EXPORT-IMPORT BANK OF THE UNITED STATES

REPORT TO THE CONGRESS
ON EX-IM BANK'S BUDGET ESTIMATES
FISCAL YEAR ENDING SEPTEMBER 30, 2010

MAY 2009

Fiscal Year 2010 Budget Request

Contents

Executive Summary

The Export-Import Bank of the United States ("Ex-Im Bank" or "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. jobs by providing export financing through its loan, guarantee, and insurance programs in cases where the private sector is unable or unwilling to provide financing. Ex-Im Bank also steps in when export financing 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 has proven itself to be a responsible steward of the taxpayers' resources as a self-financing agency.

Ex-Im Bank has succeeded in this mission over the past 74 years. FY 2008 was no exception with $14.4 billion in new authorizations that supported an estimated $19.6 billion in U.S. exports to nearly 70 countries, including:

- $3.2 billion in small business transactions which accounted for 22.2 percent of total authorizations and 85.9 percent of total transactions;

- $188.9 million in working capital guarantees and export credit insurance to support exports by businesses known to be minority-owned or women-owned;

- $226.9 million in financing to support an estimated $434.2 million of U.S. environmentally beneficial exports in FY 2008, including insurance, working capital, and six financial guarantee transaction primarily benefiting small and medium-sized U.S. businesses; and,

- $573.5 million in financing to support U.S. exports to sub-Saharan Africa.

The FY 2010 President's Budget continues the Bank's self-financing status, which was implemented for the first time in FY 2008. This funds the Bank's operations, including program subsidy (or program budget) and administrative expenses, entirely from receipts collected from the Bank's borrowers. Congress will continue its oversight of Ex-Im Bank's budget, setting annual limits on its use of funds for program subsidy and administrative expense obligations.

The self-financing initiative is based on the Bank's performance since the implementation of Credit Reform in FY 1992. Since then, the Bank has returned in excess of $4.8 billion more to the U.S. Treasury than it has received in program and administrative expense appropriations. It uses Ex-Im Bank's actual loss experience and more accurately reflects the true cost of the Bank's operations to U.S. taxpayers. It also demonstrates alignment with recently emerging WTO principles and criteria relating to prohibited subsidies.

The FY 2010 Budget estimates that the Bank's export credit support will total $16.1billion in new authorizations. We estimate that in FY 2010 we will collect $193.9 million of fees in excess of expected losses on transactions authorized in FY 2010 and prior years. These amounts will be used: (1) to cover the estimated costs for that portion of new authorizations where fees are insufficient to cover expected losses, in an amount not to exceed $58.0 million, and (2) to cover administrative expenses, in an amount not to exceed $83.9 million.

Ex-Im Bank's FY 2010 Budget request reflects a careful estimate of the potential demand for the Bank's direct loan, guarantee and insurance authority for FY 2010 and the minimum administrative resources necessary to carry out its mission.

Introduction

Congressional Authorization and Mission

The Export-Import Bank of the United States 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 of 1990 (P.L. 101-508), (the "FCRA"), which became effective October 1, 1991. Congress periodically re-authorizes Ex-Im Bank. 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. jobs by providing export financing through its loan, guarantee, and insurance programs in cases where either the private sector is unable or unwilling to provide financing, or 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. Ex-Im Bank is especially committed to its Congressional mandates to provide reliable and competitive financing for U.S. small businesses, women- and minority-owned exporters, exports to sub-Saharan Africa, and environmentally-beneficial exports.

Products

Ex-Im Bank offers four financial products: direct loans, loan guarantees, working capital guarantees, and export credit insurance. All Ex-Im Bank products 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. Ex-Im Bank's direct loans typically carry the lowest fixed interest rate and term permitted for the importing country under the "Arrangement on Guidelines for Officially Supported Export Credits" negotiated among members of the Organization for Economic Cooperation and Development (the "OECD").

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

Ex-Im Bank extends medium-term and long-term direct loans and loan guarantees to foreign buyers of U.S. exports. 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.

Two of the Bank's financial products – Working Capital Guarantees and Export Credit Insurance – primarily benefit small businesses.

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.

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 protection of taxpayer resources with support for U.S. export transactions.

The Bank's Board of Directors, Credit Committee, or a Bank Officer acting pursuant to delegated approval authority from the Board makes the final determination of reasonable assurance of repayment taking into consideration staff recommendations. Transactions resulting in over $10.0 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 budget authority 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 program subsidy (or program budget), 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 budget authority is 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 premiums 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" program subsidy arises.

Due to the fact that financial and economic factors affecting the repayment prospects change over time, the net estimated program subsidy cost of the outstanding balance of loans, guarantees, and insurance financed by the subsidies is re-estimated annually in accordance with U.S. Office of Management and Budget ("OMB") guidelines. This re-estimate indicates the appropriate level of funds necessary to cover future defaults. Decreases in estimated program subsidy costs result in excess funds returned to the U.S. Treasury while increases in program subsidy costs are covered by appropriations which become automatically available through permanent and indefinite authority pursuant to the FCRA. Ex-Im Bank calculates an annual re-estimate of the program subsidy costs during the last quarter of each fiscal year. As of September 30, 2008,a re-estimate of the program subsidy costs of the outstanding balances of fiscal year 1992 through 2007 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of $128.0 million was no longer needed to cover commitments and was payable to the U.S. Treasury. As of September 30, 2007 a re-estimate of the program subsidy costs of the outstanding balances of fiscal year 1992 through 2006 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of $467.6 million was no longer needed to cover commitments and was payable to the U.S. Treasury.

Organizational Structure
The Export-Import Bank of the United States 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, 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.

Fiscal Year 2010 Budget Request

Self-Financing Status in FY 2010

The FY 2010 President's Budget continues the Bank's self-financing status, which was implemented for the first time in FY 2008. This funds the Bank's operations, including program subsidy (or program budget) and administrative expenses, entirely from receipts collected from the Bank's borrowers. This self-financing status uses Ex-Im Bank's actual loss experience; and, therefore, more accurately reflects the true cost of the Bank's operations to U.S. taxpayers. It also demonstrates alignment with recently emerging WTO principles and criteria relating to prohibited subsidies.

Self-Financing status is based on the Bank's performance since the implementation of Credit Reform in FY 1992. From FY 1992 through FY 2007, in lieu of readily available loss data, the Bank used OMB's ICRAS default and recovery assumptions to calculate its loss reserves. In keeping with FCRA's core principles of using actual loss experience to estimate budget costs, over the past several years, the Bank has collected sufficient historical data through FY 2007 to analyze claims and recovery experience in relation to the fees collected from Ex-Im Bank's programs. As a result, Ex-Im Bank developed default and recovery assumptions based on historical experience. These assumptions have replaced OMB's ICRAS default and recovery assumptions. This analysis shows that while Ex-Im Bank received program subsidy and administrative appropriations, its fee income more than covered net claims and administrative costs over that time period. This analysis was audited by the Bank's outside auditors, Deloitte and Touche, and reviewed by OMB.

As a result, since FY 1992, Ex-Im Bank has returned to the U.S. Treasury approximately $4.8 billion more than the total amount of appropriations received during this period.[1] These funds were not needed to cover net claims, further evidence that Ex-Im Bank's fees have more than covered net claims over this period.

Under self-financing status, the Bank analyzes its historical data on net claim payments and fee income to ensure that its fees continue to cover estimated net claims and administrative costs. This yearly analysis is subject to Ex-Im Bank's annual financial audit and OMB review and approval. Ex-Im Bank will continue to submit budget estimates to OMB for inclusion in the President's annual budget proposal to Congress. Congress will continue its oversight of Ex-Im Bank's budget, setting annual limits on its use of funds for program subsidy and administrative expense obligations. Finally, Ex-Im Bank's obligations will continue to carry the full faith and credit of the U.S. government.

The FY 2010 Budget estimates that the Bank's export credit support will total $16.1 billion in new authorizations. We estimate that in FY 2010 we will collect $193.9 million of fees in excess of expected losses on transactions authorized in FY 2010 and prior years. These amounts will be used to fund total Bank expenses of $141.9 million which consists of: (1) the estimated costs for that portion of new authorizations where fees are insufficient to cover expected losses in an amount not to exceed $58.0 million, and (2) the administrative expenses in an amount not to exceed $83.9 million.

As in the past, Ex-Im Bank would continue to carry sufficient resources in its financing accounts to cover estimated future claims. In the unlikely event that major defaults occur across Ex-Im Bank's portfolio simultaneously in excess of Ex-Im Bank's reserves, the Bank would be able to draw additional funds from the U.S. Treasury to satisfy those claims just as it is able to do currently.

[1] From FY 1992 through FY 2008, the Bank has received approximately $9.9 billion in program budget and administrative expense appropriations but has returned $14.7 billion in resources to the U.S. Treasury through the annual OMB program subsidy reestimate process. This amount includes the interest earned on Financing Account cash balances.

At the start of FY 2010, the U.S. Treasury will give Ex-Im Bank a warrant for $141.9 million to cover its limitations on program budget and administrative expenses. As Ex-Im Bank collects negative subsidy receipts in FY 2010, the Bank will use these offsetting collections to repay the Treasury warrant received at the start of FY 2010. If the offsetting collections amount to more than $141.9 million in FY 2010, any amount up to $50.0 million will be retained in Ex-Im Bank's Program Account and be available for use at the start of FY 2011. If Ex-Im Bank receives negative subsidy receipts in excess of $191.9 million ($141.9 million + $50.0 million) in FY 2010, the excess receipts will be transferred to Ex-Im Bank's Negative subsidy receipt account and will be returned to Treasury at the end of FY 2010.

The President's FY 2010 budget request also includes $2.5 million in General Fund appropriation for the Office of the Inspector General (OIG) of the Export Import Bank to support personnel costs for 10 FTEs as well as necessary operating costs. The funding request for the OIG, newly established in August 2006, is essential to: (1) investigate and deter loan fraud and other wrongful conduct relating to Ex-Im Bank supported transactions; (2) perform effective oversight of multiple Ex-Im Bank export credit programs through audits, inspections and evaluation; and (3) advise Ex-Im Bank of opportunities and methodologies to increase efficiency in meeting the dynamic requirements of expanding international trade.

The following table summarizes Ex-Im Bank's program budget and administrative expense request:

($ millions)	FY 2008 Actual	FY 2009 Enacted	FY 2010 Request
TOTAL	1.0	2.5	2.5
Program	[25.4]	[41.0]	[58.0]
Administrative Expenses	[78.0]	[81.5]	[83.9]
Inspector General	1.0	2.5	2.5
Offsetting Collections	[122.8]	[192.8]	[193.9]

Tied Aid

Beginning in FY 1992, the Bank's annual Appropriation Act has provided that a certain amount of the program budget appropriated may be used for Tied Aid purposes. Tied Aid is concessional financial support provided by donor governments in the form of a grant or "soft" loan for which capital goods procurement by developing countries is contractually linked to procurement from firms located in the donor country (or in some way benefiting the economy of the donor country). Congress last provided new Tied Aid funds in FY 1998 totaling $50.0 million. As of September 30, 2008, Ex-Im Bank had a balance of $203.0 million in Tied Aid funds. The Omnibus Appropriations Act of 2008 rescinded $17.0 million of Tied Aid Funds leaving a balance of $186.0 million. If not used for Tied Aid, the funds are available for non-Tied Aid transactions.

The Bank is projecting that $16.5 million will be obligated to support $50.0 million in Tied Aid authorizations in both FY 2009 and FY 2010, which will leave a balance in the fund of $153.0 million at the end of FY 2010. The Bank believes that a fund balance of $153.0 million is sufficient to provide support for potential Tied Aid cases that may arise in the near future and as such does not request any additional Tied Aid funds for FY 2010.

<u>Fiscal Year 2010 Administrative Expense Request</u>

The administrative expense budget of the Bank provides funding for personnel, support services, and operating expenses. Ex-Im Bank seeks authority to spend offsetting collections in an amount not to exceed $83.9 million for administrative expenses.

The FY 2010 administrative budget limitation request is $83.9 million, compared to the FY 2009 enacted limitation level of $81.5 million. At this level, the Bank will continue ongoing efforts and also facilitate trade finance during this liquidity/credit crisis and finance exports well above our historical level. Reductions below the requested level would severely impede the Bank from implementing its mission to support U.S. exporters with a variety of loan, guarantee and insurance programs. In order to carry out this mission, the Bank:

- Increases Business Development efforts targeting Small Business Exporters
- Responds to exporting community in a timely basis
- Reaches out to new exporters
- Assists U.S. exporters in meeting foreign officially sponsored export credit competition
- Monitors effectively the existing credit portfolio
- Sustains other necessary administrative support functions

- **Employees:** Ex-Im Bank strives to provide the best customer service to all users of the Bank in order to fulfill its stated mission of creating jobs through U.S. exports. The Bank's personnel have demonstrated exemplary performance, and have been recognized for such performance over the past five years through the receipt of seventeen "Deal of the Year" awards granted by various finance journals. As personnel are an integral element of the Bank's success, the Bank has in the past and will continue to proactively utilize available personnel compensation tools to recruit and retain qualified staff.

- **Outreach:** The FY 2010 budget request for outreach efforts is designed to inform and communicate with the key Ex-Im Bank audiences including financial institutions (such as lenders, insurance brokers, trade associations and partners), U.S. exporters, and international buyers as well as the Congress and other government agencies.

- **Technology:** The funding request for information technology (IT) seeks to maintain a robust and secure infrastructure, expand the use of online systems for Bank transactions, and complete systems' modernization initiatives from previous years that enable the Bank to serve its customers and meet administration policy objectives. Over the next two years, the modernization initiatives will enhance transparency of the information available to our customers, as well as facilitate recoveries for the Ex-Im Bank staff to more effectively monitor and account for assets, liabilities, income, and expenditures.

  <u>Ex-Im Online</u>: The Ex-Im Online Applications and Systems (Ex-Im Online) is a multi-year project to re-engineer, automate, and modernize the Export-Import Bank's primary business transaction processes, including export insurance, export loan guarantees, and electronic claim filing. The Bank has adopted three performance measures that meet this mandate: (a) transaction efficiency and cycle time; (b) productivity and resource utilization; and (c) customer satisfaction.

  In FY 2006 and FY 2007, core system components were deployed and have to-date been very successful. In FY 2008, the Bank made the majority of Ex-Im Bank loan and guarantee transactions available on the internet, through a web site supporting the Federal Funding Accountability and Transparency Act (FFATA). Currently, in FY 2009, the Bank has implemented new products and services, most notably the premium rate reduction for U.S. small businesses, which affects approximately half of all Ex-Im Bank insurance policy holders. In FY 2009 and FY 2010, the Bank will continue to extend the versatility and service components of the Ex-Im Online systems which will improve services and enhance transparency of claims' procedures through ongoing feedback from customers.

Financial and Administrative Services: The financial and administrative services portfolio provides for the operation, maintenance, data quality, and upgrades to the Bank's major legacy financial management and claim and loan recovery systems. It also includes all operation and maintenance of records. This portfolio provides the following products and services:

- Operation and maintenance of the Bank's mainframe services.
- Disaster recovery planning and execution of mainframe environment.
- Contractor support to maintain and update legacy mainframe applications using natural programming.
- Upgrades to improve performance of the Integrated Information System (IIS) and facilitate data maintenance.
- Records operations including records retention, records filing, and maintenance of electronic records including scanning and indexing.
- Records management and data quality enhancements
- Update and maintenance of the Bank's public Internet website and the Intranet site.
- Operations and maintenance support for new and upgraded internal administrative online forms and applications.

IT Infrastructure Operations and Security: The request for IT Infrastructure Operations and Security portfolio carries forward and enhances the Bank's priority to strengthen its service delivery and technology governance. It includes major areas of IT infrastructure operations, readiness, and modernization for Ex-Im Bank and comprises four major program "thrusts": (a) modernization of the Bank's IT infrastructure assets; (b) IT services support of the Bank's IT infrastructure assets; (c) system and information assurance and security of all IT assets; and (d) implementation of an enterprise-wide architecture. A network center operation is located in the Bank's headquarters to provide IT technical services to staff and five field offices located around the country. Consistent with other IT organizations, this demands a significant proportion of the Bank's annual IT budget. In FY 2009, part of the remaining IT budget has been utilized to expand and solidify the capabilities supporting a mobile commuting workforce, as well as to build a reliable Disaster Recovery and Continuity of Operations for both the EOL and F&A systems.

Fiscal Year 2010 Requested Appropriations Language

EXPORT-IMPORT BANK PROGRAM ACCOUNT

The Export-Import Bank of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the program for the current fiscal year for such corporation: Provided, That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country, other than a nuclear-weapon state as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act, that has detonated a nuclear explosive after the date of the enactment of this Act.

For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, not to exceed $58,000,000: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That such funds shall remain available until September 30, 2025, for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal year 2010, 2011, 2012, and 2013.

For administrative expenses to carry out the direct and guaranteed loan and insurance programs (including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed $30,000 for official reception and representation expenses for members of the Board of Directors not to exceed $83,880,000: Provided, That the Export-Import Bank may accept, and use, payment or services provided by transaction participants for legal, financial, or technical services in connection with any transaction for which an application for a loan, guarantee or insurance commitment has been made: Provided further, That, notwithstanding subsection (b) of section 117 of the Export Enhancement Act of 1992, subsection (a) thereof shall remain in effect until October 1, 2010.

Receipts collected pursuant to the Export-Import Bank Act of 1945, as amended, and the Federal Credit Reform Act of 1990, as amended, in an amount not to exceed the amount appropriated herein, shall be credited as offsetting collections to this account: Provided, That the sums herein appropriated from the General Fund shall be reduced on a dollar-for-dollar basis by such offsetting collections so as to result in a final fiscal year appropriation from the General Fund estimated at $0: Provided further, That amounts collected in fiscal year 2010 in excess of obligations, up to $50,000,000, shall become available September 1, 2010 and shall remain available until September 30, 2013.

INSPECTOR GENERAL OF THE EXPORT-IMPORT BANK

For necessary expenses of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1948, as amended, $2,500,000 to remain available until September 30, 2011.

EXPORT-IMPORT BANK OF THE UNITED STATES
Program Activity
($ millons)

	FY 2008 Actual		FY 2009 Re-estimate		FY 2010 Request	
	Authorizations	Subsidy	Authorizations	Subsidy	Authorizations	Subsidy
Demand						
Loans						
Loans	$ 356.1	$ 0.1	$ 50.0	$ -	$ 50.0	$ -
Guarantees and Insurance						
Guarantees	10,081.2	12.7	13,300.0	16.4	11,592.0	39.9
Insurance	3,863.6	12.6	4,084.2	20.1	4,349.7	10.4
Total	13,944.8	25.3	17,384.2	36.5	15,941.7	50.3
Modifications	98.0	-	150.0	4.5	150.0	8.0
Total Non Tied Aid	$ 14,398.9	$ 25.4	$ 17,584.2	$ 41.0	$ 16,141.7	$ 58.3
Tied Aid	$ -	$ -	$ 50.0	$ 16.5	$ 50.0	$ 16.5

	FY 2008 Actual		FY 2009 Re-estimate		FY 2010 Request	
Resources	Non-Tied Aid	Tied-Aid	Non-Tied Aid	Tied-Aid	Non-Tied Aid	Tied-Aid
Available	$ 242.9	$ 203.0	$ 305.2	$ 186.0	$ 315.1	$ 169.5
Utilized	103.4	-	122.5	16.5	142.2	16.5
Balance	$ 139.50	$ 203.0	$ 121.2	$ 169.5	$ 144.8	$ 153.0

EXPORT-IMPORT BANK OF THE UNITED STATES
Comparative Statement of Administrative Expenses
($ thousands)

	FY 2008 Actual	FY 2009 Limitation	FY 2010 Request
Personnel Compensation			
Permanent positions	$35,724	$38,305	$41,828
Overtime	75	200	200
All other	1,376	1,541	1,541
	37,175	40,046	43,569
Personnel Benefits contribution			
Retirement	3,680	4,000	4,359
Health benefits	1,995	2,258	2,447
Employee life insurance	60	69	71
FICA taxes	1,632	2,060	2,242
All other	1,933	2,569	2,747
	9,300	10,956	11,865
Travel and transportation			
Persons	1,693	1,800	1,850
Things	80	182	123
	1,773	1,983	1,974
Rent, communication and utilities			
Rent of GSA office space	5,302	5,526	5,740
Communications	681	700	725
Postage	0	115	179
All other	8	58	61
	5,991	6,399	6,704
Printing and reproduction	99	316	304
Field offices	47	82	86
Other services			
Contractual services and supplies	16,493	17,327	15,542
Official reception and representation expense	10	30	30
	16,503	17,357	15,572
Supplies and materials	1,031	962	1,150
Equipment, hardware, software purchases	1,988	787	964
Systems development	4,064	2,612	1,692
	6,052	3,399	2,656
Total Administrative Expenses	$77,971	$81,500	$83,880

EXPORT-IMPORT BANK OF THE UNITED STATES

Summary of Offsetting Collections

($ millions)

Non Tied-Aid

Resources Available	**FY 2008**	**FY 2009**	**FY 2010**
Offsetting Collections	122.8	192.8	193.9
Add: Carryover:			
Pre-FY 2008	118.0	94.7	26.4
Post FY 2008	-	44.8	94.8
Subtotal	118.0	139.5	121.2
Less: Rescissions	-	(25.0)	-
Subtotal	118.0	114.5	121.2
Cancellations	2.5	2.0	-
Less: Expired Funds	(0.4)	(4.1)	-
Total Resources	242.9	305.2	315.1
Resource Utilization			
Administrative Expense	78.0	81.5	83.9
Program Budget Cost	25.4	41.0	58.3
Total Utilization	103.4	122.5	142.2
Balance Available			172.9
Pre-FY 2008 [1/]	94.7	26.4	-
Post FY 2008 [2/]	44.8	156.1	173.2
Excess Offsetting Collections	-	(61.3)	(28.4)
Total Balance Available	139.5	121.2	144.8

1/ The pre-FY 2008 available balance represents carryover funds retained prior to the self-sustaining initiative, increased by cancellations, and reduced by expired funds. This balance is used to offset program buget needs until FY 2010 when it will be fully utilized.

2/ The post FY 2008 available balance represents Ex-Im Bank collections under the self-sustaining initiative, less expenses incurred for administrative needs and program budget costs. According to the FY 2008 Appropriations Act, Ex-Im Bank is allowed to keep up to $50 M of this balance for 3 additional years. The FY 2009 Omnibus Appropriations Act allows Ex-Im Bank to keep up to $75 million of this additional balance for up to 3 additional years. The excess of the offsetting collections for each year shown above is then to be returned to Treasury.

Fiscal Year 2008 Summary of Program Results

Ex-Im Bank authorized $14,398.9 million of loans, guarantees, and insurance during FY 2008 in support of an estimated $19,597.2 million of U.S. export sales.

New authorizations for direct small business exports totaled $3,190.2 million, representing 22.2 percent of total authorizations compared to $3,351.7 million. In FY 2008, Ex-Im Bank authorized 2,328 transactions that were made available for the direct benefit of small business exporters.

In FY 2008, Ex-Im Bank authorized $188.9 million in working capital guarantees and export credit insurance to support exports by businesses known to be minority owned or women owned.

Ex-Im Bank authorized $226.9 million in financing to support an estimated $434.2 million of U.S. environmentally beneficial exports in FY 2008. Authorizations of insurance and working capital transactions primarily benefited small and medium-sized U.S. businesses.

In FY 2008, Ex-Im Bank authorized $573.5 million in financing to support U.S. exports to sub-Saharan Africa.

Ex-Im Bank's exposure at the end of FY 2008 was $58,472.8 million, which represents an increase of 1.8 percent from the Bank's exposure level as of the end of FY 2007, and is approximately the same level as the average fiscal year-end exposure level over the prior five fiscal years. Of this total, the Bank's largest exposure is in the air transportation sector, accounting for 47.3 percent of total exposure. The highest geographic concentration of exposure is in Asia, with 40.9 percent of the total.

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 15.2 percent in FY 2004 to 7.1 percent in FY 2008. The insurance and guarantee programs account for the remainder of the exposure.

The Bank classifies its credits into 11 risk categories, with level one being the least risky. Using this scale, level 3 approximates Standard and Poor's BBB, level 4 approximates BBB-, and level 5 approximates BB. The Bank's overall weighted-average risk rating is 3.77 percent on new authorizations for FY 2008 compared with a weighted average risk rating of 4.00 for FY 2007. Sixty-two percent of Ex-Im Bank's medium- and long-term new authorizations in FY 2008 fell in the level 3-to-5 range (BBB to BB). The weighted-average risk rating on the overall outstanding portfolio is 4.25 at September 30, 2008 compared with the weighted average risk rating of 4.40 at September 30, 2007.

Over the 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 2004 and FY 2008, exposure to public sector obligors has decreased from 50.5 percent to 40.5 percent, while exposure to private sector obligors has increased from 49.5 percent to 59.5 percent.

Additional information on the Bank's results and operations and financial condition can be found in the Bank's FY 2008 Annual Report.