



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)