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

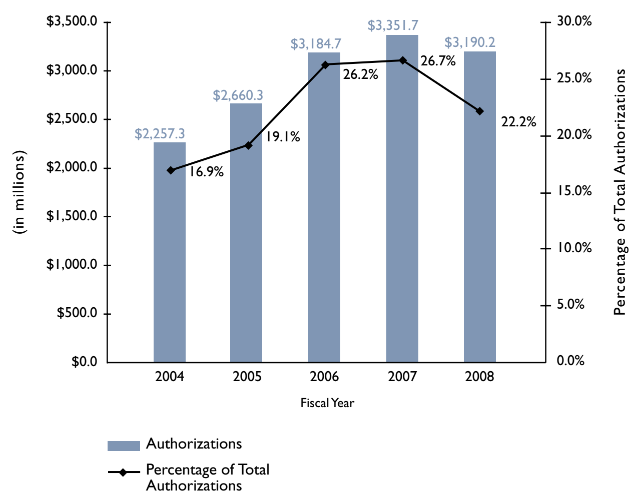


Exhibit 2 shows the total dollar amount of authorizations for small-business exports for each year since FY 2004, together with the percentage of small-business authorizations to total authorizations for that fiscal year.

IV. EFFECTIVENESS AND EFFICIENCY

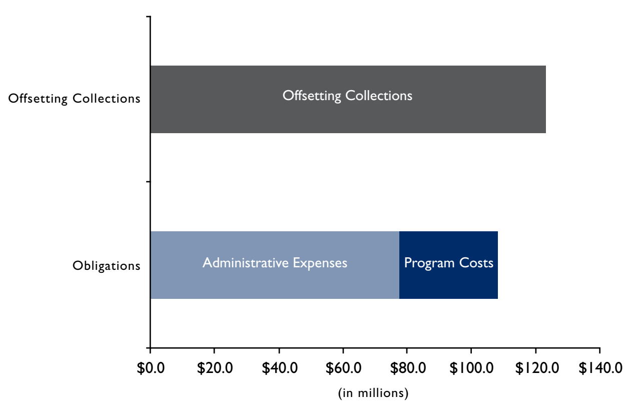
Ex-Im Bank uses various measures to assess the relative efficiency and effectiveness of the Bank's programs. As an overall measure, the Bank's annual *Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States* (competitiveness report) compares the Bank's 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.

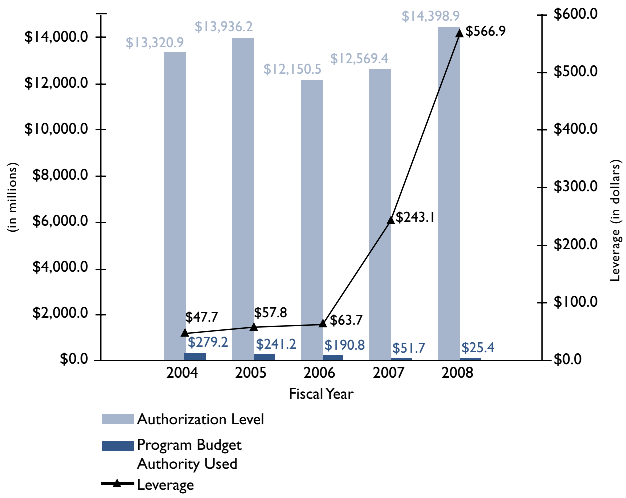
For every dollar of budget authority used for program and administrative expenses in FY 2008, Ex-Im Bank facilitated an estimated $189.5 of U.S. exports. This multiple compares to $128.8 of U.S. exports in FY 2007.

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
Oceana	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%
Oceana	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

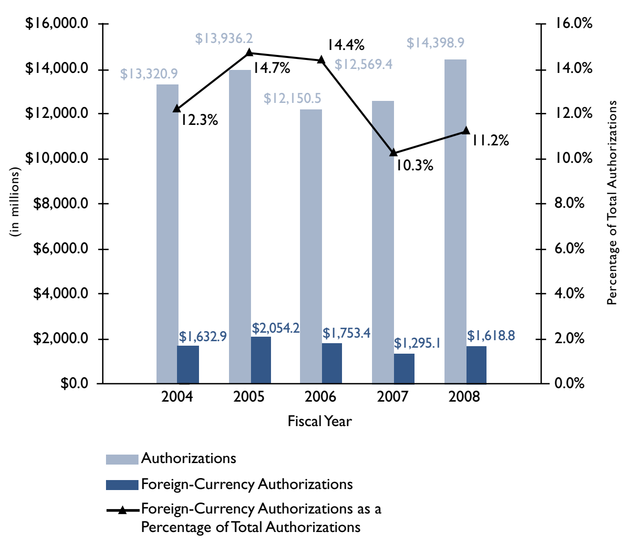


EXHIBIT 10: U.S. DOLLAR VALUE OF OUTSTANDING FOREIGN-CURRENCY EXPOSURE AS OF SEPTEMBER 30, 2008

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**
Loss Reserve as Percentage of Total Exposure	***7.0%***	***7.5%***

EXHIBIT 12: PARIS CLUB BILATERAL AGREEMENTS

	FY 2008		FY 2007	
(in thousands)	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

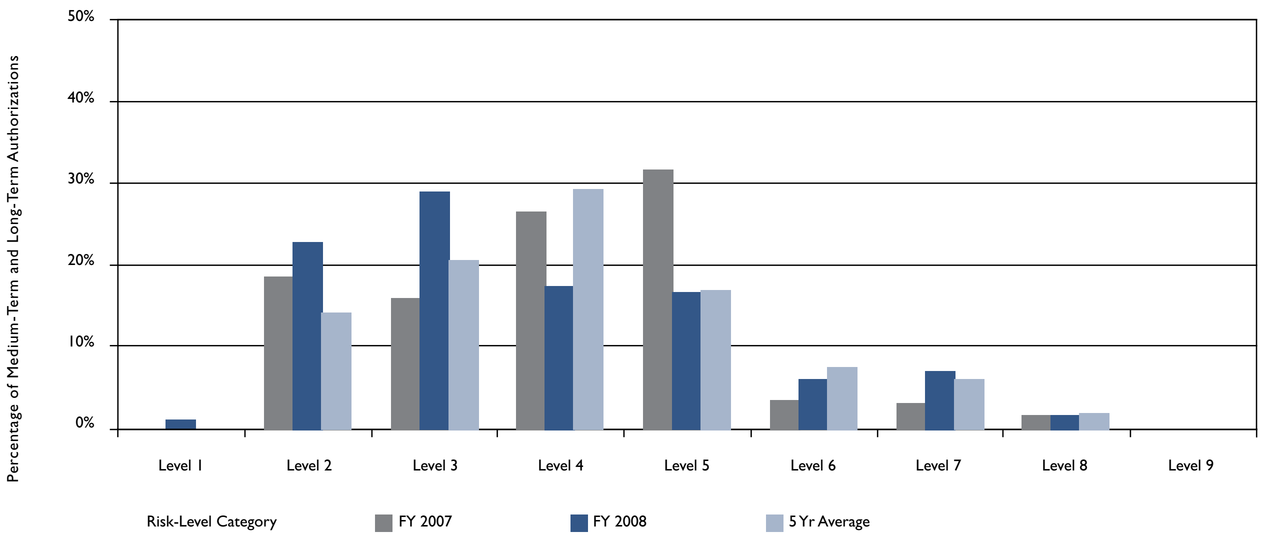
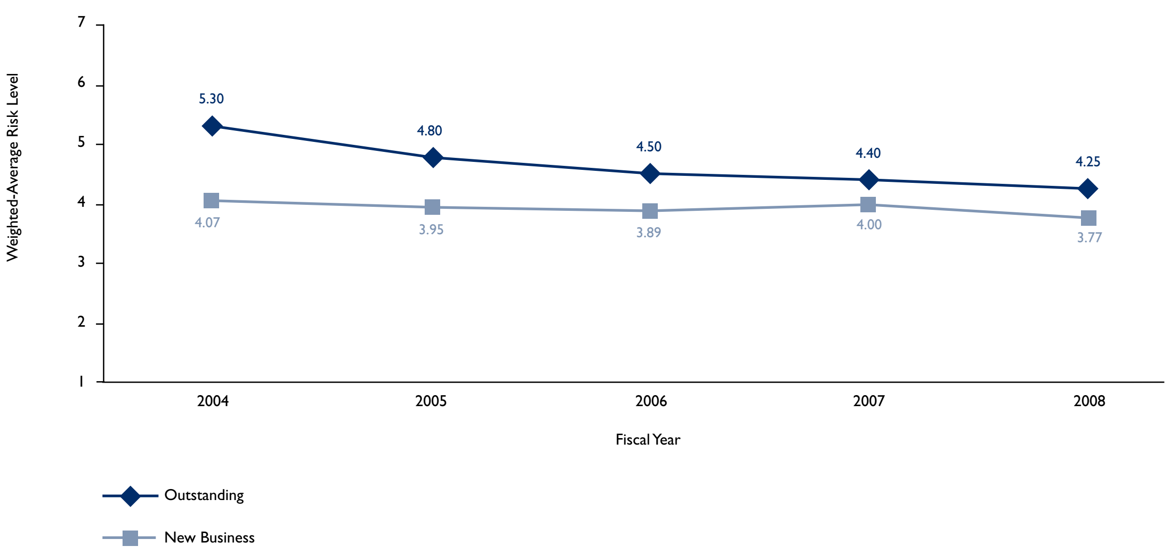


EXHIBIT 14: CREDIT-QUALITY RISK PROFILE



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	94.2	130.6
Payable to the Financing Account	570.5	478.9
Payment Certificates	104.1	140.7
Other Liabilities	102.2	33.2
Unexpended Appropriations	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.

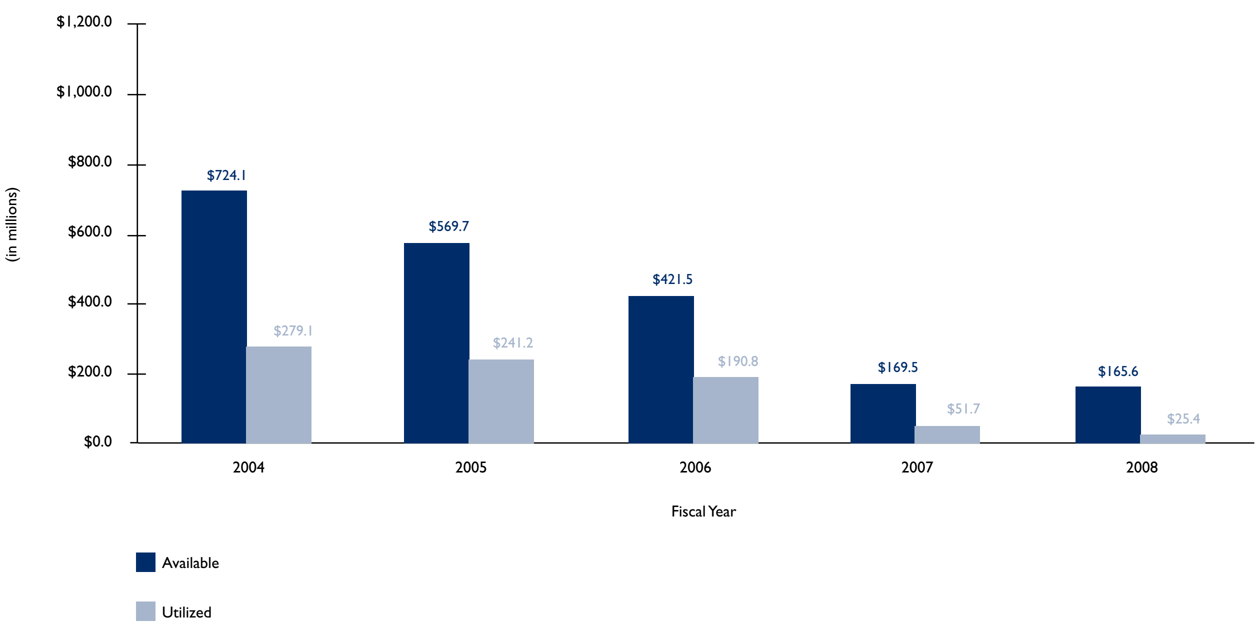
EXHIBIT 16: FINANCIAL STATUTORY LIMITATIONS

(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)**