ANNUAL REPORT 2007

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

Ex-Im Bank assumes the credit and country risks that the private sector is unable or unwilling to accept. Ex-Im Bank also helps U.S. exporters remain competitive by countering the export financing provided by foreign governments on behalf of foreign companies. More than 80 percent of Ex-Im Bank's transactions in recent years have been made available for the direct benefit of U.S. small businesses.

Chairman's Message

Exports drive economic growth here at home while building relationships abroad. For the past 73 years, the Export-Import Bank of the United States (Ex-Im Bank) has helped America's exporters expand their horizons to include new market opportunities, and the end result is more and better U.S. jobs. As the need for American goods and services grows around the world, we at Ex-Im Bank will continue to assist U.S. exporters in broadening their global reach.

In fiscal year (FY) 2007, Ex-Im Bank approved 2,793 financings supporting exports worth over $16 billion to nearly 70 countries. But the numbers tell only half the story. In the following pages, you will find several real-life examples that illustrate Ex-Im Bank's results for exporters and their employees.

We are proud of the positive difference we make by assisting exporters, but we are also focused on the interests of our shareholders, the U.S. taxpayers. Prudent stewardship of resources ensures consistent benefits for the general public we ultimately serve. As in past years, our financing bolstered the competitiveness of America's exporting firms while our operations returned substantial funds to the U.S. Treasury.

We take this fiduciary responsibility seriously. I've witnessed significant improvements in Ex-Im Bank's efficiency and effectiveness since I first arrived here six years ago. For every taxpayer dollar used in FY 2007, Ex-Im Bank provided financing in support of an estimated $129 of U.S. exports, an increase of several times over FY 2002. For each full-time employee, Ex-Im Bank supported an estimated $44 million of U.S. exports in FY 2007, an increase of 35 percent over FY 2002.

In recognition of our solid performance, Congress passed and the president signed a law reauthorizing Ex-Im Bank for another five years. It is a great testament to the mission and dedicated people of this institution that both the House and Senate gave their unanimous consent to this legislation. Armed with this renewed charter, we at Ex-Im Bank will work hard to ensure we are responsive to our customers.

Our Customers

We will continue to focus on smaller exporters, as no transaction is too small for us to consider. Our improved small-business outreach efforts focus on the firms that form the backbone of our economy. We completed 2,390 transactions authorizing nearly $3.4 billion in financing for the direct benefit of small business in FY 2007. This represents steady, year-on-year growth in our small-business portfolio with this year's authorizations nearly twice those of FY 2002. And we take additional pride in the number of small and medium-sized enterprises that benefit indirectly from our programs as suppliers to larger exporters.

Ex-Im Bank Board of Directors, FY 2007
Left: Diane Farrell, board member; J. Joseph Grandmaison, board member; James H. Lambright, chairman and president; Linda Mysliwy Conlin, vice chairman and first vice president; Bijan R. Kian, board member

Ex-Im Online continues to yield results by expediting the processing of applications, enhancing transparency and cutting down on unnecessary paperwork. We are looking for additional opportunities to make changes to our operations that will result in an improved experience for all of our customers.

Looking Ahead

I am optimistic about the opportunities that lie ahead for the Bank in the coming year. As more countries join free trade agreements with the United States, we hope to expand further into these markets. In this dynamic economic environment, demand for American products and expertise remains strong.

Transportation infrastructure development in emerging markets, for example, is just one of the key growth areas on which we are focusing our efforts to ensure U.S. firms have the financial tools needed for success. Although each transaction is important in its own right, each new road, airport or port that is built in these countries expands the global trade infrastructure, allowing greater access for U.S. exporters. Boosting trade in this way brings even more benefit to our economy.

As we continue to meet market demand, Ex-Im Bank will stay true to its mission of supporting American jobs in an era of increasing globalization.

Sincerely,

James H. Lambright
Chairman and President

Fiscal Year 2007 at a Glance

Total Financing

- Ex-Im Bank approved 2,793 authorizations in support of U.S. export sales in FY 2007.
- In FY 2007, Ex-Im Bank authorized $12.6 billion in loans, guarantees and export-credit insurance, which will support an estimated $16.0 billion of U.S. exports to markets worldwide.

Small-Business Support

- Ex-Im Bank authorized $3.4 billion (26.7 percent of total authorizations) in direct support of U.S. small businesses as primary exporters in FY 2007.
- Ex-Im Bank approved 2,390 transactions that were made available for the direct benefit of small-business exporters. These transactions represent 85.6 percent of the total number of transactions in FY 2007.
- In FY 2007, 369 small businesses used Ex-Im Bank programs for the first time.
- In FY 2007, Ex-Im Bank approved financing in amounts under $500,000 for 988 small-business transactions.
- Ex-Im Bank estimates the export value of additional small-business content supported indirectly through long-term transactions where small businesses serve as suppliers to larger primary exporters. The Bank estimated that the total value of its indirect support for this small-business content through its long-term loans and guarantees in FY 2007 was nearly $850 million out of a total estimated export value of $7.7 billion—11.0 percent of the total estimated export value associated with the Bank's long-term financing.

Minority-Owned and Woman-Owned Business Support

- In FY 2007, Ex-Im Bank authorized $524.6 million to support exports by U.S. businesses identified as minority-owned and woman-owned.
- More than $270 million of this amount was authorized in working capital guarantees for these companies, representing 21.5 percent of total working capital authorizations.

Sub-Saharan Africa Support

- Ex-Im Bank authorized more than $386 million in export-credit insurance and guarantees to support U.S. exports of goods and services to sub-Saharan Africa in FY 2007.
- In addition, the Bank authorized $47.5 million in working capital guarantees to support U.S. exports to these markets.

Working Capital

- Ex-Im Bank authorized $1.3 billion in working capital guarantees in FY 2007—$989.6 million of which supported small businesses.
- Of the 483 working capital guarantee loan facilities authorized, 435 were made available for the direct benefit of small businesses, representing 90.1 percent of the total working capital transaction volume.

Export-Credit Insurance

- In FY 2007, Ex-Im Bank authorized $3.6 billion in export-credit insurance, of which small-business insurance authorizations totaled $2.1 billion.
- Ex-Im Bank issued 1,893 export-credit insurance policies that were made available for the direct benefit of small-business exporters. These policies represent 90.0 percent of the total number of Ex-Im Bank's policies in FY 2007.

Project and Structured Finance

- In FY 2007, Ex-Im Bank authorized $586.6 million in limited-recourse project financing to support U.S. exports to a petrochemical project in Saudi Arabia.
- Ex-Im Bank authorized approximately $1.4 billion for long-term structured-finance and corporate-finance transactions supporting U.S. exports to oil and gas projects in Mexico and India, a power project in Mexico and a semiconductor-manufacturing project in Singapore.

Transportation Finance

- In FY 2007, Ex-Im Bank authorized $4.5 billion to support the export of 75 new U.S.-manufactured, large commercial aircraft and one spare engine to a total of 14 airlines and three aircraft leasing companies located in 15 countries.

- In addition, in FY 2007, Ex-Im Bank authorized $212 million in guarantees to support exports of U.S.-manufactured small aircraft, helicopters, locomotives, ships and other transportation-related equipment to various operators around the world.

Environmental

- In FY 2007, Ex-Im Bank established the Office of Renewable Energy and Environmental Exports to coordinate ongoing efforts to increase its financing for U.S. renewable-energy exports and exports of environmentally beneficial goods and services. The Bank sponsored environmental exports seminars in Massachusetts and California and participated in numerous trade events to promote the Bank's financing for these exports.
- Ex-Im Bank authorized $82.1 million in financing to support an estimated $121.9 million of U.S. exports of environmentally beneficial goods and services in FY 2007.
- Included in this total were six working capital guarantees totaling $14.9 million in support of an estimated $46.5 million of U.S. environmentally beneficial exports and one financial guarantee to support $36.9 million of exports in this category.
- Also included in this total were 61 export-credit insurance transactions to support $38.5 million of U.S. environmentally beneficial exports. More than 2,500 shipments of U.S. environmentally beneficial exports were supported by Ex-Im Bank's insurance.

Energy

- In FY 2007, Ex-Im Bank authorized $2.6 million in export-credit insurance transactions that supported U.S. renewable-energy exports consisting of equipment for solar and wind-energy projects as well as services for geothermal plants. This insurance support exceeds the amount provided in each of the past three fiscal years. No working capital authorizations in FY 2007 were related to renewable-energy exports.
- In FY 2007, Ex-Im Bank authorized nine transactions under its loan and guarantee products and 15 new and renewed export-credit insurance policies to support U.S. exports related to foreign-energy production and transmission. These activities include electric-power generation and transmission, and oil and gas exploration and refineries. The estimated export value of these transactions totaled $1.1 billion.
- In FY 2007, Ex-Im Bank authorized support for $20.1 million of U.S. exports for a new fossil-fuel power plant. The Bank estimates that the aggregate amount of carbon-dioxide emissions produced directly by this plant will total approximately 1.3 million metric tons per year. The cost of the U.S. exports that Ex-Im Bank financed for this power project represents less than 10 percent of the total cost of the equipment and services associated with this project.
- In FY 2007, Ex-Im Bank authorized support for $1.3 billion of U.S. exports for oil and gas production and petrochemical projects. The Bank estimates that the aggregate amount of carbon-dioxide emissions produced directly by these projects will total approximately 10.7 million metric tons per year. On average, the cost of the U.S. exports that Ex-Im Bank financed in FY 2007 for these oil and gas and petrochemical projects represents less than 20 percent of the total cost of the equipment and services associated with these projects.

Services

- In FY 2007, Ex-Im Bank supported the export of a wide range of U.S. services, including engineering, design, construction, computer software, oil and gas drilling, training and consulting. The estimated export value of these services exceeded $1.1 billion.
- In addition, in FY 2007, Ex-Im Bank authorized $94.5 million in working capital guarantees to support an estimated $500 million of service exports from U.S. small and medium-sized businesses.

Agriculture

- In FY 2007, Ex-Im Bank authorized support for an estimated $410 million of U.S. exports of agricultural goods and services, including commodities, livestock, foodstuffs, farm equipment, chemicals, supplies and services. In addition, the Bank authorized $56.5 million of working capital guarantees to support an estimated $590 million of agricultural exports from U.S. small and medium-sized businesses.

PHOTO COURTESY OF THE ROBBINS CO.

Small-Business Report

In accordance with Section 8 of the Export-Import Bank Act of 1945, as amended, Ex-Im Bank is reporting the following information regarding its fiscal year 2006 activities.

Direct Small-Business Support

Ex-Im Bank authorized nearly $3.2 billion – more than 26 percent of total authorizations – in direct support of U.S. small businesses as primary exporters in FY 2006. The Bank approved 2,253 transactions that were made available for the direct benefit of small-business exporters. These transactions represented 84 percent of the total number of transactions in FY 2006, and 451 small businesses used Ex-Im Bank programs for the first time during the fiscal year. In FY 2006, Ex-Im Bank approved financing in amounts under $500,000 for 818 small-business transactions.

Small-Business Supplier Data (Indirect Support)

Ex-Im Bank is required to estimate on the basis of an annual survey or tabulation the number of entities that are suppliers of customers of the Bank and that are small-business concerns.

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

Ex-Im Bank estimates that the total value of indirect small-business content associated with transactions supported through the Bank's long-term loans and guarantees authorizations during FY 2006 was $912 million out of a total estimated export value of $7.5 billion. This export value represents more than 12 percent of the total estimated export value associated with the Bank's long-term financing.

Technology Improvements

Ex-Im Online – the Bank's online business system – automates and modernizes Ex-Im Bank's primary business processes, particularly for the products most used by small businesses (short-term export-credit insurance) and those buyer-financing products that most benefit small-business exporters directly and small-business suppliers indirectly (medium-term insurance and guarantees).

Ex-Im Online provides exporters, particularly small businesses, with the benefits of electronic application submission, processing and insurance policy management. These benefits improve Ex-Im Bank's response time, increase productivity and improve risk management.

In FY 2006, Ex-Im Bank achieved an important technological milestone: Ex-Im Online became operational for the Bank's multibuyer insurance product. The Bank's customers are now using the system to apply for, monitor and update Ex-Im Bank multibuyer insurance policies. Approximately 80 percent of the customers of Ex-Im Online are small businesses.

Ex-Im Bank's multibuyer insurance processing system became fully operational online in June 2006. The Bank's single-buyer insurance and medium-term guarantee and insurance products became available through Ex-Im Online in December 2006.

These online business processes will cover the majority of the Bank's transactions and form the foundation and service components for later automated processes that will support additional business of the Bank. Planned enhance-

Environmental Working Capital Support Doubles: *In FY 2006, Ex-Im Bank authorized working capital guarantees totaling $98.2 million that supported $385 million of U.S. environmentally beneficial exports, more than double the amount supported in FY 2005. The export value of the Bank's working capital guarantees, most of which support small businesses, is typically higher than the authorization amount because many of these guarantees are revolving lines of credit that can support multiple exports.*

ments include using the automated system to implement new products and services as recommended by the Bank's Advisory Committee and to improve cycle time.

In FY 2006, Ex-Im Bank continued to update its Web site (www.exim.gov) to provide all customers, particularly small businesses, with improved access to information, applications and forms – all of which are available through the Web site. The Bank provides its most popular forms in an electronically fillable format that does not require the purchase of additional software, an added benefit for small businesses.

Ex-Im Bank continued to expand on its Web-based subscription service and list manager (http://www.exim.gov/smallbiz/index.html) to provide customers with the ability to get up-to-date news from the Bank. The public and small businesses can subscribe for free to the Bank's News Update, Exporter Newsletter, Environmental Exports Program Update, Africa News, and Middle East and North Africa News, as well as receive alerts on changes to the Country Limitation Schedule.

Ex-Im Bank's regional offices in New York, Florida, Illinois, Texas and California are now using a new customer relationship-management application to assist in small-business outreach and support.

The Bank participates in the government-wide "Business Gateway" initiative to integrate the content and functions of the Web sites of Ex-Im Bank, the Small Business Administration and other agencies into one comprehensive site, www.business.gov, as well as the U.S. government export Web site, www.export.gov. The Bank also participates in the Trade Promotion Coordinating Committee's "One Stop, One Form" registration system, an Internet-based application system for all federal-government export programs.

Electronic-Tracking Systems

For customers, Ex-Im Online will provide real-time application status capabilities for all short-term and medium-term products. Customers and brokers will receive e-mail confirmations of the status of their applications.

For internal tracking and performance measurement, the Bank is developing improved reporting capabilities through Ex-Im Online. These reports will track the status of pending applications for insurance and medium-term guarantee products and provide improved measurement of processing times.

Ex-Im Bank also tracks loan, guarantee and insurance activity through its Integrated Information System (IIS), which is an aggregation of several electronic databases that provides comprehensive information regarding all Bank transactions. In FY 2006, the Bank implemented a Bank-wide business-intelligence reporting tool. The tool will be used, in conjunction with the IIS, to track key performance indicators and continuously display information (using graphic interfaces) for monitoring daily business operations, small-business goals, and geographic and market penetrations.

Outreach to Small Businesses

Ex-Im Bank is committed to providing export financing for socially and economically disadvantaged small businesses, including those that are minority-owned and woman-owned, and small businesses employing fewer than 100 employees.

The Bank continued to coordinate outreach efforts to minority-owned and woman-owned businesses by building partnerships with small-business development councils, minority-business councils, trade associations and chambers of commerce throughout the United States. For example, the Florida Women's Business Center (FWBC) in Miami, a public-private organization, joined Ex-Im Bank's City/State Partners Program. FWBC will market Ex-Im Bank financing products and provide application assistance to woman-owned and minority-owned Florida companies.

Ex-Im Bank staff delivered presentations at several major conference events throughout the year, including the Small Business Administration's annual conference and the annual conference of the National Association of Women Business Owners. Many of the small businesses that attend the seminars and trade shows in which Ex-Im Bank participates employ less than 100 employees.

Ex-Im Bank sponsors seminars and symposia throughout the country that are targeted to small businesses that traditionally have been underserved in the trade-finance market. The symposia consist of half-day training programs to help U.S. companies learn how to use U.S. government resources to find foreign buyers and use trade-finance tools.

Small-Business Report

In accordance with Section 8 of the Export-Import Bank Act of 1945, as amended, Ex-Im Bank is reporting the following information regarding its FY 2007 small-business activities.

Direct Small-Business Support

Ex-Im Bank authorized $3.4 billion – 26.7 percent of total authorizations – in direct support of U.S. small businesses as primary exporters in FY 2007. The Bank approved 2,390 transactions that were made available for the direct benefit of small-business exporters. These transactions represented 85.6 percent of the total number of transactions approved. In FY 2007, 369 small businesses used Ex-Im Bank programs for the first time, and Ex-Im Bank approved 988 small-business transactions in amounts under $500,000.

Small-Business Supplier Data (Indirect Support)

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

Ex-Im Bank estimates that the total value of indirect small-business content associated with transactions supported through the Bank's long-term loan and guarantee authorizations during FY 2007 is nearly $850 million out of a total estimated export value of $7.7 billion. This export value represents 11.0 percent of the total estimated export value associated with the Bank's long-term financings.

Increased Lender Participation

Ex-Im Bank's regional offices are focused on increasing the number of banks and other lenders that can provide Ex-Im Bank financing for U.S. small businesses. In FY 2007, 34 lenders were added to the roster of providers of Ex-Im Bank products, including working capital guarantees. More than 70 percent of these additional lenders serve small businesses.

Technology Improvements

Ex-Im Online – the Bank's online business system – provides exporters, particularly small businesses, with the benefits of electronic application submission, processing and insurance-policy management. These benefits reduce Ex-Im Bank's response time, increase productivity and improve risk management.

In FY 2007, the Bank continued to extend the versatility and service components of Ex-Im Online to improve services, especially for small businesses. Additional functions were deployed for the short-term and medium-term insurance products. These new functions cover nearly all of the small-business transactions approved in-house.

Ex-Im Online is now supporting credit-card and Automated Clearing House payment for services online. The Bank also completed the transition of all renewal policies to Ex-Im Online.

For customers, Ex-Im Online provides real-time application status capabilities for all short-term and medium-term products other than working capital guarantees. Exporters, bankers and brokers receive email confirmations about the status of their applications.

For internal tracking and performance measurement, the Bank is developing improved reporting capabilities through Ex-Im Online. These reports will track the status of pending applications for insurance and medium-term guarantee products.

Ex-Im Bank's regional offices in New York, Florida, Illinois, Texas and California were trained to help customers use Ex-Im Online.

In FY 2007, Ex-Im Bank continually updated its Web site (www.exim.gov) to provide customers, particularly small businesses, with improved access to information, applications and forms in an electronically fillable (pdf) format. The Bank further expanded its Web-based subscription service and list manager (www.exim.gov/lists/subscribe.cfm) to provide customers with the ability to get up-to-date news from the Bank.

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

Ex-Im Bank also participates in the government-wide "Business Gateway" initiative integrating the content and functions of the Web sites of several business-focused agencies (www.business.gov) and the U.S. government export Web site (www.export.gov). Additionally, the Bank participates in the Trade Promotion Coordinating Committee's "One Stop, One Form" registration system, a Web-based application system for all federal-government export programs.

Focused Outreach

Ex-Im Bank is committed to providing export financing for socially and economically disadvantaged small businesses, including those that are minority-owned and woman-owned, and small businesses that have fewer than 100 employees.

In FY 2007, Ex-Im Bank authorized $524.6 million in working capital guarantees and export-credit insurance to support exports by businesses identified as minority-owned and woman-owned, of which $409.0 million represented small businesses.

Ex-Im Bank sponsors seminars and symposia that are targeted to small businesses that traditionally have been underserved in trade finance. These half-day training programs help U.S. companies learn how to use U.S. government resources to find foreign buyers and use trade-finance tools.

Ex-Im Bank's Office of Small Business staff participated in 83 events sponsored by women-business centers, small-business export associations, minority-focused chambers of commerce and other organizations. The Bank's Board of Directors and senior management supported small-business outreach efforts of the Bank's regional offices and participated in conferences, seminars and City/State Partnership signings throughout the country.

The Bank's Office of Communications conducted a small-business awareness campaign to place news articles about the Bank's small-business programs and events in national and local media outlets, including 68 feature articles that appeared in newspapers in 12 states and two radio announcements that were aired by 400 radio stations in 36 states.

Sub-Saharan Africa Initiative

In accordance with Section 2 of the Export-Import Bank Act of 1945, as amended, Ex-Im Bank is reporting the following information regarding its FY 2007 sub-Saharan Africa activities.

Building Relationships with African Institutions

Ex-Im Bank's 2007 annual conference held in April in Washington, D.C., highlighted the Bank's outreach to Africa's regional financial entities. The multilateral development bank panel and the Africa session featured presentations by senior development specialists from the African Development Bank and the Africa Group at the World Bank.

Ex-Im Bank has taken steps to qualify a greater number of appropriate African entities for participation in the Bank's programs. The Bank identified the top 12 African markets for U.S. exports where Ex-Im Bank is available for medium-term financing in the private sector: South Africa, Nigeria, Kenya, Equatorial Guinea, Ghana, Côte d'Ivoire, Tanzania, Senegal, Cameroon, Gabon, Namibia and Niger. The Bank has compiled information about the banks in each market with the assistance of economic and commercial officers in the U.S. embassies and is evaluating this information for further development.

Ex-Im Bank increased its initial $300 million special bank facility for Nigerian banks to $405 million. The facility currently includes 17 banks. In addition, the Bank approved a master guarantee agreement for a Nigerian bank to facilitate medium-term financing in this market.

In September, Ex-Im Bank hosted its second-annual African Bankers Seminar in Washington, D.C., which featured speakers from the Bankers Association for Finance and Trade and the Private Export Funding Corp. Representatives from 13 African financial institutions in seven countries were given in-depth instruction on establishing a foundation for credit underwriting and transaction analysis, as well as training on Ex-Im Bank products, methods and standards. Attendees, who included a senior analyst from the African Export-Import Bank, met with Ex-Im Bank senior management and staff.

On a business development mission to South Africa in January, Ex-Im Bank Chairman and President James H. Lambright and other Bank staff met with representatives of the Development Bank of South Africa to discuss future cooperation and referral of prospective borrowers to Ex-Im Bank.

Coordinating with Other U.S. Government Entities

Ex-Im Bank coordinated its efforts with the Foreign Service, Foreign Commercial Service and other U.S. government entities to encourage economic engagement with Africa pursuant to the African Growth and Opportunity Act. In particular, the Bank worked in close partnership with Commerce Department commercial officers in Ghana, Kenya, Nigeria, Senegal and South Africa.

Ex-Im Bank made a presentation at the Sub-Saharan Africa Information and Communications Technology Conference sponsored by the U.S. Trade and Development Agency in San Francisco in March. The conference featured new export and investment opportunities in telecommunications, fiber-optic networks, rural connectivity and other fields.

In March, the Bank participated via a video conference in the regional commercial training in Dakar, Senegal, for newly stationed State and Commerce Department commercial and economic officers in Francophone West Africa. The Bank also participated in the State Department's Commercial Tradecraft Seminars held throughout the year in Washington, D.C., for U.S. commercial officers being stationed abroad.

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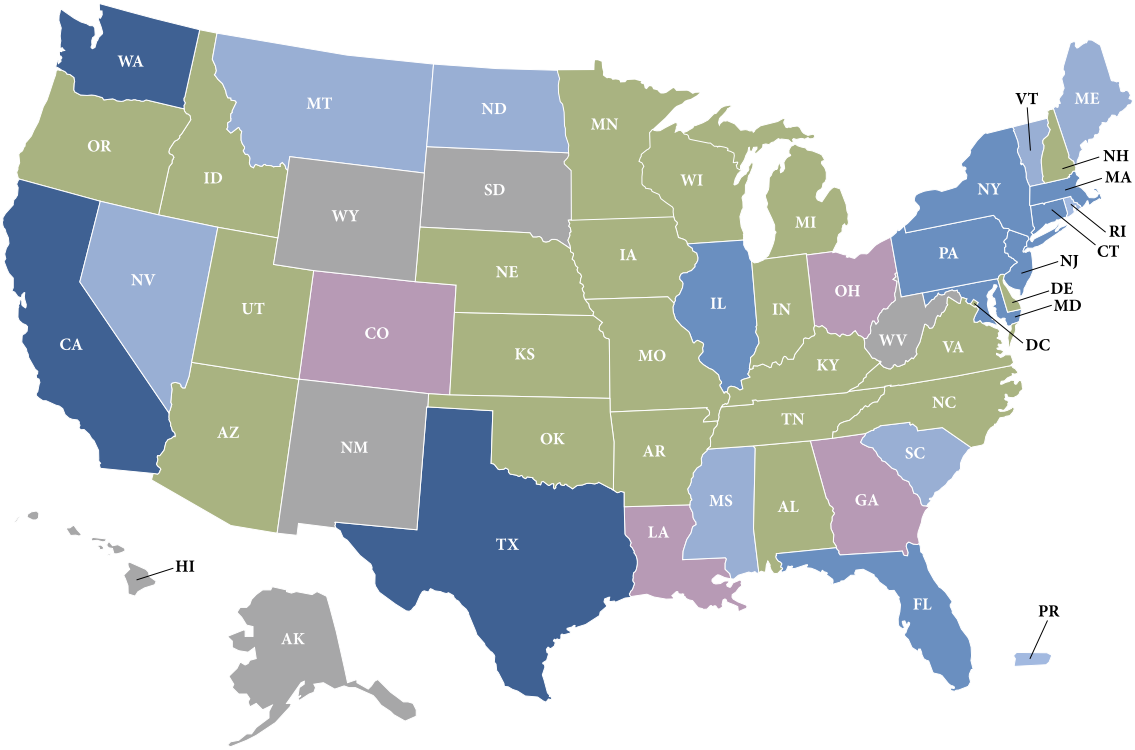
Estimated Value of U.S. Exports Supported by the Export-Import Bank of the United States

FIVE-YEAR PERIOD (OCTOBER 1, 2002 – SEPTEMBER 30, 2007)



Over $7 billion

California *$9.6 billion*
Texas *$7.8 billion*
Washington *$25.6 billion*

Over $1 billion

Connecticut *$2.0 billion*
Florida *$3.2 billion*
Illinois *$1.8 billion*
Maryland *$2.2 billion*
Massachusetts *$2.8 billion*
New Jersey *$2.2 billion*
New York *$3.0 billion*
Pennsylvania *$2.0 billion*

Over $500 million

Colorado *$920 million*
Georgia *$667 million*
Louisiana *$733 million*
Ohio *$814 million*

Over $100 million

Alabama *$111 million*
Arizona *$212 million*
Arkansas *$120 million*
Delaware *$126 million*
District of Columbia *$101 million*
Idaho *$128 million*
Indiana *$155 million*
Iowa *$117 million*
Kansas *$102 million*
Kentucky *$133 million*
Michigan *$484 million*
Minnesota *$453 million*
Missouri *$288 million*
Nebraska *$116 million*
New Hampshire *$156 million*
North Carolina *$278 million*
Oklahoma *$377 million*
Oregon *$237 million*
Tennessee *$176 million*
Utah *$129 million*
Virginia *$496 million*
Wisconsin *$426 million*

Over $10 million

Maine *$17 million*
Mississippi *$71 million*
Montana *$23 million*
Nevada *$81 million*
North Dakota *$35 million*
Puerto Rico *$32 million*
Rhode Island *$43 million*
South Carolina *$77 million*
Vermont *$15 million*

Over $100,000

Alaska *$120,000*
Hawaii *$910,000*
New Mexico *$8 million*
South Dakota *$8 million*
West Virginia *$9 million*
Wyoming *$660,000*

Air Tractor uses Ex-Im Bank's medium-term insurance to export its agricultural aircraft such as this AT402 to developing markets in Latin America.

Bobby Riggins prepares to seal the windshield of an Air Tractor airplane at the company's factory in Olney, Texas.

PHOTOS COURTESY OF AIR TRACTOR INC.

Air Tractor Inc.

OLNEY, TEXAS

"Exports have definitely meant jobs in this rural part of Texas, and Ex-Im Bank has helped us provide the export financing to increase our exports and break into new markets."

DAVID ICKERT, VICE PRESIDENT OF FINANCE

Developing markets are creating a growing demand for capital goods such as agricultural and construction equipment, but U.S. exporters often face limited availability of longer-term financing for borrowers in these markets. Air Tractor Inc., in Olney, Texas, a small-business manufacturer of agricultural and forest fire-bombing airplanes, has found an invaluable tool in Ex-Im Bank's medium-term financing to increase its exports.

In 40 transactions over the past 12 years, Air Tractor has used the Bank's medium-term insurance to export an estimated $20 million of its aircraft, primarily to small private-sector buyers in Argentina and Brazil. Exports now account for approximately 39 percent of the company's total sales.

Ex-Im Bank's medium-term insurance policies are available for U.S. exporters or financial institutions to insure sales to a single international buyer against the risk of the buyer's failure to pay because of unforeseen commercial or political reasons. Air Tractor uses the Bank's medium-term policies to provide supplier credits, which are loans to international buyers that the company originates and then sells to a commercial lender.

"We look at relationships on a long-term basis, and with Ex-Im Bank's help, we've been able to enter into new markets and expand our sales," said David Ickert, Air Tractor's vice president of finance. Air Tractor first used the Bank's medium-term policy to insure sales of its forest fire-bombing airplanes to Spain, which helped the company establish customer relationships that have continued even though the Bank's insurance is no longer needed in Spain.

In Argentina, the Bank's insurance helped Air Tractor to establish a presence and remain active in this market, even during a period when the Bank was closed there for economic reasons. Ickert noted that the company has never had to file a claim on a medium-term transaction insured by Ex-Im Bank in Argentina or anywhere else.

In business since 1972, Air Tractor manufactures standard-setting agricultural and forest fire-bombing aircraft at its plant in Olney and currently employs 180 workers. Ickert said that Ex-Im Bank-supported exports have helped the company to smooth out the effects of fluctuations in demand common in agricultural industries. The company has been able to maintain employment and even add 25 new jobs.

Ex-Im Bank's medium-term products (insurance and loan guarantees) generally cover 100 percent of commercial and political risks on up to 85 percent of a contract. Repayment terms of one to five years are available for exports of capital goods and services, and up to seven years for exports of medical and transportation-security equipment and environmentally beneficial products and services. Exports to renewable energy and water projects are eligible for up to 15-year terms under the Bank's medium-term loan guarantee.

AT&V workers fit and weld a vessel at the company's Lucedale, Miss., facility.

Officials from Ghana's BOST meet with James Davidson, AT&V director and vice president of construction, at AT&V's 80-acre fabrication complex in Lucedale.

PHOTOS COURTESY OF AMERICAN TANK & VESSEL INC.

American Tank & Vessel Inc.

MOBILE, ALABAMA

"We have U.S. job openings right now because of this project, and Ex-Im Bank was totally instrumental to our getting the contract. There would have been no deal without Ex-Im Bank."

W.T. CUTTS, VICE PRESIDENT

For U.S. exporters looking for new markets with untapped opportunities, sub-Saharan Africa holds tremendous potential in spite of financing challenges and foreign competition. American Tank & Vessel Inc. (AT&V), a small-business engineering/construction firm headquartered in Mobile, Ala., is successfully gaining market share in the region. In FY 2007, the company secured a nearly $100 million contract from the Republic of Ghana with the backing of a long-term loan guarantee from Ex-Im Bank.

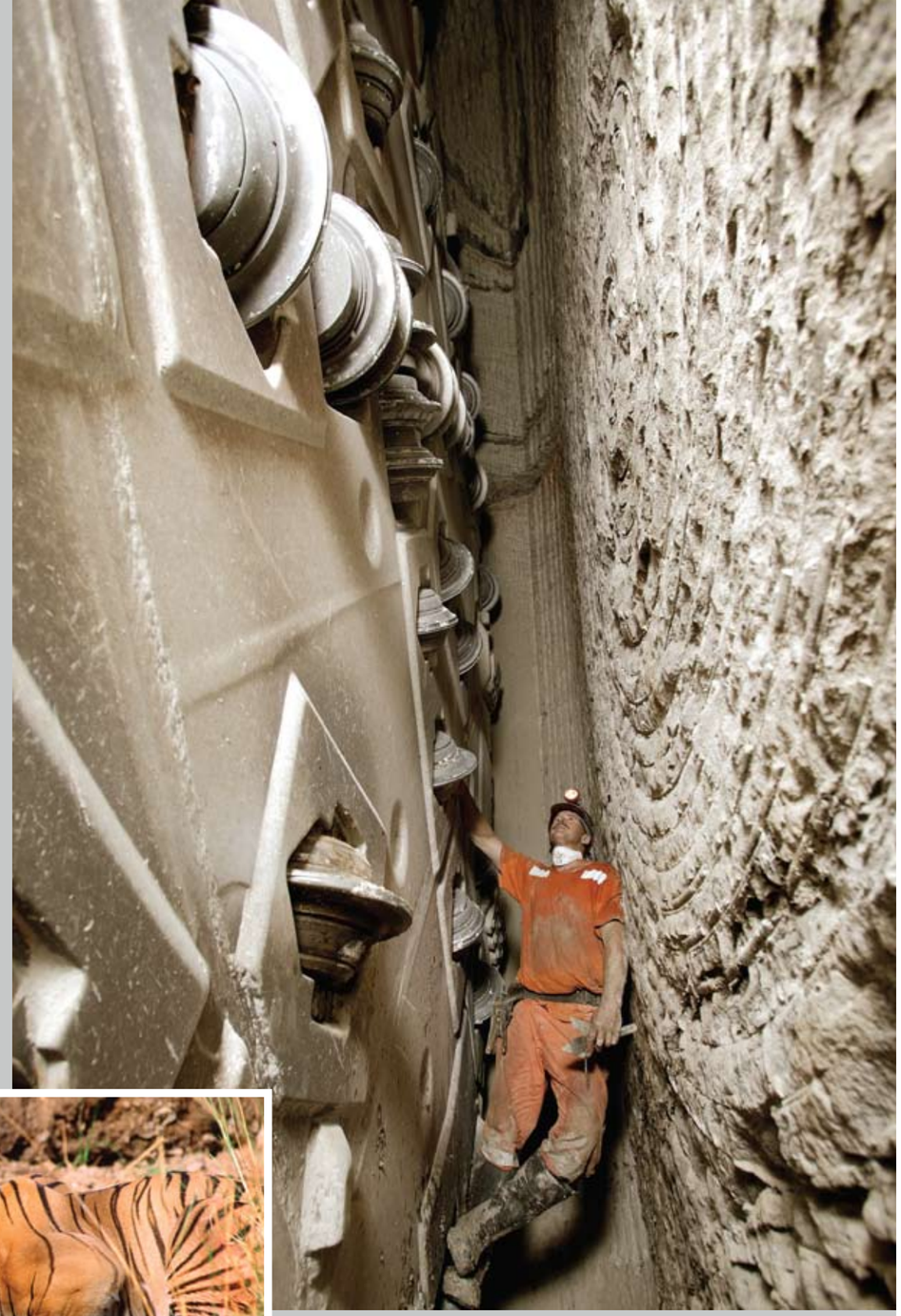
AT&V will export oil-storage tanks, pipelines and technology to Bulk Oil Storage and Transportation Company Ltd. (BOST), which is owned by the Ghanaian government. Trinity International Inc., in Potomac, Md., was instrumental in arranging the transaction. Ex-Im Bank is guaranteeing a loan to BOST from Citibank N.A., of New York. Ex-Im Bank's $109.5 million loan guarantee will cover the export sale, related local project costs in Ghana, capitalized interest during construction and the exposure fee charged by Ex-Im Bank for its risk.

"We have a niche in Africa because of our technology, but this deal was too high a value and the risk was too great for us to even consider it without Ex-Im Bank's involvement. If Ex-Im Bank hadn't helped us win this contract, it would have gone to a Chinese competitor," AT&V Vice President W.T. Cutts said.

AT&V will construct oil-storage tanks at Ghana's Tema Depot and two 70-kilometer pipelines to transport petroleum into the interior of the country. When the project is completed, Ghana will have significantly increased its oil-storage capacity and have a more reliable supply of fuel for domestic use and export. The new pipelines will also be used to transport petroleum products to landlocked Mali and Burkina Faso.

AT&V specializes in the design, engineering and construction of tank and vessel structures. The company has more than 250 employees, working mainly at its fabrication facility in Lucedale, Miss., and headquarters in Mobile. AT&V has regional offices in Houston, Texas; Baton Rouge, La.; and Birmingham, Ala. The company also sources from other small businesses in the United States.

Ex-Im Bank assists U.S. exporters by providing loan guarantees of term financing for creditworthy international buyers of U.S. goods and services. The Bank also provides project and structured financing to support U.S. exports to large international projects. Ex-Im Bank can guarantee financing to newly created project companies and rely on the project's future cash flows for repayment. The Bank also can consider foreign companies as potential borrowers, based on existing financial statements coupled with additional credit enhancements.



An inspector examines the cutterhead of a tunnel-boring machine built by The Robbins Co., a leading developer of advanced, underground construction machinery.

PHOTO COURTESY OF THE ROBBINS CO.

Robbins will provide tunnel-boring machines to build a 33-foot-wide water tunnel under the Nagarjunasagar Tiger Reserve in India.

The Robbins Company

SOLON, OHIO

"We needed a large loan guarantee in a short amount of time to meet our contract. Working with an Ex-Im Bank 'Fast Track' lender, we had the financing we needed in 45 days."

JAMES VIROST, CHIEF FINANCIAL OFFICER

With more than 50 years of experience, The Robbins Company, a small business based in Solon, Ohio, is a leading developer and manufacturer of hard-rock tunnel-boring machines. However, Robbins needed more financing than its bank could provide to fulfill the largest order in the company's history: the AMR Water Project in Andhra Pradesh, India.

The transaction presented a challenge because customer advance payments, which Robbins needed during the manufacture of the equipment, are required by the Indian government to be 100 percent-secured by standby letters of credit or bank guarantees. The transaction was too large for the company's regular lender, Huntington National Bank in Cleveland.

Robbins found the solution in Ex-Im Bank's Working Capital Guarantee Program. The company received a $25 million loan facility backed by an Ex-Im Bank working capital guarantee to support standby letters to secure the advance payments made by the Indian customer. The guaranteed loan facility was approved and administered under the "Fast Track" structure through Wells Fargo Bank., N.A., and its affiliate, Wells Fargo HSBC Trade Bank.

The $131 million contract is for two large tunnel-boring machines and related equipment to build a tunnel that will supply potable water to 300,000 acres of drought-stricken farmland and 516 villages in the state of Andhra Pradesh. The 27-mile-long tunnel will carry water from the Srisailam Reservoir, which is located in a wildlife sanctuary.

The tunnel will be built 300 feet below the Nagarjunasagar Tiger Reserve to avoid building a pipeline through the tigers' habitat. For this project, Robbins won Ex-Im Bank's 2007 Small Business Environmental Exporter of the Year Award at the Bank's annual conference held in April in Washington, D.C.

The Robbins Co. has 170 employees in its manufacturing facilities and offices in Solon, Ohio; Kent, Wash.; and Oak Hill, W.Va. To meet this contract, Robbins has added 50 employees to its payroll.

Ex-Im Bank's Working Capital Guarantee Program is an asset-based lending program for U.S. exporters that guarantees 90 percent of the outstanding balance of working capital loans based on inventory and accounts receivable related to exports. The Bank's working capital guarantee can be used to support transaction-specific and revolving loan facilities to finance foreign receivables; purchase inventory, components and finished products for export; pay for export-related production costs and cover standby letters of credit.

Ex-Im Bank's working capital guarantees are available primarily through an extensive nationwide network of delegated-authority lenders that can commit the Bank's guarantee when the loan is processed. In addition, lenders with "Fast Track" authority can process Ex-Im Bank-guaranteed working capital loan facilities up to $25 million under an expedited Ex-Im Bank approval process.

Vieng K. assembles the top entry door of an Epilog Mini 24 laser engraving system at the company's manufacturing facility in Golden, Colo.

Tong Chan follows a strict cleaning regimen for parts to be inserted into an Epilog laser system.

PHOTOS COURTESY OF EPILOG LASER CORP.

Epilog Laser Corporation

GOLDEN, COLORADO

"Our international sales growth used to be hindered by our need for expensive letters of credit. Since we started using Ex-Im Bank's insurance, our exports have increased 400 percent."

ROY MASTERS, DIRECTOR OF OPERATIONS

Opportunities for sales growth in international markets can be tremendous, but small companies can find it difficult to offer term financing to their foreign buyers without resorting to costly letters of credit. Epilog Laser Corp., a small-business manufacturer of laser-engraving and cutting systems in Golden, Colo., faced this challenge until the company discovered Ex-Im Bank's short-term export-credit insurance that has opened doors all over the globe.

Epilog was introduced to Ex-Im Bank's insurance by Navitrade Structured Finance, a financial advisor and specialty broker based in Littleton, Colo. Since the company began using Ex-Im Bank's small-business policy in 2001, its international sales have increased phenomenally, in terms of both dollar volume and number of markets. The dollar volume of Epilog's exports has increased 400 percent, and Epilog now exports to 32 countries throughout Europe, Asia, Latin America, North America, Africa and the Middle East.

Epilog's growth in exports since 2001 has led the company to expand its workforce by 89 percent to meet the increased international demand. Due to its outstanding job growth, Epilog received the Governor's Award for Excellence in Exporting from the Colorado Office of Economic Development and International Trade in 2005.

Epilog Laser Corp. is a leader in the design and manufacture of flying optics-based CO_2 and fiber laser systems. The company's laser-engraving systems are used on a wide variety of materials such as wood, acrylic, plastic and many other materials. Epilog has 66 employees at its manufacturing facility in Golden.

Ex-Im Bank's short-term export-credit insurance minimizes risk and provides protection against buyer default for political or commercial reasons. Single-buyer and multibuyer policies are available to U.S. exporters and financial institutions. Ex-Im Bank's policies cover 95 percent of the invoiced amount. The Bank's short-term insurance enables U.S. exporters to offer open-account terms to customers, which makes companies more competitive.

The insurance also functions as a financing tool because banks are more willing to lend against insured foreign receivables. Exporters may assign their rights to receive the insurance proceeds to a lender in order to facilitate obtaining a loan.

The Bank's small-business policy is similar to the multibuyer policy but features certain enhancements, including no first-loss deductible for small-business exporters with export volume averaging not more than $5 million over the three most recent years. Due to its excellent export growth, Epilog has graduated from Ex-Im Bank's small-business policy to the Bank's multibuyer policy.

In FY 2007, Ex-Im Bank authorized $3.6 billion in short-term and medium-term export-credit insurance, of which $2.1 billion supported small-business transactions. Ninety percent of Ex-Im Bank's insurance policies directly benefited small-business exporters.

Management Report On Financial Statement And Internal Accounting Controls

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

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

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

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

Ex-Im Bank's Board of Directors pursues its responsibility for the Bank's financial statements through its audit committee. The audit committee meets regularly with management and the independent accountants. The independent accountants have direct access to the audit committee to discuss the scope and results of their audit work and their comments on the adequacy of internal accounting controls and the quality of financial reporting.

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

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

James H. Lambright
Chairman and President

Jeffrey F. Scott
Senior Vice President and
Chief Financial Officer

November 15, 2007

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 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 has provided financing support for export sales in over 150 markets throughout the world. 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 FY 2007 was $200.3 million and $1,097.7 million for FY 2006.

Ex-Im Bank authorized $12,569.4 million of loans, guarantees and insurance during FY 2007 in support of an estimated $16,041.0 million of U.S. export sales. Over the past five fiscal years, annual authorizations have ranged from $10,507.2 million to $13,936.2 million, in support of estimated U.S. export sales of $14,311.4 million to $17,858.4 million.

New authorizations for direct small-business exports in FY 2007 totaled $3,351.7 million, representing 26.7 percent of total authorizations. These figures compare to new small-business authorizations in FY 2006 that totaled $3,184.7 million, representing 26.2 percent of total authorizations. In FY 2007, Ex-Im Bank authorized 2,390 transactions that were made available for the direct benefit of small-business exporters, compared to 2,253 small-business transactions in FY 2006. 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 $2,075.2 million to $3,351.7 million.

Ex-Im Bank's exposure at the end of FY 2007 is $57,424.5 million. Of this total, the Bank's largest exposure is in the air-transportation sector, accounting for 44.5 percent of total exposure. The highest geographic concentration of exposure is in Asia, with 29.2 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 percent of total exposure have decreased from 17.3 percent in FY 2003 to 8.7 percent in FY 2007. 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 2007, Ex-Im Bank approved $1,295.1 million in foreign-currency-denominated transactions. Total foreign-currency exposure at September 30, 2007, is $8,207.0 million, which is 14.3 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 4.00 on new authorizations for FY 2007

compared with a weighted-average risk rating of 3.89 for FY 2006. Seventy-four percent of Ex-Im Bank's medium-term and long-term new authorizations in FY 2007 fell in the level 3-to-5 range. The weighted-average risk rating on the overall outstanding portfolio is 4.40 at September 30, 2007, compared with the weighted-average risk rating of 4.50 at September 30, 2006.

Over the past five fiscal 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 2003 and FY 2007, exposure to public-sector obligors has decreased from 54.1 percent to 42.0 percent, while exposure to private-sector obligors has increased from 45.9 percent to 58.0 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 Ex-Im Bank Reauthorization Act of 2006 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 has provided financing support for export sales in over 150 markets throughout the world. 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 authorizations 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 Organization for Economic Cooperation 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.

Estimated Cost of New Authorizations Under the Federal Credit Reform Act

Under the FCRA, which took effect on October 1, 1991, U.S. government lending agencies are required to estimate the cost of making their loans and loan guarantees and to seek an appropriation from Congress to cover that cost (net of fees). As part of credit reform, the U.S. government budgets for the present value of the estimated cost of credit programs not covered by fees, excluding administrative expenses. This cost is known as "subsidy cost" or "program, budget cost" and is defined as the net present value of all the cash flows of the credits to and from the U.S. government. Agencies must establish cash flow estimates for expected defaults, fees and recoveries to estimate the subsidy cost as a part of the budget process.

Ex-Im Bank loans and guarantees may not be committed unless sufficient appropriations are available to cover the calculated subsidy cost. When calculating the cost of each credit, Ex-Im Bank determines the net present value of expected cash receipts and cash disbursements associated with the credit. Cash receipts typically include fees or premia and loan principal and interest, and cash disbursements typically include claim payments and loan disbursements. When the present value of expected cash receipts exceeds the present value of expected cash disbursements, a "negative" credit subsidy arises. Negative subsidies are remitted to the U.S. Treasury upon disbursement of the underlying credits.

Due to the fact that financial and economic factors affecting the repayment prospects change over time, the net estimated subsidy cost of the outstanding balance of loans, guarantees and insurance financed by the subsidies is re-estimated annually in accordance with Office of Management and Budget (OMB) guidelines. This re-estimate indicates the appropriate level of funds necessary to cover future defaults. Decreases in estimated subsidy costs result in excess funds returned to the U.S. Treasury while increases in subsidy costs are covered by additional appropriations, which become automatically available through permanent and indefinite appropriations, pursuant to the FCRA. Ex-Im Bank calculates an annual re-estimate of the subsidy costs during the last quarter of the fiscal year.

Organizational Structure

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

Ex-Im Bank is divided into key functional areas:

Board of Directors: The Board of Directors consists of the president of the Bank, who serves as chairman; the first vice president of the Bank, who serves as vice chairman; and three additional directors appointed by the president of the United States by and 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 of 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 both the engineering aspects and environmental impact of proposed projects.

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 enhances the Bank's outreach to small-business exporters and includes Ex-Im Bank's seven 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 Bank financial operations, 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.

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 the Inspector General: The Office of the Inspector General is an independent office created within the Bank 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 2007 and FY 2006 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 OMB Circular A-136, Financial Reporting Requirements, revised as of June 29, 2007. 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 subsidy cost associated with the Bank's transactions. In accordance with this guidance, the amount of subsidy cost (net of fees) calculated on the Bank's credit-reform programs also 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: to facilitate and increase United States exports in order to support U.S. jobs. Ex-Im Bank 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 11 percent of the U.S. gross domestic product.

Exhibit 1: Authorizations by Fiscal Year

(in millions)

Authorizations	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Long-Term					
Loans	$52.7	$227.1	$0.0	$56.5	$0.0
Guarantees	6,422.9	7,112.1	8,076.1	6,603.5	7,234.0
Subtotal, Long-Term	***6,475.6***	***7,339.2***	***8,076.1***	***6,660.0***	***7,234.0***
Medium-Term					
Loans	5.6	0.0	0.0	0.0	0.0
Guarantees	554.1	540.5	399.4	387.6	504.2
Insurance	678.4	911.5	451.0	641.4	301.8
Subtotal, Medium-Term	***1,238.1***	***1,452.0***	***850.4***	***1,029.0***	***806.0***
Short-Term					
Working Capital	768.0	880.4	1,096.3	1,173.8	1,255.3
Insurance	2,025.5	3,649.3	3,913.4	3,287.7	3,274.1
Subtotal, Short-Term	***2,793.5***	***4,529.7***	***5,009.7***	***4,461.5***	***4,529.4***
TOTAL AUTHORIZATIONS	**$10,507.2**	**$13,320.9**	**$13,936.2**	**$12,150.5**	**$12,569.4**

Results of Operations: FY 2007 Authorizations

Ex-Im Bank fulfills its strategic goal of facilitating U.S. exports. Authorizations have ranged from $10,507.2 million to $13,936.2 million during the past five fiscal years (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: "Ex-Im 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."

In FY 2006, Ex-Im Bank created the Office of Small Business to provide a Bankwide focus on small-business support with overall responsibility for expanding and overseeing small-business outreach. This office 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 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.

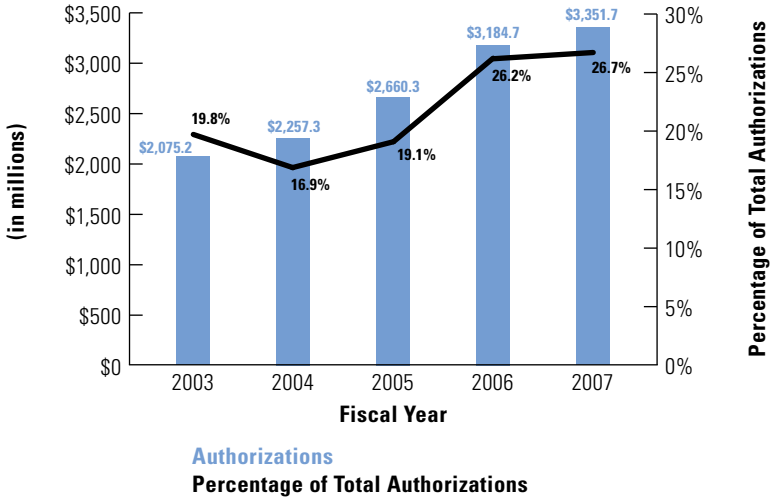
Results of Operations: FY 2007 Small-Business Authorizations

In FY 2007, the Bank authorized $3,351.7 million in direct support of U.S. small-business exports, representing 26.7 percent of total authorizations, compared to $3,184.7 million and 26.2 percent for FY 2006. In FY 2007, the Bank authorized 2,390 transactions that were made available for the direct benefit of small businesses, representing approximately 85.6 percent of the total number of transactions. These figures compare to 2,253 transactions in FY 2006, which represented 84.2 percent of the total number of transactions. Ex-Im Bank's objective is to continue 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 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. In FY 2006, $917.9 million, or 78.2 percent, of total authorizations in the Working Capital Guarantee Program supported small businesses. Of total authorizations under the Export-Credit Insurance Program, $2,038.1 million, or 51.9 percent, supported small businesses.

Exhibit 2 shows the total dollar amount of authorizations for small-business exports for each year since FY 2003, together with the percentage of small-business authorizations to total authorizations for that fiscal year.

Exhibit 2: Small-Business Authorizations



IV. Effectiveness and Efficiency

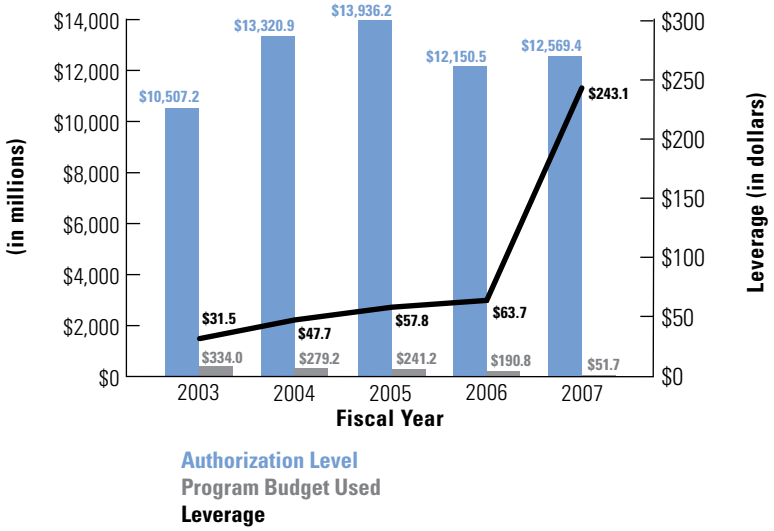
Ex-Im Bank uses various measures to assess the relative efficiency and effectiveness of the Bank's programs. As an overall measure, the Bank's annual Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States (competitiveness report) compares the Bank's competitiveness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

(ECAs). In addition, Ex-Im Bank uses various leverage measures to assess efficiency and to assess cost effectiveness.

Overall Effectiveness and Efficiency: 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. In addition, Ex-Im Bank continues to receive recognition from noted international trade journals for its product innovations and customer service. Ex-Im Bank was recently recognized as highly commended among all ECAs and has received numerous "Deal of the Year" awards.

Exhibit 3: Authorization Levels and Program Budget Required



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

The Bank utilizes four leverage ratios to assess efficiency and to measure returns on U.S. taxpayer resources invested in Ex-Im Bank programs.

For every taxpayer dollar used for program and administrative expenses in FY 2007, Ex-Im Bank facilitated an estimated $128.8 of U.S. exports. This multiple compares to $61.2 of U.S. exports in FY 2006.

The taxpayer value in terms of administrative budget dollars is even greater. For every dollar of administrative budget used in FY 2007, Ex-Im Bank provided financing in support of an estimated $220.3 of U.S. exports, compared to an estimated $222.3 of U.S. exports in FY 2006.

Another leverage measure examines the productivity contributed by each employee as measured by the level of authorizations. Since FY 2003, the average level of authorizations per employee has increased 30.4 percent and is $34.3 million in FY 2007.

The final leverage measure is the amount of authorizations supported by each dollar of program budget. This indicator has continued to improve over the past five years. In FY 2003, each dollar of program budget supported $31.5 of authorizations; in FY 2007, each dollar of program budget supported $243.1 in authorizations. Exhibit 3 shows the total amount authorized, the corresponding usage of program budget and the resulting leverage for the past five fiscal years. Since FY 2003 program budget used has gradually decreased as Ex-Im Bank has moved to using its actual historical default and recovery rates to calculate more precisely the subsidy cost associated with new authorizations. Previously, OMB provided default and recovery rates to all international credit agencies for use in calculating the subsidy cost. However, Ex-Im Bank's actual default and recovery experience was much better than the rates provided by OMB, which reduced the subsidy cost to where it now more accurately reflects the Bank's own default and recovery experience. The reduction in program budget significantly contributed to the increase in the Bank's leverage between FY 2006 and FY 2007.

V. Portfolio Analysis

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

At September 30, 2007, Ex-Im Bank's exposure totaled $57,424.5 million, compared to total exposure of $57,837.8 million at September 30, 2006. In general, total exposure over

the five-year period has remained relatively constant at an average of 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 pay-downs of some of the outstanding transactions. As a percent of total exposure, direct-loan exposure, including undisbursed loans, has declined while guarantee exposure has increased.

Exhibit 4 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 5 summarizes total Ex-Im Bank exposure by geographic region. The table shows that the geographic exposure has been relatively stable over the past five fiscal years. The All Other category in Exhibit 5 includes undisbursed balances of

Exhibit 4: Exposure by Program

(in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Guarantees	$40,025.7	$41,361.6	$43,554.7	$42,460.0	$44,039.7
Insurance	6,261.1	6,183.8	7,316.1	6,970.2	6,180.4
Loans	9,998.5	9,288.3	8,354.2	5,954.9	4,933.7
Receivables from Subrogated Claims	3,976.0	3,895.1	3,625.2	2,363.7	2,238.6
Undisbursed Loans	550.7	419.4	102.3	89.0	32.1
TOTAL EXPOSURE	**$60,812.0**	**$61,148.2**	**$62,952.5**	**$57,837.8**	**$57,424.5**
(% to Total)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Guarantees	65.9%	67.6%	69.2%	73.4%	76.7%
Insurance	10.3%	10.1%	11.6%	12.1%	10.8%
Loans	16.4%	15.2%	13.3%	10.3%	8.6%
Receivables from Subrogated Claims	6.5%	6.4%	5.8%	4.0%	3.8%
Undisbursed Loans	0.9%	0.7%	0.1%	0.2%	0.1%
TOTAL EXPOSURE	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Exhibit 5: Geographic Exposure

(in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Asia	$20,229.5	$17,967.5	$17,517.8	$17,271.7	$16,756.8
Latin America	14,983.9	15,570.3	13,924.0	14,423.4	12,583.4
Europe/Canada	10,491.1	10,840.7	11,141.0	10,410.2	11,058.1
Africa/Middle East	9,008.1	9,222.3	10,221.0	7,696.6	7,773.6
All Other	6,099.4	7,547.4	10,148.7	8,035.9	9,252.6
TOTAL EXPOSURE	**$60,812.0**	**$61,148.2**	**$62,952.5**	**$57,837.8**	**$57,424.5**
(% to Total)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Asia	33.3%	29.4%	27.8%	29.9%	29.2%
Latin America	24.6%	25.5%	22.1%	24.9%	21.9%
Europe/Canada	17.3%	17.7%	17.7%	18.0%	19.3%
Africa/Middle East	14.8%	15.1%	16.2%	13.3%	13.5%
All Other	10.0%	12.3%	16.2%	13.9%	16.1%
TOTAL EXPOSURE	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Exhibit 6: Exposure by Major Industrial Sectors

(in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Air Transportation	$21,659.1	$23,475.0	$24,935.1	$24,443.0	$25,551.5
Oil and Gas	6,166.9	6,415.5	6,681.2	7,361.6	7,084.7
Manufacturing	4,320.7	4,309.1	5,465.2	4,418.0	4,405.3
Power Projects	7,067.6	6,577.7	5,696.2	4,876.3	4,085.0
All Other	21,597.7	20,370.9	20,174.8	16,738.9	16,298.0
TOTAL EXPOSURE	**$60,812.0**	**$61,148.2**	**$62,952.5**	**$57,837.8**	**$57,424.5**
(% to Total)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Air Transportation	35.6%	38.4%	39.6%	42.3%	44.5%
Oil and Gas	10.1%	10.5%	10.6%	12.7%	12.3%
Manufacturing	7.1%	7.0%	8.8%	7.7%	7.7%
Power Projects	11.6%	10.8%	9.0%	8.4%	7.1%
All Other	35.6%	33.3%	32.0%	28.9%	28.4%
TOTAL EXPOSURE	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Exhibit 7: Public and Private Obligors

Year End	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Private Obligors	45.9%	49.5%	52.0%	53.6%	58.0%
Public Obligors	54.1%	50.5%	48.0%	46.4%	42.0%

short-term multibuyer insurance that is not allocated by region until the shipment has taken place and working capital guarantee exposure in the United States.

Exhibit 6 shows exposure by the major industrial sectors in the Bank's portfolio.

Through the past five fiscal years, there has been a shift in Ex-Im Bank's portfolio. As the need for private-sector financing has increased since FY 2003, Ex-Im Bank's portfolio represented by private obligors has increased from 45.9 percent in FY 2003 to 58.0 percent in FY 2007.

Of the portfolio at September 30, 2007, 42.0 percent represents credits to public-sector obligors or guarantors (21.0 percent to sovereign obligors or guarantors and 21.0 percent to public nonsovereign entities); 58.0 percent represents credits to private-sector obligors. A breakdown of public versus private sector exposure is shown in Exhibit 7.

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, as shown in Exhibit 8. In FY 2006, Ex-Im Bank approved $1,753.4 million in transactions denominated in a foreign currency, 14.4 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 the end of FY 2007, Ex-Im Bank had 86 transactions with outstanding balances denominated in a foreign currency. Using the foreign-currency exchange rate at September 30, 2007, Ex-Im Bank adjusted the dollar amount of the outstanding balance for these transactions. The adjustment was an increase in exposure of $1,346.7 million for a total outstanding balance of $8,207.0 million for foreign-currency-denominated guarantees, representing 14.3 percent of total Bank exposure.

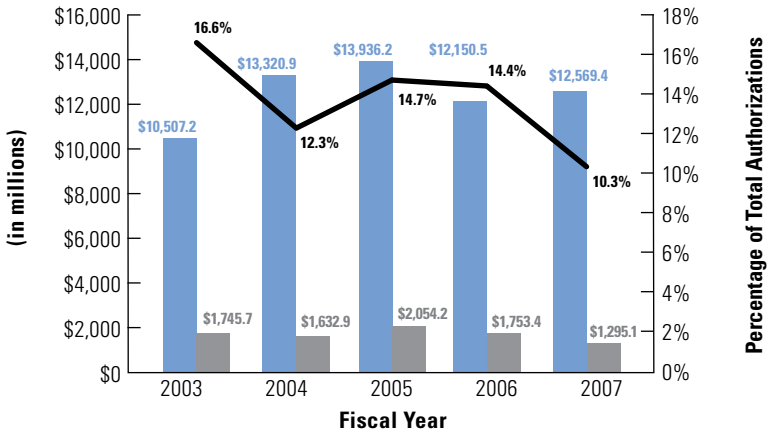
At the end of FY 2006, Ex-Im Bank had 65 transactions with outstanding balances denominated in a foreign cur-

rency. Using the foreign-currency exchange rate at September 30, 2006, Ex-Im Bank adjusted the dollar amount of the outstanding balance for these transactions. The adjustment was an increase in exposure of $559.4 million for a total outstanding balance of $6,650.0 million for foreign-currency-denominated guarantees, representing 11.5 percent of total Bank exposure.

As seen in Exhibit 8, the percentage of foreign-currency authorizations to total authorizations has dropped slightly over the past five 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 to mitigate the risk involved with exchange fluctuations. The majority of the foreign currency authorizations support U.S. exports of commercial jet aircraft.

Exhibit 9 shows the U.S. dollar value of the Bank's outstanding foreign-currency exposure by currency.

Exhibit 8: Foreign-Currency Transactions



Authorizations
Foreign-Currency Authorizations
Foreign-Currency Authorizations as a Percentage of Total Authorizations

Exhibit 9: U.S. Dollar Value of Outstanding Foreign-Currency Exposure as of September 30, 2007

Currency	Outstanding Balance (in millions)	Percent of Total
Euro	$4,440.1	54.1%
Canadian Dollar	1,376.0	16.8%
Australian Dollar	867.0	10.5%
Japanese Yen	417.5	5.1%
Mexican Peso	285.7	3.5%
Korean Won	245.3	3.0%
British Pound	224.3	2.7%
New Zealand Dollar	218.6	2.7%
South African Rand	126.9	1.5%
Swiss Franc	5.6	0.1%
TOTAL	**$8,207.0**	**100.0%**

VI. Loss Reserves, Major Workout 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 the allowance for loss on pre-credit-reform credits and all defaulted guarantees and insurance, and the allowance for subsidy cost for post-credit-reform credits. For pre-credit-reform credits, a provision is charged to earnings as losses are estimated to have occurred.

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 for Ex-Im Bank credit-reform credits equates to the amount of subsidy cost associated with the applicable credit. This subsidy cost is defined as the net present value of all the cash flows of the credits to and from the U.S. government. Ex-Im Bank has established cash-flow models for expected defaults, fees and recoveries to estimate the subsidy cost for each approved credit. The models incorporate OMB's loss estimates for international credit programs and Ex-Im Bank's actual recovery experience.

Exhibit 10: Loss Reserves and Exposure Summary

(in millions)	FY 2007	FY 2006
Loss Reserves		
Allowance for Loan Losses (Including Undisbursed)	$1,461.1	$1,533.2
Allowance for Defaulted Guarantees and Insurance	1,459.6	1,373.6
Liability for Outstanding Guarantees and Insurance (Including Undisbursed)	1,386.1	1,541.2
TOTAL RESERVES	**$4,306.8**	**$4,448.0**
Total Exposure		
Loans Receivable	$4,933.7	$5,954.9
Receivables from Defaulted Guarantees and Insurance	2,238.6	2,363.7
Guarantees and Insurance	50,220.1	49,430.2
Undisbursed Loans	32.1	89.0
TOTAL EXPOSURE	**$57,424.5**	**$57,837.8**
Loss Reserve as Percentage of Total Exposure	*7.5%*	*7.7%*

The net subsidy cost of the outstanding balance of loans, guarantees and insurance financed by the subsidies is re-estimated annually in accordance with OMB guidelines. The re-estimate adjusts the allowance for subsidy cost to account for actual activity and changes in the financial and economic factors that affect the repayment prospects over time. As of September 30, 2007, the re-estimate of the subsidy costs of the outstanding and undisbursed balances of FY 1992 through FY 2006 commitments indicated that of the fees, interest and appropriations 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.

As of September 30, 2006, the re-estimate of the subsidy costs of the outstanding and undisbursed balances of FY 1992 through FY 2005 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of $1,402.0 million was no longer needed to cover commitments and was due to the U.S. Treasury.

The total allowance for losses (loss reserve) at September 30, 2007, for loans, claims, guarantees and insurance commitments is $4,306.8 million, which is 7.5 percent of total exposure of $57,424.5 million (Exhibit 10). This compares to the total loss reserve at September 30, 2006, for loans, claims receivable, guarantees and insurance commitments of $4,448.0 million, which was 7.7 percent of total exposure of $57,837.8 million.

Major Workouts

At the end of FY 2007, Ex-Im Bank was in the process of restructuring six major impaired credits (i.e., project finance, transportation and corporate borrowers with outstanding balances greater than $20 million) with a total exposure of approximately $682.8 million. The credits currently under restructuring supported the export of U.S. products and services to projects and buyers in Thailand, Pakistan, Venezuela, Turkey and the Philippines. Most of these companies have other lenders with which Ex-Im Bank is participating in the restructuring processes.

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 2007, five countries were eligible for debt forgiveness and/or debt rescheduling, including capitalized interest (Exhibit 11). In FY 2006, 10 countries received either debt forgiveness or debt rescheduling.

At September 30, 2007, Ex-Im Bank's total Paris Club rescheduled exposure is $1,999.3 million compared with $2,217.4 million at September 30, 2006.

Exhibit 11: Paris Club Bilateral Agreements

(in thousands)	FY 2007 Principal Forgiven	FY 2007 Debt Rescheduled	FY 2006 Principal Forgiven	FY 2006 Debt Rescheduled
Country				
Cameroon	$25,130	$ -	$3,640	$2,123
Congo	1,987	839		
DRC (Zaire)			684,660	
Dominican Republic		17,753		18,574
Grenada		1,534		
Haiti	101			
Honduras			1,248	
Indonesia				18,991
Kenya				117
Nigeria			605,894	
Rwanda			560	
Serbia/Montenegro			80,002	2,663
Zambia			142,489	
TOTAL	**$27,218**	**$20,126**	**$1,518,493**	**$42,468**

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

The interagency group 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 193 markets.

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

In order to determine the cost associated with the risk of lending to a category of credits, OMB applies a default estimate to each category that reflects the expected losses.

OMB bases its calculations of the default estimates on investors' risk-return perceptions on international debt instruments. The default estimates were established using data from international debt markets that reflected changes in financial market conditions over the past seven years. An extensive analysis was done of international lending rates so that the default estimates would most accurately reflect the market's evaluation of default risk.

Agencies apply these default estimates by comparing the present-value cash flows discounted using a risk-free U.S. Treasury rate against the present value of identical cash flows discounted by a risk-adjusted discount rate built from the risk-free U.S. Treasury rate plus the historical average spread for the risk category of the transaction under evaluation (the risk premia). The difference between these two present values is the present value of estimated defaults. This present-value default amount is spread over the maturity of the proposed transaction and is discounted using the standardized OMB Credit Subsidy Calculator.

In FY 2005, Ex-Im Bank started to incorporate actual recovery experience into these loss percentages to calculate more precisely the Bank's allowance for loss. In FY 2006 and FY 2007, Ex-Im Bank used actual default and recovery experience to calculate more precisely the Bank's annual re-estimate.

Portfolio-Risk Monitoring and Evaluation

Ex-Im Bank continuously monitors its portfolio of credits after they have been approved. Monthly 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. Credits to obligors with total Ex-Im Bank exposure of $20 million or more are individually re-evaluated semiannually after authorization.

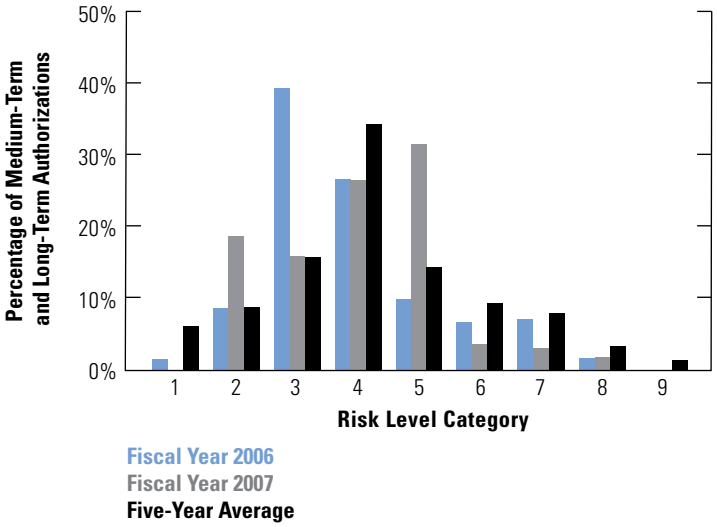
Exposure-Risk Profile

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 of FY 2007 medium-term and long-term export-credit authorizations was 4.00 compared to a weighted average-risk rating of 3.89 for FY 2006. Seventy-four percent of Ex-Im Bank's medium-term and long-term new authorizations in FY 2007 fell in the level 3-to-5 range (BBB to BB) while 4.5 percent were rated level 7 or 8 (B or B-).

Exhibit 12 shows the risk profile of Ex-Im Bank's medium-term and long-term authorizations in FY 2007 and FY 2006 and the past five-year average-risk profile.

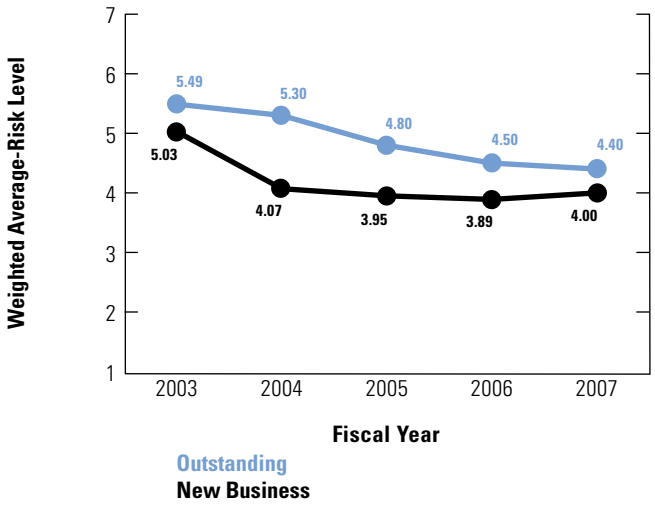
Exhibit 12: Medium-Term and Long-Term Authorizations by Risk Category



Changes in the Portfolio-Risk Level

At September 30, 2007, Ex-Im Bank had a portfolio of $57,424.5 million of loans, guarantees, insurance and outstanding claims receivable. Exhibit 13 shows the weighted average-risk rating for new authorizations and the outstanding portfolio over the past five fiscal years. The new business risk level includes all medium-term and 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 13, the risk rating for new business and the outstanding portfolio has gradually improved over the past several fiscal years.

Exhibit 13: Credit-Quality Risk Profile



VII. Financial Statement Analysis

Significant Financial Data

Exhibit 14 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 FY 2007 and FY 2006. More detailed financial information can be found in the financial statements and notes.

Fund Balance with the U.S. Treasury: The cash balance declined from $3,230.2 million at September 30, 2006, to $2,688.9 million at September 30, 2007, due to the March 2007 transfer of the prior-year downward subsidy re-estimate of $1,402.0 million. The decline due to the subsidy re-estimate was partially offset by current-year collections of exposure fees, interest collections and the receipt of the current-year appropriations.

Exhibit 14: Significant Financial Data

(in millions)	FY 2007	FY 2006
Fund Balance with the U.S. Treasury	$2,688.9	$3,230.2
Receivable from the Program Account	609.5	520.4
Loans Receivable, Net	3,578.1	4,526.1
Receivables from Subrogated Claims, Net	785.6	991.2
Amounts Payable to the U.S. Treasury	1,135.2	1,826.8
Liabilities Related to Undisbursed Loans and Guarantees	130.6	279.1
Payable to the Financing Account	478.9	241.3
Payment Certificates	140.7	195.3
Subsidy Expense, Net*	277.4	(609.6)
Loan Interest Income	542.8	886.6
Guarantee Interest Income	188.5	235.0
Liquidating Account Distribution of Income	130.5	627.5

**Balances shown are combined amounts from the different programs shown on the Statements of Net Cost.*

Receivable from the Program Account/Liabilities Related to Undisbursed Loans and Guarantees/Payable to the Financing Account: The Receivable from the Program Account is fully offset by the Liabilities 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 Receivable from the Program Account increased from $520.4 million at September 30, 2006, to $609.5 million at September 30, 2007. The increase was due to the larger upward portion of the subsidy re-estimate in FY 2007, which was partially offset by the decline in subsidy related to undisbursed loans and guarantees that resulted from a decline in default rates on current-year authorizations.

Loans Receivable, Net: Ex-Im Bank has authorized few direct loans in the past several years, and repayments and prepayments on existing credits have caused the loans receivable balance to decline. Gross loans receivable were $5,954.9 at September 30, 2006, and dropped to $4,933.7 at September 30, 2007.

Receivables from Subrogated Claims, Net: During FY 2007, gross claims receivables declined by $125.1 million while the allowance for loss increased by $86.0 million. The allowance was increased to recognize additional amounts that are likely to be written off for countries eligible for the Heavily Indebted Poor Countries (HIPC) debt forgiveness initiative as well as an overall increase in the riskiness of the claim portfolio.

Amounts Payable to the U.S. Treasury: Amounts Payable to the U.S. Treasury are made up of expired appropriations no longer available for new obligations and the downward re-estimate. The amount payable decreased from $1,826.8 million at September 30, 2006, to $1,135.2 million at September 30, 2007, due to a smaller net downward re-estimate in FY 2007 compared to FY 2006.

Payment Certificates: Payment Certificates decreased from $195.3 million at September 30, 2006, to $140.7 million at September 30, 2007, as more payment certificates were repaid than issued.

Subsidy Expense, Net: The Subsidy Expense, Net decreased from a credit of $609.6 million at September 30, 2006, to a net expense of $277.4 million at September 30, 2007. This was due to the impact of the re-estimate on current-year subsidy expense. In FY 2006, the net downward re-estimate was $1,402.0 million, and in FY 2007 the net downward re-estimate was $414.2 million. A downward re-estimate decreases the subsidy expense for the year.

Loan-Interest Income: The loan-interest income declined from $886.6 million at September 30, 2006, to $542.8 million at September 30, 2007. In FY 2006, there were several large repayments and prepayments of rescheduled credits, a portion involving the repayment of capitalized interest. Ex-Im Bank's policy is to recognize the interest income resulting from the capitalization of interest only when the interest is paid. The repayment of the capitalized interest resulted in higher than expected interest income in FY 2006.

Liquidating Account Distribution of Income: For the pre-credit-reform portfolio, this represents cash balances in excess of amounts needed to cover obligations that are transferred to the U.S. Treasury. The decline from $627.5 million in FY 2006 to $130.5 million in FY 2007 represents a drop in cash collections on pre-credit-reform credits.

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 unpredictable 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 and organizational 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 an insured as a result of

expropriation of the obligor's property, war or inconvertibility of the borrower's currency into 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 that are in the same industry. The Bank's credit exposure is highly concentrated by industry: 64.5 percent of the Bank's credit portfolio is in three industries (air transportation, oil and gas, and manufacturing), with air transportation representing 44.5 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 51.1 percent of the portfolio contained in two geographic regions: Asia (29.2 percent) and Latin America (21.9 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-obligors make up 18.6 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, 2007, 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 as the authorization the U.S.-dollar amount equivalent to 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.

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.

VIII. Other Management Information

Statutory Limitations

Ex-Im Bank has several significant financial limitations that are contained in the Export-Import Bank Act of 1945, as amended and in various appropriation acts. Exhibits 15 and 16 (on page 42) summarize the status of those limitations as of September 30, 2007, as well as the utilization of available funding.

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.

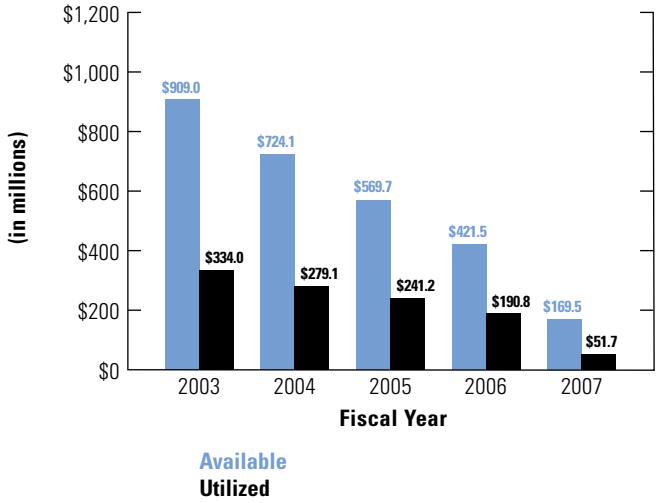
Exhibit 15: Financial Statutory Limitations

(in millions)

Appropriations	Program Budget	Tied Aid	Administrative Expense
Carry-over from Prior Year	$142.6	$227.9	N/A
Cancellations During FY 2007	0.5	0.0	N/A
FY 2007 Appropriation	26.4	0.0	72.8
Inspector General	N/A	N/A	1.0
TOTAL	**$169.5**	**$227.9**	**$73.8**
Obligated	$51.7	$0.0	$72.8
Unobligated Balance Lapsed	0.5	0.0	0.0
Unobligated Balance Available	117.3	227.9	1.0

	Available	Obligated	Balance
Statutory Lending Authority	$100,000.0	$57,424.5	$42,575.5

Exhibit 16: Nontied-Aid Program Budget Appropriation, Available and Utilized



2007 Financial Report

Fiscal Year 2007 Authorizations Summary

($ millions)

Program	Number of Authorizations 2007	Number of Authorizations 2006	Amount Authorized 2007	Amount Authorized 2006	Estimated Export Value 2007	Estimated Export Value 2006	Program Budget Used 2007	Program Budget Used 2006
Loans								
Long-Term Loans	-	3	$ -	$56.5	$ -	$63.2	$ -	$0.7
Medium-Term Loans	-	-	-	-	-	-	-	-
Tied Aid	-	-	-	-	-	-	-	-
Total Loans	***-***	***3***	***-***	***56.5***	***-***	***63.2***	***-***	***0.7***
Guarantees								
Long-Term Guarantees	47	50	7,234.0	6,603.5	7,670.1	7,436.1	12.8	110.0
Medium-Term Guarantees	159	194	504.2	387.6	601.9	427.5	9.6	17.7
Working Capital Guarantees	483	492	1,255.3	1,173.8	4,160.4	4,150.4	16.7	19.3
Total Guarantees	***689***	***736***	***8,993.5***	***8,164.9***	***12,432.4***	***12,014.0***	***39.1***	***147.0***
Export-Credit Insurance								
Short-Term	1,903	1,658	3,274.1	3,287.7	3,274.1	3,287.7	3.4	20.3
Medium-Term	201	280	301.8	641.4	334.5	754.5	8.3	18.2
Total Insurance	***2,104***	***1,938***	***3,575.9***	***3,929.1***	***3,608.6***	***4,042.2***	***11.7***	***38.5***
Modifications							0.9	4.6
Grand Total	**2,793**	**2,677**	**$12,569.4**	**$12,150.5**	**$16,041.0**	**$16,119.4**	**$51.7**	**$190.8**

Fiscal Year 2007 Small-Business Authorizations

($ millions)

Program	Number 2007	Number 2006	Amount 2007	Amount 2006
Export-Credit Insurance	1,893	1,727	$2,087.3	$2,038.1
Working Capital Guarantees	435	437	989.6	917.9
Guarantees and Direct Loans	62	89	274.8	228.7
Grand Total	**2,390**	**2,253**	**$3,351.7**	**$3,184.7**

Fiscal Year 2007 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
AFRICA MULTINATIONAL					94,400,000
Albania					48,238,261
Algeria			723,105	723,105	316,350,490
Angola					320,332,389
Anguilla					112,104
Antigua					571,300
Argentina			9,440,100	9,440,100	420,398,031
Aruba					1,009,428
Australia			360,000	360,000	1,113,720,809
Austria		106,567,959		106,567,959	438,234,916
Azerbaijan		7,220,566	14,166,662	21,387,228	73,914,637
BAHAMAS					3,544,797
Bahrain					81,763,603
Bangladesh					637,564
Barbados		523,677		523,677	2,534,364
Belgium			270,000	270,000	8,622,304
Belize					20,462,118
Benin					211,635
Bermuda					833,177
Bolivia					3,037,698
Bosnia					24,102,449
Brazil		180,864,575	38,981,456	219,846,031	1,988,217,922
Brunei					28,988
Bulgaria			8,506,317	8,506,317	72,126,603
Burkina Faso					1,776,803
CAMEROON					15,488,874
Canada		814,400,943	270,000	814,670,943	2,161,224,137
Canary Islands					65,973
Cape Verde					259,409
Cayman Islands					1,585,030
Central African Republic					8,710,457
Chad					186,354
Chile		142,767,248		142,767,248	857,557,678
China (Mainland)			7,371,637	7,371,637	1,987,630,236
China (Taiwan)					1,147,073,682
China (pre-1949)					26,386,019
Colombia		15,784,500	12,217,623	28,002,123	198,520,808
Congo					14,723,248
Congo, Democratic Republic of					191,865,131
Cook Islands					7,592
Costa Rica		1,909,451	29,820,294	31,729,745	58,757,684
Côte d'Ivoire					151,674,627
Croatia					237,867,166
Cuba					36,266,581
Cyprus					12,964,851
Czech Republic					106,136,511

Fiscal Year 2007 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
DENMARK			792,000	792,000	3,260,039
Dominica					54,959
Dominican Republic		2,755,059	29,052,038	31,807,097	548,146,822
ECUADOR					78,978,641
Egypt					319,829,540
El Salvador			12,287,353	12,287,353	30,695,250
Estonia					681,313
Ethiopia			90,000	90,000	262,920,244
FIJI ISLANDS					38,780,320
Finland					2,079,342
France			180,000	180,000	8,423,568
French Polynesia					83,116
GABON					49,637,176
Georgia					26,850
Germany		49,279,931	2,207,392	51,487,323	183,257,568
Ghana		109,533,785	490,000	110,023,785	216,734,547
Gibraltar			4,396,625	4,396,625	4,396,625
Greece			1,044,000	1,044,000	4,488,637
Grenada					2,727,979
Guatemala		1,186,989	7,706,078	8,893,067	46,583,006
Guinea					7,612,094
Guyana			274,525	274,525	3,476,434
HAITI					3,591,877
Honduras			3,952,380	3,952,380	22,831,309
Hong Kong			405,000	405,000	235,082,817
Hungary					1,029,259
ICELAND					1,465,641
India		1,395,237,419	5,854,257	1,401,091,676	3,458,503,690
Indonesia					1,815,889,936
Ireland		615,125,344	180,000	615,305,344	2,342,513,906
Israel		227,630,000	3,437,764	231,067,764	376,346,502
Italy			1,942,200	1,942,200	397,434,393
JAMAICA		11,196,936	8,168,749	19,365,685	53,387,506
Japan			900,000	900,000	104,655,175
Jordan			72,000	72,000	56,180,765
KAZAKHSTAN		104,194,167	2,667,658	106,861,825	461,463,798
Kenya		114,400,637		114,400,637	496,183,905
Korea, Republic of		242,534,577	1,440,000	243,974,577	2,665,107,283
Kuwait			1,297,185	1,297,185	44,406,765
LATVIA					534,998
Lebanon					5,899,625
Liberia			90,000	90,000	7,461,818
Liechtenstein					67,041
Lithuania		6,895,089		6,895,089	10,226,510
Luxembourg			270,000	270,000	156,380,791

Fiscal Year 2007 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
MACEDONIA					747
Malaysia, Federation of					848,418,608
Maldive Islands					192,732
Mali					11,508,731
Malta					99,576
Mauritius					92,750
Mexico		657,318,405	334,189,577	991,507,982	7,426,420,335
Micronesia, Federated States of					97,284
Monaco					123,833
Mongolia					7,800
Montenegro					21,532,142
Montserrat					596
Morocco		82,380,053	6,175,000	88,555,053	672,340,997
Mozambique					115,086
NETHERLANDS			90,000	90,000	682,375,208
Netherlands Antilles					2,260,033
New Caledonia					1,806
New Zealand			225,000	225,000	224,066,359
Nicaragua			1,760,749	1,760,749	34,523,926
Niger					398,683
Nigeria		112,500,705	5,708,580	118,209,285	283,452,090
Norway					2,572,402
OMAN					56,546,152
PAKISTAN		468,279,371		468,279,371	1,302,580,433
Panama		31,890,249	9,800,000	41,690,249	399,161,389
Papua New Guinea					296,512
Paraguay					4,678,048
Peru		14,307,350	24,979,370	39,286,720	186,691,272
Philippines		7,007,765	1,350,000	8,357,765	409,439,600
Poland					5,509,531
Portugal			270,000	270,000	1,613,472
Puerto Rico					128,998
QATAR					1,015,905,988
ROMANIA					465,675,470
Russia		67,784,307	20,844,751	88,629,058	432,826,728

Fiscal Year 2007 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
SAUDI ARABIA		604,436,000	585,000	605,021,000	1,636,101,293
Senegal					44,965,609
Serbia					189,564,582
Singapore		609,733,033	900,000	610,633,033	1,545,159,473
Slovak Republic					127,644
Slovenia					215,546
South Africa			9,775,000	9,775,000	195,119,566
Spain			270,000	270,000	17,146,507
Sri Lanka		24,113,636	207,388	24,321,024	24,740,222
St. Kitts and Nevis					342,674
St. Lucia			129,921	129,921	517,404
St. Vincent					612,290
Sudan					28,246,331
Suriname					167,505
Swaziland					7,678
Sweden			405,000	405,000	4,756,765
Switzerland			270,000	270,000	18,714,887
TANZANIA					2,034,256
Thailand			1,378,549	1,378,549	1,233,560,843
Togo					2,820
Trinidad and Tobago					32,066,844
Tunisia					96,577,386
Turkey		63,847,071	1,368,883	65,215,954	1,931,304,096
Turks and Caicos Islands			1,038,000	1,038,000	2,281,959
UGANDA					5,072,753
Ukraine		60,407,838	3,430,260	63,838,098	234,151,456
United Arab Emirates		246,891,000	90,000	246,981,000	836,134,962
United Kingdom			450,000	450,000	45,280,392
United States of America		1,792,104,873		1,792,104,873	2,679,896,669
Uruguay		507,105	1,500,407	2,007,512	52,930,656
Uzbekistan					303,677,204
VARIOUS COUNTRIES UNALLOCABLE					88,386,141
Venezuela					696,000,313
Vietnam					310,932,475
Virgin Islands, British					6,930,092
WEST INDIES, BRITISH					180,875
West Indies, French					179,372
YEMEN					371,189
ZIMBABWE					69,603
TOTAL		**8,993,517,613**	**638,515,833**	**9,632,033,446**	**53,535,837,467**
Multibuyer Insurance, Short-Term			***2,937,330,000***	***2,937,330,000***	***3,888,684,159***
Total Authorizations		**$8,993,517,613**	**$3,575,845,833**	**$12,569,363,446**	**$57,424,521,626**

Fiscal Year 2007 Loans and Long-Term Guarantees

Auth. Date	Obligor Principal Supplier Guarantor*	Credit	Product	Interest Rate	Loans	Guarantees
Austria						
17-Jan-07	Austrian Airlines Lease and Finance Co. The Boeing Co.	082398	Commercial Aircraft			$106,567,959
Total for Austria						***$106,567,959***
Brazil						
25-Jun-07	GOL Transportes Aereos The Boeing Co.	080949	Commercial Aircraft			$157,080,271
Total for Brazil						***$157,080,271***
Canada						
19-Apr-07	Air Canada The Boeing Co.	083045	Commercial Aircraft			$708,461,025
12-Jul-07	WestJet Airlines The Boeing Co.	081554	Commercial Aircraft			$105,939,918
Total for Canada						***$814,400,943***
Chile						
16-May-07	Lan Airlines S.A. The Boeing Co.	082547	Commercial Aircraft			$142,356,300
Total for Chile						***$142,356,300***
Germany						
14-Mar-07	Bavarian International Aircraft Leasing GMBH The Boeing Co.	083104	Commercial Aircraft			$49,279,931
Total for Germany						***$49,279,931***
Ghana						
31-May-07	Bulk Oil Storage and Transport Co. Ltd. American Tank and Vessel Inc. Ministry of Finance	082075	Oil-Storage Tanks and Pipelines			$109,533,785
Total for Ghana						***$109,533,785***

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

Fiscal Year 2007 Loans and Long-Term Guarantees

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
India						
14-Dec-06	Jet Airways Ltd. The Boeing Co.	082378	Commercial Aircraft (Amendment Increase)			$4,158,754
10-Jul-07	Reliance Petroleum Ltd. Bechtel Corp. None	082263	Petroleum Refinery Equipment and Services			$500,000,000
30-Aug-07	Jet Airways Ltd. The Boeing Co.	082380	Commercial Aircraft			$885,996,370
Total for India						***$1,390,155,124***
Ireland						
17-Jan-07	Ryanair Ltd. The Boeing Co.	081304	Commercial Aircraft			$221,150,344
02-Aug-07	Ryanair Ltd. The Boeing Co.	083337	Commercial Aircraft			$393,975,000
Total for Ireland						***$615,125,344***
Israel						
12-Jul-07	El Al Airlines The Boeing Co.	082109	Commercial Aircraft			$227,630,000
Total for Israel						***$227,630,000***
Kazakhstan						
07-Dec-06	JSC Kazagrofinance JSC Deere and Co. Halyk Savings Bank of Kazakhstan	082879	Tractors and Crop Sprayers			$12,735,332
11-Apr-07	JSC Alliance Bank Diebold Holding Co. Inc. None	082664	ATM Machines (Credit Increase)			$151,120
26-Apr-07	Kazkommertsbank OJSC Diebold Holding Co. Inc. None	083160	ATM Machines			$15,826,975
Total for Kazakhstan						***$28,713,427***
Kenya						
15-Feb-07	Kenya Airways Ltd. The Boeing Co.	083037	Commercial Aircraft			$111,524,337
Total for Kenya						***$111,524,337***

Fiscal Year 2007 Loans and Long-Term Guarantees

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
Korea, Republic of						
25-Jun-07	Asiana Airlines The Boeing Co.	083265	Commercial Aircraft			$242,534,577
Total for Korea, Republic of						***$242,534,577***
Mexico						
15-Nov-06	Comisión Federal de Electricidad (CFE) Siemens Westinghouse Power Corp. None	082564	Power Plant Equipment and Services			$27,319,313
30-Nov-06	The Pemex Project Funding Master Trust Corpac Steel Products Corp., et. al. Petróleos Mexicanos, et. al.	082750	Small-Business Facility for Petroleum Refinery Equipment			$100,000,000
25-Jan-07	Grupo Ferroviário Mexicano General Electric Co. Ferrocarril Mexicano S.A.	082929	Locomotives			$107,004,369
27-Sep-07	Grupo Ferroviário Mexicano General Electric Co. Ferrocarril Mexicano S.A.	082947	Locomotives			$80,429,188
27-Sep-07	The Pemex Project Funding Master Trust AGI Industries Petróleos Mexicanos, et. al.	083385	Oil Field Development Equipment and Services for the Cantarell Oil Field			$200,000,000
Total for Mexico						***$514,752,870***
Morocco						
08-Feb-07	Royal Air Maroc The Boeing Co.	078791	Commercial Aircraft			$81,509,789
Total for Morocco						***$81,509,789***
Nigeria						
19-Jul-07	Diamond Bank Ltd. Halliburton Energy Services Inc. None	083252	Oil-Drilling Equipment, Technology and Services			$13,148,270
21-Sep-07	Intercontinental Bank PLC AirTran Airways	083291	Commercial Aircraft			$71,823,648
Total for Nigeria						***$84,971,918***
Pakistan						
30-Nov-06	Pakistan International Airlines The Boeing Co. Government of Pakistan	079207	Commercial Aircraft			$468,279,371
Total for Pakistan						***$468,279,371***

Fiscal Year 2007 Loans and Long-Term Guarantees

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
Panama						
7-Jul-07	Copa Holdings S.A. The Boeing Co.	083276	Commercial Aircraft			$31,404,143
Total for Panama						***$31,404,143***
Saudi Arabia						
29-Mar-07	National Air Service Company Ltd. Gulfstream Aerospace Corp.	082023	Business Jet Aircraft			$7,810,611
12-Sep-07	National Chevron Phillips Co. Chevron Phillips Chemical Co. LLP, et. al. None	082625	Petrochemical Plant Equipment and Services			$586,649,537
Total for Saudia Arabia						***$594,460,148***
Singapore						
16-May-07	Chartered Semiconductor Manufacturing Ltd. Applied Materials Inc. None	082872	Wafer Fabrication Machinery			$609,733,033
Total for Singapore						***$609,733,033***
Sri Lanka						
27-Jul-07	West Coast Power Ltd. Nalco Co. Ministry of Finance	083216	Power Plant Equipment and Services			$24,113,636
Total for Sri Lanka						***$24,113,636***
Turkey						
05-Mar-07	Municipality of Istanbul DMK International LLS None	082932	Fire-Fighting Trucks and Equipment			$49,561,707
Total for Turkey						***$49,561,707***
United Arab Emirates						
16-May-07	Emirates The Boeing Co.	083159	Commercial Aircraft			$246,891,000
Total for United Arab Emirates						***$246,891,000***

Fiscal Year 2007 Loans and Long-Term Guarantees

Auth. Date	Obligor Principal Supplier Guarantor	Credit	Product	Interest Rate	Loans	Guarantees
Miscellaneous						
07-Dec-06	ACG Capital Group Corp. The Boeing Co.	082837	Commercial Aircraft			$60,748,547
12-Jan-07	Pegasus Aviation Finance Co. The Boeing Co.	082802	Commercial Aircraft			$68,753,278
25-Jun-07	Pegasus Aviation Finance Co. The Boeing Co.	082904	Commercial Aircraft			$115,239,855
02-Aug-07	ACG Capital Group Corp. The Boeing Co.	083323	Commercial Aircraft			$77,919,500
16-Aug-07	Private Export Funding Corp. (PEFCO) None	03048	Interest on PEFCO's Own Debt			$210,750,000
Total for Miscellaneous						***$533,411,180***
Grand Total						**$7,233,990,793**

Independent Auditors' Report

To the Audit Committee, the Board of Directors and the Inspector General of the Export-Import Bank of the United States:

We have audited the accompanying balance sheets of the Export-Import Bank of the United States (Ex-Im Bank) as of September 30, 2007 and 2006, and the related statements of net costs and changes in net position, and the combined statements of budgetary resources (collectively referred to as the "financial statements") for the years then ended. These financial statements are the responsibility of Ex-Im Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ex-Im Bank as of September 30, 2007 and 2006, and its net cost of operations and changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2007, on our consideration of Ex-Im Bank's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Deloitte & Touche LLP

November 15, 2007

Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based upon the Audit Performed in Accordance with Government Auditing Standards

To the Audit Committee, the Board of Directors and the Inspector General of the Export-Import Bank of the United States:

We have audited the financial statements of the Export-Import Bank of the United States (Ex-Im Bank) as of and for the year ended September 30, 2007, and have issued our report thereon dated November 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ex-Im Bank's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. Under standards issued by the American Institute of Certified Public Accountants, significant deficiencies are deficiencies in internal control, or a combination of deficiencies, that adversely affect Ex-Im Bank's ability to initiate, authorize, record, process or report financial data reliably and in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the financial statements being audited that is more than inconsequential will not be prevented or detected. Material weaknesses are significant deficiencies, or a combination of significant deficiencies, that result in a more than remote likelihood that material misstatements in relation to the financial statements being audited will not be prevented or detected. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Deloitte & Touche LLP

November 15, 2007

Balance Sheets

(in millions)	September 30, 2007	September 30, 2006
ASSETS		
Intragovernmental		
Fund Balance with the U.S. Treasury	$2,688.9	$3,230.2
Receivable from the Program Account	609.5	520.4
Total Assets - Intragovernmental	***3,298.4***	***3,750.6***
Public		
Cash	0.2	9.4
Loans Receivable, Net	3,578.1	4,526.1
Receivables from Subrogated Claims, Net	785.6	991.2
Other Assets	5.6	30.0
Total Assets - Public	***4,369.5***	***5,556.7***
TOTAL ASSETS	**$7,667.9**	**$9,307.3**
LIABILITIES		
Intragovernmental		
Borrowings from the U.S. Treasury	$4,364.2	$4,910.7
Amounts Payable to the U.S. Treasury	1,135.2	1,826.8
Liability Related to Undisbursed Loans and Guarantees	130.6	279.1
Payable to the Financing Account	478.9	241.3
Total Liabilities - Intragovernmental	***6,108.9***	***7,257.9***
Public		
Payment Certificates	140.7	195.3
Claims Payable	3.2	10.8
Guarantee Loan Liability	1,262.1	1,272.4
Other Liabilities	33.2	37.0
Total Liabilities - Public	***1,439.2***	***1,515.5***
TOTAL LIABILITIES	**7,548.1**	**8,773.4**
NET POSITION		
Capital Stock	1,000.0	1,000.0
Unexpended Appropriations	460.2	637.0
Cumulative Results of Operations	(1,340.4)	(1,103.1)
TOTAL NET POSITION	**119.8**	**533.9**
TOTAL LIABILITIES AND NET POSITION	**$7,667.9**	**$9,307.3**

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

Statements of Net Costs

(in millions)	For the Year Ended September 30, 2007	For the Year Ended September 30, 2006
LOANS		
Costs		
Interest Expense	$306.4	$316.9
Subsidy Expense, Net	51.4	(222.9)
Provision for Credit Losses	18.0	131.4
Total Costs	***375.8***	***225.4***
Earned Revenue		
Interest Income	(542.8)	(886.6)
Fee and Other Income	(13.7)	(4.9)
Total Earned Revenue	***(556.5)***	***(891.5)***
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS	**(180.7)**	**(666.1)**
GUARANTEES		
Costs		
Claim Expenses	18.8	21.1
Subsidy Expense, Net	111.4	(520.8)
Provision for Credit Losses	(36.2)	(263.3)
Total Costs	***94.0***	***(763.0)***
Earned Revenue		
Interest Income	(188.5)	(235.0)
Fees and Other Income	(218.6)	(240.6)
Total Earned Revenue	***(407.1)***	***(475.6)***
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS	**(313.1)**	**(1,238.6)**
INSURANCE		
Costs		
Claim Expenses	4.9	5.1
Subsidy Expense, Net	114.6	134.1
Broker Commissions	4.3	4.6
Total Costs	***123.8***	***143.8***
Earned Revenue		
Insurance Premium and Other Income	(30.0)	(36.9)
NET EXCESS OF PROGRAM COSTS OVER (REVENUE)	**93.8**	**106.9**
COSTS NOT ASSIGNED TO PROGRAMS		
Administrative Costs	***69.2***	***72.6***
Liquidating Account Distribution of Income	***130.5***	***627.5***
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS	**$(200.3)**	**$(1,097.7)**

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

Statements of Changes in Net Position

	Balance at September 30, 2007				Balance at September 30, 2006			
	Capital Stock	Unexpended Appropriations	Cumulative Results of Operations	Total	Capital Stock	Unexpended Appropriations	Cumulative Results of Operations	Total
Beginning Net Position	**$1,000.0**	**$637.0**	**$(1,103.1)**	**$533.9**	**$1,000.0**	**$863.7**	**$(874.0)**	**$989.7**
Budgetary Financing Sources (Uses)								
Appropriations Received								
Program	-	26.3	-	26.3	-	100.0	-	100.0
Administrative Expenses	-	72.8	-	72.8	-	73.2	-	73.2
Inspector General	-	1.0	-	1.0	-	1.0	-	1.0
Re-estimate	-	241.3	-	241.3	-	89.2	-	89.2
Rescissions	-	-	-	-	-	(63.7)	-	(63.7)
Canceled Authority	-	(63.4)	-	(63.4)	-	(107.2)	-	(107.2)
Transfer In - Debt-Reduction Financing	-	-	2.1	2.1	-	-	-	-
Transfer Out Without Reimbursement	-	-	(893.2)	(893.2)	-	-	(1,643.3)	(1,643.3)
Other Adjustments	-	-	(1.3)	(1.3)	-	(0.4)	(2.3)	(2.7)
Appropriations Used	-	(454.8)	454.8	-	-	(318.8)	318.8	-
Total Financing Sources (Uses)	*-*	*(176.8)*	*(437.6)*	*(614.4)*	*-*	*(226.7)*	*(1,326.8)*	*(1,553.5)*
Less: Excess of Program Revenue over Costs	*-*	*-*	*(200.3)*	*(200.3)*	*-*	*-*	*(1,097.7)*	*(1,097.7)*
ENDING NET POSITION	**$1,000.0**	**$460.2**	**$(1,340.4)**	**$119.8**	**$1,000.0**	**$637.0**	**$(1,103.1)**	**$533.9**

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

Combined Statements of Budgetary Resources

	For the Year Ended September 30, 2007			For the Year Ended September 30, 2006		
	Budgetary	Nonbudgetary Credit-Reform Financing Accounts	Total	Budgetary	Nonbudgetary Credit-Reform Financing Accounts	Total
Budgetary Resources						
Unobligated Balance, Brought Forward October 1	$549.3	$2,293.8	$2,843.1	$674.7	$2,766.9	$3,441.6
Recoveries of Prior-Year Unpaid Obligations	64.6	3.6	68.2	43.6	10.9	54.5
Budget Authority:						
Appropriations	341.4	-	341.4	263.4	-	263.4
Borrowing Authority	-	59.0	59.0	-	-	-
Spending Authority from Offsetting Collections	142.8	2,170.2	2,313.0	636.7	3,028.3	3,665.0
Nonexpenditure Transfers, Net	(130.5)	(605.5)	(736.0)	(627.4)	(937.5)	(1,564.9)
Permanently Not Available	(5.7)	-	(5.7)	(68.5)	-	(68.5)
TOTAL BUDGETARY RESOURCES	**$961.9**	**$3,921.1**	**$4,883.0**	**$922.5**	**$4,868.6**	**$5,791.1**
Status Of Budgetary Resources						
Obligations Incurred, Direct	$380.7	$2,009.7	$2,390.4	$373.2	$2,574.8	$2,948.0
Unobligated Balance, Apportioned	349.7	1,911.4	2,261.1	463.4	2,293.8	2,757.2
Unobligated Balance Not Available	231.5	-	231.5	85.9	-	85.9
TOTAL STATUS OF BUDGETARY RESOURCES	**$961.9**	**$3,921.1**	**$4,883.0**	**$922.5**	**$4,868.6**	**$5,791.1**
Change In Obligated Balance						
Obligated Balance, Net:						
Unpaid Obligations, Brought Forward October 1	$270.6	$89.0	$359.6	$274.8	$163.3	$438.1
Obligations Incurred, Net	380.7	2,009.7	2,390.4	373.2	2,574.8	2,948.0
Gross Outlays	(463.4)	(2,059.8)	(2,523.2)	(333.8)	(2,638.2)	(2,972.0)
Recoveries of Prior-Year Unpaid Obligations	(64.6)	(3.6)	(68.2)	(43.6)	(10.9)	(54.5)
TOTAL UNPAID OBLIGATED BALANCE NET END OF PERIOD	**$123.3**	**$35.3**	**$158.6**	**$270.6**	**$89.0**	**$359.6**
Net Outlays						
Gross Outlays	$463.4	$2,059.8	$2,523.2	$333.8	$2,638.2	$2,972.0
Less: Offsetting Collections	(142.8)	(2,170.2)	(2,313.0)	(636.7)	(3,028.3)	(3,665.0)
NET OUTLAYS	**$320.6**	**$(110.4)**	**$210.2**	**$(302.9)**	**$(390.1)**	**$(693.0)**

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, 2007, AND SEPTEMBER 30, 2006

1. 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 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 guarantees 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 Organization for Economic Cooperation 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 are in accordance with form and content guidance provided in Office and Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, revised as of June 29, 2007.

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 and allowance for subsidy cost on loans receivable, subrogated claims receivable, guarantees and insurance. In FY 2006 and FY 2007, Ex-Im Bank used its historical default and recovery experience to calculate loss estimates. Ex-Im Bank's historical defaults have been lower and recoveries have been higher than the proxy rates previously provided by OMB.

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 loan losses. Loans obligated after FY 1991 (credit-reform credits) are carried at principal and interest receivable amounts less an allowance for subsidy cost.

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 and 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 total allowance for Ex-Im Bank credits is comprised of the allowance for loss on pre-credit-reform credits and the allowance for subsidy cost for credit-reform credits. For pre-credit-reform credits, a provision is charged to earnings as losses are estimated to have occurred.

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 for Ex-Im Bank credit-reform credits equates to the amount of subsidy cost associated with the

applicable credit. The subsidy cost is defined as the net present value of all the cash flows of the credits to and from the U.S. government. Ex-Im Bank has established cash-flow models for expected defaults, fees, and recoveries to estimate the subsidy cost for each approved credit. The models incorporate OMB's loss estimates for international credit programs and Ex-Im Bank's actual recovery experience.

The net subsidy cost 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. The re-estimates adjust the allowance for subsidy cost 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, 2007, 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 dollar amount equivalent to the foreign-currency obligation approved by the Board of Directors 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 primarily to finance medium-term and long-term loans. These borrowings carry a fixed rate of interest. They are further discussed in Note 11.

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 that 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 includes the results of the subsidy cost 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 up-front 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. Appropriations 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 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 2007 and 2006 were as follows:

(in millions)	FY 2007	FY 2006
Revolving Funds	$1,949.5	$2,382.9
General Funds—Unexpended Appropriations	705.2	824.6
Other Funds—Unallocated Cash	34.2	22.7
TOTAL	**$2,688.9**	**$3,230.2**
Status of Fund Balance with the U.S. Treasury		
Unobligated Balance		
Available	$2,261.1	$2,757.2
Expired	231.5	85.9
Canceled and Unavailable	3.5	4.8
Obligated Balance Not Yet Disbursed	158.6	359.6
Funds Pending Application	34.2	22.7
TOTAL	**$2,688.9**	**$3,230.2**

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 that have been 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 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 the subsequent years.

As of September 30, 2007, and September 30, 2006, 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, 2007, and September 30, 2006, there was $0.2 million and $9.4 million in cash balances, respectively, held outside the U.S. Treasury. In FY 2007 and FY 2006, $0.2 million and $0.5 million, respectively, represent lockbox receipts for collection of insurance premiums that are transferred to one of Ex-Im Bank's U.S. Treasury accounts upon application to the appropriate credit. In FY 2006, the balance of $8.9 million relates to a claim recovery that was being held in an escrow account pending further legal review.

4. Direct Loans and Loan Guarantees, Nonfederal Borrowers

A. Direct Loan, Loan Guarantee 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 Organization for Economic Cooperation 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 85 percent of the U.S. contract value.

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.

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.

The Office of Management and Budget (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 nonsovereign risk categories, and ICRAS currently has risk ratings for 193 markets. Each country receives two ratings: a sovereign-risk rating and a private-risk rating.

In order to determine the cost associated with the risk of lending to a category of credits, OMB applies a default estimate to each risk category that reflects the expected losses. Agencies apply these default estimates by comparing the present-value cash flows discounted using a risk-free U.S. Treasury rate against the present value of identical cash flows discounted by a risk-adjusted discount rate built from the risk-free U.S. Treasury rate plus the historical average spread for the risk category of the transaction under evaluation (the risk premia). The difference between these two present values is the present value of estimated defaults. This present-value default amount is spread over the maturity of the proposed transaction and is discounted using the standardized OMB Credit Subsidy Calculator.

Each pre-credit-reform credit is assigned one of 11 risk levels. Each risk level is identified with a loss percentage to determine the overall allowance on pre-credit-reform credits. OMB has provided the loss percentage for each risk level based on a risk-premia model it has developed to calculate subsidy costs. In previous years, this loss percentage has incorporated OMB proxy recovery rates. However, to calculate the allowance for loss more precisely, Ex-Im Bank has incorporated its actual historical default and recovery experience in the loss percentages.

FY 2007 and FY 2006 Activity

In FY 2007, Ex-Im Bank received $26.4 million of appropriations to cover the Bank's credit-program needs for providing new direct loans, guarantees and insurance, and $72.8 million to support the Bank's administrative costs. In FY 2006, Ex-Im Bank received $99.0 million of appropriations to cover the Bank's credit-program needs for providing new direct loans, guarantees and insurance, and $72.5 million to support the Bank's administrative costs.

(in millions)	FY 2007	FY 2006
Received And Available		
For Credit Subsidies	$26.4	$99.0
For Credit-related Administrative Costs	72.8	72.5
For Inspector General Administrative Costs	1.0	1.0
Total Received	***100.2***	***172.5***
Unobligated Balance Carried Over from Prior Year	371.5	591.7
Rescission of Unobligated Balances	-	(62.0)
Cancellations of Prior-Year Obligations	0.5	20.7
TOTAL AVAILABLE	**472.2**	**722.9**
Obligated		
For Credit Subsidies Excluding Tied Aid	51.7	190.8
For Credit-related Administrative Costs	72.8	72.5
Subtotal	***124.5***	***263.3***
For Tied Aid	-	-
TOTAL OBLIGATED	**124.5**	**263.3**
Unobligated Balance		
Unobligated Balance	347.7	459.6
Unobligated Balance Lapsed	0.9	88.1
REMAINING BALANCE	**$346.8**	**$371.5**

Of the remaining balance of $346.8 million at September 30, 2007, $1.5 million is available until September 30, 2008; $91.0 million is available until September 30, 2009; $26.4 million is available until September 30, 2010; and $227.9 million is available until expended and may be used for tied aid.

The cost of credit risk (credit subsidies) shown above, is the net present value of expected cash receipts and cash disbursements associated with loans, guarantees and insurance. Cash receipts typically include fees or premia and loan principal and interest, and cash disbursements typically include

claim payments and loan disbursements. Ex-Im Bank used OMB proxy default and recovery rates in FY 2006. In FY 2007, Ex-Im Bank continued to use OMB default rates but began using Ex-Im Bank recovery rates in place of OMB recovery rates. Ex-Im Bank's recovery experience has been better than OMB proxy rates, resulting in lower subsidy rates overall. When the present value of expected cash receipts exceeds the present value of expected cash disbursements, a "negative" credit subsidy arises. Negative subsidies are remitted to the U.S. Treasury upon disbursement of the underlying credits. Ex-Im Bank transferred $62.0 million and $44.3 million of negative subsidies to the U.S. Treasury in FY 2007 and FY 2006, respectively.

The appropriation for administrative costs is based on an annual estimate of the costs to administer and service Ex-Im Bank's entire credit portfolio. The credit-subsidy appropriations are obligated to cover the estimated subsidy costs 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 subsidies related to the disbursements and shipments. The portion of the appropriation related to Ex-Im Bank's lending programs is used to partially finance 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 this use, all of the appropriated funds 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.

Nonsovereign obligors are divided into four categories for risk assessment purposes: (1) obligors in workout status; (2) obligors rated by third-parties rating agencies, i.e., 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 or guarantor 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 non-credit 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 subsidy cost calculated at authorization and subsequent adjustments made to the allowance as a result of the annual subsidy cost re-estimate.

Subsidy Cost Re-estimate

Because financial and economic factors affecting the repayment prospects change over time, the net estimated subsidy cost of the outstanding balance of loans, guarantees and insurance financed by the subsidies is re-estimated annually in accordance with OMB guidelines and SFFAS 18. This re-estimate indicates the appropriate level necessary in the financing accounts. In the event that the fees, interest and appropriations in the financing accounts exceeds the re-estimate level, the difference will not be needed to cover commitments and will be returned to the U.S. Treasury. In the event that the fees, interest and appropriations in the financing accounts are 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 2007 and FY 2006, Ex-Im Bank used its actual historical default and recovery rates to calculate the estimated

future subsidy cost. Prior to that time, Ex-Im Bank used proxy rates provided by OMB. Both Ex-Im Bank's default and recovery experiences have been better than OMB's proxy rates.

As of September 30, 2007, and September 30, 2006, a re-estimate of the subsidy costs of the outstanding and undisbursed balances of FY 1992 through FY 2006 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of $414.2 million and $1,402.0 million, respectively, were no longer needed to cover commitments and were due to the U.S. Treasury. These amounts are included in the Amounts Payable to the U.S. Treasury on the Balance Sheet.

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 FY 1992, 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, 2007, and September 30, 2006, capitalized interest on credits obligated prior to FY 1992 was $331.6 million and $413.7 million, respectively. The total allowance for direct loans obligated prior to FY 1992, including capitalized interest, equaled 80.0 percent and 79.2 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 64.0 percent and 59.1 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 subsidy cost incurred to support the loan obligation. The subsidy cost is the amount of loss estimated to be incurred on the transaction, as previously described. At September 30, 2007, and September 30, 2006, the allowance for loan losses on credit-reform credits equaled 20.1 percent and 16.4 percent, respectively, of the outstanding loans and interest receivable balance.

At September 30, 2007, and September 30, 2006, the allowance for both pre-credit-reform and credit-reform loans equaled 28.9 percent and 25.2 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 23.9 percent and 19.7 percent, respectively, of loans and interest receivable.

The outstanding balances related to rescheduled installments included in loans receivable at September 30, 2007, and September 30, 2006, were $1,154.2 million and $1,293.7 million, respectively. Loan principal installments of $10.9 million and $23.1 million were rescheduled during FY 2007 and FY 2006, respectively. Loan installments of interest rescheduled during FY 2007 and FY 2006 were $7.5 million and $28.5 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, 2007, and September 30, 2006, consists of the following:

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**

FY 2006 (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	$828.3	$14.6	$(667.3)	$175.6
Loans Obligated After FY 1991	5,126.6	79.5	(855.6)	4,350.5
TOTAL	**$5,954.9**	**$94.1**	**$(1,522.9)**	**$4,526.1**

(in millions)	FY 2007	FY 2006
Direct Loans Disbursed During Year (Post-1991)	$40.8	$44.5

B. Subsidy Expense for Direct Loans by Component

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

(in millions)	FY 2007	FY 2006
Interest	$(9.4)	$(0.3)
Defaults	10.6	4.9
Fees and Other Collections	.3	(2.2)
Total	***$1.5***	***$2.4***
Net Re-estimate – Principal	(70.9)	(255.0)
Net Re-estimate – Interest	(51.3)	(130.1)
Total Net Re-estimate	***(122.2)***	***(385.1)***
TOTAL DIRECT LOAN SUBSIDY EXPENSE	**$(120.7)**	**$(382.7)**

C. Subsidy Rates for Direct Loans by Program and Component

The subsidy rates disclosed below relate to the percentage of subsidy authorized in the current year on loan authorizations made in the current fiscal year. Because these subsidy rates only pertain to authorizations from the current year cohorts, these rates cannot be applied to loan disbursements in the current reporting year to yield the subsidy expense, which could result from disbursements of loans from both current and prior-year cohorts. Ex-Im Bank did not authorize any direct loans in FY 2007; therefore, there are no subsidy rates for FY 2007.

	FY 2007	FY 2006
Interest	-	(3.71)%
Defaults	-	13.05
Fees and Other Collections	-	(8.10)
TOTAL	**-**	**1.24%**

D. Schedule for Reconciling Subsidy Cost Allowance Balances

The table below discloses the components of the loan allowance.

(in millions)	FY 2007	FY 2006
Post-1991 Direct Loans		
Beginning Balance of the Allowance Account	$855.6	$1,484.1
Current-Year Subsidy Expense *(See Note 4B for Component Breakdown)*	1.5	2.4
Fees Received	6.9	6.9
Loans Written Off	(12.6)	(370.2)
Subsidy Allowance Amortization	75.8	63.2
Miscellaneous Recoveries and Costs	51.8	54.3
Ending Balance Before Re-estimate	***$979.0***	***$1,240.7***
Re-estimate	(122.2)	(385.1)
ENDING BALANCE OF THE ALLOWANCE ACCOUNT	**$856.8**	**$855.6**

Subsidy amortization is calculated, as required by SFFAS 2, as the difference between interest revenue and interest expense.

E. Defaulted Guaranteed Loans

The allowance for defaulted guaranteed loans is calculated using the fair-value method as described above. Capitalized interest included in gross defaulted guaranteed loans receivable is reserved at 100 percent. At September 30, 2007, and September 30, 2006, capitalized interest was $143.0 million and $161.9 million, respectively. The total allowance equaled 65.0 percent and 58.1 percent of gross defaulted guaranteed loans and interest receivable at September 30, 2007, and September 30, 2006, respectively. Excluding capitalized interest from the receivable balance and from the loss reserve yields an allowance of 62.6 percent and 55.0 percent of defaulted loans and interest receivable at September 30, 2007, and September 30, 2006.

FY 2007 (in millions)	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guarantees, 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**

FY 2006 (in millions)	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guarantees, Net
Defaulted Guaranteed Loans				
Obligated Prior to FY 1992	$350.4	$0.2	$(256.1)	$94.5
Obligated After FY 1991	2,013.3	0.9	(1,117.5)	896.7
TOTAL	**$2,363.7**	**$1.1**	**$(1,373.6)**	**$991.2**

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 2007	FY 2006
Outstanding Principal of Guaranteed Loans and Insurance, Face Value	$39,004.6	$36,393.3
Undisbursed Principal of Guaranteed Loans and Insurance, Face Value	11,215.5	13,036.9
Total Principal of Guaranteed Loans and Insurance, Face Value	***$50,220.1***	***$49,430.2***
Amount of Principal Guaranteed and Insured	$50,220.1	$49,430.2
Guaranteed Loans and Insurance Disbursed During Year, Face Value	12,896.9	10,871.5
Guaranteed Loans and Insurance Disbursed During Year, Amount Guaranteed	12,896.9	10,871.5

G. Liability for Loan Guarantees and Insurance

(in millions)	FY 2007	FY 2006
Liability for Losses		
On Pre-1992 Guarantees and Insurance	$13.2	$46.3
On Post-1991Guarantees and Insurance	1,248.9	1,226.1
TOTAL LIABILITIES FOR LOAN GUARANTEES AND INSURANCE	**$1,262.1**	**$1,272.4**

Ex-Im Bank has authorized guarantee transactions denominated in a foreign currency during FY 2007 totaling $1,295.1 million, and authorized $1,753.4 million during FY 2006, 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. Subsidy Expense for Loan Guarantees and Insurance by Component

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

(in millions)	FY 2007	FY 2006
Defaults	$640.6	$245.5
Fees and Other Collections	(497.6)	(91.0)
Total	***143.0***	***154.5***
Net Re-estimate – Principal	(203.7)	(578.6)
Net Re-estimate – Interest	(88.3)	(438.3)
Total Net Re-estimate	***(292.0)***	***(1,016.9)***
TOTAL LOAN GUARANTEE AND INSURANCE SUBSIDY EXPENSE	**$(149.0)**	**$(862.4)**

I. Subsidy Rates for Loan Guarantees and Insurance by Component

The subsidy rates disclosed below relate to the percent of subsidy authorized in the current fiscal year on loan guarantee and insurance authorizations made in the current fiscal year. Because these subsidy rates only pertain to authorizations from the current year cohorts, these rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense, which could result from disbursements of loans from both current and prior-year cohorts.

	FY 2007	FY 2006
Defaults	2.77%	3.28%
Fees and Other Collections	(2.37)	(2.18)
TOTAL	**0.40%**	**1.10%**

J. Schedule for Reconciling Subsidy Cost Allowance Balances

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

(in millions)	FY 2007	FY 2006
Post-1991 Loan Guarantees		
Beginning Balance of the Allowance Account	$1,226.1	$2,154.0
Current-Year Subsidy Expense	142.2	148.8
Modifications	0.8	5.7
Subtotal Subsidy Expense *(See Note 4H for component breakdown)*	***143.0***	***154.5***
Fees Received	329.4	405.0
Claim Expenses and Write-Offs	(15.7)	(323.3)
Interest Accumulation	35.1	84.7
Adjustments for Purchased Guaranteed Loans	(175.1)	(181.0)
Other	(1.9)	(50.9)
Ending Balance Before Re-estimate	***1,540.9***	***2,243.0***
Re-estimate	(292.0)	(1,016.9)
ENDING BALANCE OF THE ALLOWANCE ACCOUNT	**$1,248.9**	**$1,226.1**

K. Administrative Expense

(in millions)	FY 2007	FY 2006
TOTAL ADMINISTRATIVE EXPENSE	**$69.2**	**$72.6**

L. Allowance and Exposure Summary

(in millions)	FY 2007	FY 2006
Pre-credit-Reform Allowance		
Allowance for Loan Losses	$597.7	$667.3
Allowance for Defaulted Guarantees	230.3	256.1
Liability for Outstanding Loan Guarantees	13.2	46.3
Total Pre-Credit-Reform Allowance	***841.2***	***969.7***
Credit-Reform Allowance		
Allowance for Loan Losses	856.8	855.6
Allowance for Defaulted Guarantees and Insurance	1,229.3	1,117.5
Liability for Outstanding Guarantees and Insurance	1,248.9	1,226.1
Liability Related to Undisbursed Loans, Guarantees and Insurance	130.6	279.1
Total Credit-Reform Allowance	***3,465.6***	***3,478.3***
Total Loan-Loss Allowance	1,454.5	1,522.9
Total Allowance for Guarantees, Insurance and Undisbursed Loans	2,852.3	2,925.1
TOTAL ALLOWANCE	**$4,306.8**	**$4,448.0**
Total Exposure	***$57,424.5***	***$57,837.8***
Percent Allowance to Exposure	***7.5%***	***7.7%***

5. Receivable from Program Account

The Receivable from the Program Account of $609.5 million in FY 2007 and $520.4 million in FY 2006 represents subsidy related to the undisbursed principal balance of loans, guarantees and insurance and the amount of the upward subsidy 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. Nonaccrual of Interest

The weighted average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2007, equaled 4.94 percent (6.28 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, 2006, equaled 4.23 percent (6.50 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 $740.9 million and $490.6 million of loans and rescheduled claims, respectively, in nonaccrual status at September 30, 2007, and $1,555.0 million and $847.2 million, respectively, at September 30, 2006. Had these credits been in accrual status, interest income would have been $24.6 million higher during FY 2007 (amount is net of interest received of $48.8 million) and $15.1 million higher in FY 2006 (amount is net of interest received of $110.5 million).

7. Statutory Limitations on Lending Authority

Under provisions of the Export-Import Bank Act, as amended in 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, 2007, and September 30, 2006, Ex-Im Bank's statutory authority used was as follows:

(in millions)	FY 2007	FY 2006
Outstanding Loans	$4,933.7	$5,954.9
Undisbursed Loans	32.1	89.0
Outstanding Claims	2,238.6	2,363.7
Guarantees	44,039.7	42,460.0
Insurance	6,180.4	6,970.2
TOTAL	**$57,424.5**	**$57,837.8**

Congress provides an appropriation to cover the subsidy cost if any, of the transactions committed. Transactions can be committed only to the extent that appropriated funds are available to cover such costs. For FY 2007 and FY 2006, 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 2007, Ex-Im Bank did not make any commitments for loans but committed $12,569.4 million for guarantees and insurance, using $51.7 million of the appropriation. During FY 2006, Ex-Im Bank committed $56.5 million for loans and $12,094.0 million for guarantees and insurance, for a total of $12,150.5 million, using $190.8 million of the appropriation.

8. Concentration of Risk

Ex-Im Bank support is available to U.S. businesses exporting to countries around the world. However, the Bank's portfolio is concentrated in some regions or industries more than others. The following table summarizes Ex-Im Bank's total exposure by geographic region and industry as of September 30, 2007.

Total Exposure

(in millions)	Amount	Percentage
Region		
Asia	$16,756.8	29.2%
Latin America	12,583.4	21.9%
Europe/Canada	11,058.1	19.3%
Africa/Middle East	7,773.6	13.5%
All Other	9,252.6	16.1%
TOTAL	**$57,424.5**	**100.0%**

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

(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, 2007:

Loans Outstanding

(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

(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

(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%**

9. Other Assets

(in millions)	FY 2007	FY 2006
Assets Acquired Through Claim Recovery	$ -	$23.7
Commitment Fee Receivables	3.6	4.4
Other	2.0	1.9
TOTAL OTHER ASSETS	**$5.6**	**$30.0**

In FY 2006, other assets are primarily equity securities that the Bank acquired through recovery actions on defaulted claims. The balance recorded reflects the securities' market value. Commitment fees are charged on the undisbursed, unexpired balance of loans and certain guarantees. The Other category includes miscellaneous account receivables.

10. Liabilities Not Covered by Budgetary Resources

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

(in millions)	FY 2007	FY 2006
Accrued Unfunded Annual Leave	$2.9	$2.9

Ex-Im Bank's liability to employees for accrued annual leave, included in other liabilities, was $2.9 million as of September 30, 2007 and 2006. The liability will be paid from future administrative expense appropriations.

11. 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, 2007, and September 30, 2006, is as follows:

(in millions)	FY 2007	FY 2006
U.S. Treasury Debt		
Beginning Balance	$4,910.7	$5,848.3
New Borrowings	59.0	0.0
Repayments	(605.5)	(937.6)
Ending Balance	***$4,364.2***	***$4,910.7***
Debt Held by the Public		
Beginning Balance	$195.3	$297.2
New Borrowings	6.2	8.2
Repayments	(60.8)	(110.1)
Ending Balance	***$140.7***	***$195.3***
TOTAL DEBT	**$4,504.9**	**$5,106.0**

Ex-Im Bank had $4,364.2 million of borrowings outstanding with the U.S. Treasury at September 30, 2007, and $4,910.7 million at September 30, 2006, with a weighted average interest rate of 6.60 percent at September 30, 2007, and 5.89 percent at September 30, 2006.

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 2033.

Payment certificates are issued by Ex-Im Bank in exchange for the foreign importer'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 importer'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, 2007, and September 30, 2006, were $140.7 million and $195.3 million, respectively. Maturities of payment certificates at September 30, 2007, follow:

(in millions) Fiscal Year	Amount
2008	$43.9
2009	23.5
2010	12.0
2011	10.6
2012	10.1
Thereafter	40.6
TOTAL	**$140.7**

The weighted average interest rate on Ex-Im Bank's outstanding payment certificates was 4.84 percent at September 30, 2007, and 5.23 percent at September 30, 2006.

12. Other Liabilities

(in millions)	FY 2007	FY 2006
Funds Held Pending Application	23.7	26.1
Administrative Expenses Payable	7.2	7.8
Miscellaneous Accrued Payables	2.3	3.1
TOTAL OTHER LIABILITIES	**$33.2**	**$37.0**

13. 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 $5.2 and $4.9 million for FY 2007 and FY 2006, 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.

14. Commitments and Contingencies

Pending Litigation

As of the end of September 30, 2007, 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 they would materially affect the financial position or results of operations of Ex-Im Bank.

Project Finance

In project finance cases, Ex-Im Bank's assistance during the construction period is generally in the form of a direct credit or comprehensive guarantee to the private lender. At the end of the construction period, the borrower in some cases has the opportunity to convert the private guaranteed financing to an Ex-Im Bank direct loan. As of September 30, 2007, Ex-Im Bank had $743.4 million of such contingent loan commitments outstanding.

15. 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 below. Ex-Im Bank does not allocate administrative expenses by program.

	For the Year Ended	
(in millions)	September 30, 2007	September 30, 2006
Loans		
Intragovernmental Costs	$306.4	$316.9
Public Costs	69.4	(91.5)
Total Costs	***$375.8***	***225.4***
Intragovernmental Revenue	(62.0)	(64.3)
Public Revenue	(494.5)	(827.2)
Total Revenue	***(556.5)***	***(891.5)***
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS	**$(180.7)**	**$(666.1)**
Guarantees		
Public Costs	$94.0	($763.0)
Intragovernmental Revenue	(35.5)	(84.7)
Public Revenue	(371.6)	(390.9)
Total Revenue	***(407.1)***	***(475.6)***
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS	**$(313.1)**	**$(1,238.6)**
Insurance		
Public Costs	$123.8	$143.8
Public Revenue	(30.0)	(36.9)
NET EXCESS OF PROGRAM COSTS OVER REVENUE	**$93.8**	**$106.9**
Administrative Expenses		
Public Costs	$63.6	$61.1
Intragovernmental Costs	5.6	11.5
TOTAL ADMINISTRATIVE EXPENSES	**$69.2**	**$72.6**
DISTRIBUTION OF INCOME	**$130.5**	**$627.5**
NET EXCESS OF PROGRAM (REVENUE) OVER COSTS	**$(200.3)**	**$(1,097.7)**

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 $312.0 million in FY 2007 and $328.4 million in FY 2006. Intragovernmental revenues represent interest from the U.S. Treasury on cash balances in the credit-reform financing accounts. Intragovernmental revenue was $97.5 million in FY 2007 and $149.0 million in FY 2006.

Ex-Im Bank public costs represent costs which the Bank incurs to support the business programs. These costs are comprised primarily of the subsidy cost and 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 $350.8 million in FY 2007 and negative $649.6 million in FY 2006. Public revenue totaled $896.1 million in FY 2007 and $1,255.0 million in FY 2006. For FY 2006, the net costs were negative due to the downward re-estimate of program subsidy costs.

16. Disclosures Related to the Combined Statement of Budgetary Resources

Ex-Im Bank's Statement of Budgetary Resources discloses total budgetary resources available to the Bank and the status of such resources at September 30, 2007, and September 30, 2006. Activity impacting budget totals of the overall U.S. government budget is recorded in Ex-Im Bank's Statement of Budgetary Resource's budgetary accounts. Activity that does not impact budget totals is recorded in Ex-Im Bank's Statement of Budgetary Resource's nonbudgetary accounts. The Bank's resources in budgetary accounts totaled $961.9 million for FY 2007 and $922.5 million for FY 2006. The Bank's resources in nonbudgetary accounts totaled $3,921.1 million for FY 2007, and $4,868.6 million for FY 2006.

Adjustments to Beginning Balance of Budgetary Resources

Ex-Im Bank made no adjustments to the beginning budgetary resources during the years ended September 30, 2007, and September 30, 2006.

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 2007 and FY 2006 totaled $2,390.4 million and $2,948.0 million, respectively.

Permanent Indefinite Appropriations

The FCRA requires an annual re-estimate of the subsidy cost allowance. In the event that there is an increase in subsidy required to cover defaults, there is permanent and indefinite authority available for this purpose. In FY 2007, the Bank received $241.2 million of permanent indefinite appropriations as a result of the FY 2006 re-estimate. In FY 2006, the Bank received $89.2 million of permanent indefinite appropriations as a result of the FY 2005 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 2033.

For FY 2007, Ex-Im Bank had $59.0 million in new borrowings with the U.S. Treasury. For FY 2006, Ex-Im Bank did not have any new borrowings with the U.S. Treasury.

Unobligated Balances

Ex-Im Bank receives annual appropriations that are intended to support the Bank's loan, guarantee and insurance programs as well as the Bank's administrative operations. The program appropriations received in any given year are available to be obligated for four years before they expire. Administrative appropriations are available for one fiscal year before they expire.

Unobligated balances at the end of FY 2007 and FY 2006 totaled $2,492.6 million and $2,843.1 million, respectively. Of the $2,492.6 million, $1.5 million is available until September 30, 2008; $91.0 million is available until September 30, 2009; $26.4 million is available until September 30, 2010; and $227.9 million is available until expended and may be used for tied aid. Of the remaining balance of $2,145.8 million, $897.8 million represents the amount in the guarantee and insurance financing account that is available to cover future defaults, $1,028.5 million represents the amount in the loan financing account that is available for future loan disbursements and to repay U.S. Treasury borrowings, and $219.5 million is unavailable for new obligations.

Differences between Statement of Budgetary Resources and Budget of U.S. Government

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

17. Reconciliation of Net Cost of Operations to Budget

The following schedule reconciles the Net Cost of Operations to the Bank's budgetary and financial accounting. This reconciliation was previously presented in a separate statement of financing and as required by OMB Circular A-136 is now presented as a note. 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.

(in millions)	For the Year Ended September 30, 2007	For the Year Ended September 30, 2006
Resources Used To Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$2,390.4	$2,948.0
Less: Spending Authority from Offsetting Collections and Recoveries	2,381.2	3,719.5
Net Obligations	9.2	(771.5)
Total Resources Used To Finance Activities	***$9.2***	***$771.5)***
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	$201.1	$78.5
Resources That Fund Expenses in Prior Periods	(241.3)	(89.2)
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations		
Credit-Program Collections	1,341.7	2,321.2
Resources That Finance the Acquisition of Assets	(1,732.4)	(2,306.2)
Distribution of Income	130.5	627.5
Total Resources That Do Not Finance Net Cost of Operations	***(300.4)***	***631.8***
Total Resources Used To Finance the Net Cost of Operations	***$(291.2)***	***$(139.7)***
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	$.3	$5.2
Allowance Amortization	547.3	635.5
Provision for Loss—Pre-Credit-Reform Credits	(18.2)	(131.9)
Downward Re-estimate of Credit-Subsidy Expenses	(893.2)	(1,643.3)
Upward Re-estimate of Credit-Subsidy Expenses	479.0	241.3
Change in Receivables	(9.6)	(11.4)
Change in Payables	(1.3)	(1.0)
Total Components Requiring or Generating Resources in Future Periods	***104.3***	***(905.6)***
Components Not Requiring or Generating Resources		
Revaluation of Assets or Liabilities	3.9	(3.2)
Deferral Adjustments	(17.3)	(49.2)
Total Components Not Requiring or Generating Resources	***(13.4)***	***(52.4)***
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	***$90.9***	***$(958.0)***
NET COST OF OPERATIONS	**$(200.3)**	**$(1,097.7)**

18. Related-Party Transactions

The financial statements reflect the results of contractual agreements with the Private Export Funding Corp. (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 $4,887.7 million at September 30, 2007 ($4,177.3 million related to export loans and $710.4 million related to secured-debt obligations) and $4,797.0 million at September 30, 2006 ($4,135.9 million related to export loans and $661.1 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 Guarantee Loan Liability on the Balance Sheets. Ex-Im Bank received fees totaling $33.0 million in FY 2007 ($32.8 million related to export loans and $0.2 million related to secured debt obligations) and $32.1 million in FY 2006 ($31.9 million related to export loans and $0.2 million related to secured debt obligations) for the agreements, which are included in fee revenue included 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.

19. Contributions to Employee Retirement Systems

Virtually 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 2007, 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 2007 limit of $97,500; 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 Thrift Savings Plan, CSRS and FERS for all employees, included in administrative expenses, were approximately $4.8 million for FY 2007 and FY 2006. 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-insurance and life-insurance programs is maintained by OPM and is not available on an individual-employer basis.

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NOVEMBER 2007

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