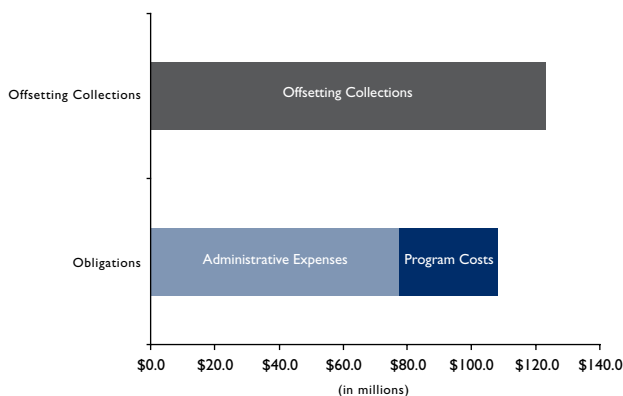
Ex-Im Bank uses various measures to assess the relative efficiency and effectiveness of the Bank's programs. As an overall measure, the Bank's annual *Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States* (competitiveness report) compares the Bank's competitiveness with that of the other G-7 export credit agencies (ECAs). In addition, Ex-Im Bank uses various leverage measures to assess efficiency and cost-effectiveness.

Efficient: Ex-Im Bank Was Self-Sustaining in FY 2008

Ex-Im Bank was self-sustaining for budgetary purposes in FY 2008. As a result, the Bank did not rely on congressional appropriation to sustain operations. Ex-Im Bank's program revenue (i.e., in a given year, fee collections from transactions that exceed the forecasted loss on those transactions) was retained as offsetting collections, which were used to offset new obligations in the year, including prudent reserves to cover future losses as well as all administrative costs. In FY 2008, Ex-Im Bank's offsetting collections totaled \$122.8 million, while new obligations totaled \$103.4 million.

As a quantitative efficiency measure, the Bank calculated the percentage of offsetting collections in FY 2008 compared to total obligations (administrative expenses and program costs), as depicted in Exhibit 3. In FY 2008, offsetting collections were 118.8 percent of obligations.

EXHIBIT 3: FY 2008 OFFSETTING COLLECTIONS AND NEW OBLIGATIONS



Overall Effectiveness: Recognition from Customers and Peers

The Bank's competitiveness report to Congress showed survey results from exporters and lenders that indicated the Bank's core business policies and practices were classified as competitive with other officially supported foreign competition, primarily other G-7 ECAs. According to the data, Ex-Im Bank terms, including policy coverage, interest rates, exposure-fee rates and risk premia, consistently matched competitors.

However, the landscape of export-credit agencies is shifting. Many of Ex-Im Bank's competitor ECAs are moving away from the traditional role of lender of last resort and are evolving into quasi-market players. They are doing this by allowing greater nondomestic content in the projects that they support and by venturing into more commercial endeavors, such as financing into high-income markets. Ex-Im Bank's public-policy constraints (economic-impact analysis, foreign-content policy, local-costs policy and U.S. shipping requirements) are also creating competitive challenges.

Leverage of Resources: A Good Deal for U.S. Taxpayers

The Bank uses four leverage ratios to assess efficiency and to measure the return on resources invested in Ex-Im Bank programs. Prior to FY 2008, resources to cover Ex-Im Bank's program and administrative costs were in the form of appropriations from Congress. Beginning in FY 2008, resources available to the Bank are collections (mostly exposure fees) in excess of amounts needed to cover estimated credit losses.

For every dollar of budget authority used for program and administrative expenses in FY 2008, Ex-Im Bank facilitated an estimated \$189.5 of U.S. exports. This multiple compares to \$128.8 of U.S. exports in FY 2007.

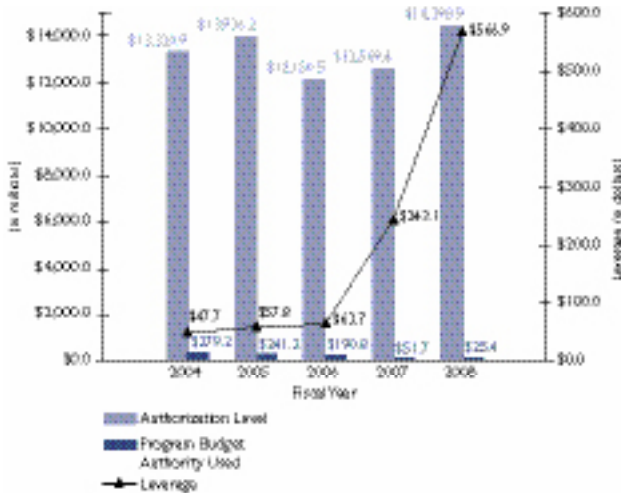
The value in terms of administrative budget authority is even greater. For every dollar of administrative budget authority used in FY 2008, Ex-Im Bank provided financing in support of an estimated \$251.2 of U.S. exports, compared to an estimated \$220.3 of U.S. exports in FY 2007.

Another leverage measure examines the productivity contributed by each employee as measured by the level of authorizations. In FY 2008, the average level of authorizations per employee was \$40.1 million, up from \$34.3 million in FY 2007.

The final leverage measure is the amount of authorizations supported by each dollar of program-budget authority. This indicator has continued to improve over the past five years. In FY



EXHIBIT 4: AUTHORIZATION LEVELS AND PROGRAM BUDGET REQUIRED



2007, each dollar of program-budget authority supported \$243.1 of authorizations; in FY 2008, each dollar of program-budget authority supported \$566.9 in authorizations.

Exhibit 4 shows the total amount authorized, the corresponding usage of program-budget authority and the resulting leverage for the past five fiscal years. Since FY 2004, program-budget authority used has gradually decreased as Ex-Im Bank moved to using its actual historical default and recovery rates to calculate more precisely the program cost associated with new authorizations. Previously, OMB provided default and recovery rates to all international credit agencies for use in calculating the program cost. However, Ex-Im Bank’s actual default and recovery rates reduced the program cost to where it now more accurately reflects the Bank’s own default and recovery experience.

Ex-Im Bank’s default rate net of recoveries, whether measured from the inception of the Bank or the beginning of credit reform, has been approximately two percent of loan disbursements and shipments guaranteed. Although future claim activity in the short term can be very volatile, Ex-Im Bank’s long-term experience does include periods of instability as well as periods of relative constancy, and therefore provides a reasonable basis for estimating future activity. However, if Ex-Im Bank’s future default and recovery rates deteriorate materially from its historical experience, the Bank will adjust its reserves accordingly, which could have a negative impact on leverage ratios in future periods.

V. PORTFOLIO ANALYSIS

Ex-Im Bank’s Portfolio by Program, Region, Industry, Obligor Type and Foreign Currency

Ex-Im Bank currently has exposure in over 160 countries throughout the world totaling \$58,472.8 million at September 30, 2008. In general, total exposure over the five-year period has averaged approximately \$60 billion. Even though Ex-Im Bank continues to generate new business each year, the Bank’s overall portfolio remains at a stable level due to the repayment of some of the outstanding transactions. As a percentage of total exposure, direct-loan exposure, including committed but undisbursed loans, has declined while guarantee exposure has increased.

Exhibit 5 on p. 36 summarizes total Ex-Im Bank exposure by program and shows each program as a percentage of the total exposure at the end of the respective fiscal year.

Exhibit 6 on p. 36 summarizes total Ex-Im Bank exposure by geographic region. The All Other category in Exhibit 6 includes undisbursed balances of short-term multibuyer insurance that is not allocated by region until the shipment has taken place.

Exhibit 7 on p. 37 shows exposure by the major industrial sectors in the Bank’s portfolio.

Through the years, there has been a shift in Ex-Im Bank’s portfolio. As the need for private-sector financing has increased, the percentage of Ex-Im Bank’s portfolio represented by private obligors has increased from 49.5 percent in FY 2004 to 59.5 percent in FY 2008.

Of the portfolio at September 30, 2008, 40.5 percent represents credits to public-sector obligors or guarantors (18.1 percent to sovereign obligors or guarantors and 22.4 percent to public nonsovereign entities); 59.5 percent represents credits to private-sector obligors. A breakdown of public-sector versus private-sector exposure is shown in Exhibit 8 on p. 37.

In FY 2008, Ex-Im Bank approved \$1,618.8 million in transactions denominated in a foreign currency, 11.2 percent of all new authorizations, as shown in Exhibit 9. In FY 2007, Ex-Im Bank approved \$1,295.1 million in transactions denominated in a foreign currency, 10.3 percent of all new authorizations. Foreign-currency transactions are booked in U.S. dollars based on the exchange rate at the time of authorization. The U.S. dollar exposure is adjusted at year end using the latest exchange rates.

At September 30, 2008, Ex-Im Bank had 77 transactions with outstanding balances denominated in a foreign currency. Using the foreign-currency exchange rates at September 30, 2008, Ex-Im

EXHIBIT 5: EXPOSURE BY PROGRAM

(in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Guarantees	\$41,361.6	\$43,554.7	\$42,460.0	\$44,039.7	\$45,417.0
Insurance	6,183.8	7,316.1	6,970.2	6,180.4	6,364.1
Loans	9,288.3	8,354.2	5,954.9	4,933.7	4,174.6
Receivables from Subrogated Claims	3,895.1	3,625.2	2,363.7	2,238.6	2,145.7
Undisbursed Loans	419.4	102.3	89.0	32.1	371.4
TOTAL EXPOSURE	\$61,148.2	\$62,952.5	\$57,837.8	\$57,424.5	\$58,472.8
(% of Total)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Guarantees	67.6%	69.2%	73.4%	76.7%	77.6%
Insurance	10.1%	11.6%	12.1%	10.8%	10.9%
Loans	15.2%	13.3%	10.3%	8.6%	7.1%
Receivables from Subrogated Claims	6.4%	5.8%	4.0%	3.8%	3.7%
Undisbursed Loans	0.7%	0.1%	0.2%	0.1%	0.7%
TOTAL EXPOSURE	100.0%	100.0%	100.0%	100.0%	100.0%

EXHIBIT 6: GEOGRAPHIC EXPOSURE

(in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Asia	\$24,403.0	\$24,941.5	\$24,297.4	\$24,009.0	\$23,925.6
Latin America and Caribbean	14,233.7	13,917.4	14,416.7	13,226.5	13,618.1
Europe	6,209.0	6,213.0	5,806.0	6,173.9	6,447.1
North America	2,737.0	3,181.8	3,410.7	4,841.1	5,152.2
Africa	6,554.4	6,497.3	3,933.5	3,819.9	4,011.0
Oceania	1,350.0	1,539.6	1,423.9	1,377.0	1,135.0
All Other	5,661.1	6,661.9	4,549.6	3,977.1	4,183.8
TOTAL EXPOSURE	\$61,148.2	\$62,952.5	\$57,837.8	\$57,424.5	\$58,472.8
(% of Total)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Asia	39.9%	39.6%	42.0%	41.8%	40.9%
Latin America and Caribbean	23.3%	22.1%	24.9%	23.0%	23.3%
Europe	10.2%	9.9%	10.0%	10.8%	11.0%
North America	4.5%	5.1%	5.9%	8.4%	8.8%
Africa	10.7%	10.3%	6.8%	6.7%	6.9%
Oceania	2.2%	2.4%	2.5%	2.4%	1.9%
All Other	9.2%	10.6%	7.9%	6.9%	7.2%
TOTAL EXPOSURE	100.0%	100.0%	100.0%	100.0%	100.0%



EXHIBIT 7: EXPOSURE BY MAJOR INDUSTRIAL SECTORS

(in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Air Transportation	\$23,475.0	\$24,935.1	\$24,443.0	\$25,551.5	\$27,671.2
Oil and Gas	6,415.5	6,681.2	7,361.6	7,084.7	7,482.6
Manufacturing	4,309.1	5,465.2	4,418.0	4,405.3	4,915.9
Power Projects	6,577.7	5,696.2	4,876.3	4,085.0	3,830.1
All Other	20,370.9	20,174.8	16,738.9	16,298.0	14,573.0
TOTAL EXPOSURE	\$61,148.2	\$62,952.5	\$57,837.8	\$57,424.5	\$58,472.8
(% of Total)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Air Transportation	38.4%	39.6%	42.3%	44.5%	47.3%
Oil and Gas	10.5%	10.6%	12.7%	12.3%	12.8%
Manufacturing	7.0%	8.8%	7.7%	7.7%	8.4%
Power Projects	10.8%	9.0%	8.4%	7.1%	6.6%
All Other	33.3%	32.0%	28.9%	28.4%	24.9%
TOTAL EXPOSURE	100.0%	100.0%	100.0%	100.0%	100.0%

EXHIBIT 8: PUBLIC AND PRIVATE OBLIGORS

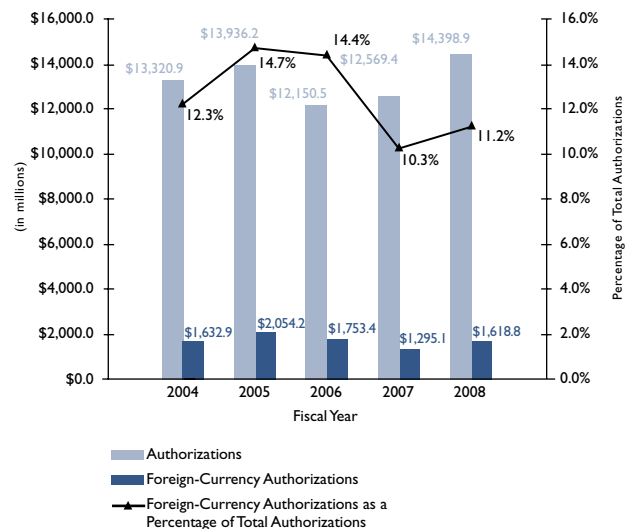
Year End	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Private Obligors	49.5%	52.0%	53.6%	58.0%	59.5%
Public Obligors	50.5%	48.0%	46.4%	42.0%	40.5%

Bank adjusted the dollar amount of the outstanding balances for these transactions. The adjustment was a net increase in exposure of \$1,061.4 million for a total outstanding balance of \$8,016.8 million of foreign-currency-denominated guarantees, representing 13.7 percent of total Bank exposure.

At the end of FY 2007, Ex-Im Bank had 86 transactions with outstanding balances denominated in a foreign currency. Using the foreign-currency exchange rates at September 30, 2007, Ex-Im Bank adjusted the dollar amount of the outstanding balances for these transactions. The adjustment was a net increase in exposure of \$1,346.7 million for a total outstanding balance of \$8,207.0 million of foreign-currency-denominated guarantees, representing 14.3 percent of total Bank exposure.

As seen in Exhibit 9, the percentage of foreign-currency authorizations to total authorizations dropped slightly over the past four years. The level of foreign-currency authorizations is attributable in large part to borrowers' desire to borrow funds in the same currency as they earn funds, in order

EXHIBIT 9: FOREIGN-CURRENCY TRANSACTIONS



**EXHIBIT 10: U.S. DOLLAR VALUE OF
OUTSTANDING FOREIGN-CURRENCY EXPOSURE
AS OF SEPTEMBER 30, 2008**

Currency	Outstanding Balance (in millions)	Percentage of Total
Euro	\$4,520.7	56.4%
Canadian Dollar	1,323.9	16.5%
Australian Dollar	718.4	9.0%
Japanese Yen	580.8	7.2%
Mexican Peso	243.8	3.0%
New Zealand Dollar	182.8	2.3%
Korean Won	177.5	2.2%
British Pound	176.0	2.2%
South African Rand	87.8	1.1%
Russian Ruble	5.1	0.1%
TOTAL	\$8,016.8	100.0%

to mitigate the risk involved with exchange-rate fluctuations. The majority of the foreign-currency authorizations support U.S. exports of commercial jet aircraft. Exhibit 10 shows the U.S. dollar value of the Bank's outstanding foreign-currency exposure by currency.

**VI. LOSS RESERVES, MAJOR IMPAIRED ASSETS
AND PARIS CLUB ACTIVITIES**

**Allowance for Losses on Loans, Guarantees, Insurance
and Subrogated Claims**

The total allowance for Ex-Im Bank credits is comprised of an allowance for loss on all credits, defaulted guarantees and insurance policies. A provision is charged to earnings as losses are estimated to have occurred. Write-offs are charged against the allowance when management determines that a loan or claim balance is uncollectable. Subsequent recoveries, if any, are credited to the allowance.

The allowance for Ex-Im Bank credits authorized after FCRA equates to the amount of credit loss associated with the applicable credit. Ex-Im Bank has established cash-flow models for expected defaults, fees and recoveries to estimate the credit loss for allowance purposes. The models incorporate Ex-Im Bank's actual historical loss and recovery experience.

Due to the fact that financial and economic factors affecting credit-repayment prospects change over time, the net estimated credit loss of loans, guarantees and insurance is re-estimated

annually in accordance with OMB guidelines and Statement of Federal Financial Accounting Standards 18, "Amendments to Accounting Standards for Direct Loans and Loan Guarantees." This re-estimate indicates the appropriate level of funds necessary to cover projected future defaults. Decreases in estimated credit losses result in excess funds returned to the U.S. Treasury while increases in credit losses are covered by additional appropriations that become automatically available through permanent and indefinite appropriations, pursuant to the FCRA.

As of September 30, 2008, the re-estimate of the credit loss of the outstanding balances of FY 1992 through FY 2008 commitments indicated that, of the cash balances in the financing accounts, the net amount of \$128.0 million was no longer needed to cover commitments and was due to the U.S. Treasury.

As of September 30, 2007, the re-estimate of the credit loss of the outstanding and undisbursed balances of FY 1992 through FY 2007 commitments indicated that, of the cash balances in the financing accounts, the net amount of \$414.2 million was no longer needed to cover commitments and was due to the U.S. Treasury.

Subsequent to September 30, 2007, the re-estimate was adjusted using updated interest assumptions in conjunction with the preparation of the FY 2009 President's Budget Request to Congress. As a result, it was determined that, of the fees and interest in the financing accounts, an additional net amount of \$53.4 million was no longer needed to cover commitments and was paid to the U.S. Treasury in FY 2008.

The total allowance for losses at September 30, 2008, for loans, claims, guarantees and insurance commitments is \$4,080.1 million, which is 7.0 percent of total exposure of \$58,472.8 million (Exhibit 11). This compares to the allowance for losses at September 30, 2007, for loans, claims receivable, guarantees and insurance commitments of \$4,306.8 million that was 7.5 percent of total exposure of \$57,424.5 million.

Major Impaired Assets

At September 30, 2008, Ex-Im Bank had nine project financings, transportation credits and major corporate borrowers (those having an outstanding balance greater than \$20 million) that have been classified as impaired. The aggregate amount of exposure was \$767.4 million. Four of these transactions have been restructured, two are in litigation, and exit strategies are in the course of being implemented for the remaining three credits. When entering into these credit facilities, Ex-Im Bank was supporting the export of U.S. products and services to purchasers in Argentina, Brazil, Indonesia, Jordan, Pakistan, Thailand, Turkey, Mexico and Italy.



EXHIBIT 11: LOSS RESERVES AND EXPOSURE SUMMARY

(in millions)	FY 2008	FY 2007
LOSS RESERVES		
Allowance for Loan Losses (Including Undisbursed)	\$1,199.3	\$1,461.1
Allowance for Defaulted Guarantees and Insurance	1,416.8	1,459.6
Liability for Guarantees and Insurance (Including Undisbursed)	1,464.0	1,386.1
TOTAL RESERVES	\$4,080.1	\$4,306.8
TOTAL EXPOSURE		
Loans	\$4,546.0	\$4,965.8
Receivables from Defaulted Guarantees and Insurance	2,145.7	2,238.6
Guarantees and Insurance	51,781.1	50,220.1
TOTAL EXPOSURE	\$58,472.8	\$57,424.5
<i>Loss Reserve as Percentage of Total Exposure</i>	<i>7.0%</i>	<i>7.5%</i>

EXHIBIT 12: PARIS CLUB BILATERAL AGREEMENTS

(in thousands)	FY 2008		FY 2007	
	Principal Forgiven	Debt Rescheduled	Principal Forgiven	Debt Rescheduled
COUNTRY				
Haiti	\$574	\$ -	\$101	\$ -
Central African Republic	2,884	2,864	-	-
Montenegro	8,167	29,931	-	-
Guinea	3,186	-	-	-
Liberia	22,910	-	-	-
Cameroon	-	-	\$25,130	-
Congo	-	-	1,987	839
Dominican Republic	-	-	-	17,753
Grenada	-	5,051	-	1,534
TOTAL	\$37,721	\$37,846	\$27,218	\$20,126

Paris Club Activities

The Paris Club is a group of 19 permanent member-creditor countries that meet regularly in Paris to discuss and provide debt relief to qualifying debtor countries. In FY 2008 and FY 2007 five and six countries, respectively, were eligible for debt forgiveness and/or debt rescheduling of their debt owed to Ex-Im Bank, including capitalized interest (Exhibit 12).

At September 30, 2008, Ex-Im Bank's total Paris Club rescheduled exposure is \$1,802.7 million compared with \$1,999.3 million at September 30, 2007.

VII. PORTFOLIO-RISK RATING SYSTEM AND RISK PROFILE

The Interagency Country Risk Assessment System (ICRAS)

OMB established the Interagency Country Risk Assessment System (ICRAS) to provide a framework for uniformly measuring the costs of the U.S. government's international credit programs across the various agencies that administer them. To operate this framework, OMB chairs an interagency working group composed of the agencies with international loan programs, as well as the Departments of State and U.S. Treasury, the Federal Deposit

Insurance Corp. and the Federal Reserve Board. In addition, OMB consults annually with the Congressional Budget Office.

The ICRAS methodology determines both the risk levels for lending to sovereign governments as well as certain factors to be used in calculating the program-budget cost for transactions at the various risk levels.

One of OMB's key goals in developing this system was to pattern ICRAS after systems in the private sector. Therefore ICRAS adopts similar ratings and rating methodologies as the private rating agencies, such as Moody's, Standard & Poor's and Fitch IBCA.

Risk Ratings

ICRAS rates every country to which U.S. government agencies have outstanding loans or loan guarantees or are anticipating making new credits available. The interagency group has established 11 sovereign and nine nonsovereign risk categories and currently has risk ratings for 196 markets.

Like the private-sector risk-rating agencies, ICRAS rates countries on the basis of economic, political and social variables. Each country receives two ratings: a sovereign-risk rating and a nonsovereign-risk rating. Throughout the rating process analysts use private-sector ratings as one of the benchmarks for determining the ICRAS rating in keeping with the principle of congruence to private ratings. When ICRAS ratings significantly deviate from Moody's, S&P's, Fitch IBCA's or OECD ratings, the reasoning is substantiated in an ICRAS paper and is the subject of interagency discussion. This presumption serves as a key reference point throughout the ICRAS process.

The ratings are based, in general, on a country's (1) ability to make payments, as indicated by relevant economic factors, and (2) willingness to pay, as indicated by payment record and political and social factors. Four categories, ratings 1 through 4, are roughly equivalent to "creditworthy" or "investment grade" private bond ratings. Three categories, ratings 9 to 11, are for countries either unable to pay fully, even with extended repayment periods, or currently unwilling to make a good-faith effort. In between are categories reflecting various degrees of potential or actual payment difficulties.

ICRAS Default Estimates

Ex-Im Bank has established cash flow models for expected defaults, fees and recoveries to estimate the credit loss for each approved credit. For new authorizations in FY 2007, the models incorporated OMB's loss estimates for international credit programs and Ex-Im Bank's actual recovery experience. For new

authorizations in FY 2008, the models incorporated Ex-Im Bank's actual historical loss and recovery experience.

Portfolio-Risk Monitoring and Evaluation

The recent volatility in commodity prices, the fluctuation in currency exchange rates and tightening credit markets have had a profound and an expected lasting impact. Ex-Im Bank, like most participants in the market, is not immune from the effect of this crisis as evidenced by increased requests for Ex-Im Bank support. However, Ex-Im Bank's existing portfolio had not suffered any significant direct adverse impact as of September 30, 2008.

The banking sector has been directly impacted by the current financial crisis. Ex-Im Bank's exposure to the banking sector across the globe is approximately \$2.6 billion. While certain countries have seen a substantial increase in both refinance and liquidity risk, their governments have intervened with liquidity support facilities that are expected to help weather the current crisis. Additionally, Ex-Im Bank continues to closely monitor this sector, including sending teams to various markets for direct conversations with regulatory authorities as well as individual banks.

Recently, world oil prices dropped below expectations while the dollar gained strength against a large number of currencies. The drop in oil prices is expected to have a positive earnings and liquidity impact while the strengthening of the dollar is expected to have the opposite effect.

Ex-Im Bank continuously monitors its portfolio of credits after they have been approved. Reports are prepared for the Board of Directors and management detailing and analyzing the portfolio-risk profile and any significant changes from the prior report. Larger corporate credits and more complicated project finance credits are monitored and individually reevaluated periodically after authorization as to their continuing ability to meet their financial obligations to Ex-Im Bank.

Exposure-Risk Profile

In accordance with the risk-rating system detailed above, Ex-Im Bank classifies credits into 11 risk categories, with level 1 being the lowest risk. Ex-Im Bank generally does not authorize new credits that would be risk-rated worse than level 8. On this scale, level 3 is approximately equivalent to Standard and Poor's BBB, level 4 approximates BBB- and level 5 approximates BB.

The overall weighted-average risk rating for FY 2008 medium-term and long-term export-credit authorizations was 4.25 compared to a weighted-average risk rating of 4.40 for FY 2007. Sixty-two percent of Ex-Im Bank's medium-term and long-term new



authorizations in FY 2008 fell in the level 3-to-5 range (BBB to BB) while 8.2 percent were rated level 7 or 8 (B or B-).

Exhibit 13 shows the risk profile of Ex-Im Bank's medium-term and long-term authorizations in FY 2008 and FY 2007 and the past five-year average-risk profile.

Changes in the Portfolio-Risk Level

At September 30, 2008, Ex-Im Bank had a portfolio of \$58,472.8 million of loans, guarantees, insurance and outstanding claims receivable. Exhibit 14 shows the weighted-average risk rating for new authorizations and the outstanding portfolio over the past five fiscal years. The new business risk rating includes all medium-term and

EXHIBIT 13: MEDIUM-TERM AND LONG-TERM AUTHORIZATIONS BY RISK CATEGORY

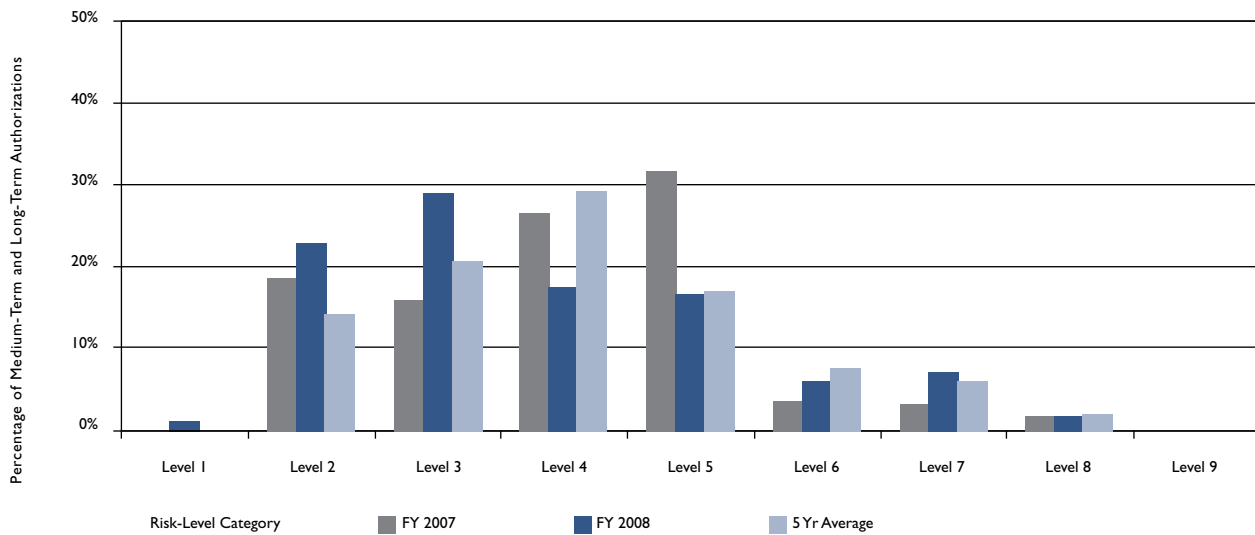
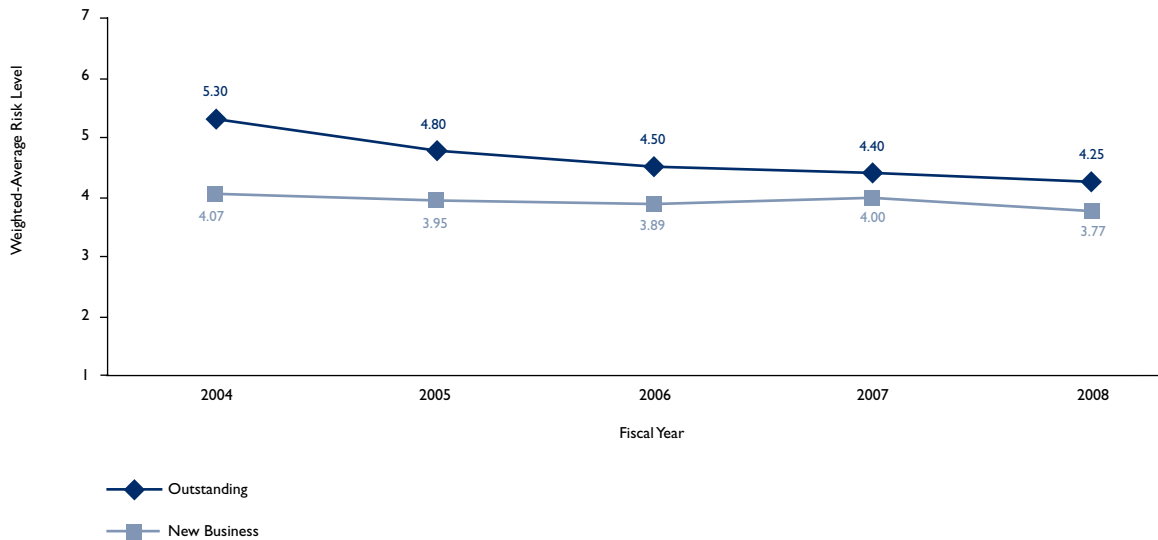


EXHIBIT 14: CREDIT-QUALITY RISK PROFILE



long-term transactions authorized in each respective fiscal year and reflects the weighted-average risk rating for these authorizations. The outstanding portfolio includes new business transactions and the existing portfolio risk-rated at the end of each fiscal year.

As can be seen in Exhibit 14, the risk rating for the outstanding portfolio remained relatively unchanged from year end FY 2007 to FY 2008. There are several reasons why the risk rating remained stable despite significant oil price volatility and a tightening of global credit markets:

- The Bank's aircraft portfolio (47.3 percent of total exposure) remained strong. The foreign airlines where Ex-Im Bank has its exposure were financially sound, and, at least in the near term, were deemed to be able to withstand the increase in oil prices. The subsequent easing of oil prices has since reduced some of the financial pressure. Also, most of these airlines were able to pass on some of their increased costs by raising prices without a significant decrease in passenger volume.
- Ex-Im Bank's aircraft transactions are highly structured and secured by valuable and desirable collateral, making losses unlikely. At the end of FY 2008, only three transportation credits were classified as impaired (\$333.8 million or 0.57 percent of the Bank's total exposure). Of these, two credits have been successfully restructured, and Ex-Im Bank is in discussions regarding the remaining credit. The airlines are expected to continue normal debt servicing without any loss to Ex-Im Bank.

- A majority of monitored nonaircraft transactions (transactions over \$20 million) have foreign-government guarantees, represent exposure to government-owned entities or have other structural enhancements such as fully funded reserve accounts with amounts often equal to six months or more of debt service, which mitigates the potential of a major loss.
- There were numerous upgrades in ICRAS sovereign-country ratings, with no significant downgrades. The rating updates for smaller, nonmonitored transactions are tied to country performance as reflected in the movement of the sovereign ICRAS ratings for the country. Consequently, ratings for these transactions have improved as the ICRAS rating has improved.

VIII. FINANCIAL-STATEMENT ANALYSIS

Significant Financial Data

Exhibit 15 presents certain financial data from the Balance Sheets and the Statements of Net Costs. This financial data is highlighted due to a significant change (15 percent or more) and/or significant dollar difference between the applicable periods for FY 2008 and FY 2007. More detailed financial information can be found in the financial statements and notes.

Fund Balance with the U.S. Treasury: The Fund Balance decreased \$944.1 million from \$2,688.9 million at September 30, 2007, to \$1,744.8 million at September 30, 2008. The

EXHIBIT 15: SIGNIFICANT FINANCIAL DATA

(in millions)	FY 2008	FY 2007
Fund Balance with the U.S. Treasury	\$1,744.8	\$2,688.9
Borrowings from the U.S. Treasury	2,929.1	4,364.2
Accounts Payable to the U.S. Treasury	963.3	1,135.2
Liability Related to Undisbursed Loans and Guarantees Payable to the Financing Account	94.2	130.6
Payment Certificates	570.5	478.9
Other Liabilities	104.1	140.7
Unexpended Appropriations	102.2	33.2
	363.3	460.2
Interest Expense	250.8	306.4
Provision for Credit Losses, Net	164.4	259.2
Interest Income	537.1	731.3
Liquidating Account Distribution of Income	109.7	130.5



balance has primarily changed as a result of approximately \$1,072.7 million in loan principal and interest repayments, \$228.5 million in exposure fee collections, the cash transfer of the FY 2007 net downward re-estimate of \$414.2 million to the U.S. Treasury, and \$1,435.1 million of cash used to repay U.S. Treasury debt. In addition, there was a rescission of \$25.0 million in the Tied-Aid Fund.

Borrowings from the U.S. Treasury: Borrowings from the U.S. Treasury decreased \$1,435.1 million from \$4,364.2 million in FY 2007 to \$2,929.1 million in FY 2008. In FY 2008, Ex-Im Bank repaid \$2,100.0 million and borrowed \$664.9 million.

Accounts Payable to the U.S. Treasury: The Accounts Payable decreased \$171.9 million from \$1,135.2 million at September 30, 2007, to \$963.3 million at September 30, 2008. The decrease can mostly be attributed to a smaller downward re-estimate in FY 2007, partially offset by additional expired appropriations.

Liability Related to Undisbursed Loans and Guarantees/Payable to the Financing Account: The Receivable from the Program Account is fully offset by the Liability Related to Undisbursed Loans and Guarantees and the Payable to the Financing Account. These amounts are payable to and receivable from different Ex-Im Bank accounts at the U.S. Treasury and net to zero. The Liability Related to Undisbursed Loans and Guarantees decreased \$36.4 million from \$130.6 million at September 30, 2007, to \$94.2 million at September 30, 2008. Since FY 2007 when Ex-Im Bank began using its actual historical default and recovery rates (as opposed to proxy rates provided by OMB) to calculate the estimated future credit losses, the program cost associated with undisbursed loans and guarantees has decreased. The Payable to the Financing Account increased \$91.6 million from \$478.9 million at September 30, 2007, to \$570.5 million at September 30, 2008. The increase is primarily a result of an increase in program costs related to direct loans.

Payment Certificates: Payment Certificates are issued by Ex-Im Bank to guaranteed lenders in certain defaulted claims carrying a fixed rate of interest to evidence Ex-Im Bank's obligation to pay the guaranteed lender in installments (including interest). Payment Certificates decreased \$36.6 million from \$140.7 million at September 30, 2007, to \$104.1 million at September 30, 2008, as more payment certificates were repaid than issued.

Other Liabilities: Other Liabilities increased \$69.0 million from \$33.2 million at September 30, 2007, to \$102.2 million at September 30, 2008. The increase is related to an increase in offsetting collections, advance insurance deposits partially offset by decreases in administrative accruals and unapplied collections.

Unexpended Appropriations: The Unexpended Appropriations decreased \$96.9 million from \$460.2 million at September 30, 2007, to \$363.3 million at September 30, 2008. The decline can be attributed to Ex-Im Bank's self-financing status for budget purposes. Ex-Im Bank did not receive any appropriations in FY 2008. In addition, prior-year appropriations for program and administrative costs continue to disburse.

Interest Expense: Interest Expense decreased \$55.6 million from \$306.4 million in FY 2007 to \$250.8 million in FY 2008 due to the decrease in outstanding debt due to the U.S. Treasury.

The Provision for Credit Losses: The Provision for Credit Losses decreased \$94.8 million from \$259.2 million at September 30, 2007, to \$164.4 million as September 30, 2008. The provision reflects activity in the loss reserves due to disbursement of program costs, fee and interest collections, the annual re-estimate, and the receipt of permanent/indefinite appropriations. The smaller provision in FY 2008 (a net cost) is primarily due to the larger permanent/indefinite appropriation (upward re-estimate) received in FY 2008 (approximately \$486 million compared to \$241 million in FY 2007), which is treated as income and offset against the provision expense. There was also a significant decrease in the pre-credit-reform loan loss reserve, which also contributed to a smaller provision expense.

Interest Income: Interest Income declined \$194.2 million from \$731.3 million at September 30, 2007, to \$537.1 million at September 30, 2008. This decline is mostly attributed to the decreasing Loans Receivable balance.

Liquidating Account Distribution of Income: For the portfolio authorized prior to FCRA, this represents cash balances in excess of amounts needed to cover obligations, which are transferred to the U.S. Treasury. The \$20.8 million decrease from \$130.5 million in FY 2007 to \$109.7 million in FY 2008 reflects the decrease in the pre-FCRA portfolio.

Significant Factors Influencing Financial Results

The most significant factor that determines Ex-Im Bank's financial results and condition is a change in the risk level of Ex-Im Bank's loan, guarantee and insurance portfolio, and the adjustment to the allowance for credit losses that must be made to reflect the change in risk. The level of risk of individual credits or groups of credits may change in an unexpected manner as a result of international financial, economic and political events. Consequently, significant and unanticipated changes in Ex-Im Bank's allowance for credit losses may occur in any year.

The major risks to the Bank in its credit portfolio are repayment risk and concentration risk. Other risks the Bank must assess and attempt to minimize are foreign-currency risk, operational risk, organizational risk and interest-rate risk.

Repayment Risk: In fulfilling its mission to facilitate U.S. exports by providing competitive export financing, Ex-Im Bank must balance the risks associated with assuming credit and country risks that the private sector is unable or unwilling to accept with the requirement of reasonable assurance of repayment for its credit authorizations. Repayment risk is the risk that a borrower will not pay according to the original agreement and the Bank may eventually have to write off some or all of the obligation. Repayment risk is primarily composed of:

Credit Risk: The risk that an obligor may not have sufficient funds to service its debt or may not be willing to service its debt even if sufficient funds are available.

Political Risk: The risk that payment may not be made to the Bank, its guaranteed lender or its insured as a result of expropriation of the obligor's property, war or inconvertibility of the borrower's currency into U.S. dollars.

Concentration Risk: Risks stemming from the composition of the credit portfolio as opposed to risks related to specific obligors. The Bank has the following concentration risks:

Industry: The risk that events could negatively impact not only one company but many companies simultaneously in the same industry. The Bank's credit exposure is highly concentrated by industry: 68.5 percent of the Bank's credit portfolio is in three industries (air transportation, oil and gas, and manufacturing), with air transportation representing 47.3 percent of the Bank's total exposure. Events impacting these industries are frequently international in nature and may not be confined to a specific country or geographic area.

Geographic Region: The risk that events could negatively impact not only one country but many countries simultaneously in an entire region. The Bank's credit exposure is concentrated by geographic region, with 64.2 percent of the portfolio contained in two geographic regions: Asia (40.9 percent) and Latin America and the Caribbean (23.3 percent).

Obligor: The risk stemming from portfolio concentration with one or a few obligors such that a default by one or more of those borrowers will have a disproportionate impact. The Bank's 10 largest public-sector obligors make up 22.8 percent of its portfolio, while the 10 largest private-sector obligors make up 19.7 percent.

Foreign-Currency Risk: Risk stemming from an appreciation or depreciation in the value of a foreign currency in relation to the U.S. dollar in Ex-Im Bank transactions denominated in that foreign currency. At the time of authorization, Ex-Im Bank does not hedge its foreign-currency exposure; however, when the Bank pays claims under foreign-currency guarantees, the notes are converted from a foreign-currency obligation to a U.S. dollar obligation. The obligor must then repay to Ex-Im Bank the balance in U.S. dollars. This converts the foreign-currency loan to a dollar loan at that point, thereby eliminating any further foreign-exchange risks.

Ex-Im Bank provides support for guarantees and insurance denominated in certain foreign currencies. The foreign currencies approved for Ex-Im Bank transactions as of September 30, 2008, are: Australian dollar, Brazilian real, British pound, Canadian dollar, CFA franc, Colombian peso, Egyptian pound, euro, Indian rupee, Indonesian rupiah, Japanese yen, Korean won, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Pakistan rupee, Philippine peso, Russian ruble, South African rand, Swedish krona, Swiss franc, Taiwanese dollar and Thai baht. At the time of authorization, Ex-Im Bank records the authorization amount as the U.S. dollar equivalent of the foreign-currency obligation based on the exchange rate at that time.

Operational Risk: Operational risk is the risk of material losses resulting from human error, system deficiencies and control weaknesses. To mitigate the risk of loss stemming from operational dysfunctions, Ex-Im Bank has established a strong internal control environment that is reviewed by an independent internal auditor and has included process documentation, proper supervisory monitoring and technology access/edit controls. Ex-Im Bank also has an Office of Inspector General that conducts audits, inspections and investigations relating to the Bank's program and support operations.

Organizational Risk: The risk of loss to Ex-Im Bank due to the organizational environment: people and skills, incentives, culture and values. Ex-Im Bank hires highly qualified individuals and has a culture of rigorous risk assessment. Continual training opportunities are offered to all employees to maintain and enhance their high skill levels.

Interest-Rate Risk: Ex-Im Bank makes fixed-rate loan commitments prior to borrowing to fund loans and takes the risk that it will have to borrow the funds at an interest rate greater than the rate charged on the credit. In the event this occurs, a permanent indefinite appropriation is available to Ex-Im Bank to cover the funding loss.



IX. OTHER MANAGEMENT INFORMATION

Statutory Limitations

Ex-Im Bank has several significant financial limitations that

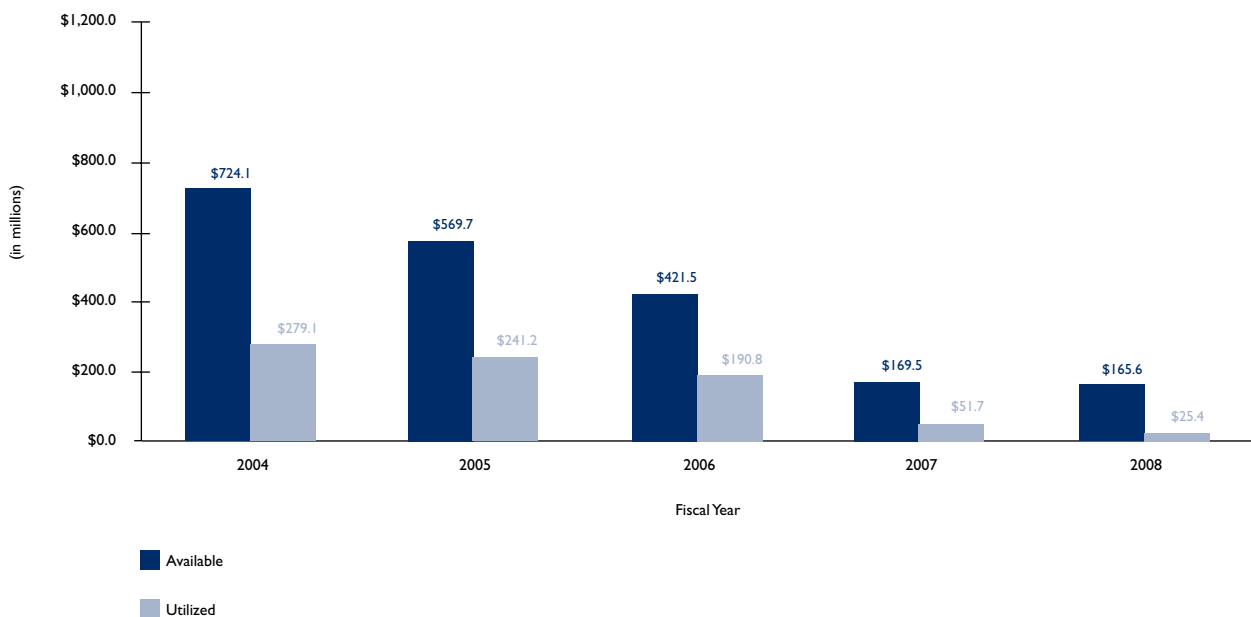
are contained in the Bank's charter and in various appropriation acts. Exhibits 16 and 17 summarize the status of those limitations as of September 30, 2008, as well as the utilization of available funding.

EXHIBIT 16: FINANCIAL STATUTORY LIMITATIONS

(in millions)

Appropriations	Program Budget	Tied Aid	Administrative Expense
Carry-Over from Prior Year	\$118.0	\$228.8	N/A
Cancellations During FY 2008	2.8	(25.0)	N/A
Offsetting Collections	44.8	-	78.0
Inspector General	N/A	N/A	1.0
TOTAL	\$165.6	\$203.8	\$79.0
Obligated	\$25.4	\$ -	\$78.9
Unobligated Balance Lapsed	0.4	-	-
Unobligated Balance Available	139.8	203.8	0.1
	Available	Obligated	Balance
Statutory Lending Authority	\$100,000.0	\$58,472.8	\$41,527.2

EXHIBIT 17: NONTIED-AID PROGRAM BUDGET AVAILABLE AND UTILIZED



Tied aid is government-to-government concessional financing of public-sector capital projects in developing countries. Tied-aid terms usually involve total maturities longer than 20 years, lower-than-market interest rates and/or direct grants.

X. LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of Ex-Im Bank, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of Ex-Im Bank in accordance with GAAP for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

XI. REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 18 presents the Statement of Budgetary Resources by Ex-Im Bank's major budget accounts.



EXHIBIT 18: DISAGGREGATED STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2008

(in millions)	Program Account	Direct-Loan Financing Account	Guaranteed-Loan Financing Account	Pre-Credit-Reform Financing Account	Other	Total
BUDGETARY RESOURCES						
Unobligated Balance, Brought Forward October 1	\$577.4	\$996.4	\$894.3	\$1.8	\$22.7	\$2,492.6
Recoveries of Prior-Year Unpaid Obligations	34.4	-	-	-	-	34.4
Budget Authority:						
Appropriation	486.6	-	-	-	1.0	487.6
Borrowing Authority	-	664.8	-	-	-	664.8
Spending Authority from Offsetting Collections	123.9	1,035.8	1,078.9	126.1	33.0	2,397.7
Nonexpenditure Transfers	-	(2,100.0)	-	(109.7)	-	(2,209.7)
Permanently Not Available	(77.2)	-	-	-	-	(77.2)
TOTAL BUDGETARY RESOURCES	\$1,145.1	\$597.0	\$1,973.2	\$18.2	\$56.7	\$3,790.2
STATUS OF BUDGETARY RESOURCES						
Obligations Incurred, Direct	\$592.4	\$597.0	\$1,121.4	\$12.7	\$1.0	\$2,324.5
Unobligated Balance, Apportioned	342.9	-	851.8	5.5	54.7	1,254.9
Unobligated Balance Not Available	209.8	-	-	-	1.0	210.8
TOTAL STATUS OF BUDGETARY RESOURCES	\$1,145.1	\$597.0	\$1,973.2	\$18.2	\$56.7	\$3,790.2
CHANGE IN OBLIGATED BALANCE						
Obligated Balance, Net:						
Unpaid Obligations, Brought Forward October 1	\$123.3	\$32.0	\$3.3	\$ -	\$ -	\$158.6
Obligations Incurred, Net	592.4	597.0	1,121.4	12.7	1.0	2,324.5
Gross Outlays	(591.9)	(531.5)	(1,121.7)	(12.7)	(0.5)	(2,258.3)
Recoveries of Prior-Year Unpaid Obligations	(34.4)	-	-	-	-	(34.4)
TOTAL, UNPAID OBLIGATED BALANCE, NET, END OF PERIOD	\$89.4	\$97.5	\$3.0	\$ -	\$0.5	\$190.4
NET OUTLAYS						
Gross Outlays	\$591.9	\$531.5	\$1,121.7	\$12.7	\$0.5	\$2,258.3
Less: Offsetting Collections	(123.9)	(1,035.8)	(1,078.9)	(126.1)	(33.0)	(2,397.7)
NET OUTLAYS	\$468.0	\$(504.3)	\$42.8	\$(113.4)	\$(32.5)	\$(139.4)

Management Report on Financial Statement and Internal Accounting Controls

Ex-Im Bank's management is responsible for the content and integrity of the financial data included in the Bank's annual report and for ascertaining that this data fairly presents the financial position, results of operations and cash flows of the Bank.

The Bank's operations fall under the provisions of the Federal Credit Reform Act of 1990. This law provides that subsidy calculations must be performed (on a present-value basis) for all new loan, guarantee and insurance commitments, and the resulting cost, if any, must be covered by budget authority provided by Congress. Credits may not be approved if the budget authority to cover the costs has not been provided in advance.

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America for federal agencies (government GAAP). As explained in more detail in the notes, the financial statements recognize the impact of credit-reform legislation on the Bank's commitments. Other financial information related to the Bank included elsewhere in the report is presented on a basis consistent with the financial statements.

The Bank maintains a system of internal accounting controls that is designed to provide reasonable assurance at reasonable cost that assets are safeguarded and that transactions are processed and properly recorded in accordance with management's authorization, and that the financial statements are accurately prepared. The Bank believes that its system of internal accounting controls appropriately balances the cost/benefit relationship.

Ex-Im Bank's Board of Directors pursues its responsibility for the Bank's financial statements through its Audit Committee. The Audit Committee meets regularly with management

and the independent accountants. The independent accountants have direct access to the audit committee to discuss the scope and results of their audit work and their comments on the adequacy of internal accounting controls and the quality of financial reporting.

The Bank believes that its policies and procedures, including its system of internal accounting controls, provide reasonable assurance that the financial statements are prepared in accordance with provisions of applicable laws and regulations.

The Bank's financial statements were audited by independent accountants. Their opinion is printed in this annual report immediately following the notes to the financial statements.



James H. Lambright
Chairman and President



Joseph A. Sorbera
Chief Financial Officer (Acting)

November 12, 2008



BALANCE SHEETS

(in millions)	As of September 30, 2008	As of September 30, 2007
ASSETS		
Intragovernmental		
Fund Balance with the U.S. Treasury (Note 2)	\$1,744.8	\$2,688.9
Receivable from the Program Account (Note 5)	664.7	609.5
Total Assets - Intragovernmental	2,409.5	3,298.4
Public		
Cash (Note 3)	0.4	0.2
Loans Receivable, Net (Note 4A)	3,071.2	3,578.1
Receivables from Subrogated Claims, Net (Note 4E)	731.7	785.6
Other Assets (Note 10)	5.4	5.6
Total Assets - Public	3,808.7	4,369.5
TOTAL ASSETS	\$6,218.2	\$7,667.9
LIABILITIES		
Intragovernmental		
Borrowings from the U.S. Treasury (Note 12)	\$2,929.1	\$4,364.2
Accounts Payable to the U.S. Treasury	963.3	1,135.2
Liability Related to Undisbursed Loans and Guarantees Payable to the Financing Account	94.2	130.6
Payable to the Financing Account	570.5	478.9
Total Liabilities - Intragovernmental	4,557.1	6,108.9
Public		
Payment Certificates (Note 12)	104.1	140.7
Claims Payable	11.6	3.2
Guaranteed Loan Liability (Note 4G)	1,376.1	1,262.1
Other Liabilities (Note 13)	102.2	33.2
Total Liabilities - Public	1,594.0	1,439.2
TOTAL LIABILITIES	6,151.1	7,548.1
NET POSITION		
Capital Stock	1,000.0	1,000.0
Unexpended Appropriations	363.3	460.2
Cumulative Results of Operations	(1,296.2)	(1,340.4)
TOTAL NET POSITION	67.1	119.8
TOTAL LIABILITIES AND NET POSITION	\$6,218.2	\$7,667.9

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF NET COSTS

(in millions)	Loans	Guarantees	Insurance	Total
FOR THE YEAR ENDED SEPTEMBER 30, 2008				
Costs				
Interest Expense	\$250.8	\$ -	\$ -	\$250.8
Claim Expenses	-	12.9	5.0	17.9
Provision for Credit Losses	(159.7)	322.9	1.2	164.4
Broker Commissions	-	-	5.4	5.4
Total Costs	91.1	335.8	11.6	438.5
Earned Revenue				
Interest Income	(420.2)	(116.9)	-	(537.1)
Fee and Other Income	(2.7)	(252.7)	-	(255.4)
Insurance Premia and Other Income	-	-	(32.7)	(32.7)
Total Earned Revenue	(422.9)	(369.6)	(32.7)	(825.2)
NET EXCESS OF PROGRAM (REVENUE) OVER PROGRAM COSTS	(331.8)	(33.8)	(21.1)	(386.7)
Administrative Costs (Note 4K)				72.5
Liquidating Account Distribution of Income				109.7
TOTAL NET EXCESS (REVENUE) OVER COSTS (NOTES 16 AND 18)				\$(204.5)
FOR THE YEAR ENDED SEPTEMBER 30, 2007				
Costs				
Interest Expense	\$306.4	\$ -	\$ -	\$306.4
Claim Expenses	-	18.8	4.9	23.7
Provision for Credit Losses	69.4	75.2	114.6	259.2
Broker Commissions	-	-	4.3	4.3
Total Costs	375.8	94.0	123.8	593.6
Earned Revenue				
Interest Income	(542.8)	(188.5)	-	(731.3)
Fee and Other Income	(13.7)	(218.6)	-	(232.3)
Insurance Premia and Other Income	-	-	(30.0)	(30.0)
Total Earned Revenue	(556.5)	(407.1)	(30.0)	(993.6)
NET EXCESS OF PROGRAM (REVENUE) OVER PROGRAM COSTS	(180.7)	(313.1)	93.8	(400.0)
Administrative Costs (Note 4K)				69.2
Liquidating Account Distribution of Income				130.5
TOTAL NET EXCESS (REVENUE) OVER COSTS (NOTES 16 AND 18)				\$(200.3)

The accompanying notes are an integral part of the financial statements.



STATEMENTS OF CHANGES IN NET POSITION

(in millions)	For the Year ended September 30, 2008				For the Year ended September 30, 2007			
	Capital Stock	Unexpended Appropriations	Cumulative Results of Operations	Total	Capital Stock	Unexpended Appropriations	Cumulative Results of Operations	Total
BEGINNING								
NET POSITION	\$1,000.0	\$460.2	\$(1,340.4)	\$119.8	\$1,000.0	\$637.0	\$(1,103.1)	\$533.9
BUDGETARY FINANCING SOURCES (USES)								
Appropriations Received								
Program	-	-	-	-	-	26.3	-	26.3
Administrative Expenses	-	-	-	-	-	72.8	-	72.8
Inspector General	-	1.0	-	1.0	-	1.0	-	1.0
Re-estimate	-	486.6	-	486.6	-	241.3	-	241.3
Rescissions	-	(25.0)	-	(25.0)	-	-	-	-
Canceled Authority	-	(28.4)	-	(28.4)	-	(63.4)	-	(63.4)
Transfer In - Debt-Reduction Financing	-	11.7	-	11.7	-	-	2.1	2.1
Transfer Out								
Without Reimbursement	-	-	(759.6)	(759.6)	-	-	(893.2)	(893.2)
Other Adjustments	-	-	(1.4)	(1.4)	-	-	(1.3)	(1.3)
Appropriations Used	-	(542.8)	542.8	-	-	(454.8)	454.8	-
Offsetting Collections	-	-	57.9	57.9	-	-	-	-
Total Financing Sources (Uses)	-	(96.9)	(160.3)	(257.2)	-	(176.8)	(437.6)	(614.4)
Adjusted Net Position	1,000.0	363.3	(1,500.7)	(137.4)	1,000.0	460.2	(1,540.7)	(80.5)
Less: Excess of Program Revenue over Costs	-	-	(204.5)	(204.5)	-	-	(200.3)	(200.3)
ENDING NET POSITION	\$1,000.0	\$363.3	\$(1,296.2)	\$67.1	\$1,000.0	\$460.2	\$(1,340.4)	\$119.8

The accompanying notes are an integral part of the financial statements.

COMBINED STATEMENTS OF BUDGETARY RESOURCES

(in millions)	For the Year Ended September 30, 2008			For the Year Ended September 30, 2007		
	Budgetary	Nonbudgetary Credit-Reform Financing Accounts	Total	Budgetary	Nonbudgetary Credit-Reform Financing Accounts	Total
BUDGETARY RESOURCES						
Unobligated Balance, Brought Forward October 1	\$581.2	\$1,911.4	\$2,492.6	\$549.3	\$2,293.8	\$2,843.1
Recoveries of Prior-Year Unpaid Obligations	34.4	-	34.4	64.6	3.6	68.2
Budget Authority:						
Appropriation	487.6	-	487.6	341.4	-	341.4
Borrowing Authority (Note 17)	-	664.8	664.8	-	59.0	59.0
Spending Authority from Offsetting Collections	250.0	2,147.7	2,397.7	142.8	2,170.2	2,313.0
Nonexpenditure Transfers	(109.7)	(2,100.0)	(2,209.7)	(130.5)	(605.5)	(736.0)
Permanently Not Available	(77.2)	-	(77.2)	(5.7)	-	(5.7)
TOTAL BUDGETARY RESOURCES (NOTE 17)	\$1,166.3	\$2,623.9	\$3,790.2	\$961.9	\$3,921.1	\$4,883.0
STATUS OF BUDGETARY RESOURCES						
Obligations Incurred, Direct (Note 17)	\$606.1	\$1,718.4	\$2,324.5	\$380.7	\$2,009.7	\$2,390.4
Unobligated Balance, Apportioned (Note 17)	349.4	905.5	1,254.9	349.7	1,911.4	2,261.1
Unobligated Balance Not Available (Note 17)	210.8	-	210.8	231.5	-	231.5
TOTAL STATUS OF BUDGETARY RESOURCES	\$1,166.3	\$2,623.9	\$3,790.2	\$961.9	\$3,921.1	\$4,883.0
CHANGE IN OBLIGATED BALANCE						
Obligated Balance, Net:						
Unpaid Obligations, Brought Forward October 1	\$123.3	\$35.3	\$158.6	\$270.6	\$89.0	\$359.6
Obligations Incurred, Net	606.1	1,718.4	2,324.5	380.7	2,009.7	2,390.4
Gross Outlays	(605.1)	(1,653.2)	(2,258.3)	(463.4)	(2,059.8)	(2,523.2)
Recoveries of Prior-Year Unpaid Obligations	(34.4)	-	(34.4)	(64.6)	(3.6)	(68.2)
TOTAL UNPAID OBLIGATED BALANCE NET, END OF PERIOD	\$89.9	\$100.5	\$190.4	\$123.3	\$35.3	\$158.6
NET OUTLAYS						
Gross Outlays	\$605.1	\$1,653.2	\$2,258.3	\$463.4	\$2,059.8	\$2,523.2
Less: Offsetting Collections	(250.0)	(2,147.7)	(2,397.7)	(142.8)	(2,170.2)	(2,313.0)
NET OUTLAYS	\$355.1	\$(494.5)	\$(139.4)	\$320.6	\$(110.4)	\$210.2

The accompanying notes are an integral part of the financial statements.



Export-Import Bank of the United States

Notes to the Financial Statements

For the Years Ended September 30, 2008, and September 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Enabling Legislation and Mission

The Export-Import Bank of the United States (Ex-Im Bank or the Bank) is an independent executive agency and a wholly owned U.S. government corporation that was first organized as a District of Columbia banking corporation in 1934. Ex-Im Bank is the official export-credit agency of the United States. Ex-Im Bank's operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act (FCRA) of 1990 (P.L. 101-508), which became effective October 1, 1991. The Export-Import Bank Reauthorization Act of 2006 extended the Bank's charter until September 30, 2011.

Ex-Im Bank's mission is to support U.S. exports by providing export financing through its loan, guarantee and insurance programs in cases where either the private sector is unable or unwilling to provide financing or where such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that are in competition for export sales with U.S. exporters. By facilitating the financing of U.S. exports, Ex-Im Bank helps companies create and maintain U.S. jobs. The Bank's charter requires reasonable assurance of repayment for the transactions it authorizes, and the Bank closely monitors credit and other risks in its portfolio. In pursuit of its mission of supporting U.S. exports, Ex-Im Bank offers four financial products: direct loans, loan guarantees, working capital guarantees and export credit insurance. All Ex-Im Bank obligations carry the full faith and credit of the U.S. government.

Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's

foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. The buyer must make a cash payment to the U.S. exporter of at least 15 percent of the U.S. contract value. Ex-Im Bank's direct loans carry the lowest fixed-interest rate permitted for the importing country and term under the "Arrangement on Guidelines for Officially Supported Export Credits" negotiated among members of the Organisation for Economic Co-operation and Development (OECD).

Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S. exports. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers all of the commercial and political risks for up to 85 percent of the U.S. contract value.

Loans and guarantees extended under the medium-term loan program typically have repayment terms of one to seven years, while loans and guarantees extended under the long-term loan program usually have repayment terms in excess of seven years. Generally, both the medium-term and long-term loan and guarantee programs cover up to 85 percent of the U.S. contract value of shipped goods.

Under the Working Capital Guarantee Program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's working capital guarantee protects the lender from default by the exporter for 90 percent of the loan principal and interest.

Ex-Im Bank's export-credit insurance policies help U.S. exporters sell their goods overseas by protecting them against

the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

Basis of Accounting

The format of the financial statements and footnotes is in accordance with form and content guidance provided in Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, revised as of June 3, 2008.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant of these estimates are the allowances for losses on loans receivable, subrogated claims receivable, and guarantees and insurance. Ex-Im Bank uses its historical default and recovery experience to calculate loss estimates. Actual results may differ from those estimates.

Loans Receivables, Net

Loans obligated prior to FY 1992 (pre-credit-reform credits) are carried at principal and interest receivable amounts less an allowance for credit losses. Loans obligated after FY 1991 (credit-reform credits) are carried at principal and interest receivable amounts less an allowance for credit losses.

From time to time, Ex-Im Bank extends the repayment date and may modify the interest rate of some or all principal installments of a loan because the obligor or country has encountered financial difficulty and Ex-Im Bank has determined that providing relief in this manner will enhance the ability to collect the loan.

Receivables from Subrogated Claims, Net

Receivables from subrogated claims represent the outstanding balance of payments that were made on claims that were submitted to Ex-Im Bank in its capacity as guarantor or insurer under Ex-Im Bank's export guarantee or insurance programs. Receivables from subrogated claims are carried at principal and interest receivable amounts less an allowance for claim losses. Under the subrogation clauses in its guarantee and insurance contracts,

Ex-Im Bank receives all rights, title and interest in all amounts relating to claims paid under insurance policies and guarantees and therefore establishes an asset to reflect such rights.

Accrued Interest

Interest is accrued on loans and claims as it is earned. Generally, loans and subrogated claims receivable delinquent 90 days or more are placed on a nonaccrual status unless they are well-secured and significant collections have been received. At the time that a loan or claim is placed on nonaccrual status, any accrued but unpaid interest previously recorded is reversed against current-period interest income. The interest on these loans is accounted for on a cash basis until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Accounting for Capitalized Interest on Rescheduled Loans and Subrogated Claims

Rescheduling agreements frequently allow for Ex-Im Bank to add uncollected interest to the principal balance of rescheduled loans and subrogated claims receivable (i.e., capitalized interest). When capitalized, any accrued interest receivable is reversed against current period's interest income. The amount of interest that was capitalized and included in the principal balance is recorded as income when cash collections occur and only after all principal not related to the capitalized interest is paid. An allowance is established for all uncollected capitalized interest.

Allowance for Losses on Loans, Guarantees, Insurance and Subrogated Claims

The allowance for losses provides for estimated losses inherent in the loan, claim, guarantee and insurance portfolios. The allowance is established through a provision charged to earnings. Write-offs are charged against the allowance when management believes the uncollectibility of a loan or claim balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the credits in light of historical and market experience, the nature and volume of the credit portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing worldwide economic and political conditions. This evaluation is inherently



subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance for Ex-Im Bank credit-reform credits represents the amount of estimated credit loss associated with the applicable credit. The credit loss is defined as the net present value of estimated loan, guarantee and insurance defaults less subsequent estimated recoveries. Ex-Im Bank has established cash-flow models for expected defaults, fees and recoveries to estimate the credit loss for each approved credit. For new authorizations in FY 2007, the models incorporated OMB's loss estimates for international credit programs and Ex-Im Bank's actual recovery experience. For new authorizations in FY 2008, the models incorporated Ex-Im Bank's actual historical loss and recovery experience.

The net credit loss of credit-reform loans, guarantees and insurance is re-estimated annually in accordance with OMB guidelines and Statement of Federal Financial Accounting Standards (SFFAS) 18, "Amendments to Accounting Standards for Direct Loans and Loan Guarantees." The re-estimates adjust the allowance for credit losses to account for actual activity and changes in the financial and economic factors that affect the repayment prospects over time.

Accounting for Guarantees in a Foreign Currency

Ex-Im Bank provides guarantees and insurance denominated in certain foreign currencies. The foreign currencies approved for Ex-Im Bank guarantees as of September 30, 2008, are: Australian dollar, Brazilian real, British pound, Canadian dollar, CFA franc, Colombian peso, Egyptian pound, euro, Indian rupee, Indonesian rupiah, Japanese yen, Korean won, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Pakistani rupee, Philippine peso, Russian ruble, South African rand, Swedish krona, Swiss franc, Taiwanese dollar and Thai baht. At the time of authorization, Ex-Im Bank records the authorization amount as the U.S. dollar equivalent of the foreign-currency obligation based on the exchange rate at that time. At the end of each fiscal year, Ex-Im Bank determines the dollar equivalent of the outstanding balance for each foreign-currency guarantee based on the exchange rate at the end of the year and adjusts the guarantee loan liability accordingly.

Borrowings from the U.S. Treasury

The main source of Ex-Im Bank's outstanding debt is borrowings from the U.S. Treasury. Borrowings from the U.S. Treasury are used to finance medium-term and long-term loans. These

borrowings carry a fixed rate of interest. They are further discussed in Note 12.

Payment Certificates

Payment certificates represent Ex-Im Bank's outstanding borrowings related to specific claims for which Ex-Im Bank is paying the guaranteed lender as the guaranteed installments become due. Payment certificates are issued by Ex-Im Bank in exchange for the foreign importer's defaulted note which was guaranteed by Ex-Im Bank and the payment certificates carry the same repayment terms and interest rate as the guaranteed foreign importer's note. Payment certificates are backed by the full faith and credit of the government and are freely transferable.

Claims Payable

Liabilities for claims arising from Ex-Im Bank's guarantee and insurance activities and the related estimated losses and claim recovery expenses are accrued upon approval of a claim.

Amounts Payable to the U.S. Treasury

Amounts payable to the U.S. Treasury include the results of the credit-loss re-estimate required under the FCRA. The payable represents funds that are held in credit-reform financing accounts that are determined to be in excess of amounts needed to cover future defaults. The payable also includes expired appropriations no longer available for obligation that will be returned to the U.S. Treasury.

Fees and Premia

Ex-Im Bank charges a risk-related exposure fee under both the loan and guarantee programs that is collected on each loan disbursement or shipment of goods under the guarantee policy.

On working capital guarantees, Ex-Im Bank charges an upfront facility fee, which, due to the short-term nature of the contracts, is credited to income as collected. Premia charged under insurance policies are recognized as income using a method that generally reflects the exposure over the term of the policy.

Appropriated Capital

Appropriations received by Ex-Im Bank pursuant to the FCRA are recorded as paid-in-capital. Beginning in FY 2008, fees collected in excess of expected credit losses were used to reimburse the U.S. Treasury for appropriations provided for program and administrative costs, resulting in a net appropriation of zero. Appropriations received prior to FY 2008 and not required to

finance credit activities are returned to the U.S. Treasury when the period of availability ends.

Congress has appropriated certain sums specifically for Ex-Im Bank's tied-aid activities. Tied aid is government-to-government concessional financing of public sector capital projects in developing countries. Tied-aid terms usually involve total maturities longer than 20 years, lower than market interest rates and/or direct grants.

Liquidating Account Distribution of Income

Ex-Im Bank maintains a liquidating account that accumulates the repayment on loans issued prior to the FCRA and any collections on claims. At the end of each fiscal year, Ex-Im Bank transfers the cash balance in this account to the U.S. Treasury. The amount transferred is detailed on the accompanying Statements of Net Costs.

2. FUND BALANCE WITH THE U.S. TREASURY

Fund balances as of fiscal years 2008 and 2007 were as follows:

(in millions)	FY 2008	FY 2007
Revolving Funds	\$1,011.8	\$1,949.5
General Funds - Unexpended Appropriations	631.0	705.2
General Funds - Offsetting Collections	64.9	-
Other Funds - Unallocated Cash	37.1	34.2
TOTAL	\$1,744.8	\$2,688.9

Status of Fund Balance with the U.S. Treasury

Unobligated Balance		
Available	\$1,254.9	\$2,261.1
Expired	210.8	231.5
Canceled and Unavailable	51.6	3.5
Obligated Balance Not Yet Disbursed	190.4	158.6
Funds Pending Application	37.1	34.2
TOTAL	\$1,744.8	\$2,688.9

Revolving funds are credit-reform financing accounts and cash balances in the pre-credit-reform revolving fund. Included in the credit-reform financing accounts are disbursed appropriations, exposure fees collected and interest paid by the U.S. Treasury to Ex-Im Bank on the balances in the account. These funds are available to cover losses in Ex-Im Bank's credit programs. Unexpended appropriated funds and unexpended offsetting collections are deposited in a noninterest-bearing account at the U.S. Treasury. These funds are available to Ex-Im Bank when the credit activity to which they relate takes place or to finance administrative expenses. Upon disbursement of the related loans

or shipment of goods under guarantee or insurance policies, the funds become available to either subsidize the related loan disbursement or to be invested in the credit-reform financing accounts to fund the credit costs of the guarantee and insurance policies. Unallocated cash represents collections pending final application to the applicable loan or guarantee.

Unobligated available funds represent unexpired appropriations and funds held in credit-reform financing accounts for payment of future guaranteed loan defaults. Unobligated expired funds represent appropriations that are no longer available for new obligations. Unobligated canceled funds represent appropriations that are no longer available and are returned to the U.S. Treasury in subsequent years.

As of September 30, 2008, and September 30, 2007, there were no unreconciled differences between U.S. Treasury records and balances reported on Ex-Im Bank's general ledger.

3. CASH

As of September 30, 2008, and September 30, 2007, there was \$0.4 million and \$0.2 million in cash balances, respectively, held outside the U.S. Treasury. The amount represents lockbox receipts for collection of insurance premia that are transferred to one of Ex-Im Bank's U.S. Treasury accounts upon application to the appropriate credit.

4. DIRECT LOANS AND LOAN GUARANTEES, NONFEDERAL BORROWERS

A. Direct Loan, Loan Guarantees and Export-Credit Insurance Programs

Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. The buyer must make a cash payment to the U.S. exporter of at least 15 percent of the U.S. contract value. Ex-Im Bank's direct loans carry the lowest fixed-interest rate permitted for the importing country and term under the "Arrangement on Guidelines for Officially Supported Export Credits" negotiated among members of the OECD.

Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S. exports. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will pay to the lender the



outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers all of the commercial and political risks for 85 percent of the U.S. contract value.

Ex-Im Bank's export-credit insurance helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

Credit Reform

The FCRA significantly affected the manner in which Ex-Im Bank finances its credit activities. The primary purpose of the FCRA is to measure more accurately the cost of federal credit programs and to place the cost of such credit programs on a basis equivalent with other federal spending.

OMB established The Interagency Country Risk Assessment System (ICRAS) to provide a framework for uniformly measuring the costs of the U.S. government's international credit programs across the various agencies that administer them. The ICRAS methodology determines both the risk levels for lending to sovereign governments as well as certain factors to be used in calculating the program-budget cost for transactions at the various risk levels.

ICRAS rates every country to which U.S. government agencies have outstanding loans or loan guarantees or are anticipating making new credits available. ICRAS rates countries on the basis of economic and political/social variables. There are 11 sovereign and nine non-sovereign risk categories and ICRAS currently has risk ratings for 196 markets. Each country receives two ratings: a sovereign-risk rating and a private-risk rating.

FY 2008 and FY 2007 Activity

No new appropriations were received in FY 2008. Beginning in FY 2008, fees collected in excess of expected credit losses (offsetting collections) could be used to cover the Bank's credit program needs for providing new direct loans, guarantees and insurance and for administrative costs. In FY 2007, Ex-Im Bank received \$26.4 million of appropriations to cover the Bank's credit program needs and \$72.8 million to support the Bank's administrative costs.

The following table summarizes offsetting collections and appropriations received and used in FY 2008 and FY 2007:

(in millions)	FY 2008	FY 2007
RECEIVED AND AVAILABLE		
Appropriation for Credit-Program Costs	\$-	\$26.4
Appropriation for Credit-Related Administrative Costs	-	72.8
Appropriation for Inspector General Administrative Costs	1.0	1.0
Offsetting Collections	122.8	-
Total Received	123.8	100.2
Unobligated Balance Carried Over from Prior Year	346.8	371.5
Rescission of Unobligated Balances	(25.0)	-
Cancellations of Prior-Year Obligations	2.8	0.5
TOTAL AVAILABLE	448.4	472.2
OBLIGATED		
For Credit Program Costs Excluding Tied Aid	25.4	51.7
For Credit-Related Administrative Costs	78.9	72.8
Subtotal	104.3	124.5
For Tied Aid	-	-
TOTAL OBLIGATED	104.3	124.5
UNOBLIGATED BALANCE		
Unobligated Balance	344.1	347.7
Unobligated Balance Lapsed	(0.4)	(0.9)
REMAINING BALANCE	\$343.7	\$346.8

Of the remaining balance of \$343.7 million at September 30, 2008, \$68.3 million is available until September 30, 2009; \$27.4 million is available until September 30, 2010; \$45.3 million is available until September 30, 2011; and \$202.7 million is available until expended and may be used for tied aid.

New loans, guarantees and insurance result in a program cost (or subsidy cost) when the net present value of expected cash disbursements exceeds expected cash receipts. Cash receipts typically include fees or premia and loan principal and interest, and cash disbursements typically include claim payments and loan disbursements. For new authorizations in FY 2007, Ex-Im Bank used OMB default rates and Ex-Im Bank recovery rates in place of OMB recovery rates. For new authorizations in FY 2008, Ex-Im used both its own historical default and recovery rates in place of OMB rates. These rates more accurately reflect Ex-Im Bank's actual default and recovery experience resulting in lower overall credit-loss rates.

When the present value of expected cash receipts exceeds the present value of expected cash disbursements, a “negative” credit subsidy (or program revenue) arises. In FY 2007, negative subsidies were remitted to the U.S. Treasury upon disbursement of the underlying credits. Ex-Im Bank transferred \$62.0 million of negative subsidies to the U.S. Treasury in FY 2007.

In FY 2008, Ex-Im Bank operated on a self-sustaining basis using program revenue to fund current year administrative expenses and program costs. Up to \$50.0 million in excess program revenue may be carried forward and is available for three additional fiscal years. During FY 2008, Ex-Im Bank collected \$122.8 million of receipts in excess of estimated credit losses. Of these offsetting collections, \$78.0 million was used to fund administrative expenses while \$44.8 million was retained and carried over to FY 2009. FY 2008 program costs were obligated from available prior-year budget authority.

Administrative costs are based on an annual estimate of the costs to administer and service Ex-Im Bank’s entire credit portfolio. The program costs are obligated to cover the estimated credit losses at the time loans, guarantees and insurance are committed. As the loans are disbursed or when the insured or guaranteed event has taken place (generally when the related goods are shipped), the obligated amounts are used to cover the estimated costs of the credit losses related to the disbursements and shipments. The portion of the obligated amounts related to Ex-Im Bank’s lending programs is used to partially fund the loan disbursements, while the portions related to Ex-Im Bank’s guarantee and insurance programs are invested in an interest-bearing account with the U.S. Treasury. Prior to loan disbursement or the insured or guaranteed event, all of the appropriated funds and offsetting collections are held in a noninterest-bearing U.S. Treasury account.

Allowance for Loss

The process by which Ex-Im Bank determines its allowance for loss for each fiscal year involves assessing the repayment risk of the credit, which includes both commercial and political risk factors, then calculating the loss reserve based on the percentage of loss associated with the risk level assigned to the credit.

Sovereign risk is associated with an obligor that conveys the full faith and credit of its country. To rate sovereign obligors, Ex-Im Bank relies on the risk levels assigned to sovereign countries by ICRAS.

Non-sovereign obligors are divided into four categories for risk-assessment purposes: (1) obligors in workout status; (2)

obligors rated by third-party rating agencies, such as, Standard & Poor’s and Moody’s; (3) obligors not rated but publicly traded on local exchanges; and (4) obligors neither rated nor publicly traded on local exchanges.

After the political and commercial risks of the transaction are assessed, the transaction is assigned a risk rating based on the standard ICRAS classification. A major determinant of the risk rating is the sovereign-risk rating of the country in which the obligor is located. Credit enhancements such as the availability of liens and off-shore escrow accounts are taken into account.

For pre-credit-reform, nonimpaired loans receivable, Ex-Im Bank determines the allowance using historical default and recovery rates. The allowance for losses on this exposure is calculated using the credit loss estimate method. Consistent with industry practice in the private sector, this is an estimate of the loss expected due to credit risk and does not include noncredit factors that are included in the fair-market value method.

Loss reserves on pre-credit-reform impaired credits are determined using the fair-value method. Ex-Im Bank generally considers a credit impaired if it meets one or more of the following: (1) delinquent loans and claims with an amount of \$50,000 or more past due at least 90 days, (2) rescheduled loans and rescheduled claims, or (3) nondelinquent loans and claims above a certain risk rating.

The allowance for losses on pre-credit-reform contingent liabilities for long-term guarantees is determined using the fair-value method.

The allowance for losses for credit-reform loans, guarantees and insurance are determined by the credit loss calculated at authorization and subsequent adjustments made to the allowance as a result of the annual re-estimate.

Credit Loss Re-Estimate

Because financial and economic factors affecting the repayment prospects change over time, the net estimated credit loss of the outstanding balance of loans, guarantees and insurance is re-estimated annually in accordance with OMB guidelines and SFFAS 18. This re-estimate indicates the appropriate balance necessary in the financing accounts to ensure sufficient funds to pay future estimated claims. In the event that the balance in the financing accounts exceeds the re-estimate level, the difference will not be needed to cover future estimated claims and will be returned to the U.S. Treasury. In the event that the balance in the financing accounts is less than the re-estimate



level, the FCRA provides that the difference will be transferred to Ex-Im Bank from a general appropriation account authorized for this purpose.

For FY 2008 and FY 2007, Ex-Im Bank used its actual historical default and recovery rates to calculate the re-estimated future credit losses.

As of September 30, 2008, a re-estimate of the credit loss of the outstanding balances of FY 1992 through FY 2008 commitments indicated that of the balances in the financing accounts, the net amount of \$128.0 million was no longer needed to cover commitments and was due to the U.S. Treasury. This amount is included in the Amounts Payable to the U.S. Treasury on the Balance Sheet.

As of September 30, 2007, a re-estimate of the credit loss of the outstanding and undisbursed balances of FY 1992 through FY 2007 commitments indicated that of the balances in the financing accounts, the net amount of \$414.2 million was no longer needed to cover commitments and was due to the U.S. Treasury. This amount is included in the Amounts Payable to the U.S. Treasury on the Balance Sheet.

Subsequent to September 30, 2007, the re-estimate was adjusted using updated interest assumptions in conjunction with the preparation of the FY 2009 President's Budget Request to Congress. As a result, it was determined that an additional net amount of \$53.4 million in the financing accounts was no longer needed to cover estimated future losses and was paid to the U.S. Treasury in FY 2008.

Direct Loans

Ex-Im Bank's loans receivable, as shown on the Balance Sheet, are net of an allowance for loan losses.

To calculate the allowance for loan losses for direct loans obligated prior to FY1992, each of the 11 risk levels is identified with a loss percentage to determine the overall allowance for credit losses as described above. Capitalized interest included in gross loans receivable is reserved at 100 percent. At September 30, 2008, and September 30, 2007, capitalized interest on credits obligated prior to FY 1992 was \$257.5 million and \$331.6 million, respectively. The total allowance for direct loans obligated prior to FY 1992, including capitalized interest, equaled 59.0 percent and 80.0 percent, respectively, of gross loans and interest receivable. Excluding capitalized interest from the pre-credit-reform receivable balance and from the loss reserve yields an allowance of 33.0 percent and 64.0 percent, respectively, of loans and interest receivable.

The allowance for loss calculated for direct loans obligated since the commencement of FY 1992 equals the amount of credit loss incurred to support the loan obligation. The credit loss is the amount of loss estimated to be incurred on the transaction, as previously described. At September 30, 2008, and September 30, 2007, the allowance for loan losses on credit-reform credits equaled 22.3 percent and 20.1 percent, respectively, of the outstanding loans and interest receivable balance.

At September 30, 2008, and September 30, 2007, the allowance for both pre-credit-reform and credit-reform loans equaled 28.0 percent and 28.9 percent, respectively, of the total loans and interest receivable. Excluding capitalized interest from the total receivable balance and from the total loss reserve yields an allowance of 23.4 percent and 23.9 percent, respectively, of loans and interest receivable.

The outstanding balances related to rescheduled installments included in loans receivable at September 30, 2008, and September 30, 2007, were \$1,032.8 million and \$1,154.2 million, respectively. Loan principal installments of \$0.5 million and \$10.9 million were rescheduled during FY 2008 and FY 2007, respectively. Loan installments of interest rescheduled in FY 2008 and FY 2007 were \$2.8 million and \$7.5 million, respectively. The interest rate on rescheduled loans is generally a floating rate of interest, which is 50.0 basis points over the six-month U.S. Treasury rate.

The net balance of loans receivable at September 30, 2008, and September 30, 2007, consists of the following:

FY 2008 (in millions)	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
Loans Obligated Prior to FY 1992	\$636.0	\$28.0	\$(391.8)	\$272.2
Loans Obligated After FY 1991	3,538.6	61.6	(801.2)	2,799.0
TOTAL	\$4,174.6	\$89.6	\$(1,193.0)	\$3,071.2

FY 2007 (in millions)	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
Loans Obligated Prior to FY 1992	\$726.2	\$20.9	\$(597.7)	\$149.4
Loans Obligated After FY 1991	4,207.5	78.0	(856.8)	3,428.7
TOTAL	\$4,933.7	\$98.9	\$(1,454.5)	\$3,578.1

(in millions)	FY 2008	FY 2007
Direct Loans Disbursed During Year (Post-1991)	\$56.0	\$40.8

B. PROGRAM-COST AND RE-ESTIMATE EXPENSE FOR DIRECT LOANS BY COMPONENT

The table below discloses the interest, defaults, fees and re-estimate amounts associated with program cost disbursed in the current fiscal year on loan authorizations made in the current and prior fiscal years and the current year loss re-estimate.

(in millions)	FY 2008	FY 2007
Interest	\$0.2	\$(9.4)
Defaults	0.2	10.6
Fees and Other Collections	(0.3)	0.3
Total	\$0.1	\$1.5
Net Re-estimate – Principal	(40.7)	(70.9)
Net Re-estimate – Interest	(69.9)	(51.3)
Total Net Re-estimate	\$(110.6)	\$(122.2)
TOTAL DIRECT LOAN PROGRAM COST AND RE-ESTIMATE EXPENSE	\$(110.5)	\$(120.7)

C. PROGRAM-COST RATES FOR DIRECT LOANS BY PROGRAM AND COMPONENT

The program-cost rates disclosed in the following table relate to the percentage of program cost authorized in the current year on loan authorizations made in the current fiscal year. Because these rates only pertain to authorizations from the current year, these rates cannot be applied to loan disbursements in the current reporting year to yield the program cost, which could result from disbursements of loans from both current and prior-years. Ex-Im Bank did

not authorize any direct loans in FY 2007; therefore there are no program-cost rates for FY 2007.

	FY 2008	FY 2007
Interest	1.40%	-
Defaults	1.73%	-
Fees and Other Collections	(13.19)%	-
TOTAL	(10.06)%	-



D. SCHEDULE FOR RECONCILING DIRECT-LOAN ALLOWANCE BALANCES

The following table discloses the components of the direct-loan allowance.

(in millions)	FY 2008	FY 2007
POST-1991 DIRECT LOANS		
Beginning Balance of the Allowance Account	\$856.8	\$855.6
Current-Year Program Cost <i>(See Note 4B for Component Breakdown)</i>	0.1	1.5
Fees Received	6.5	6.9
Loans Written Off	(0.6)	(12.6)
Program Cost Allowance Amortization	41.1	75.8
Miscellaneous Recoveries and Costs	7.9	51.8
Ending Balance Before Re-estimate	\$911.8	\$979.0
Re-estimate	(110.6)	(122.2)
ENDING BALANCE OF THE ALLOWANCE ACCOUNT	\$801.2	\$856.8

Program cost allowance amortization is calculated, as required by SFFAS 18, "Amendments to Accounting Standards for Direct Loans and Loan Guarantees," as the difference between interest revenue and interest expense.

E. DEFAULTED GUARANTEED LOANS

The allowance for defaulted guaranteed loans is calculated using the fair-market value method as described above. Capitalized interest included in gross defaulted guaranteed loans receivable is reserved at 100 percent. At September 30, 2008, and September 30, 2007, capitalized interest was \$129.4 million and \$143.0 million,

respectively. The total allowance equaled 65.9 percent and 65.0 percent of gross defaulted guaranteed loans and interest receivable at September 30, 2008, and September 30, 2007, respectively. Excluding capitalized interest from the receivable balance and from the loss reserve yields an allowance of 64.0 percent of defaulted loans and interest receivable at September 30, 2008, and 62.6 percent at September 30, 2007.

F. GUARANTEED LOANS AND INSURANCE

Ex-Im Bank is exposed to credit loss with respect to the amount of outstanding guaranteed loans and insurance policies in the event of nonpayment by obligors under the agreements. The commitments shown below are agreements to lend monies and issue guarantees and insurance as long as there is no violation of the conditions established in the credit agreement.

(in millions)	FY 2008	FY 2007
Outstanding Principal of Guaranteed Loans and Insurance, Face Value	\$39,888.7	\$39,004.6
Undisbursed Principal of Guaranteed Loans and Insurance, Face Value	11,892.4	11,215.5
Total Principal of Guaranteed Loans and Insurance, Face Value	\$51,781.1	\$50,220.1
Amount of Principal Guaranteed and Insured	\$51,781.1	\$50,220.1
Guaranteed Loans and Insurance Disbursed During Year, Face Value	\$12,847.0	\$12,896.9
Guaranteed Loans and Insurance Disbursed During Year, Amount Guaranteed	\$12,847.0	\$12,896.9

FY 2008 (in millions)	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Net
Defaulted Guaranteed Loans				
Obligated Prior to FY 1992	\$270.8	\$ -	\$(200.3)	\$70.5
Obligated After FY 1991	1,874.9	2.8	(1,216.5)	661.2
TOTAL	\$2,145.7	\$2.8	\$(1,416.8)	\$731.7

FY 2007 (in millions)	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Net
Defaulted Guaranteed Loans				
Obligated Prior to FY 1992	\$305.4	\$0.2	\$(230.3)	\$75.3
Obligated After FY 1991	1,933.2	6.4	(1,229.3)	710.3
TOTAL	\$2,238.6	\$6.6	\$(1,459.6)	\$785.6

G. LIABILITY FOR LOAN GUARANTEES AND INSURANCE

(in millions)	FY 2008	FY 2007
LIABILITY FOR LOSSES		
On Pre-1992 Guarantees and Insurance	\$8.2	\$13.2
On Post-1991 Guarantees and Insurance	1,367.9	1,248.9
TOTAL LIABILITIES FOR LOAN GUARANTEES AND INSURANCE	\$1,376.1	\$1,262.1

Ex-Im Bank has authorized guarantee transactions denominated in a foreign currency during FY 2008 totaling \$1,618.8 million, and authorized \$1,295.1 million during FY 2007, as calculated at the exchange rate at the time of authorization. Ex-Im Bank adjusts the allowance for all transactions denominated in a foreign currency using the various foreign-currency exchange rates at the end of the fiscal year.

H. PROGRAM COST AND RE-ESTIMATE EXPENSE FOR LOAN GUARANTEES AND INSURANCE BY COMPONENT

The table below discloses defaults, fees and re-estimate amounts associated with the program cost disbursed in the current year on loan guarantee and insurance authorizations made in the current and prior fiscal years and the current year loss re-estimate. The total program cost also includes modifications made on these authorizations.

(in millions)	FY 2008	FY 2007
Defaults	\$546.9	\$640.6
Fees and Other Collections	(516.6)	(497.6)
Total	30.3	143.0
Net Re-estimate – Principal	48.7	(203.7)
Net Re-estimate – Interest	(119.5)	(88.3)
Total Net Re-estimate	(70.8)	(292.0)
TOTAL LOAN GUARANTEE AND INSURANCE PROGRAM COST AND RE-ESTIMATE EXPENSE	\$(40.5)	\$(149.0)

I. PROGRAM-COST RATES FOR LOAN GUARANTEES AND INSURANCE BY COMPONENT

The program cost rates disclosed below relate to the percent of program cost authorized in the current fiscal year on loan guarantee and insurance authorizations made in the current fiscal year. Because these rates only pertain to authorizations from the

current year, these rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the program cost, which could result from disbursements of loans from both current and prior years.

	FY 2008	FY 2007
Defaults	1.36%	2.77%
Fees and Other Collections	(3.78)%	(2.37)%
TOTAL	(2.42)%	0.40%

J. SCHEDULE FOR RECONCILING THE ALLOWANCE FOR LOAN-GUARANTEE BALANCES

The table below discloses the components of the allowance for loan guarantees.

(in millions)	FY 2008	FY 2007
POST-1991 LOAN GUARANTEES		
Beginning Balance of the Allowance Account	\$1,248.9	\$1,226.1
Current-Year Program Cost	30.1	142.2
Modifications	0.2	0.8
Subtotal Program Cost	30.3	143.0
<i>(See Note 4H for Component Breakdown)</i>		
Fees Received	274.1	329.4
Claim Expenses and Write-Offs	(12.2)	(15.7)
Interest Accumulation	66.5	35.1
Adjustments for Purchased Guaranteed Loans	(89.5)	(175.1)
Other	(79.4)	(1.9)
Ending Balance Before Re-estimate	1,438.7	1,540.9
Re-estimate	(70.8)	(292.0)

ENDING BALANCE OF THE ALLOWANCE ACCOUNT	\$1,367.9	\$1,248.9
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K. ADMINISTRATIVE EXPENSE

(in millions)	FY 2008	FY 2007
TOTAL ADMINISTRATIVE EXPENSE	\$72.5	\$69.2



L. ALLOWANCE AND EXPOSURE SUMMARY

(in millions)	FY 2008	FY 2007
PRE-CREDIT-REFORM ALLOWANCE		
Allowance for Loan Losses	\$391.8	\$597.7
Allowance for Defaulted Guarantees	200.3	230.3
Liability for Outstanding Loan Guarantees	8.2	13.2
Total Pre-Credit-Reform Allowance	600.3	841.2
CREDIT-REFORM ALLOWANCE		
Allowance for Loan Losses	801.2	856.8
Allowance for Defaulted Guarantees and Insurance	1,216.6	1,229.3
Liability for Outstanding Guarantees and Insurance	1,367.9	1,248.9
Liability Related to Undisbursed Loans, Guarantees and Insurance	94.2	130.6
Total Credit-Reform Allowance	3,479.9	3,465.6
Total Loan-Loss Allowance	1,193.0	1,454.5
Total Allowance for Guarantees, Insurance and Undisbursed Loans	2,887.2	2,852.3
TOTAL ALLOWANCE	\$4,080.2	\$4,306.8
Total Exposure	\$58,472.8	\$57,424.5
Percent Allowance to Exposure	7.0%	7.5%

5. RECEIVABLE FROM PROGRAM ACCOUNT

The Receivable from the Program Account of \$664.7 million in FY 2008 and \$609.5 million in FY 2007 represents program costs related to the undisbursed principal balance of loans, guarantees and insurance and the amount of the upward loss re-estimate. The receivable is fully offset by the Liability Related to Undisbursed Loans and Guarantees and the Payable to the Financing Account. These amounts are payable to and receivable from different Ex-Im Bank accounts at the U.S. Treasury and net to zero.

6. IMPAIRED ASSETS

Ex-Im Bank generally considers a credit impaired if it meets one or more of the following: (1) delinquent loans, guaranteed loans and claims with an amount of \$50,000 or more past due at least 90 days, (2) rescheduled loans, guaranteed loans and rescheduled claims, or (3) nondelinquent loans, guaranteed loans and claims above a certain risk rating. As of September 30, 2008, and September 30, 2007, Ex-Im Bank had \$3,428.7 million and \$3,607.8 million of total impaired assets, respectively.

7. NONACCRUAL OF INTEREST

The weighted-average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2008, was 4.24 percent (5.53 percent on performing loans and rescheduled claims). The weighted-average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2007, was 4.94 percent (6.28 percent on performing loans and rescheduled claims). Interest income is recognized when collected on nonrescheduled claims.

Generally, the accrual of interest on loans and rescheduled claims is discontinued when the credit is delinquent for 90 days. Ex-Im Bank had a total of \$693.3 million and \$462.1 million of loans and rescheduled claims, respectively, in nonaccrual status at September 30, 2008. Ex-Im Bank had \$740.9 million and \$490.6 million of loans and rescheduled claims, respectively, in nonaccrual status at September 30, 2007. Had these credits been in accrual status, interest income would have been \$63.5 million higher in FY 2008 (amount is net of interest received of \$26.9 million), and \$24.6 million higher in FY 2007 (amount is net of interest received of \$48.8 million).

8. STATUTORY LIMITATIONS ON LENDING AUTHORITY

Under provisions of the Export-Import Bank Act, as amended in FY 2006, Ex-Im Bank's statutory authority currently is limited to \$100.0 billion of loans, guarantees and insurance outstanding at any one time. At September 30, 2008, and September 30, 2007, Ex-Im Bank's statutory authority used was as follows:

(in millions)	FY 2008	FY 2007
Outstanding Loans	\$4,174.6	\$4,933.7
Undisbursed Loans	371.4	32.1
Outstanding Claims	2,145.7	2,238.6
Guarantees	45,417.0	44,039.7
Insurance	6,364.1	6,180.4
TOTAL	\$58,472.8	\$57,424.5

Transactions can be committed only to the extent that budget authority is available to cover such costs. For FY 2008 and 2007, Congress placed no limit on the total amount of loans, guarantees and insurance that could be committed in those years, provided that the statutory authority established by the Export-Import Bank Act was not exceeded.

During FY 2008, Ex-Im Bank committed \$356.0 million for direct loans, \$14,042.9 million for guarantees and insurance, using \$25.4 million of budget authority. During FY 2007, Ex-Im Bank did not make any commitments for direct loans but committed \$12,569.4 million for guarantees and insurance, using \$51.7 million of budget authority.

9. CONCENTRATION OF RISK

Ex-Im Bank support is available to U.S. businesses exporting to countries around the world. The Bank's portfolio is concentrated more heavily in some regions, industries and obligors than others. In reviewing each transaction, Ex-Im Bank considers the option of using various credit enhancements to support its standard for a reasonable assurance of repayment. Various types of collateral, including liens on commercial aircraft, may or may not be appropriate or available in support of a credit.

The recent volatility in commodity prices, the fluctuation in currency exchange rates, and the tightening of credits markets may have an impact on borrowers' ability to service their obligations. Ex-Im Bank is closely monitoring the portfolio and will make appropriate rating adjustments and loss reserve adjustments as necessary.

The following tables summarize Ex-Im Bank's total exposure by geographic region as of September 30, 2008, and September 30, 2007.

Total Exposure

2008 (in millions)	Amount	Percentage
Region		
Asia	\$23,925.6	40.9%
Latin America and Caribbean	13,618.1	23.3%
Europe	6,447.1	11.0%
North America	5,152.2	8.8%
Africa	4,011.0	6.9%
Oceania	1,135.0	1.9%
All Other	4,183.8	7.2%
TOTAL	\$58,472.8	100.0%

2007 (in millions)	Amount	Percentage
Region		
Asia	\$24,009.0	41.8%
Latin America and Caribbean	13,226.5	23.0%
Europe	6,173.9	10.8%
North America	4,841.1	8.4%
Africa	3,819.9	6.7%
Oceania	1,377.0	2.4%
All Other	3,977.1	6.9%
TOTAL	\$57,424.5	100.0%

The following tables summarize Ex-Im Bank's total exposure by industry as of September 30, 2008, and September 30, 2007.

2008 (in millions)	Amount	Percentage
Industry		
Air Transportation	\$27,671.2	47.3%
Oil and Gas	7,482.6	12.8%
Manufacturing	4,915.9	8.4%
Power Projects	3,830.1	6.6%
All Other	14,573.0	24.9%
TOTAL	\$58,472.8	100.0%

2007 (in millions)	Amount	Percentage
Industry		
Air Transportation	\$25,551.5	44.5%
Oil and Gas	7,084.7	12.3%
Manufacturing	4,405.3	7.7%
Power Projects	4,085.0	7.1%
All Other	16,298.0	28.4%
TOTAL	\$57,424.5	100.0%



At September 30, 2008, and September 30, 2007, Ex-Im Bank's five largest (public and private) obligors made up 20.6 percent and 19.4 percent of the credit portfolio, respectively.

2008 (in millions)	Amount	Percentage
Obligor		
Pemex	\$4,722.3	8.1%
Ryanair Ltd.	2,780.0	4.8%
Various Government Entities of India	1,661.4	2.8%
Emirates Airlines	1,519.5	2.6%
WestJet Airlines	1,323.9	2.3%
All Other	46,465.7	79.4%
TOTAL	\$58,472.8	100.0%

2007 (in millions)	Amount	Percentage
Obligor		
Pemex	\$4,538.4	7.9%
Ryanair	2,335.5	4.1%
Korean Air Lines	1,527.5	2.7%
WestJet Airlines	1,411.4	2.5%
Jet Airways (India)	1,272.4	2.2%
All Other	46,339.3	80.6%
TOTAL	\$57,424.5	100.0%

The largest exposures by program by country are as follows as of September 30, 2008, and September 30, 2007:

Loans Outstanding:

2008 (in millions)	Amount	Percentage
Country		
Brazil	\$1,178.7	28.2%
Indonesia	1,021.3	24.5%
China	661.7	15.9%
Ghana	344.2	8.3%
All Other	968.7	23.1%
TOTAL	\$4,174.6	100.0%

2007 (in millions)	Amount	Percentage
Country		
Brazil	\$1,345.2	27.3%
Indonesia	1,232.0	25.0%
China	775.1	15.7%
Argentina	294.3	6.0%
All Other	1,287.1	26.0%
TOTAL	\$4,933.7	100.0%

Subrogated Claims:

2008 (in millions)	Amount	Percentage
Country		
Indonesia	\$445.9	20.8%
Mexico	408.0	19.0%
Serbia	135.5	6.3%
Philippines	109.4	5.1%
All Other	1,046.9	48.8%
TOTAL	\$2,145.7	100.0%

2007 (in millions)	Amount	Percentage
Country		
Indonesia	\$482.8	21.6%
Mexico	407.9	18.2%
Serbia	139.6	6.2%
Ukraine	123.5	5.5%
All Other	1,084.8	48.5%
TOTAL	\$2,238.6	100.0%

Guarantees, Insurance and Undisbursed Loans:

2008 (in millions)	Amount	Percentage
Country		
Mexico	\$6,818.1	13.1%
India	3,840.4	7.4%
Ireland	2,785.5	5.3%
Canada	2,435.6	4.7%
All Other	36,272.9	69.5%
TOTAL	\$52,152.5	100.0%

2007 (in millions)	Amount	Percentage
Country		
Mexico	\$6,956.8	13.8%
India	3,414.3	6.8%
Republic of Korea	2,663.7	5.3%
Ireland	2,342.4	4.7%
All Other	34,875.0	69.4%
TOTAL	\$50,252.2	100.0%

10. OTHER ASSETS

(in millions)	FY 2008	FY 2007
Commitment Fee Receivables	\$3.5	\$3.6
Other	1.9	2.0
TOTAL OTHER ASSETS	\$5.4	\$5.6

Commitment fees are charged on the undisbursed, unexpired balance of loans and certain guarantees. The Other category includes miscellaneous accounts receivable.

II. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources are included in Other Liabilities on the Balance Sheet as follows:

(in millions)	FY 2008	FY 2007
Accrued Unfunded Annual Leave	\$3.0	\$2.9

Ex-Im Bank's liability to employees for accrued annual leave, included in other liabilities, was \$3.0 million and \$2.9 million as of September 30, 2008, and September 30, 2007, respectively. The liability will be paid from future administrative expense budget authority.

12. DEBT

Ex-Im Bank's outstanding borrowings come from two sources: direct borrowing from the U.S. Treasury, and the assumption of repayment obligations of defaulted guarantees under Ex-Im Bank's guarantee program via payment certificates.

Ex-Im Bank's total debt at September 30, 2008, and September 30, 2007, is as follows:

(in millions)	FY 2008	FY 2007
U.S. TREASURY DEBT		
Beginning Balance	\$4,364.2	\$4,910.7
New Borrowings	664.9	59.0
Repayments	(2,100.0)	(605.5)
Ending Balance	\$2,929.1	\$4,364.2

DEBT HELD BY THE PUBLIC

Beginning Balance	\$140.7	\$195.3
New Borrowings	9.4	6.2
Repayments	(46.0)	(60.8)
Ending Balance	\$104.1	\$140.7
TOTAL DEBT	\$3,033.2	\$4,504.9

Ex-Im Bank had \$2,929.1 million of borrowings outstanding with the U.S. Treasury at September 30, 2008, and \$4,364.2 million at September 30, 2007, with a weighted-average interest rate of 6.46 percent at September 30, 2008, and 6.60 percent at September 30, 2007.

U.S. Treasury borrowings are repaid primarily with the repayments of medium-term and long-term loans. To the extent repayments on the underlying loans, combined with commitment and exposure fees and interest earnings received on the loans, are not sufficient to repay the borrowings, appropriated funds are available to Ex-Im Bank through the re-estimation process for this purpose. Accordingly, U.S. Treasury borrowings do not have a set repayment schedule; however, the full amount of the borrowings is expected to be repaid by FY 2032.

Payment certificates are issued by Ex-Im Bank in exchange for the foreign obligor's original note that was guaranteed by Ex-Im Bank on which Ex-Im Bank has paid a claim and carries the same repayment term and interest rate as the foreign obligor's note. Payment certificates are backed by the full faith and credit of the U.S. government and are freely transferable.

Outstanding payment certificates at September 30, 2008, and September 30, 2007, were \$104.1 million, and \$140.7 million, respectively. Maturities of payment certificates at September 30, 2008, follow:

(in millions) Fiscal Year	Amount
2009	26.0
2010	14.4
2011	12.6
2012	10.6
Thereafter	40.5
TOTAL	\$104.1

The weighted-average interest rate on Ex-Im Bank's outstanding payment certificates at September 30, 2008, and September 30, 2007, was 4.50 percent and 4.84 percent, respectively.

13. OTHER LIABILITIES

(in millions)	FY 2008	FY 2007
Funds Held Pending Application	\$28.4	\$23.7
Administrative Expenses Payable	7.1	7.2
Deferred Revenue	64.9	-
Miscellaneous Accrued Payables	1.8	2.3
TOTAL OTHER LIABILITIES	\$102.2	\$33.2

Of the \$64.9 million in deferred revenue, \$44.8 million represents program revenue available for use to cover program



costs in FY 2009 through FY 2011; \$20.1 million is the balance of obligated FY 2008 administrative expenses covered by program revenue that has not yet disbursed.

14. LEASES

Ex-Im Bank's headquarters office space is leased from the General Services Administration (GSA) through the Public Buildings Fund. Lease expenses, included in administrative expenses, were \$4.9 million and \$5.2 million in FY 2008 and FY 2007, respectively. The lease expires on December 31, 2009, at which time it will be renegotiated. Future lease payments through the expiry of the lease are expected to remain unchanged except for increases in operating costs, which are estimated to be \$25,000 per year.

15. COMMITMENTS AND CONTINGENCIES

Pending Litigation

As of the end of September 30, 2008, Ex-Im Bank was named in several legal actions, virtually all of which involved claims under the guarantee and insurance programs. It is not possible to predict the eventual outcome of the various actions; however, it is management's opinion that these claims will not result in liabilities to such an extent that they would materially affect the financial position or results of operations of Ex-Im Bank.

Project Finance

In project-finance transactions, Ex-Im Bank's support during the construction period is generally in the form of a direct credit or comprehensive guarantee to the commercial lender. At the end of the construction period, the borrower in some cases has the opportunity to convert the commercial guaranteed financing to an Ex-Im Bank direct loan. As of September 30, 2008, Ex-Im Bank had \$611.3 million of such contingent loan commitments outstanding.

16. DISCLOSURES RELATED TO THE STATEMENTS OF NET COSTS

Ex-Im Bank's Statements of Net Costs lists the costs and revenues associated with each of the Bank's lines of business, namely the loan, guarantee and insurance programs. The intragovernmental and public costs and revenues associated with each program, and administrative expenses, are disclosed on p. 68. Ex-Im Bank does not allocate administrative expenses by program.

Intragovernmental costs include interest expense paid to the U.S. Treasury related to borrowings associated with

the funding of credit-reform direct loans and administrative costs paid to other government agencies. Intragovernmental costs were \$255.9 million in FY 2008 and \$312.0 million in FY 2007. Intragovernmental revenues represent interest from the U.S. Treasury on cash balances in the credit-reform financing accounts. Intragovernmental revenue was \$92.1 million in FY 2008 and \$97.5 million in FY 2007.

Ex-Im Bank public costs represent costs that the Bank incurs to support the business programs. These costs are comprised primarily of the provision for loss on the loan and guarantee portfolio, and administrative expenses paid to the public. Ex-Im Bank public revenue represents income items that are generated as a result of operating the loan, guarantee and insurance programs. This revenue primarily relates to the fee and interest income on the outstanding credits. Ex-Im Bank net public costs totaled \$255.1 million in FY 2008 and \$350.8 million in FY 2007. Public revenue totaled \$733.1 million in FY 2008 and \$896.1 million in FY 2007.

17. DISCLOSURES RELATED TO THE COMBINED STATEMENT OF BUDGETARY RESOURCES

Ex-Im Bank's Combined Statements of Budgetary Resources disclose total budgetary resources available to the Bank and the status of such resources at September 30, 2008, and September 30, 2007. Activity impacting budget totals of the overall U.S. government budget is recorded in Ex-Im Bank's Combined Statements of Budgetary Resources budgetary accounts. Activity that does not impact budget totals is recorded in Ex-Im Bank's Combined Statements of Budgetary Resources nonbudgetary accounts. As of September 30, 2008, the Bank's resources in budgetary accounts totaled \$1,166.3 million and \$961.9 million in FY 2007. The Bank's resources in nonbudgetary accounts totaled \$2,623.9 million as of September 30, 2008, and \$3,921.1 million in FY 2007.

Adjustments to Beginning Balance of Budgetary Resources

Ex-Im Bank made no adjustments to the beginning budgetary resources during the periods ended September 30, 2008, and September 30, 2007.

Apportionment Categories of Obligations Incurred

Ex-Im Bank funds are apportioned in Category B, which restricts the use of funds by program. The amount of Category B apportionments that were obligated in FY 2008 and FY 2007 totaled \$2,324.5 million and \$2,390.4 million, respectively.

Public Costs and Public Revenue

(in millions)	Loans	Guarantees	Insurance	Administrative Expenses	Total
FOR THE YEAR ENDED SEPTEMBER 30, 2008					
Intragovernmental Costs	\$250.8	\$-	\$-	\$5.1	\$255.9
Public Costs	(159.7)	335.8	11.6	67.4	255.1
Total Costs	91.1	335.8	11.6	72.5	511.0
Intragovernmental Revenue	(50.3)	(40.3)	(1.5)	-	(92.1)
Public Revenue	(372.6)	(329.3)	(31.2)	-	(733.1)
Total Revenue	(422.9)	(369.6)	(32.7)	-	(825.2)
Distribution of Income					109.7
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS					\$(204.5)

(in millions)	Loans	Guarantees	Insurance	Administrative Expenses	Total
FOR THE YEAR ENDED SEPTEMBER 30, 2007					
Intragovernmental Costs	\$306.4	\$-	\$-	\$5.6	\$312.0
Public Costs	69.4	94.0	123.8	63.6	350.8
Total Costs	375.8	94.0	123.8	69.2	662.8
Intragovernmental Revenue	(62.0)	(35.5)	-	-	(97.5)
Public Revenue	(494.5)	(371.6)	(30.0)	-	(896.1)
Total Revenue	(556.5)	(407.1)	(30.0)	-	(993.6)
Distribution of Income					130.5
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS					\$(200.3)

Permanent Indefinite Appropriations

The FCRA requires an annual re-estimate of the credit loss allowance. In the event that there is an increase in estimated defaults, there is permanent and indefinite budget authority available for this purpose. In FY 2008, the Bank received \$486.6 million of permanent indefinite appropriations as a result of the FY 2007 re-estimate. In FY 2007, the Bank received \$241.2 million of permanent indefinite appropriations as a result of the FY 2006 re-estimate.

Available Borrowing Authority and Terms of Borrowing

Ex-Im Bank in part relies on borrowings from the U.S. Treasury to help fund the Bank's loan program. U.S. Treasury borrowings are repaid primarily with the repayments of medium-term and long-term loans. To the extent repayments on the underlying

loans, combined with commitment and exposure fees and interest earnings received on the loans, are not sufficient to repay the borrowings, permanent and indefinite appropriated funds are available to Ex-Im Bank through the re-estimation process for this purpose. Accordingly, U.S. Treasury borrowings do not have a set repayment schedule; however, the full amount of the borrowings is expected to be repaid by FY 2032.

For FY 2008 and FY 2007, Ex-Im Bank had \$664.8 million and \$59.0 million in new borrowings with the U.S. Treasury, respectively.

Unobligated Balances

Unobligated balances at the end of September 30, 2008, and at the end of FY 2007 totaled \$1,465.7 million and \$2,492.6 million, respectively. Of the \$1,465.7 million, \$68.3 million is available



until September 30, 2009; \$27.4 million is available until September 30, 2010; \$45.3 million is available until September 30, 2011; and \$202.7 million is available until expended and may be used for tied aid. Of the remaining balance of \$1,122.0 million, \$854.8 million represents the amount in the guarantee and insurance financing account that is available to cover future defaults, \$151.6 million represents the amount in the loan financing account that is available for future loan disbursements and to repay U.S. Treasury borrowings, and \$115.6 million that is unavailable for new obligations.

Differences Between Combined Statements of Budgetary Resources and Budget of U.S. Government

There are no differences between the budgetary resources listed on Ex-Im Bank's statements and the budgetary resources found in the budget of the U.S. government.

18. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The schedule on p. 71 reconciles the Net Cost of Operations to the Bank's budgetary and financial accounting. The reconciliation illustrates the relationship between net obligations derived from Ex-Im Bank's budgetary accounts and the net cost of operations derived from Ex-Im Bank's proprietary accounts by identifying and explaining key differences between the two numbers.

19. RELATED-PARTY TRANSACTIONS

The financial statements reflect the results of contractual agreements with the Private Export Funding Corporation (PEFCO). PEFCO, which is owned by a consortium of private-sector banks, industrial companies and financial services institutions, makes medium-term and long-term fixed-rate and variable-rate loans to foreign borrowers to purchase U.S. made equipment when such loans are not available from traditional private-sector lenders on competitive terms. Ex-Im Bank's credit and guarantee agreement with PEFCO extends through December 31, 2020. Through its contractual agreements with PEFCO, Ex-Im Bank exercises a broad measure of supervision over PEFCO's major financial management decisions, including approval of both the terms of individual loan commitments and the terms of PEFCO's long-term debt issues, and is entitled to representation at all meetings of PEFCO's board of directors, advisory board and exporters' council.

PEFCO has agreements with Ex-Im Bank which provide that Ex-Im Bank will (1) guarantee the due and punctual

payment of principal and interest on export loans made by PEFCO and (2) guarantee the due and punctual payment of interest on PEFCO's long-term secured-debt obligations when requested by PEFCO. Such guarantees, aggregating \$4,735.3 million at September 30, 2008 (\$4,091.4 million related to export loans and \$643.9 million related to secured-debt obligations) and \$4,887.7 million at September 30, 2007 (\$4,177.3 million related to export loans and \$710.4 million related to secured-debt obligations), are included by Ex-Im Bank in the total for guarantee, insurance and undisbursed loans and the allowance related to these transactions is included in the Guaranteed Loan Liability on the Balance Sheets. Ex-Im Bank received fees totaling \$35.9 million in FY 2008 (\$35.7 million related to export loans and \$0.2 million related to secured-debt obligations) and \$33.0 million in FY 2007 (\$32.8 million related to export loans and \$0.2 million related to secured-debt obligations) for the agreements, which are included in fee revenue on the Statements of Net Costs.

Ex-Im Bank has significant transactions with the U.S. Treasury. The U.S. Treasury, although not exercising control over Ex-Im Bank, holds the capital stock of Ex-Im Bank creating a related-party relationship between Ex-Im Bank and the U.S. Treasury.

20. CONTRIBUTIONS TO EMPLOYEE RETIREMENT SYSTEMS

All of Ex-Im Bank's employees are covered by either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS).

In FY 2008, Ex-Im Bank withheld 7.0 percent of CSRS employees' gross earnings. Ex-Im Bank's contribution was 7.0 percent of employees' gross earnings. This sum was transferred to the CSRS fund from which this employee group will receive retirement benefits.

For FERS, Ex-Im Bank withheld 0.8 percent of employees' gross earnings. Ex-Im Bank's contribution was 11.2 percent of employees' gross earnings. This sum was transferred to the FERS fund from which the employee group will receive retirement benefits. An additional 6.2 percent of gross earnings is withheld up to the 2008 limit of \$102,000; that sum plus matching contributions by Ex-Im Bank are sent to the Social Security System from which the FERS employee group will receive Social Security benefits.

FERS and CSRS employees may elect to participate in the Thrift Savings Plan (TSP). CSRS and FERS employees may contribute up to \$15,500 of gross earnings. In addition,

FERS employees receive an automatic 1 percent contribution from Ex-Im Bank. Amounts withheld for FERS employees are matched by Ex-Im Bank up to 4 percent for a maximum Ex-Im Bank contribution to the TSP of 5 percent.

Total Ex-Im Bank (employer) matching contributions to the TSP, CSRS and FERS for all employees, included in administrative expenses, were approximately \$5.0 million in FY 2008 and 4.8 million in FY 2007. Although Ex-Im Bank funds a portion of pension benefits under the CSRS and FERS relating to its employees and makes the necessary payroll withholdings for them, it has no liability for future payments to employees under these programs and does not account for the assets of the CSRS and FERS, nor does it have actuarial data with respect to accumulated plan benefits or the unfunded pension liability relative to its employees. These amounts are reported by the Office of Personnel Management (OPM) for the Retirement Systems and are not allocated to the individual employers. OPM also accounts for the health and life insurance programs for current and retired civilian federal employees. Similar to the accounting treatment afforded the retirement programs, the actuarial data related to the health and life insurance programs is maintained by OPM and is not available on an individual-employer basis.



(in millions) For the Year Ended September 30, 2008 For the Year Ended September 30, 2007

RESOURCES USED TO FINANCE ACTIVITIES

Budgetary Resources Obligated		
Obligations Incurred	\$2,324.5	\$2,390.4
Less: Spending Authority from Offsetting Collections and Recoveries	2,432.1	2,381.2
Net Obligations	(107.6)	9.2
Total Resources Used To Finance Activities	\$(107.6)	\$9.2

RESOURCES USED TO FINANCE ITEMS NOT PART OF NET COST OF OPERATIONS

Change in Budgetary Resources Obligated for Goods, Services and Benefits		
Ordered But Not Yet Provided	\$(31.8)	\$201.1
Resources That Fund Expenses in Prior Periods	(479.0)	(241.3)
Budgetary Offsetting Collections and Receipts That Do Not Affect		
Net Cost of Operations		
Credit-Program Collections	1,596.6	1,341.7
Resources That Finance the Acquisition of Assets	(1,380.9)	(1,732.4)
Distribution of Income	109.7	130.5
Total Resources That Do Not Finance Net Cost of Operations	(185.4)	(300.4)
Total Resources Used To Finance the Net Cost of Operations	\$(293.0)	\$(291.2)

COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD

Components Requiring or Generating Resources in Future Periods		
Increase in Other Liabilities	\$0.5	\$0.3
Allowance Amortization	444.9	547.3
Provision for Loss--Pre-Credit-Reform Credits	(141.2)	(18.2)
Downward Re-estimate of Credit Losses	(759.6)	(893.2)
Upward Re-estimate of Credit Losses	570.5	479.0
Change in Receivables	13.3	(9.6)
Change in Payables	(2.0)	(1.3)
Total Components Requiring or Generating Resources in Future Periods	126.4	104.3
Components Not Requiring or Generating Resources		
Revaluation of Assets or Liabilities	-	3.9
Deferral Adjustments	(37.9)	(17.3)
Total Components Not Requiring or Generating Resources	(37.9)	(13.4)
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	\$89.7	\$90.9
NET COST OF OPERATIONS	\$(204.5)	\$(200.3)

Independent Auditors' Report

TO THE AUDIT COMMITTEE, THE BOARD OF DIRECTORS AND THE INSPECTOR GENERAL OF THE EXPORT-IMPORT BANK OF THE UNITED STATES:

We have audited the accompanying balance sheets of the Export-Import Bank of the United States ("Ex-Im Bank") as of September 30, 2008 and 2007, and the related statements of net cost and changes in net position, and the combined statements of budgetary resources (collectively referred to as the "financial statements") for the years then ended. These financial statements are the responsibility of Ex-Im Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in U.S. *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget ("OMB") Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ex-Im Bank's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ex-Im Bank as of September 30, 2008 and 2007, and its net cost of operations and

changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information included in the sections entitled "Management's Discussion and Analysis" and "Required Supplementary Information" are not required parts of the basic financial statements but is supplementary information required by OMB Circular A-136, *Financial Reporting Requirements*, as amended, and the Federal Accounting Standards Advisory Board. This supplementary information is the responsibility of the Ex-Im Bank's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information, and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2008, on our consideration of Ex-Im Bank's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Deloitte & Touche LLP

McLean, VA
November 12, 2008



Independent Auditors' Report On Internal Control Over Financial Reporting And Compliance And Other Matters Based Upon The Audit Performed In Accordance With *Government Auditing Standards*

TO THE AUDIT COMMITTEE, THE BOARD OF DIRECTORS AND THE INSPECTOR GENERAL OF THE EXPORT-IMPORT BANK OF THE UNITED STATES:

We have audited the financial statements of the Export-Import Bank of the United States ("Ex-Im Bank") as of and for the year ended September 30, 2008, and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget ("OMB") Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ex-Im Bank's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. Under standards issued by the American Institute of Certified Public Accountants, significant deficiencies are deficiencies in internal control, or a combination of deficiencies, that adversely affect Ex-Im Bank's ability to initiate, authorize, record, process or report financial data reliably and in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the financial statements being audited that is more than inconsequential will not be prevented or detected. Material weaknesses are significant deficiencies, or a combination of significant deficiencies, that

result in a more than remote likelihood that material misstatements in relation to the financial statements being audited will not be prevented or detected. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over financial reporting that will be reported to Ex-Im Bank in a separate letter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ex-Im Bank's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 07-04. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 07-04.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, Inspector General and management of Ex-Im Bank, the Office of Management and Budget, the Government Accountability Office, and the United States Congress and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP
Mc Lean, VA
November 12, 2008

Notes

Directors and Officers



DECEMBER 2008

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Office of the Chief Financial Officer
Office of Communications

DESIGN

Jamie Harvey
Creative Services Division
U.S. Government Printing Office

PRINTING

S&S Graphics Inc.



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