When The U.S. Exports America Works

EXPORT-IMPORT BANK OF THE UNITED STATES • ANNUAL REPORT 2005

ANNUAL REPORT 2005

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank's financing products help U.S. companies to compete in today's challenging global marketplace. Since its inception in 1934, Ex-Im Bank has made financing available to support several hundred billion dollars of U.S. exports, primarily to developing markets worldwide.

Ex-Im Bank assumes the credit and country risks that the private sector is unable or unwilling to accept. The Bank also helps U.S. exporters to remain competitive by providing financing to counter the export financing provided by foreign governments on behalf of their competitors. Ex-Im Bank provides pre-export financing, financing for foreign buyers of U.S. exports and insurance to protect U.S. exporters and their lenders against the risks of foreign buyer nonpayment. 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

"When the U.S. exports, America works" – that's our slogan because it reflects the reality that U.S. companies encounter every day in the world of international commerce. To keep American workers at their jobs and to create more of those jobs here at home, U.S. companies today must reach beyond domestic markets and tap the opportunities of global trade.

The global marketplace offers tremendous opportunities but also presents distinct challenges. The private sector has the means and expertise to finance exports to mature markets; however, government support can be vital to accessing opportunities in riskier developing markets or when facing foreign-government-supported competition.

That's where the Export-Import Bank of the United States (Ex-Im Bank) makes the difference. As the official export credit agency of the United States, Ex-Im Bank helps U.S. companies create and sustain American jobs by providing financing for the purchase of U.S. exports that otherwise would not go forward.

Ex-Im Bank plays two key roles on behalf of U.S. companies. First, the Bank fills a critical trade-finance gap by providing financing for U.S. exports where the private sector cannot or will not. Second, Ex-Im Bank helps to keep U.S. companies competitive by providing support when a U.S. exporter competes for an international sale against a foreign company that is backed by its government's export credit agency (ECA).

In fiscal year 2005, Ex-Im Bank authorized nearly $14 billion in financing in support of an estimated $18 billion of U.S. exports of goods and services. Of the Bank's 3,128 transactions, over 80 percent were made available for the direct benefit of U.S. small businesses.

Leveraging U.S. Taxpayer Dollars

Ex-Im Bank makes prudent use of U.S. taxpayer resources. For every taxpayer dollar used in fiscal year 2005, Ex-Im Bank provided financing in support of an estimated $57 of U.S. exports. This multiple compares to $51 of U.S. exports in fiscal year 2004 and $36 of U.S. exports in fiscal year 2003.

The taxpayer value in terms of administrative budget dollars is even greater. For every dollar of administrative budget used in fiscal year 2005, Ex-Im Bank provided financing in support of an estimated $245 of U.S. exports.

Supporting U.S. Small Businesses

Helping small businesses succeed in competitive international markets is a top priority at Ex-Im Bank. In fiscal year 2005, Ex-Im Bank authorized more than $2.6 billion in direct support of U.S. small business exports. Roughly 83 percent of the Bank's transactions were made available for the direct benefit of small businesses. In the past four years, Ex-Im Bank has increased its direct small business transactions by more than 21 percent and increased the dollar volume of its small business support by 49 percent. (See 'Small Business Report' on pages 16-17.)

Ex-Im Bank helps small businesses obtain working capital from commercial lenders by providing a guarantee of the financing they need to cover the pre-sale costs of producing their goods or services for export. Ex-Im Bank also provides export credit insurance to allow U.S. small businesses to remain competitive by offering longer repayment terms and mitigating default risk.

We place special focus on bolstering the competitiveness of U.S. small businesses facing unique disadvantages, including woman-owned and minority-owned companies. In fiscal year 2005, roughly 12 percent of our small business transactions were with woman-owned and minority-owned businesses.

We are constantly striving to reach more small businesses. In fiscal year 2005, a new vice president for Small Business was named to manage a larger staff. The Bank's regional offices in New York, Florida, Illinois, Texas and California are focused solely on small business outreach and support. In addition, the Bank has dedicated trade finance professionals to helping woman-owned and minority-owned small businesses learn about and access the Bank's export products.

Building for the Future

In our effort to help maximize the competitiveness of U.S. firms, we at Ex-Im Bank must remain alert to changes under way in the world of official export finance. For instance, Ex-Im Bank is facing the emergence of ECAs that are not parties to the Arrangement on Officially Supported Export Credit of the Organization for Economic Cooperation and Development (OECD) that provide financing terms beyond those permitted under the OECD rules. Furthermore, many ECAs are offering financing to transactions that they earlier would not have supported, reflecting a change in philosophy in some countries as to the role of government-supported export credit.

To meet these kinds of challenges, Ex-Im Bank's management and staff continue to evaluate where the agency is most needed, which niches it can appropriately fill, and what products will best serve U.S. exporters.

In building for the future, we also place a strong emphasis on providing financing for certain regions or sectors with particular short-term challenges but promising long-term opportunities:

Supporting U.S. Environmental Exports – The worldwide market for environmentally beneficial products is growing. Over the past four years, Ex-Im Bank has supported more than $1.1 billion of U.S. exports of environmentally beneficial goods and services to international markets. The Bank also dedicated an Environmental Exports Team of Ex-Im Bank trade finance professionals to promote and develop the program.

In fiscal year 2005, Ex-Im Bank and U.S. government agencies worked with the OECD to permit OECD ECAs to extend 15-year repayment terms for renewable energy and water supply and sanitation projects. The potential for this longer-term financing significantly improves the economics of clean energy and water projects.

Supporting Exports to sub-Saharan Africa – Ex-Im Bank provides export financing to help U.S. exporters compete in the challenging markets of sub-Saharan Africa. In fiscal year 2005, Ex-Im Bank supported transactions in 20 countries in the region, totaling $462 million – a 36 percent increase over fiscal year 2004. Ex-Im Bank is committed to markets that are developing stronger national institutions, such as in Nigeria, where the banking sector has undergone major reform and consolidation. As business potential grows, we will continue to help U.S. exporters take advantage of new opportunities in this part of the world.

Facilitating Asset-based Aircraft Financing – In fiscal year 2005, the Bank continued to encourage countries to sign and ratify the Cape Town Treaty that will provide greater legal security and facilitate cross-border, asset-based financing of large commercial aircraft and other aviation-related equipment. The Cape Town Treaty enters into force on March 1, 2006, in the nations that have ratified or acceded to the treaty.

Supporting U.S. Jobs Today and Tomorrow

Ex-Im Bank is committed to anticipating the export opportunities and meeting the financing challenges of U.S. companies for one very important reason: to help these companies maintain and expand jobs in the United States. U.S. companies must remain competitive in global trade – and especially in developing markets that offer so much growth potential for the future – in order to keep U.S. workers employed and the U.S. economy strong and growing. Truly, "When the U.S. exports, America works."

Sincerely,

James H. Lambright
Chairman and President (Acting)

EX-IM BANK BOARD OF DIRECTORS, FY 2005

From left: James H. Lambright, chairman and president (acting); Max Cleland and Linda Mysliwy Conlin, board members.

> *"The Export-Import Bank helps advance U.S. trade policy, facilitate the sale of U.S. goods and services abroad, and create jobs here at home."*
>
> **President George W. Bush**


Anitox Corp

"Exports are the biggest reason for our dynamic growth, and Ex-Im Bank made those exports possible by giving us the security and support we need to expand into new foreign markets."

Marsha Clark
President and CEO
Anitox Corp.

Photos courtesy of Anitox Corp.

Anitox Corp. – winner of Ex-Im Bank's Small Business Exporter of the Year award in 2005 – is a small business pioneer in the development and manufacture of antimicrobial products that has dramatically expanded its exports and nearly doubled its workforce with the help of Ex-Im Bank's export credit insurance and working capital guarantees.

Since 2001 when Anitox began using Ex-Im Bank's small business export credit insurance, the company has seen its export sales more than double from 40 percent of revenues to approximately 70 percent of revenues today. In the same time period, the company expanded its U.S. workforce to 46 employees.

Ex-Im Bank's small business programs help Anitox to compete in international markets such as Mexico, Thailand, Malaysia, Brazil and Peru. Many of the company's international buyers require longer terms, and the company's business requires a fairly large capital investment every time a new customer is added. Ex-Im Bank's small business programs help Anitox to finance foreign receivables and insure against buyer nonpayment. (See sidebar.)

Anitox began using Ex-Im Bank's small business insurance policy in 2001 and has now graduated to the Bank's standard multibuyer policy. Ex-Im Bank's export credit insurance protects against the risk of nonpayment by an international buyer for commercial or political reasons.

The company is also a user of Ex-Im Bank's working capital guarantees through its lender, BB&T Corp. in Greensboro, N.C. Ex-Im Bank's working capital guarantee enables commercial lenders to extend working capital loans to small businesses to finance foreign receivables and facilitate cash flow.

Anitox Corp. manufactures mold inhibitors and antimicrobial preservatives for animal feeds, feed ingredients and foodstuffs for human consumption. The company's products are supported by a staff of technical service providers, engineers, laboratory technicians and customer service representatives through its U.S. facilities in Lawrenceville, Ga., and Russellville, Ark.

Left: At the Anitox Corp. plant in Lawrenceville, Ga., laboratory technician Lenka Guarino tests samples to evaluate conditions for use of the company's products.

Helping U.S. Small Businesses Meet Export Financing Challenges

Ex-Im Bank is committed to helping U.S. small businesses to grow through exporting. A small business needs funds to produce or buy goods or provide services for export and also needs to be protected against the risk of a foreign buyer defaulting on payment. Ex-Im Bank offers two main products to help small companies meet these challenges:

Working Capital Guarantees – Ex-Im Bank helps small businesses obtain working capital from commercial lenders by providing a guarantee of this financing, which encourages commercial lenders to extend these loans. More than 90 percent of Ex-Im Bank's working capital guarantees are approved through a nationwide network of qualified commercial lenders that can authorize Ex-Im Bank's working capital guarantee at the time the loan is processed.

Export Credit Insurance – To be competitive, a small business needs to be able to extend open-account repayment terms to its foreign buyers yet be protected against the risk of nonpayment. Ex-Im Bank provides export credit insurance that covers most of the risk of foreign buyer default, enabling U.S. small businesses to offer term financing to these buyers. Ex-Im Bank's small business insurance policy covers 95 percent of the risk and features additional enhancements.

Above: Plant manager Dean Clay packages material for export shipment at the company's Lawrenceville plant.

"Ex-Im Bank is a valued partner in growing GE Heathcare's export sales of premium diagnostic imaging equipment to developing countries where financing is required."

Joe Hogan
President and CEO
GE Healthcare

Photos courtesy of GE Healthcare

GE Healthcare is a world-renowned provider of medical technologies that are shaping a new age of patient care across the globe. Yet even a company of GE Healthcare's size can benefit from Ex-Im Bank's support in emerging markets where commercial banks and other private sources do not provide trade financing without the Bank's support. Ex-Im Bank's financing also helps provide an equal footing for U.S. companies such as GE Healthcare that face strong competition from European and Asian manufacturers that are supported by their governments.

Ex-Im Bank's medium-term and long-term loan guarantees and medium-term insurance cover 100 percent of commercial and political risks on up to 85 percent of the U.S. content of the contract. With this support, commercial lenders are more willing to extend financing to international buyers in higher-risk markets.

Ex-Im Bank's Medical Equipment Initiative enables U.S. healthcare equipment exporters to offer longer (up to seven-year) repayment terms, local cost funding and alternative credit criteria that provide much needed flexibility for sales to international buyers. (See sidebar.)

In fiscal year 2005, Ex-Im Bank authorized over $25 million in financing to international buyers of GE Healthcare's medical equipment. In the past year alone, GE Healthcare has used Ex-Im Bank's medium-term financing to support its equipment sales to buyers in markets as diverse as Turkey, India, and Trinidad and Tobago.

GE Healthcare is a unit of General Electric Company (NYSE: GE) that consists of six business units, four of which are based in Wisconsin and employ over 6,700 workers. GE Healthcare offers a broad range of medical imaging and information technologies, medical diagnostics, patient monitoring systems, performance improvement, drug discovery, and biopharmaceutical manufacturing technologies to help clinicians around the world to diagnose, inform and treat their patients.

Left: Alexandre Mbambanyi completes the electrical assembly of a bone-mineral-density scanner at the GE Healthcare Lunar manufacturing facility in Madison, Wis.

Helping U.S. Companies Export Medical Equipment to Developing Markets

Ex-Im Bank's Medical Equipment Initiative offers solutions to help U.S. companies export medical equipment and services to international buyers, particularly in developing markets. The program covers commercial and political risks and includes creative financing structures and enhanced coverage.

Under the program, eligible international borrowers are either established companies in higher-risk markets or newly formed companies that otherwise do not have a sufficient credit history to qualify for financing.

Coverage is provided through a standard medium-term insurance policy or loan guarantee. Support can include the following enhanced features: coverage of local costs (including import and similar duties), repayment terms of up to seven years for contracts valued at $350,000 and above, capitalization of interest when the construction or installation period of the project is extended, and flexibility regarding alternative credit criteria. Ex-Im Bank will consider eligible transactions of any size for the program.

Above: GE Healthcare Lunar Lean Team members review the arm lift fixture to improve ergonomics when removing and packing the bone-mineral-density scanner at the GE Healthcare Lunar manufacturing facility in Madison, Wis. *Left to right*: Roger Owens, production associate; Andrew Seitz, business team leader; Dale Sukow, manager, facilities/EHS; and Greg Hansen, manufacturing engineering technician.


STRONGARM

"We experienced a phenomenal surge in revenues with the help of Ex-Im Bank's working capital guarantees. I'd like to change the name of Ex-Im Bank to 'The Dream-Come-True Bank.'"

Kedar Gupta
CEO
GT Equipment Technologies Inc.

Photos courtesy of GT Equipment Technologies Inc.

GT Equipment Technologies Inc., winner of Ex-Im Bank's Small Business Environmental Exporter of the Year award in 2005, is a small business designer, manufacturer and assembler of manufacturing equipment for solar energy and materials-processing industries that has achieved record revenues and job growth with the support of Ex-Im Bank's working capital guarantees.

The 11-year-old company credits its 155-percent surge in revenues in FY 2005 to the assistance that Ex-Im Bank's working capital guarantees provided in obtaining the financing to take on new export business. As a result of its increased export contracts, GT Equipment Technologies has hired more than 50 new employees in the past 18 months.

GT Equipment Technologies won its largest contract ever in mid-2004 for a turnkey solar wafer production line from a manufacturer in Taiwan. The cost of fulfilling the project exceeded Ex-Im Bank's working capital guarantee facility limit with the company's lender, Wells Fargo Business Credit Inc. of Boston, Mass., but Ex-Im Bank stepped in to provide a $4.8 million project-specific guarantee that enabled the company to undertake the project. The company continues to utilize Ex-Im Bank's working capital guarantees to expand its exports and markets. GT exports more than 85 percent of its equipment.

Ex-Im Bank's working capital guarantee can be used to support loans to finance foreign receivables; purchase finished products for export; pay for raw materials, equipment, supplies, labor and overhead to produce goods or provide services for export; and cover standby letters of credit serving as bid bonds, performance bonds or payment guarantees. The Bank's working capital guarantees are available through a nationwide network of delegated authority lenders.

Founded in 1994, GT Equipment Technologies Inc. designs, manufactures and assembles semi-custom and specialty equipment for solar energy and materials-processing industries. The company's two divisions, GT Solar and GT Crystal, provide turnkey fabrication lines for manufacturing wafers, cells and modules for the photovoltaic industry and crystal growth equipment for the semiconductor industry. GT Equipment Technologies has a staff of 90 employees and provides full-service support for all of its products.

Left: Fred Kocher, senior advisor, Corporation Communications Worldwide, works on an operator interface for the DSS furnace, which grows multicrystalline ingots for the solar industry. Mechanical assembler Steve Lavoie works on a steel frame at the company's manufacturing facility in Merrimack, N.H.

Helping U.S. Environmental Exporters Succeed in World Markets

Ex-Im Bank is committed to supporting U.S. exporters of environmentally beneficial goods and services and U.S. exporters participating in international environmental projects. Ex-Im Bank's Environmental Exports Program provides enhanced financing for a broad range of renewable energy and other environmentally beneficial exports.

Export Credit Insurance – Ex-Im Bank offers a short-term environmental export insurance policy that provides enhanced multibuyer and single-buyer insurance coverage for environmentally beneficial exports. The policy features 95 percent coverage of commercial risk and 100 percent coverage of political risk with no deductible, a minimum annual premium of $500, and enhanced ability to assign insured receivables.

Buyer Financing – Ex-Im Bank offers enhanced medium-term and long-term financing to support foreign purchases of U.S. environmentally beneficial goods and services. This financing features local cost coverage equal to 15 percent of the U.S. contract price, capitalization of interest during construction, and the maximum allowable repayment terms permissible under the Organization for Economic Cooperation and Development (OECD) guidelines.

15-Year Repayment Terms – Under an OECD agreement (for a two-year trial period), Ex-Im Bank can now offer up to 15-year repayment terms on financing of U.S. exports to renewable energy, water and hydropower projects.

Above: Assembly specialist Bill Brown works on a water manifold for the DSS furnace at the company's Merrimack facility.

"With 70 percent of Boeing's airplane sales going overseas, Ex-Im Bank plays a critical role by providing loan guarantees for our international customers that help us support Boeing and U.S. supplier jobs."

Alan Mulally
President and CEO
Boeing Commercial Airplanes

Photos courtesy of The Boeing Company

The Boeing Company is one of the leading exporters in the United States – with customers in 145 countries – but even Boeing faces significant export challenges. As one of only two manufacturers of large commercial aircraft in the world, Boeing's commercial aircraft division, Boeing Commercial Airplanes, faces strong competition in almost every sales campaign from Airbus, which is supported by the export credit agencies of France, Germany and the United Kingdom. By guaranteeing the loans of commercial banks to foreign-based airlines that purchase or lease Boeing aircraft, Ex-Im Bank "levels the playing field" and helps Boeing export its commercial aircraft into some of the world's most challenging markets. These sales sustain jobs at Boeing and its many suppliers throughout the United States.

In fiscal year 2005, Ex-Im Bank helped to finance the export of 78 Boeing aircraft to 19 airlines located in 18 different countries. Ex-Im Bank supported sales or leases of Boeing aircraft to many foreign airlines, including Emirates and Oman Air in the Middle East; Aerovías de México and Lan Airlines (Chile) in Latin America; and Ethiopian Airlines, Kenya Airways and Air Senegal International in Africa.

Ex-Im Bank's support for Boeing's aircraft exports is usually structured as an asset-backed financing secured by a mortgage on the aircraft. Historically, Ex-Im Bank's portfolio of aircraft financings has performed very well. However, Ex-Im Bank is working to reduce further the risks associated with this financing by promoting the Cape Town Treaty, an international treaty intended to facilitate the asset-backed, cross-border financing and leasing of high-value mobile equipment, including aircraft and aircraft engines. The Cape Town Treaty and the accompanying aircraft equipment protocol enter into force on March 1, 2006, in those countries that have ratified the treaty.

Since 2003, Ex-Im Bank has offered up to a one-third reduction of its exposure fee on its financings of new large commercial aircraft to airlines based in countries that sign, ratify and implement the Cape Town Treaty and the aircraft equipment protocol. Airlines located in Panama, Ethiopia, Pakistan and Oman already have benefited from the Bank's offer following their countries' ratification of or accession to the treaty.

Boeing Commercial Airplanes is headquartered in Seattle, Wash., and has U.S. manufacturing facilities in Renton, Everett, Auburn and Frederickson, Wash., Long Beach, Calif.; and Portland, Ore. Boeing employs more than 50,300 U.S. workers in commercial aircraft manufacture and related operations.

Left: Terry Llong-Raymond (left) and Kelly Sam work on an electrical connection on a Boeing 737 at the company's manufacturing facility in Renton, Wash.

Helping U.S. Small Businesses Benefit from Large Export Contracts

U.S. small business manufacturers and suppliers benefit indirectly from the large export contracts that Ex-Im Bank supports. Larger manufacturers, such as Boeing, often contract with many small businesses to provide raw materials, equipment, components or services for the large export transactions that are supported by Ex-Im Bank's long-term financing. These small businesses often depend upon contracts with larger manufacturers and are able to sustain U.S. jobs, due, in part, to this indirect support from Ex-Im Bank.

For example, Boeing Commercial Airplanes contracts with approximately 6,600 U.S. suppliers and vendors in every state in the United States to provide raw materials, parts and components in the manufacture of its large commercial aircraft. Of these suppliers, approximately 2,900 are U.S. small businesses of 500 employees or less. Boeing estimates that it paid approximately $10.7 billion to its commercial-aircraft-related U.S. suppliers in 2005.

For example, Tri Models Inc., a small business of 96 employees headquartered in Huntington Beach, Calif., supports wind-tunnel testing for Boeing, which has several million dollars in yearly contracts with Tri Models.

Above: Dwayne White (left) and Russ Schmus prepare a Boeing 737 rear spar for the wing-to-body join process at the company's Renton manufacturing facility.


ABRO

"Ex-Im Bank has been enormously helpful. We wouldn't do the volume of export business that we do and be able to support about 500 U.S. manufacturing jobs as we do without Ex-Im Bank's support."

Peter F. Baranay
President
ABRO Industries Inc.

Photos courtesy of ABRO Industries Inc.

ABRO® Industries – a small business distributor of U.S.-manufactured automotive and industrial supply products – is successfully exporting to developing markets in sub-Saharan Africa, the Middle East, southeastern Europe, and Central and South America with the support of Ex-Im Bank's export credit insurance.

ABRO Industries began using Ex-Im Bank's single buyer insurance in 2001 to insure its foreign receivables from a large private-sector buyer in Nigeria. Working through its broker, Trade Acceptance Group Ltd. of Edina, Minn., the company obtained an Ex-Im Bank short-term multibuyer policy in 2003. In the two-year period since ABRO Industries began using the Bank's multibuyer policy, the company's export volume grew by more than 17 percent, from $23 million to $27 million.

Ex-Im Bank's export credit insurance policies have helped ABRO Industries securely export to private-sector buyers in several sub-Saharan African countries, including Nigeria, Ghana, Gabon and Ivory Coast. (See sidebar.) Ex-Im Bank helps the company export to several Middle Eastern countries, including Saudi Arabia, Kuwait and the United Arab Emirates. The company also uses the Bank's insurance for its exports to Bosnia and Herzegovina, Turkey, and Central and South American markets that include Chile, Peru, Costa Rica, the Dominican Republic and Guatemala.

Ex-Im Bank's multibuyer export credit insurance protects against the commercial and political risks of nonpayment by multiple international buyers in multiple countries. The multibuyer policy serves as a risk mitigation tool by insuring foreign accounts receivable against nonpayment by international buyers. It also serves as a marketing tool by enabling companies to extend competitive credit terms to these buyers and aids in obtaining financing by enabling the company to use its foreign receivables as additional collateral.

ABRO Industries Inc. was incorporated in 1977 as a subsidiary of United Export Corp., which was founded in 1939. The companies became ABRO Industries in 2001. The company, which currently has a staff of 23 employees, sells more than 400 different products that are manufactured by a large number of U.S. suppliers, many of which are also small businesses.

Left: Forklift operator David Teal at ABRO's distribution center in Moncks Corner, S.C.

Helping U.S. Exporters Succeed in sub-Saharan Africa

Ex-Im Bank provides U.S. exporters with the financing tools they need to successfully export to sub-Saharan Africa. Ex-Im Bank's support provides protection against international political and commercial risks, and enables U.S. exporters to offer competitive financing to their African buyers.

Export Credit Insurance – Ex-Im Bank's short-term insurance policies support the export of U.S. goods and services with repayment terms of up to one year and cover up to 95 percent of the U.S. contract value. The Bank's medium-term insurance supports U.S. exports with repayment terms of up to seven years and cover up to 85 percent of the U.S. contract value.

Buyer Financing – Ex-Im Bank guarantees up to 85 percent of the contract value on medium-term and long-term bank loans extended by commercial lenders to African buyers for the purchase of U.S. goods and services.

Used and Refurbished Equipment Guarantee – Ex-Im Bank will extend financing to support U.S. exports of equipment that has been previously owned or placed into service.

Project Finance and Aircraft Finance – Ex-Im Bank is able to consider project financing and financing for U.S. exports of new and used commercial and general aviation aircraft in most African markets.

Above: Warehouse assistant Antimia Wigfall at ABRO's distribution center in Moncks Corner, S.C.

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 2005 activities.

Direct Small Business Support

Ex-Im Bank authorized more than $2.6 billion – 19 percent of total authorizations – in direct support of U.S. small businesses as primary exporters in FY 2005. The Bank approved 2,617 transactions that were made available for the direct benefit of small business exporters. These transactions represented nearly 84 percent of the total number of transactions in FY 2005, and 207 small businesses used Ex-Im Bank programs for the first time during the fiscal year. In FY 2005, Ex-Im Bank approved financing in amounts under $500,000 for 1,070 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 2005 was $948.7 million out of a total estimated export value of $8.5 billion – more than 11 percent of the total estimated export value associated with the Bank's long-term financing.

Technology Improvements

In fiscal year 2005, Ex-Im Bank continued to update its Web site to provide all customers, particularly small businesses, with improved access to information, applications and forms. All of Ex-Im Bank's applications and forms are available through the Web site, www.exim.gov. Ex-Im Bank also converted the most frequently downloaded forms into electronically fillable forms available to small businesses to use without the need to buy additional software.

Ex-Im Bank implemented an automated subscription service and list manager on the Internet to provide customers and other interested parties with the ability to receive up-to-date Ex-Im Bank news and electronically manage their subscriptions. The lists enable Ex-Im Bank to provide subscribers with targeted information on all of Ex-Im Bank's export activities or on special areas of interest, including the Bank's Environmental Exports Program, the Bank's support for U.S. exports to Africa and the Middle East, and alerts on changes to the Country Limitation Schedule.

In fiscal year 2005, Ex-Im Bank continued to develop its business automation project, "Ex-Im Online," which will enable Ex-Im Bank to process applications for the Bank's financing more efficiently and effectively. Some forms and processes, including an online letter of interest application and an online claims filing process, can be processed electronically. The next major component will be automating the Bank's short-term multibuyer insurance program, which primarily benefits small business exporters. The multibuyer insurance component is presently being tested and will be available to small businesses for online submission of applications by June 2006 (estimated date).

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. In addition, the Bank participates in the U.S. government export Web site, www.export.gov, which offers information on all of the export-related services of the federal government.

The Bank also participates in the Trade Promotion Coordinating Committee's "One Stop, One Form" registration system, an Internet-based system that will enable small businesses to apply electronically for all federal government export programs.

Photo courtesy of Anitox Corp.

Laboratory technician Raydel Mair evaluates a distillation in the chemistry laboratory at the Anitox Corp. plant in Lawrenceville, Ga.

Electronic Tracking Systems

Ex-Im Bank tracks loan, guarantee and insurance activity through its Integrated Information System, which is an aggregation of several electronic databases that provides comprehensive information regarding all Bank transactions.

Ex-Im Bank utilizes a customer management database, focused primarily on small businesses, to assist in the Bank's outreach to small business exporters throughout the United States. The Bank is also evaluating tools to enhance services and capabilities of the staff in the regional offices, which directly serve small business customers.

Outreach to Small Businesses

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

In fiscal year 2005, Ex-Im Bank continued to coordinate outreach efforts to minority-owned and women-owned businesses with minority business councils, trade associations and chambers of commerce throughout the United States. Ex-Im Bank staff delivered presentations at several major conference events, including the Small Business Administration's annual conference and the annual conference of the National Association of Women Business Owners. A significant number 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's business development officers, including those located in its network of regional offices throughout the country, focus on the new-to-export segment of U.S. small businesses. Ex-Im Bank staff provides customized training for new users of the Bank's products.

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. These symposia also feature presentations by other agencies of the Trade Promotion Coordinating Committee, including the U.S. Commercial Service of the Department of Commerce, the Small Business Administration and the Overseas Private Investment Corporation.

FY 2005 at a Glance

Total Financing

• Ex-Im Bank's financing supported 3,128 U.S. export sales in FY 2005.

• In FY 2005, Ex-Im Bank authorized $13.9 billion in loans, guarantees and export credit insurance, which will support an estimated $17.9 billion of U.S. exports to markets worldwide.

Small Business

• Ex-Im Bank authorized more than $2.6 billion (19 percent of total authorizations) in direct support of U.S. small businesses as primary exporters in FY 2005.

• Ex-Im Bank approved 2,617 transactions that were made available for the direct benefit of small business exporters. These transactions represent nearly 84 percent of the total number of transactions in FY 2005.

• In FY 2005, 207 small businesses used Ex-Im Bank programs for the first time.

• In FY 2005, Ex-Im Bank approved financing in amounts under $500,000 for 1,070 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. In FY 2005, the Bank estimated that the total value of its indirect support for this small business content through its long-term loans and guarantees was $948.7 million out of a total estimated export value of $8.5 billion – more than 11 percent of the total estimated export value associated with the Bank's long-term financing. (See 'Small Business Report' on pages 16-17.)

Working Capital

• Ex-Im Bank authorized nearly $1.1 billion (a record level) in working capital guarantees for pre-export financing in FY 2005 – $850 million of which benefited small businesses.

• Of the 513 working capital guarantee transactions authorized, 458 were made available for the direct benefit of small businesses, representing more than 89 percent of the transaction volume.

Export Credit Insurance

• Ex-Im Bank authorized more than $4.3 billion in export credit insurance in FY 2005. Small business insurance authorizations totaled almost $1.7 billion.

• Ex-Im Bank issued 2,107 export credit insurance policies that were made available for the direct benefit of small business exporters. These policies represent approximately 90 percent of the total number of Ex-Im Bank's policies in FY 2005.

Project and Structured Finance

• In FY 2005, Ex-Im Bank authorized $894 million in limited recourse project financing to support U.S. exports to the Qatargas II (liquefied natural gas) and the Q-Chem II (petrochemical) projects in Qatar, and a petrochemical project in Egypt.

• Ex-Im Bank authorized more than $2 billion for long-term structured and corporate finance transactions supporting U.S. exports to, among others, oil and gas projects for Petróleos Mexicanos (Pemex) in Mexico, an air traffic control project in Albania, a telecommunications project in Malaysia, and a housing construction project in Qatar.

Transportation Finance

• In FY 2005, Ex-Im Bank authorized $4.3 billion to support the export of 78 U.S.-manufactured, large commercial aircraft and 14 spare engines to a total of 19 airlines and one leasing company located in 18 different countries.

• In addition, in FY 2005, Ex-Im Bank authorized $282 million in guarantees to support exports of U.S.-manufactured small aircraft, helicopters, locomotives, trucks and other transportation-related equipment to various operators around the world.

Environmental

• Ex-Im Bank authorized $81.8 million in financing to support an estimated $200 million of U.S. environmentally beneficial exports in FY 2005.

• Included in this total were two guarantees that supported $3.1 million of U.S. exports of beneficial environmental goods, 14 working capital guarantees totaling $35.5 million that will support approximately $151.5 million of exports of environmentally beneficial goods and services, and authorizations of 62 insurance transactions totaling $43.2 million to support shipments of environmentally beneficial goods.

• In FY 2005, over 2,000 shipments of U.S. environmentally beneficial goods were supported by Ex-Im Bank's insurance. Authorizations of insurance and working capital transactions primarily benefited small and medium-sized U.S. environmental exporters.

Energy

• In FY 2005, Ex-Im Bank authorized approximately $16.8 million in insurance and working capital guarantees to support U.S. renewable energy exports that included services for geothermal power plants, wind turbines, photovoltaic panels and other solar energy system equipment. Included in this total were authorizations of five insurance transactions totaling nearly $2.3 million to support exports of wind and solar energy products and authorizations of two working capital guarantees totaling $1.6 million that will support approximately $14.5 million of services for renewable geothermal power projects. In addition, Ex-Im Bank authorized two working capital guarantees totaling $10.2 million that will support approximately $28 million of exports of equipment to produce photovoltaic devices that will be used to generate renewable solar energy.

• In FY 2005, Ex-Im Bank authorized 12 transactions under its loan and guarantee products and approximately 80 new and renewed export credit insurance policies to support U.S. exports related to foreign energy production and transmission activities, including electric power generation and transmission, and oil and gas exploration and refineries. The estimated export value of these transactions totaled more than $1.6 billion.

• In FY 2005, Ex-Im Bank authorized financing to support $89.3 million of U.S. exports for fossil fuel power plants. The Bank estimates that the aggregate amount of carbon dioxide emissions produced directly by these plants will total approximately 800,000 metric tons per year. On average, the cost of the U.S. exports that Ex-Im Bank financed in FY 2005 for these power projects represents approximately 60 percent of the total cost of the equipment and services associated with these projects.

• In FY 2005, Ex-Im Bank authorized financing to support $1.5 billion of U.S. exports for projects in the oil and gas and the petrochemical sectors. The Bank estimates that the aggregate amount of carbon dioxide emissions produced directly by these projects will total approximately 7.6 million metric tons per year. On average, the cost of the U.S. exports that Ex-Im Bank financed in FY 2005 for these oil and gas and petrochemical projects represents approximately 20 percent of the total cost of the equipment and services associated with these projects.

High Technology

• In FY 2005, Ex-Im Bank authorized financing to support $1.1 billion of U.S. high technology exports other than aircraft, including electronics, telecommunications, mass transit and medical equipment. Hundreds of U.S. suppliers of high-tech products will benefit from these transactions.

• In addition, Ex-Im Bank authorized $53.1 million in working capital guarantees to support approximately $275 million of U.S. high technology exports from U.S. small and medium-sized businesses.

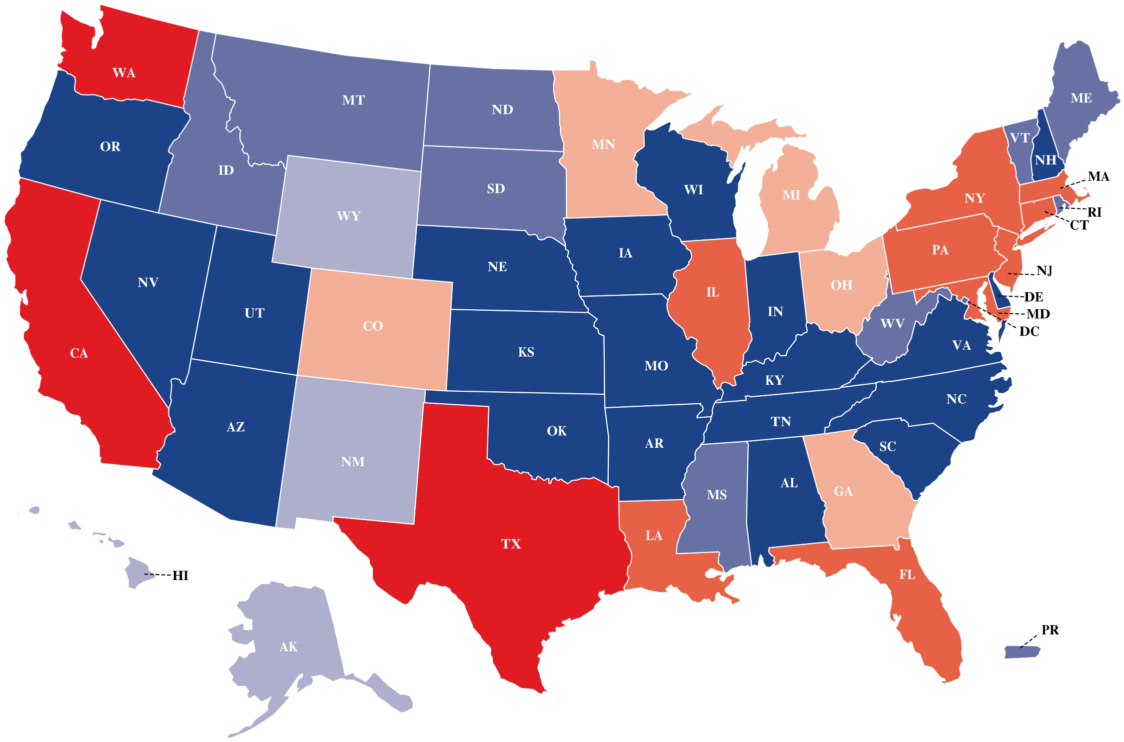
Services

• In FY 2005, Ex-Im Bank financed the export of a wide range of U.S. services, including engineering, design, construction, oil drilling, training and consulting. The estimated export value of these services totaled approximately $1 billion.

• In addition, in FY 2005, Ex-Im Bank authorized $65.7 million in working capital guarantees to support approximately $560 million of service exports from U.S. small and medium-sized businesses.

Agriculture

• In FY 2005, Ex-Im Bank authorized financing, including insurance, to support the export of an estimated $374 million of U.S. agricultural goods and services, including commodities, livestock, foodstuffs, farm equipment, chemicals, supplies and services. In addition, the Bank authorized $88.4 million of working capital guarantees to support approximately $430 million of agricultural exports from U.S. small and medium-sized businesses.



Value of U.S. Exports Supported Five-Year Period (October 1, 2000 – September 30, 2005)

OVER $8 BILLION
California ($9.5 billion)
Washington ($25.3 billion)
Texas ($8.5 billion)

OVER $1 BILLION
Connecticut ($1.4 billion)
Florida ($3.7 billion)
Illinois ($1.7 billion)
Louisiana ($1.1 billion)
Maryland ($1.9 billion)
Massachusetts ($2.5 billion)
New Jersey ($2.1 billion)
New York ($2.8 billion)
Pennsylvania ($2 billion)

OVER $500 MILLION
Colorado ($841 million)
Georgia ($844 million)
Michigan ($592 million)
Minnesota ($578 million)
Ohio ($920 million)

OVER $100 MILLION
Alabama ($302 million)
Arkansas ($152 million)
Arizona ($207 million)
Delaware ($100 million)
Indiana ($270 million)
Iowa ($111 million)
Kansas ($155 million)
Kentucky ($103 million)
Missouri ($224 million)
Nebraska ($140 million)
New Hampshire ($187 million)
Nevada ($106 million)
North Carolina ($429 million)
Oklahoma ($431 million)
Oregon ($160 million)
South Carolina ($178 million)
Tennessee ($128 million)
Utah ($152 million)
Virginia ($389 million)
Wisconsin ($390 million)

OVER $10 MILLION
District of Columbia ($47 million)
Idaho ($58 million)
Maine ($44 million)
Mississippi ($95 million)
Montana ($40 million)
North Dakota ($32 million)
Puerto Rico ($30 million)
Rhode Island ($48 million)
South Dakota ($11 million)
Vermont ($25 million)
West Virginia ($12 million)

OVER $100,000 TO $10 MILLION
Alaska ($120,000)
Hawaii ($740,000)
New Mexico ($8 million)
Wyoming ($1 million)

FY 2005 Authorizations Summary

($ millions)

Program	Number of Authorizations 2005	Number of Authorizations 2004	Amount Authorized 2005	Amount Authorized 2004	Estimated Export Value 2005	Estimated Export Value 2004	Subsidy 2005	Subsidy 2004
LOANS								
Long-Term Loans	0	5	$0.0	$227.1	$0.0	$242.4	$0.0	$21.5
Medium-Term Loans	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Tied Aid	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Total Loans	0	5	0.0	227.1	0.0	242.4	0.0	21.5
GUARANTEES								
Long-Term Guarantees	66	49	8,076.1	7,112.1	8,872.9	8,072.6	145.9	165.9
Medium-Term Guarantees	206	187	399.4	540.6	468.0	619.8	25.4	29.2
Working Capital Guarantees	513	458	1,096.3	880.4	4,073.7	4,177.9	14.1	10.9
Total Guarantees	785	694	9,571.8	8,533.1	13,414.6	12,870.3	185.4	206.0
EXPORT CREDIT INSURANCE								
Short-Term	1,980	1,911	3,913.4	3,649.3	3,913.4	3,649.3	12.3	7.2
Medium-Term	363	497	451.0	911.5	530.4	1,072.1	29.2	35.2
Total Insurance	2,343	2,408	4,364.4	4,560.8	4,443.8	4,721.4	41.5	42.4
Modifications							14.3	9.3
Grand Total	**3,128**	**3,107**	**$13,936.2**	**$13,321.0**	**$17,858.4**	**$17,834.1**	**$241.2**	**$279.2**

Small Business Authorizations

($ millions)

	Number 2005	Number 2004	Amount 2005	Amount 2004
Export Credit Insurance	2,107	2,188	$1,695.8	$1,570.6
Working Capital Guarantees	458	378	850.4	620.3
Guarantees	52	6	114.1	66.4
Grand Total	**2,617**	**2,572**	**$2,660.3**	**$2,257.3**

FY 2005 Authorizations By Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
AFRICA MULTINATIONAL					159,700,000
Albania, People's Republic of		47,611,993		47,611,993	47,665,802
Algeria		22,208,375	6,295,736	28,504,111	1,344,920,539
Angola			45,000	45,000	6,452,511
Anguilla					613,011
Antigua					558,247
Argentina					516,298,565
Armenia					30,909
Aruba					1,134,808
Australia		65,841,178	725,000	66,566,178	1,218,934,662
Austria		74,840,371		74,840,371	334,589,316
Azerbaijan		388,830	1,642,249	2,031,079	63,995,594
BAHAMAS					3,233,232
Bahrain					105,197,378
Barbados			965,423	965,423	2,903,746
Belgium					2,686,576
Belize		5,166,134		5,166,134	17,365,275
Benin			6,000,838	6,000,838	6,212,473
Bermuda			446,540	446,540	2,243,267
Bolivia			2,329,638	2,329,638	6,875,040
Bosnia					24,427,960
Brazil		43,234,021	34,986,718	78,220,739	2,467,557,584
Brunei					20,289
Bulgaria			777,458	777,458	77,780,625
Burkina Faso					1,999,999
CAMEROON					46,580,459
Canada		402,297,787	2,219,220	404,517,007	1,222,767,144
Canary Islands					7,721
Cayman Islands					1,351,641
Central African Republic					8,710,457
Chile		226,244,891	32,455,398	258,700,289	614,325,742
China		968,212	16,073,199	17,041,411	3,308,752,171
China (Mainland)					26,386,019
China (Taiwan)		428,732,350	90,000	428,822,350	1,679,670,971
Colombia		30,269,850	7,189,646	37,459,496	275,569,972
Congo					16,097,652
Congo, Democratic Republic of					861,693,470
Costa Rica		4,526,185	17,499,054	22,025,239	43,503,161
Cote d'Ivoire					151,564,201
Croatia					336,219,734
Cuba					36,266,581
Cyprus			15,219,588	15,219,588	20,338,436
Czech Republic			680,000	680,000	220,600,773
DENMARK					199,656
Dominica					54,604
Dominican Republic		2,165,213	16,679,236	18,844,449	693,764,045

FY 2005 Authorizations By Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
ECUADOR					95,621,186
Egypt		232,123,064		232,123,064	337,239,374
El Salvador		501,613	8,501,661	9,003,274	21,352,996
Estonia					197,353
Ethiopia		120,712,218		120,712,218	309,981,301
FIJI ISLANDS					57,071,001
Finland					2,069,740
France					13,638,519
French Polynesia					66,305
GABON					62,350,708
Gambia					201,835
Georgia					4,239,366
Germany, Federal Republic of		55,774,256	862,410	56,636,666	72,693,000
Ghana			490,000	490,000	147,459,041
Greece			1,053,000	1,053,000	3,050,176
Greenland					5,702
Grenada					2,185,069
Guatemala		4,275,263	12,180,136	16,455,399	55,063,569
Guinea			36,000	36,000	7,722,311
Guinea-Bissau			10,000,000	10,000,000	10,000,000
Guyana					2,481,886
HAITI					3,771,784
Honduras		891,551	11,575,586	12,467,137	33,079,036
Hong Kong			469,775	469,775	356,485,834
Hungary					3,175,087
ICELAND					1,772,206
India		4,930,656	20,904,359	25,835,015	1,287,495,327
Indonesia					2,296,813,410
Iraq					250,000,000
Ireland		687,061,034		687,061,034	1,663,133,741
Israel		37,205,161		37,205,161	289,929,090
Italy					468,290,046
JAMAICA			2,869,062	2,869,062	39,714,257
Japan			2,450,000	2,450,000	144,635,576
Jordan		5,000,281	54,000	5,054,281	58,206,003
KAZAKHSTAN		235,160,547	12,738,489	247,899,036	336,644,388
Kenya		230,559,606		230,559,606	473,318,091
Korea, Republic of		541,184,550	265,500	541,450,050	2,937,187,806
Kuwait			5,436,414	5,436,414	59,633,606
LATVIA					566,092
Lebanon					14,124,895
Liberia					7,383,018

FY 2005 Authorizations By Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
Lithuania			568,130	568,130	7,006,596
Luxembourg					201,694,700
MACAU			1,436,201	1,436,201	864,487
Macedonia					46,556,181
Malaysia, Federation of		137,718,019		137,718,019	1,355,728,878
Maldive Islands					40,194
Mali		821,008		821,008	12,054,976
Malta					148,018
Mauritania					137,276
Mauritius					1,834
Mexico		1,306,491,766	394,605,136	1,701,096,902	7,040,787,893
Micronesia, Federated States of					48,554
Monaco					160,410
Morocco		72,266,920		72,266,920	526,370,394
Mozambique					93,398
NAURU					13,223,835
Netherlands		1,880,151	1,305,000	3,185,151	663,686,567
Netherlands Antilles					1,017,839
New Caledonia					9,577
New Zealand		246,653,429	90,000	246,743,429	250,130,296
Nicaragua			3,599,619	3,599,619	36,410,826
Niger					9,151
Nigeria		4,809,368		4,809,368	1,139,006,801
Norway			900,000	900,000	2,798,854
OMAN		36,398,972		36,398,972	65,579,165
PAKISTAN		271,181,055		271,181,055	970,025,295
Panama		10,089,122	14,107,106	24,196,228	377,673,985
Papua New Guinea					45,851
Paraguay			896,944	896,944	9,568,912
Peru		19,570,748	26,115,170	45,685,918	224,184,620
Philippines			17,682,314	17,682,314	764,754,770
Poland					65,495,556
Portugal			866,310	866,310	2,240,167
QATAR		698,551,061		698,551,061	699,650,463
REUNION ISLAND					4,689
Romania		215,604,606		215,604,606	575,489,931
Russia		76,997,359	50,997,820	127,995,179	844,569,239
Rwanda					559,569
SAUDI ARABIA		71,751,723	1,215,000	72,966,723	1,498,577,710
Senegal		35,817,838		35,817,838	48,342,638
Seychelles					10,253
Singapore		653,130,629		653,130,629	898,148,424

FY 2005 Authorizations By Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
Slovak Republic					35,581
Slovenia					274,094
South Africa			561,500	561,500	452,126,726
Spain			1,395,000	1,395,000	9,872,032
Sri Lanka					376,590
St. Kitts-Nevis					1,328,027
St. Lucia					702,748
St. Vincent			695,668	695,668	848,353
Sudan					28,246,331
Suriname					481,131
Sweden			405,000	405,000	4,923,681
Switzerland			3,365,530	3,365,530	7,114,699
TANZANIA					849,103
Thailand					1,123,624,905
Togo					2,820
Tonga					50,345
Trinidad and Tobago		490,545		490,545	183,663,162
Tunisia					151,204,713
Turkey		144,030,620	43,269,459	187,300,079	2,761,256,209
Turks and Caicos Islands			991,809	991,809	1,494,523
UGANDA					5,693,495
Ukraine		17,548,242	2,108,663	19,656,905	186,295,837
United Arab Emirates		658,837,930	2,692,097	661,530,027	681,994,573
United Kingdom			1,361,993	1,361,993	35,388,740
United States of America		1,300,296,560		1,300,296,560	1,959,079,216
Uruguay					8,623,944
Uzbekistan		81,018,109		81,018,109	514,337,585
VARIOUS COUNTRIES UNALLOCABLE					2,117,151,225
Venezuela					1,091,088,369
Vietnam					366,732,240
Virgin Islands, British			1,027,714	1,027,714	2,181,103
Virgin Islands, U.S.					325
WEST INDIES, FRENCH					216,144
YEMEN, REPUBLIC OF					14,675
Yugoslavia (Debt in Former Yugoslavia)					286,645,584
ZAMBIA			2,700,000	2,700,000	143,105,674
Zimbabwe					29,913,775
Total		**9,571,830,970**	**827,165,516**	**10,398,996,486**	**58,407,718,798**
Multibuyer Insurance, Short-Term			3,537,240,000	3,537,240,000	4,544,803,537
Total Authorizations		**$9,571,830,970**	**$4,364,405,516**	**$13,936,236,486**	**$62,952,522,335**

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
ALBANIA, PEOPLE'S REPUBLIC OF						
09-Jun-05	Agencia Nationale e Trafficut Airol (NATA) None Lockheed Martin Corp.	078025	Air Traffic Navigation System			$47,611,993
Total for	**Albania People's Republic of**					**$47,611,993**
AUSTRALIA						
17-Mar-05	Virgin Blue Airlines None The Boeing Co.	080450	Commercial Aircraft			$65,841,178
Total for	**Australia**					**$65,841,178**
AUSTRIA						
31-Mar-05	Austria Airlines Lease & Finance Co. Austrian Airlines The Boeing Co.	081438	Commercial Aircraft			$74,840,371
Total for	**Austria**					**$74,840,371**
AZERBAIJAN						
09-Dec-04	General Construction LLC International Bank of Azerbaijan Saba Inc.	079957	Construction Materials (Credit Increase)			$388,830
Total for	**Azerbaijan**					**$388,830**
BRAZIL						
09-May-05	Petrobras Netherlands B.V. Petroleo Brasileiro S.A. Petreco International Inc.	081532	Machinery and Equipment for Oil and Gas Platform			$21,128,276
Total for	**Brazil**					**$21,128,276**
CANADA						
04-Aug-05	WestJet Airlines Various WestJet Companies The Boeing Co.	076615	Commercial Aircraft			$402,297,787
Total for	**Canada**					**$402,297,787**

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
CHILE						
28-Apr-05	Lan Airlines S.A. Lan Cargo S.A. The Boeing Co.	081464	Commercial Aircraft			$69,228,680
28-Apr-05	Lan Cargo S.A. Lan Airlines S.A. The Boeing Co.	081283	Commercial Aircraft			$156,213,005
Total for	**Chile**					**$225,441,685**
CHINA (TAIWAN)						
06-Jan-05	China Airlines Ltd. None The Boeing Co.	081215	Commercial Aircraft			$137,891,250
09-May-05	China Airlines Ltd. None The Boeing Co.	081216	Commercial Aircraft			$290,841,100
Total for	**China (Taiwan)**					**$428,732,350**
COLOMBIA						
04-Dec-04	Ministry of Finance and Public Credit None Defense Security Cooperation Agency	080488	Aircraft Refurbishment			$24,165,403
Total for	**Colombia**					**$24,165,403**
DOMINICAN REPUBLIC						
07-Oct-04	The Dominican Republic None Swiftships Ship Builders LLC	077602	Main Engines (Credit Increase)			$2,165,213
Total for	**Dominican Republic**					**$2,165,213**
EGYPT						
03-Feb-05	Egypt Basic Industries Co. None Kellogg Brown & Root Inc.	078068	Engineering Services and Equipment for Ammonia Plant Construction			$225,664,971
Total for	**Egypt**					**$225,664,971**

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
ETHIOPIA						
21-Apr-05	Ethiopian Airlines None The Boeing Co.	078022	Commercial Aircraft			$120,712,218
Total for	**Ethiopia**					**$120,712,218**
GERMANY, FEDERAL REPUBLIC OF						
19-Jul-05	Bavarian International Aircraft Leasing (GMBH) None The Boeing Co.	081735	Commercial Aircraft			$55,774,256
Total for	**Germany, Federal Republic of**					**$55,774,256**
IRELAND						
27-Oct-04	Ryanair Ryanair Holdings The Boeing Co.	078492	Commercial Aircraft			$377,856,217
25-Aug-05	Ryanair Ryanair Holdings The Boeing Co.	081304	Commercial Aircraft			$309,204,817
Total for	**Ireland**					**$687,061,034**
ISRAEL						
03-Feb-05	Carmel Olefins Ltd. None ABB Lummus Global Overseas Corp.	080776	Engineering, Services and Equipment for Petrochemical Plant			$37,205,161
Total for	**Israel**					**$37,205,161**
JORDAN						
08-Apr-05	New Generation Telecommunication Co. None Motorola Inc.	079558	Iden System (Credit Increase)			$5,000,281
Total for	**Jordan**					**$5,000,281**

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
KAZAKHSTAN						
07-Oct-04	Kazakhstan Temir Zholy Rse Locomotive JSC General Electric Co.	080148	Locomotive Modernization Kits			$121,714,176
18-Feb-05	Bank Turanalem Basko LTD Deere & Co.	081271	Tractors and Grain Combines			$12,349,766
09-May-05	JSC Kazakhtelecom Kazkommertsbank OJSC Winncom Technologies Corp.	080915	Telecommunications Network Equipment			$48,087,471
Total for	**Kazakhstan**					**$182,151,413**
KENYA						
13-Apr-05	Kenya Airways None The Boeing Co.	078987	Commercial Aircraft			$115,398,609
19-May-05	Kenya Airways None The Boeing Co.	081508	Commercial Aircraft			$115,160,997
Total for	**Kenya**					**$230,559,606**
KOREA, REPUBLIC OF						
16-Jun-05	Korean Air Lines None The Boeing Co.	081571	Commercial Aircraft			$425,641,382
14-Jul-05	Asiana Airlines None The Boeing Co.	081712	Commercial Aircraft			$115,543,168
Total for	**Korea, Republic of**					**$541,184,550**
MALAYSIA, FEDERATION OF						
23-Nov-04	Binariang Satellite Systems SDN BHD Measat Global Network Systems SDN BHD Boeing Satellite Systems	077884	Communications Satellite System			$137,718,019
Total for	**Malaysia, Federation of**					**$137,718,019**

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
MEXICO						
26-Oct-04	Grupo Ferroviario Mexicano S.A. de C.V. Ferrocarril Mexicano S.A. de C.V. General Electric Co.	080937	Locomotives			$39,462,181
23-Feb-05	Comisión Federal de Electricidad None General Electric International	078480	Technical Services (Credit Increase)			$10,156
31-Mar-05	Servicios Marítimos de Campeche Industrial Perforadora de Campeche S.A. de C.V. Hydralift Amclyde Inc.	081222	Crane			$14,031,630
28-Sep-05	Aerovías de México S.A. de C.V. None The Boeing Co.	081115	Commercial Aircraft			$131,325,000
28-Sep-05	The Pemex Project Funding Master Trust Petróleos Mexicanos Pride Offshore Inc.	081769	Gas Field Exploration and Development for the Strategic Gas Program			$300,000,000
29-Sep-05	The Pemex Project Funding Master Trust Pemex Gas y Petroquímica Básica Solar Turbines Inc.	081863	Oil Field Development Equipment and Services for the New Pidiregas Projects			$400,000,000
29-Sep-05	The Pemex Project Funding Master Trust Petróleos Mexicanos Pride Offshore Inc.	081892	Oil Field Development Equipment and Services for the Cantarell Oil Field			$300,000,000
Total for	**Mexico**					**$1,184,828,967**
MOROCCO						
13-Jan-05	Royal Air Maroc None The Boeing Co.	078791	Commercial Aircraft			$72,266,920
Total for	**Morocco**					**$72,266,920**
NETHERLANDS						
24-Nov-04	KLM Royal Dutch Airlines None The Boeing Co.	080092	Commercial Aircraft (Credit Increase)			$1,880,151
Total for	**Netherlands**					**$1,880,151**

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
NEW ZEALAND						
10-Mar-05	Air New Zealand Aircraft Holdings Ltd. Air New Zealand Ltd. Rockwell Collins Inc.	081309	In-flight Entertainment			$20,669,280
28-Sep-05	Air New Zealand Ltd. Air New Zealand Ltd. The Boeing Co.	081879	Commercial Aircraft			$225,984,149
Total for	**New Zealand**					**$246,653,429**
NIGERIA						
06-Oct-04	Bourdex Telecommuncations EcoBank Transnational Inc. HSBC Bank PLC	080392	Equipment Supply and Installation (Credit Increase)			$13,488
Total for	**Nigeria**					**$13,488**
OMAN						
17-Mar-05	Oman Aviation Services Co. None The Boeing Co.	081419	Commercial Aircraft			$36,398,972
Total for	**Oman**					**$36,398,972**
PAKISTAN						
28-Sep-05	Pakistan International Airlines Corp. Government of Pakistan The Boeing Co.	079207	Commercial Aircraft			$271,181,055
Total for	**Pakistan**					**$271,181,055**
QATAR						
18-Nov-04	Qatar Liquified Gas Company (II) Ltd. None Kellogg Brown & Root Inc.	080217	Engineering Services for Natural Gas Liquefaction Plant			$405,000,000
14-Jul-05	Qatar Chemical Company (II) None Chevron Phillips Chemical Co. L.P.	081158	Petrochemical Equipment and Services			$263,019,557
19-Jul-05	Almana Trading WLL Almana Group WLL Impex Associates Inc.	081360	Equipment and Materials for Housing Construction			$30,531,504
Total for	**QATAR**					**$698,551,061**

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
ROMANIA						
07-Oct-04	Ministry of Transports, Construction and Tourism Ministry of Finance Bechtel Overseas Corp.	079630	Road-building Construction Equipment			$177,335,506
09-Dec-04	Telemobil S.A. Saudi Oger Ltd. and Qualcomm Lucent Technologies	079393	CDMA Telecom Network Equipment			$38,269,100
Total for	**Romania**					**$215,604,606**
RUSSIA						
04-Nov-04	Nizhnekamskneftekhim Public Joint Stock Co. None Ralph J. Devillier Inc.	080715	Polystyrene Plant Construction			$14,359,693
Total for	**Russia**					**$14,359,693**
SAUDI ARABIA						
28-Sep-05	National Air Service Co. Ltd. None Gulfstream Aerospace Corp.	082023	Commercial Aircraft			$71,751,723
Total for	**Saudi Arabia**					**$71,751,723**
SENEGAL						
09-Jun-05	Air Senegal International None The Boeing Co.	080698	Commercial Aircraft			$35,817,838
Total for	**Senegal**					**$35,817,838**
SINGAPORE						
12-Nov-04	Chartered Semiconductor Manufacturing Ltd. None Applied Materials Inc.	080562	Construction of Semiconductor Wafer Fabrication Plant			$653,130,629
Total for	**Singapore**					**$653,130,629**
TURKEY						
19-Oct-04	NUH Enerji Ltd. NUH Cimento Sanayi A.S. GE Packaged Power Inc.	080105	Gas Turbine Generator for Combined-Cycle Power Plant			$26,345,233

FY 2005 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
16-Dec-04	BIS Enerji Elektrik Uretim A.S. None GE Packaged Power Inc.	081050	Gas and Steam Turbines for Power Generation			$53,370,061
21-Dec-04	Ayen Ostim Enerji Otoprodüksiyon Sanayi Finansbank A.S. GE Packaged Power Inc.	079444	Gas Turbines (Credit Increase)			$944,882
12-May-05	Undersecretariat of Treasury None Marubeni America Corp.	081558	Hospital Equipment			$13,748,602
08-Sep-05	Isko Dokuma Isletme Sanayi ve Ticaret A.S. Sanko Tekstil Isletmeleri San ve Ticaret West Point Foundry and Machinery Co.	081691	Machinery			$19,752,045
Total for	**Turkey**					**$114,160,823**

UNITED ARAB EMIRATES

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
12-Nov-04	Emirates None General Electric Co.	080986	Commercial Aircraft Engines and Installation			$129,206,686
29-Sep-05	Emirates None The Boeing Co.	081865	Commercial Aircraft			$529,631,244
Total for	**United Arab Emirates**					**$658,837,930**

UZBEKISTAN

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
02-Dec-04	Uzbekistan Airways Ministry of Finance The Boeing Co.	079671	Commercial Aircraft			$81,018,109
Total for	**Uzbekistan**					**$81,018,109**

MISCELLANEOUS

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
01-Feb-05	Private Export Funding Corp. (PEFCO) None	03048	Interest on PEFCO's Own Debt			$203,996,000
Total for	**Miscellaneous**					**$203,996,000**
Grand Total						**$8,076,095,989**

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

Year Ended September 30, 2005

Executive Summary

The Export-Import Bank of the United States (Ex-Im Bank or Bank) is an independent agency and government corporation that operates as 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 to neutralize financing provided by foreign governments to their exporters when they 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 assisted U.S. exporters to win export sales in over 120 markets throughout the world. In discharging its public policy role of supporting the export of U.S. goods and services, Ex-Im Bank accepts risks the private sector is unwilling or unable to take. However, the Bank does require reasonable assurance of repayment for the transactions it authorizes and closely monitors credit and other risks in its portfolio.

Ex-Im Bank authorized $13,936.2 million of loans, guarantees and insurance during FY 2005, which supported $17,858.4 million of U.S. export sales. This is the highest level for the past five fiscal years. Over that time, annual authorizations have ranged from $9,241.5 million to $13,936.2 million, supporting U.S. export sales of $12,525.7 million to $17,858.4 million.

New authorizations for direct small business exports in FY 2005 totaled $2,660.3 million, which exceeded FY 2004 authorizations of $2,257.3. In FY 2005, Ex-Im Bank authorized 2,617 transactions that were made available for the direct benefit of small business exporters, compared to 2,572 in FY 2004. Ex-Im Bank's direct support for the small business sector, primarily through working capital guarantees and short-term insurance, has ranged from $1,658.0 million to $2,660.3 million over the past five fiscal years. The Bank also supports additional billions of dollars of indirect small business exports where the small business is a supplier to a larger U.S. exporter.

Ex-Im Bank's exposure through FY 2005 totaled $62,952.5 million, which is approximately the same level as the prior five fiscal years. Of this total, the Bank's largest exposure is in the aircraft sector, accounting for 39.6 percent of total exposure. The highest geographic concentration of exposure is in Asia, with 27.8 percent of the total.

The program composition of Ex-Im Bank's credit portfolio has not significantly changed over the past five fiscal years. Direct loans comprise approximately 13.6 percent of total exposure, while insurance and guarantee programs account for the remainder.

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 2005, Ex-Im Bank approved $2,054.2 million in foreign currency transactions, an increase from the prior fiscal year. 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 1 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 has decreased from 4.07 to 3.95 on new authorizations for FY 2004 and FY 2005, respectively. Fifty-nine percent of Ex-Im Bank's medium-term and long-term new authorizations in FY 2005 fell in the level 3-to-5 range (BBB to BB).

Net income for FY 2005 was $2,681.4 million as compared to $2,044.4 million in FY 2004. In FY 2005, the Bank's reserve against credit loss is $7,583.5 million, or approximately 12.0 percent of total credit exposure.

Ex-Im Bank has consolidated certain variable interest entities (VIEs) for which it was determined that the Bank is the primary beneficiary to comply with Financial Accounting Standard Board's Financial Interpretation Number 46 (FIN 46). At September 30, 2005, consolidated net lease receivables were $4,992.7 million and consolidated borrowings were $5,150.3 million. These consolidations do not alter the risk profile of the Bank's business since these guaranteed borrowings have been previously accounted for as contingent liabilities rather than consolidated transactions.

In December 2003, FIN 46 (R), *Consolidation of Variable Interest Entities (Revised December 2003)*, was issued and is required to be applied to all VIEs no later than the beginning of the first annual period after December 15, 2004. Ex-Im Bank will therefore adopt FIN 46 (R) as of October 1, 2005, and consolidate all VIEs created prior to January 31, 2003, for which Ex-Im Bank is the primary beneficiary. The additional amount to be consolidated at October 1, 2005, is projected to be approximately $5.2 billion in gross lease receivables and borrowings payable.

I. Description of Business

Ex-Im Bank supports the financing of U.S. exports of goods and services, thereby helping maintain and create U.S. jobs. In financing exports, Ex-Im Bank supplements private-sector financing by assuming credit risks the private sector is unable or unwilling to accept.

In its 71 years of operations, Ex-Im Bank has supported more than $473 billion of U.S. exports, primarily to developing markets.

The Export-Import Bank of the United States was established by executive order of President Franklin D. Roosevelt in 1934 as a District of Columbia banking corporation. The Export-Import Bank Act of 1945 (the Act) reincorporated Ex-Im Bank as a U.S. government corporation. This Act, which has been amended by Congress over the years, is the basic legal authority for Ex-Im Bank's operations. The most recent amendment to the Act was the Export-Import Bank Reauthorization Act of 2002, which reauthorized Ex-Im Bank through September 30, 2006, and increased its financing capacity.

Mission

Ex-Im Bank is the official export credit agency of the United States. The mission of the Bank is to facilitate U.S. exports by providing competitive export financing in situations where U.S. exporters are facing foreign competition backed by officially supported financing or the private market is unwilling or unable to offer export financing. Ex-Im Bank financing is predicated on a determination that reasonable assurance of repayment exists. Ex-Im Bank enables U.S. companies — large and small — to turn export opportunities into sales that help to maintain and create U.S. jobs and contribute to a stronger national economy.

The Bank provides direct loans (buyer financing), loan guarantees, working capital guarantees (pre-export financing), and export credit insurance. On average, over 80 percent of the Bank's transactions directly benefit U.S. small businesses.

Products

Direct Loans: The Direct Loan Program is a foreign buyer credit program in which Ex-Im Bank makes a loan to a foreign buyer to purchase U.S. exports. Ex-Im Bank's loan disbursements go directly to the U.S. exporter as the export products are shipped to the foreign buyer.

Loan Guarantees: 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, the Bank will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers 100 percent of the commercial and political risks for up to 85 percent of the U.S. contract value of the export transaction.

Working Capital Guarantees: The Working Capital Guarantee Program is a pre-export financial tool to enable U.S. exporters to obtain necessary working capital in order to fulfill export sales orders. Ex-Im Bank's Working Capital Guarantees enable U.S. exporters to obtain loans to produce or buy goods or services for export. These working capital loans, made by commercial lenders and backed by the Bank's guarantee, provide exporters with the liquidity to accept new export business, grow international sales and compete more effectively in the international marketplace.

Export Credit Insurance: The Export Credit Insurance Program helps U.S. exporters develop and expand their overseas sales by protecting them against loss should a foreign buyer or other foreign debtor default for political or commercial reasons.

II. New Business

The amount of new loans, guarantees and insurance that Ex-Im Bank authorizes each year is dependent on export sales by U.S. exporters who need Ex-Im Bank's export credit support to win these sales. These export sales are, in turn, dependent on domestic and international political, economic and financial conditions, and on the competitiveness of U.S. products in world markets.

Ex-Im Bank has supported U.S. exports predominantly to Asia, Latin America and Eastern Europe. Many trade experts expect continued economic expansion in these areas in the future. World trade in general is also expected to increase substantially. The Bank believes that these factors will contribute to a greater demand for Ex-Im Bank financing assistance.

The Bank will continue to emphasize its programs that support the export sales of U.S. small businesses. Ex-Im Bank authorized 2,617 transactions that were made available for the direct benefit of small business exporters, which totaled $2,660.3 million in FY 2005, and the Bank expects that amount to grow in the future.

FY 2005 Authorizations

Exhibit 1 shows authorizations for the past five fiscal years. During FY 2005, Ex-Im Bank authorized $13,936.2 million of loans, guarantees and insurance.

Authorizations have ranged from $9,241.5 million to $13,936.2 million during the past five years as shown in Exhibit 1.

Exhibit 1: Authorizations

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
LONG-TERM					
Loans	$857.8	$295.6	$52.7	$227.1	$0.0
Guarantees	4,736.3	6,180.2	6,422.9	7,112.1	8,076.1
Subtotal, Long-Term	5,594.1	6,475.8	6,475.6	7,339.2	8,076.1
MEDIUM-TERM					
Loans	13.4	0.0	5.6	0.0	0.0
Guarantees	704.5	543.1	554.1	540.5	399.4
Insurance	475.4	666.8	678.4	911.5	451.0
Subtotal, Medium-Term	1,193.3	1,209.9	1,238.1	1,452.0	850.4
SHORT-TERM					
Working Capital	660.2	684.8	768.0	880.4	1,096.3
Insurance	1,793.9	1,748.7	2,025.5	3,649.3	3,913.4
Subtotal, Short-Term	2,454.1	2,433.5	2,793.5	4,529.7	5,009.7
Total Authorizations	**$9,241.5**	**$10,119.2**	**$10,507.2**	**$13,320.9**	**$13,936.2**

Estimated Cost of New Authorizations Under the Credit Reform Act

Under the Federal Credit Reform Act of 1990 (P.L. 101-508), which took effect on October 1, 1992, 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. Loans and guarantees may not be committed unless sufficient appropriations are available to cover the calculated cost.

Under 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, known as the "subsidy cost," or "program budget cost," 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.

FY 2005 Program Budget

The appropriation of program budget required, if any, depends on the fee charged and the risk level of each authorization. The amount of appropriation required for FY 2005 authorizations has significantly declined compared to prior years because the risk profile of credits authorized in FY 2005 is less risky than the risk profile of credits previously authorized. This is seen in the improvement in the weighted-average-risk rating for new authorizations, which has decreased from 5.03 in FY 2003 to 3.95 in FY 2005. The leverage ratio, which is the amount of authorizations supported by each dollar of program budget, has also improved compared to previous years as a result of the same factors. In FY 2003, each dollar of program budget supported $31.5 of authorizations; in FY 2004, each dollar of program budget supported $47.7 in authorizations, an increase of 51.4 percent. In FY 2005, the amount of authorizations supported by each dollar of program budget increased to $57.8, as seen in Exhibit 2.

The chart (Exhibit 2) on page 38 shows the total amount authorized, the corresponding usage of program budget, and the leverage for the past five years. Authorization levels since FY 2001 have been steadily increasing, while program budget levels have gradually decreased. The amount of program budget required decreased between FY 2002 and FY 2003 due to the Office of Management and Budget (OMB) lowering the Interagency Country Risk Assessment System (ICRAS) Risk Premium (see Significant Factors Influencing Financial Results section), while the program budget decline between FY 2003 and FY 2004 is due to the reasons noted above.

Exhibit 2: Authorization Levels and Program Budget Required

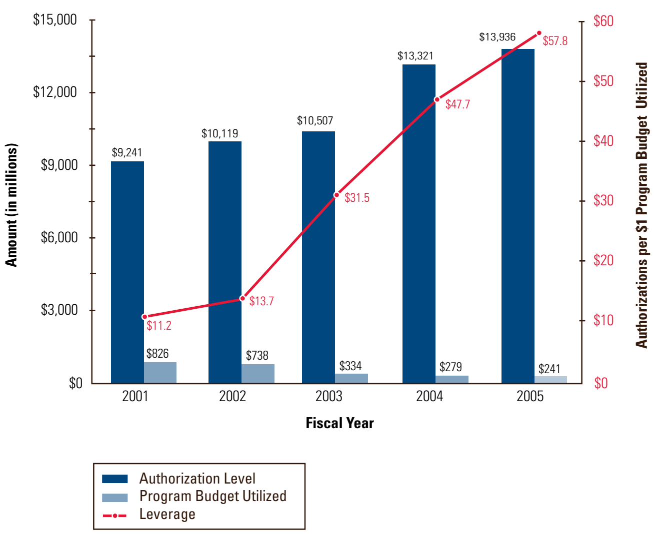
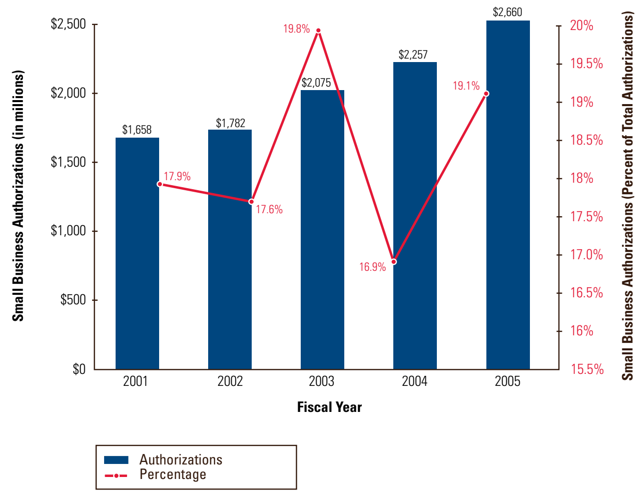


Exhibit 3: Small Business Authorizations



Small Business Authorizations in FY 2005

A major goal of Ex-Im Bank is to expand U.S. small business exports. Ex-Im Bank offers two products that primarily benefit small business: working capital guarantees and short-term insurance.

In FY 2005, $850.4 million, or 77.6 percent of total authorizations in the Working Capital Program supported small business. Of total authorizations under the Short-Term Insurance Program, $1,695.8 million, or 43.3 percent, supported small business.

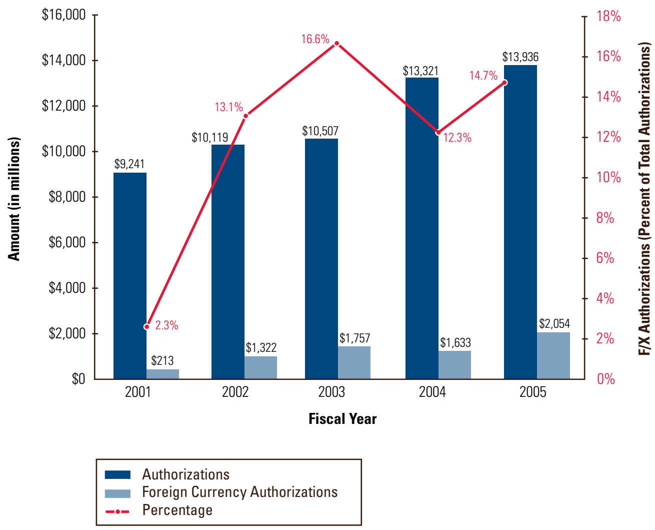
Exhibit 3 shows the total dollar amount of authorizations for small business exports for each year since FY 2001, together with the percentage for each year of the small business authorizations to total authorizations for that year.

The small business percentage of total authorizations has increased from 16.9 percent in FY 2004 to 19.1 percent through FY 2005.

Foreign Currency Transactions

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, 2005, are: Australian dollar, Brazilian real, British pound, Canadian dollar, CFA franc, Colombian peso, euro, Japanese yen, Mexican peso, Moroccan dirham, New Zealand dollar, Philippine peso, Russian ruble, South African rand, Swedish krona, Swiss franc, and Thai baht. At the time of authorization, Ex-Im Bank records as the authorization the dollar amount equivalent to the foreign currency obligation based on the exchange rate at that time. In FY 2005, Ex-Im Bank approved $2,054.2 million in transactions denominated in a foreign currency. In FY 2004, Ex-Im Bank approved $1,632.9 million in transactions denominated in a foreign currency.

Exhibit 4: Foreign Currency Transactions



As seen in Exhibit 4, the percentage of foreign currency authorizations to total authorizations has increased significantly over the past five years. The overall increase over the past few years 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 are for support of U.S. exports of commercial jet aircraft.

III. Financial Results Of Operations

Exhibit 5 presents certain financial data from the Statements of Financial Position and the Statements of Operations as of September 30, 2005. This financial data is highlighted due to a significant change (15 percent or more) between FY 2005 and FY 2004. More detailed financial information can be found in the financial statements.

Exhibit 5: Significant Financial Data

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Cash	$7,132.5	$7,641.8	$5,775.6	$5,095.5	$3,981.3
Lease Receivables Consolidated from VIEs	N/A	N/A	803.9	3,815.2	4,992.7
Borrowings from the U.S. Treasury	7,975.9	6,657.4	7,280.5	7,237.2	5,848.3
Payment Certificates	931.1	785.6	593.0	448.5	297.2
Borrowings Consolidated from VIEs	N/A	N/A	841.0	4,008.5	5,150.3
Allowance for Guarantees, Insurance and Undisbursed Loans	6,411.5	7,069.6	7,263.6	6,077.7	4,741.8
Amounts Payable to the U.S. Treasury	557.0	3,621.0	1,943.5	751.5	1,884.3
Credit Appropriations	190.6	296.5	574.9	444.9	328.5
Accumulated Deficit	(2,230.3)	(5,303.9)	(6,718.6)	(5,741.1)	(5,139.3)
Interest on Leases Consolidated from VIE	N/A	N/A	7.7	83.3	240.2
Interest on Cash and Equivalents	416.3	341.6	302.6	218.9	181.3
Interest on Borrowings Consoldiated from VIEs	N/A	N/A	7.7	83.3	227.2
Provision for Credit and Claim Losses	(195.0)	726.0	113.2	(505.1)	(1,321.7)
Exposure Fees for Guarantees	240.3	242.1	311.6	313.2	273.1
Guarantee Amortization	N/A	N/A	N/A	679.8	490.4
Other Income	15.8	8.5	37.0	100.7	51.3
Net Income	$1,061.0	$182.0	$641.4	$2,044.4	$2,681.4

Cash

Cash decreased from $5,095.5 million in FY 2004 to $3,981.3 million in FY 2005 due primarily to the cash remitted to Treasury as a result of the FY 2004 re-estimate.

Lease Receivables Consolidated from VIEs

Lease Receivables Consolidated from VIEs increased from $3,815.2 million in FY 2004 to $4,992.7 million in FY 2005 due to the consolidation of 21 additional VIEs in FY 2005 for which Ex-Im Bank is the primary beneficiary. Ex-Im Bank consolidated all VIEs for which the Bank is the primary beneficiary authorized subsequent to January 31, 2003, and will consolidate all such VIEs originating prior to this date in FY 2006 to comply with FIN 46 (R). The Borrowings Consolidated from VIEs increased for the same reason.

Borrowings Payable to the U.S. Treasury

Borrowings Payable to the U.S. Treasury decreased from $7,237.2 million in FY 2004 to $5,848.3 million in FY 2005 because Ex-Im Bank repaid approximately $1,405.0 million to Treasury in conjunction with the FY 2004 subsidy re-estimate.

Payment Certificates

Payment Certificates decreased from $448.5 million at September 30, 2004, to $297.2 million as of September 30, 2005. Ex-Im Bank issues to the guaranteed lender certificates in lieu of an immediate cash payment for the entire outstanding balance of the guaranteed notes when approving claims on defaulted fixed rate notes. The payment certificates are direct obligations of Ex-Im Bank and are freely transferable. The balance declined during FY 2005 as the payments made by Ex-Im Bank on existing payment certificates exceeded the issuance of new payment certificates.

Allowance for Guarantees, Insurance and Undisbursed Loans

The Allowance for Guarantees, Insurance and Undisbursed Loans decreased from $6,077.7 million in FY 2004 to $4,741.8 million in FY 2005 due to the amortization of the guarantees under FIN 45. In addition, since Ex-Im Bank has incorporated higher recovery rates in the FY 2005 loss reserve calculation, the allowance decreased in the current fiscal year.

Amounts Payable to the U.S. Treasury

The amounts payable to the U.S. Treasury increased by $1,132.8 million from $751.5 million at the end of FY 2004 to $1,884.3 million in FY 2005. The amount payable to the Treasury is based on the re-estimate of the program budget cost of the outstanding balances of fiscal years 1992 through 2004 commitments. At the end of FY 2005, the amount payable to the U.S. Treasury increased due to the increase in the FY 2005 re-estimate over the FY 2004 re-estimate.

Credit Appropriations

Credit appropriations decreased from $444.9 million at September 30, 2004, to $328.5 million at September 30, 2005, because new obligations exceeded the amounts of appropriations received and made available in the current fiscal year. This differential was covered by the appropriations available from prior years' carry-over balance.

Interest on Lease Receivables

The interest on lease receivables from consolidated VIEs increased from $83.3 million in FY 2004 to $240.2 million in FY 2005 due to the additional VIEs consolidated to comply with FIN 46 requirements. In FY 2003, FIN 46 required consolidation of VIEs authorized subsequent to January 31, 2003. In FY 2004, 28 VIEs created in FY 2004 were consolidated. In FY 2005, 21 additional VIEs were consolidated. In accordance with FIN 46 (R), Ex-Im Bank will consolidate all VIEs originating prior to January 31, 2003, at October 1, 2005. The interest on VIE borrowings has increased for the same reason.

Interest on Cash and Cash Equivalents

Interest on cash and cash equivalents declined from $218.9 million at September 30, 2004, to $181.3 million at September 30, 2005, due to the decrease in the cash balance during FY 2005.

Exposure Fees for Guarantees

Exposure fees for guarantees declined from $313.2 million in FY 2004 to $273.1 million in FY 2005 due to the decrease in guaranteed shipments in the current fiscal year.

Guarantee Amortization

Guarantee amortization reflects the amortization of the FIN 45 noncontingent obligation as the related exposure decreases. The amortization of the noncontingent obligation under FIN 45 was $490.4 million and $679.8 million in FY 2005 and FY 2004, respectively, and is included in Guarantee Amortization on the Statement of Operations.

Other Income

Other income decreased from $100.7 million during FY 2004 to $51.3 million during FY 2005. This decrease is due to a decline in excess recoveries. Excess recoveries result when the amount recovered from paid claims exceeds the amount originally paid, mostly from the collection of additional interest.

Provision for Credit and Claims Losses

Ex-Im Bank evaluates its loan and guarantee portfolio to establish an allowance for credit and claim losses. The change in the allowance from one year to the next, adjusted for net write-offs, is the provision for losses that is charged to that year's income. The net change in the provision for FY 2005 is $816.6 million, from a credit of $505.1 million at the end of FY 2004 to a credit of $1,321.7 million at September 30, 2005. The credit to net income has increased since FY 2004 due in part to the fact that the risk rating on the overall portfolio decreased from 5.30 in FY 2004 to 4.80 in FY 2005. Additionally, the VIEs, which Ex-Im consolidated in FY 2005 to comply with FIN 46, record a provision using the credit loss methodology rather than the fair-value method used to determine the reserve for off-balance-sheet guarantees. The credit loss methodology used for these consolidated VIEs results in a lower reserve charged compared to the reserve that would have been charged had they been accounted for as off-balance sheet guarantees. Furthermore, as previously

Exhibit 6: Allowance For Credit Losses

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
BALANCE AT BEGINNING OF YEAR:					
Allowance for Loan Losses	$2,149.9	$2,635.5	$2,341.0	$1,975.7	$1,713.7
Allowance for Claim Losses	1,691.7	1,608.2	1,910.8	1,586.3	1,628.7
Allowance for VIE Lease Receivables	N/A	N/A	N/A	37.0	193.3
Allowance for Guarantees and Insurance	7,030.0	6,411.5	7,069.6	7,263.6	6,077.7
Total	10,871.6	10,655.2	11,321.4	10,862.6	9,613.4
PLUS NET WRITE-OFFS:					
Loans	(1.7)	(43.6)	(216.0)	(12.9)	(27.2)
Claims	(19.6)	(16.4)	(356.0)	(51.4)	(190.6)
Total	(21.3)	(60.0)	(572.0)	(64.3)	(217.8)
PLUS PROVISION (CREDITED)/CHARGED TO OPERATIONS:					
Provision for Loan Losses	487.3	(250.9)	(149.3)	(249.1)	(430.9)
Provision for Claim Losses	(63.9)	319.0	31.5	93.8	1.5
Provision for VIE Lease Receivable Losses	N/A	N/A	37.0	156.3	(46.8)
Provision for Guarantees and Insurance	(618.5)	658.1	194.0	(506.1)	(845.5)
Total	(195.1)	726.2	113.2	(505.1)	(1,321.7)
PLUS GUARANTEE AMORTIZATION	N/A	N/A	N/A	(679.8)	(490.4)
BALANCE AT END OF YEAR:					
Allowance for Loan Losses	2,635.5	2,341.0	1,975.7	1,713.7	1,255.6
Allowance for Claim Losses	1,608.2	1,910.8	1,586.3	1,628.7	1,439.6
Allowance for VIE Lease Receivables	N/A	N/A	37.0	193.3	146.5
Allowance for Guarantees and Insurance	6,411.5	7,069.6	7,263.6	6,077.7	4,741.8
Total	$10,655.2	$11,321.4	$10,862.6	$9,613.4	$7,583.5
Allowance as % of Exposure	18.2%	19.5%	17.9%	15.7%	12.0%

mentioned, Ex-Im Bank incorporated higher recovery rates in the FY 2005 loss reserve calculation, which resulted in a smaller allowance and higher provision.

Exhibit 6 (on page 41) summarizes the allowance for credit losses as of September 30, 2005. The table highlights the allowance at the beginning of the year, any changes during the year, and the allowance at the end of the year. As can be seen, the allowance for credit losses has declined since FY 2002. More detailed financial information can be found in the notes to the financial statements.

Major Workouts: At the end of FY 2005, Ex-Im Bank was in the process of restructuring 11 major impaired credits with a total exposure of approximately $648.5 million, a 3.1 percent increase from the figure reported at the end of FY 2004. The increase reflects the addition of Asia Pacific Helicopter Philippines. Other credits currently under restructuring supported the export of U.S. products and services to projects and buyers in Indonesia, Mexico, Argentina, Brazil, Thailand, Dominican Republic, Nauru, India and Pakistan. Most of these companies have other lenders with whom Ex-Im Bank is participating in the restructuring processes.

The four largest restructurings are Central Puerto, a power generation company located in Argentina; Thai Petrochemical Industry Co., a fully integrated petroleum/petrochemical company in Thailand; AHMSA, a steel company in Montclovar, Mexico; and Saba Power Company Limited, a power generation company located in Pakistan.

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. During FY 2005, 16 countries were eligible for debt forgiveness and/or debt rescheduling, including capitalized interest. In FY 2004, 15 countries received either debt forgiveness or debt rescheduling.

Exhibit 7: Paris Club Bilateral Agreements

(in thousands)

	FY 2005		FY 2004		
Country	**Debt Forgiveness**	**Debt Rescheduled**	**Country**	**Debt Forgiveness**	**Debt Rescheduled**
Cameron	$ 2,852		Cameron	$ 3,503	
Congo	11,918	$11,031			
DRC (Zaire)	15,001	24,503	DRC (Zaire)	10,732	$36,903
Ecuador		2,591			
Gabon		16,952			
Ghana	1,662		Ghana	2,398	
Guinea			Guinea	65	
Guyana	6		Guyana	3,110	
Honduras	369		Honduras	1,766	
Indonesia		32,324	Indonesia		13,237
Kenya		530			
Madagasca	37,139		Madagasca	1,528	
Niger	6,101		Niger	54	
Nigeria			Nigeria		915,934
Nicaragua	58,734		Nicaragua	822	
Pakistan		62	Pakistan		2,413
Philippines			Philippines	1,864	
Senegal	746				
Yugoslavia		4,179	Yugoslavia		8,452
Zambia			Zambia	4,569	
Total	**$134,528**	**$92,172**	**Total**	**$30,411**	**$976,939**

The amount written off against the reserve in FY 2005 includes $27.2 million in loan write-offs and $190.6 million in claim write-offs for a total write-off of $217.8 million. The difference between amounts charged to the reserves and Paris Club principal forgiveness reflect $133.9 million of non-sovereign subrogated claims included in the write-off to the reserve but not included in the Paris Club principal forgiveness and $50.6 million in capitalized interest not included in the reserve write-off but included in the Paris Club principal forgiveness.

The amount written off against the reserve in FY 2004 includes $12.9 million in loan write-offs and $51.4 million in claim write-offs for a total write-off of $64.3 million. The difference between amounts charged to the reserves and Paris Club principal forgiveness reflect $39.6 million of non-sovereign subrogated claims included in the write-off to the reserve but not included in the Paris Club principal forgiveness and $5.7 million in capitalized interest not included in the reserve write-off but included in the Paris Club principal forgiveness.

Other Significant Items

Foreign Currency Adjustment

Ex-Im Bank guarantees and insurance denominated in a foreign currency totaled $4,800.9 million at September 30, 2004, and $5,291.0 million at September 30, 2005. The Bank does not hedge its foreign currency exposure, consequently changes in the value of the dollar related to the foreign currencies the Bank guarantees change the Bank's dollar liability. The Bank recorded a foreign currency adjustment of $547.9 million to reflect transaction exchange rates at September 30, 2004, and an adjustment of $456.0 million at September 30, 2005.

IV. 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.

Also, 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 U.S. Treasury appropriation account is available to Ex-Im Bank to cover the loss.

Additionally, as noted elsewhere in this report, Ex-Im Bank has a growing portfolio of guarantees and insurance of export credits denominated in foreign currencies. If the obligor defaults, Ex-Im Bank must use dollars to purchase foreign currency to pay the guaranteed lender or insured party. Ex-Im Bank does not hedge the risk that the value of the dollar to the foreign currency may change significantly from the time the guarantee was issued. As the Bank expects its portfolio of guaranteed or insured foreign currency loans to grow in the future, this risk will become more significant.

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.

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: 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 borrowers. The Bank has the following concentration risks:

- *Industry:* The risk that events could negatively impact not only one company but many companies at the same time that are in the same industry. The Bank's credit exposure is highly concentrated by industry. Sixty percent of the Bank's credit portfolio is in three industries: airlines, oil and gas, and power, with aircraft representing 39 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 in an entire region simultaneously. Fifty percent of Ex-Im Bank's portfolio is contained in two geographic regions: Asia (28 percent) and Latin America (22 percent).
- *Obligor:* The risk when a credit portfolio is concentrated with one or a few borrowers that a default by one or more of those borrowers will have a disproportionate impact. The Bank's 10 largest public obligors make up 24 percent of its portfolio, while the 10 largest private obligors make up 16 percent.

Foreign Currency Risk: Risk stemming from an appreciation or depreciation in the value of a foreign currency related 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 dollar obligation. The obligor must then repay to Ex-Im Bank the balance in dollars. This converts the foreign currency loan to a dollar loan at that point, thereby eliminating any further foreign exchange risks

Operational Risk: The risk of material losses resulting from human error, system deficiencies and control weaknesses. Ex-Im Bank has established policies and procedures to mitigate operational risk.

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: This risk is described in the section on Fixed Rate Loans above.

The Interagency Country Risk Assessment System (ICRAS)

The Office of Management and Budget (OMB) established 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 Treasury, the Federal Deposit Insurance Corporation, 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 184 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 private-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 2002, OMB adjusted the default estimates for certain noncredit factors so that the revised default estimates reflect only estimates of probable credit losses. The default estimates were derived from the historical average interest rate differences or "spreads" between U.S. Treasury instruments and similar-term, dollar-denominated sovereign bonds of similarly rated countries.

Transaction Risk Evaluation

Ex-Im Bank requires a reasonable assurance of repayment for all credit authorizations. The Credit and Risk Management Division evaluates applications for loan guarantees, export credit insurance and direct loans, with the exception of transportation and structured finance transactions, to assess if those applications meet Ex-Im Bank risk criteria. Specialists in the Transportation Division and Structured Finance Division analyze credit applications for those types of transactions.

The bank's board of directors, credit committee or a bank officer acting pursuant to delegated authority 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. All other transactions require the approval of either: 1) the Bank's credit committee, whose voting members consist of five designated senior managers and a member of the board of directors serving as an ex-officio member; or 2) a Bank officer acting pursuant to authority delegated by the board of directors.

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 approval.

V. RISK PROFILE OF EXPOSURE

FY 2005 Authorizations

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 2005 medium-term and long-term export credit authorizations was 3.95 as compared to 4.07 for FY 2004. Fifty-nine percent of

Ex-Im Bank's medium-term and long-term new authorizations in FY 2005 fell in the level 3-to-5 range (BBB to BB) while six percent were rated level 7 or 8 (B or B-).

The following exhibit shows the risk profile of Ex-Im Bank's medium-term and long-term authorizations in FY 2005 and FY 2004 and the past 5-year average-risk profile.

Exhibit 8: FY 2005 Medium-Term and Long-Term Authorizations by Risk Category

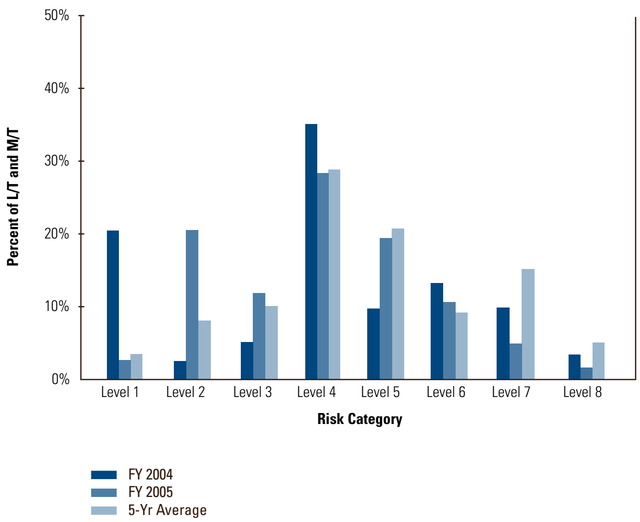


Exhibit 9 shows FY 2004 and FY 2005 medium-term and long-term authorizations, excluding modifications, by amount and risk category.

Exhibit 9: Medium-Term and Long-Term Authorizations by Amount and Risk Category

(in millions)

Level	FY 2005	FY 2004	Difference
Level 1	$263.0	$1,818.0	($1,555.0)
Level 2	1,821.4	263.7	1,557.7
Level 3	1,158.1	467.2	690.9
Level 4	2,382.6	3,086.0	(703.4)
Level 5	1,618.3	850.6	767.7
Level 6	947.8	1,199.0	(251.2)
Level 7	426.0	830.9	(404.9)
Level 8	105.3	268.3	(163.0)
Total	**$8,722.5**	**$8,783.7**	**($61.2)**

Fiscal-Year-End Exposure

Exhibit 10 summarizes total Ex-Im Bank exposure by type of exposure and shows each type of exposure as a percentage of the total exposure at the end of the respective fiscal year.

Exhibit 10: Exposure by Type and Percentage

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Guarantees	$36,948.2	$38,595.9	$39,184.7	$37,352.6	$38,404.4
Borrowings Consolidated from VIEs	N/A	N/A	$841.0	$4,009.0	$5,150.3
Loans	10,614.6	10,324.2	9,998.5	9,288.3	8,354.2
Insurance	4,822.5	3,987.4	6,261.1	6,183.8	7,316.1
Receivables from Subrogated Claims	4,181.4	4,116.3	3,976.0	3,895.1	3,625.2
Undisbursed Loans	1,858.8	1,093.8	550.7	419.4	102.3
Total Exposure	**$58,425.5**	**$58,117.6**	**$60,812.0**	**$61,148.2**	**$62,952.5**

(% to Total)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Guarantees	63.1%	66.3%	64.5%	61.1%	61.0%
Borrowings Consolidated from VIEs	N/A	N/A	1.4%	6.6%	8.2%
Loans Receivable	18.2%	17.8%	16.4%	15.2%	13.3%
Insurance	8.3%	6.9%	10.3%	10.1%	11.6%
Receivables from Subrogated Claims	7.2%	7.1%	6.5%	6.4%	5.8%
Undisbursed Loans	3.2%	1.9%	0.9%	0.6%	0.1%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Total exposure over the five-year period has remained relatively constant at an average of $60 billion. As a percentage of total exposure, Ex-Im Bank supported direct loans, including undisbursed loans, have declined while guarantee exposure has increased. The VIE borrowings consolidated onto the financial statements were previously authorized and accounted for as guarantee transactions; thus, consolidating these transactions has not altered the risk profile of Ex-Im business.

Exhibit 11 summarizes total Ex-Im Bank exposure by geographic region as of the end of the fiscal year. The table shows that the geographic exposure has been relatively stable over the past five years.

The All Other category in Exhibit 11 includes undisbursed balances of short-term multibuyer insurance that is not allocated by region until shipment has taken place and working capital guarantee exposure in the United States.

Exhibit 11: Geographic Exposure

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Asia	$19,350.2	$19,065.9	$20,229.5	$17,967.5	$17,517.8
Latin America	14,814.4	15,710.7	14,983.9	15,570.3	13,924.0
Europe/Canada	10,029.2	10,069.7	10,491.1	10,840.7	11,141.0
Africa/Middle East	9,380.8	8,684.8	9,008.1	9,222.3	10,221.0
All Other	4,850.9	4,586.5	6,099.4	7,547.4	10,148.7
Total Exposure	**$58,425.5**	**$58,117.6**	**$60,812.0**	**$61,148.2**	**$62,952.5**

(% to Total)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Asia	33.0%	32.9%	33.3%	29.4%	27.8%
Latin America	25.4%	27.0%	24.6%	25.5%	22.1%
Europe/Canada	17.2%	17.3%	17.3%	17.7%	17.7%
Africa/Middle East	16.1%	14.9%	14.8%	15.1%	16.2%
All Other	8.3%	7.9%	10.0%	12.3%	16.2%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Exhibit 12: Industry Exposure

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Air Transportation	$18,364.4	$19,816.8	$21,659.1	$23,475.0	$24,935.1
Power Projects	8,383.0	8,154.8	7,067.6	6,577.7	5,696.2
Oil and Gas	6,475.9	6,275.5	6,166.9	6,415.5	6,681.2
Manufacturing	5,204.3	4,806.4	4,320.7	4,309.1	5,465.2
All Other	19,997.9	19,064.1	21,597.7	20,370.9	20,174.8
Total Exposure	**$58,425.5**	**$58,117.6**	**$60,812.0**	**$61,148.2**	**$62,952.5**

(% to Total)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Air Transportation	31.4%	34.1%	35.6%	38.4%	39.6%
Power Projects	14.3%	14.0%	11.6%	10.8%	9.0%
Oil and Gas	11.1%	10.8%	10.1%	10.5%	10.6%
Manufacturing	8.9%	8.3%	7.1%	7.0%	8.8%
All Other	34.3%	32.8%	35.6%	33.3%	32.0%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Exhibit 12 (on page 47) shows exposure by the major industrial sectors represented in the Bank's portfolio.

Of the portfolio at September 30, 2005, 48 percent represents credits to public-sector obligors or guarantors (30 percent to sovereign obligors or guarantors and 18 percent to public nonsovereign entities); 52 percent represents credits to private sector obligors. A breakdown of public-sector versus private-sector exposure is shown in Exhibit 13.

Exhibit 13: Public and Private Obligors

Year End	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Private Obligors	40.7%	42.9%	45.9%	49.5%	52.0%
Public Obligors	59.3%	57.1%	54.1%	50.5%	48.0%

Foreign Currency Exposure

At the end of FY 2005, Ex-Im Bank had 64 transactions denominated in a foreign currency. Using the foreign currency exchange rate at September 30, 2005, Ex-Im Bank adjusted the dollar amount of the outstanding balance for these transactions. The adjustment was an increase in exposure of $456.0 million for a total exposure of $5,291.0 million for foreign-currency-denominated guarantees.

At the end of FY 2004, Ex-Im Bank had 32 transactions denominated in a foreign currency. Using the foreign currency exchange rate at September 30, 2004, Ex-Im Bank adjusted the dollar amount of the outstanding balance for these transactions. The adjustment was an increase of exposure of $547.9 million for a total exposure of $4,800.9 million for foreign-currency-denominated guarantees.

Exhibit 14: U.S. Dollar Value of Foreign Currency Exposure as of September 30, 2005 (by Currency)

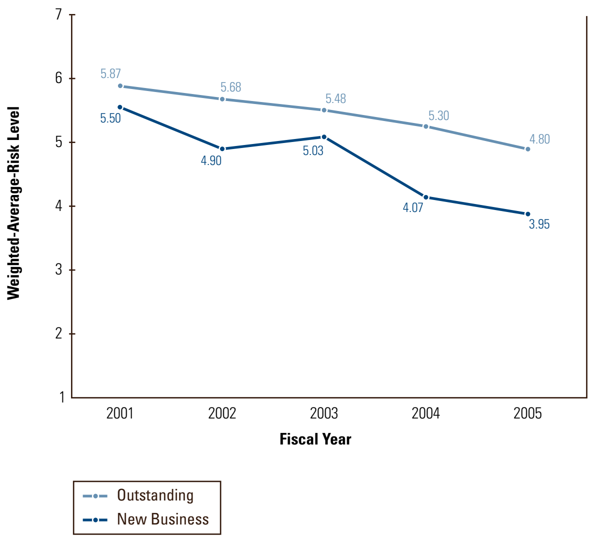
(in millions)

Currency	Exposure	% of Total
Euro	$2,555.1	48.3%
Australian Dollar	886.4	16.8%
Canadian Dollar	873.0	16.5%
Japanese Yen	550.1	10.4%
British Pound	228.8	4.3%
South African Rand	175.9	3.3%
All Other	21.7	0.4%
Total	**$5,291.0**	**100.0%**

Changes in the Portfolio Risk Level

At the end FY 2005, Ex-Im Bank had a portfolio of $62,952.5 million of loans, guarantees, insurance and outstanding claims receivable, only slightly higher than $61,148.2 million at the end of FY 2004. Exhibit 15 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 15, the risk rating for new business and the outstanding portfolio has gradually improved over the past several fiscal years.

Exhibit 15: Credit Quality: Risk Profile



VI. LOSS RESERVE METHODOLOGY

The process by which Ex-Im Bank determines its loss reserves 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.

Ex-Im Bank has separately determined loss reserves for short-term insurance exposure and for the risk of exposure concentration, both of which are discussed below.

Sovereign Obligor Ratings

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 Obligor Ratings

Semiannually, Ex-Im Bank makes a case-by-case assessment of the risk level of its largest obligors (outstanding exposure in excess of $20 million) in its nonsovereign portfolio. At September 30, 2005, these entities comprise 63 percent of Ex-Im Bank's total portfolio. The risk assessment is based on two major factors: the credit risk of the obligor and its industry sector and the risk associated with the country where the obligor is legally domiciled as a business entity. Airlines, large corporates and project finance cases are risk-rated based on risk-rating methodologies specific to those types of transactions.

To assess the obligor risk, the nonsovereign obligors are divided into four categories: (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 obligors with exposure less than $20 million, the risk rating is adjusted so that the current risk rating bears the same relationship to the current ICRAS country rating that the original risk rating bore to the original ICRAS country rating at time of authorization.

Loss Percentage

Each of the 11 risk levels are identified with a loss percentage to determine the overall allowance for credit losses. The loss percentage for each risk level is based on the risk premia model developed by OMB, discussed previously, 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 actual recovery experience in the current fiscal year loss percentages.

Allowance for Losses on Nonimpaired Loans and Claims Receivable

For nonimpaired loans and claims receivable, Ex-Im Bank determines the allowance using the OMB risk premia. The allowance for losses on this exposure is calculated using the credit loss estimate method. Consistent with FAS 5 and industry practice, this is an estimate of the loss expected due to credit risk and does not include noncredit factors that are included in the fair-market-value method.

Allowance for Losses on VIE Lease Receivables

The leases associated with consolidated VIEs are classified as direct financing leases in accordance with FAS 13, and the loss reserve is calculated according to the probable loss due to credit risk.

Allowance for Losses on Impaired Loans and Claims Receivable

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.

Loss reserves on impaired credits are determined using the fair value method. This practice is consistent with FAS 114 guidance that requires impaired loans to be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or at the loan's observable market price or the fair-market value of the collateral if the loan is collateral dependent.

Allowance for Losses on Guarantees and Medium-Term Insurance

The allowance for losses on Ex-Im Bank's contingent liabilities for medium-term and long-term guarantees and medium-term insurance is determined using the fair-value method. See the discussion in the notes to the financial statements.

Allowance for Losses on Export Credit Insurance Exposure

Ex-Im Bank separately determines the allowance for losses for short-term export credit insurance. The methodology assumes that repayment of a portion of the shipments outstanding at fiscal year end either may be already in default but not yet reported by the insured or will be defaulted and become a claim in the future. Under this methodology, the allowance for losses provided for short-term export credit insurance exposure is a combination of the percentage of claims paid to total shipments and the percentage of claims recovered to claims paid over the last 15 years as a percentage of current shipments outstanding.

Allowance for Concentration Risk

In addition to the loss reserves based on an obligor's individual risk rating, Ex-Im Bank also provides an additional loss reserve to account for the risk of exposure concentration. The additional loss reserve is determined based on five percent of the combined exposure of five countries with the largest outstanding loan and claim exposures in Ex-Im Bank's portfolio. The five percent is a comprehensive factor that Ex-Im Bank management believes is reasonable and sufficient to account for the risk of exposure concentration.

Undisbursed Balances

Ex-Im Bank's historical cancellation rate for authorized credits is approximately 15 percent. Consequently, Ex-Im Bank records a 15 percent decrease for loss-reserve purposes to undisbursed balances.

Allowance for Losses

The total allowance for losses (loss reserve) at September 30, 2005, for loans, claims, guarantee and insurance commitments, and lease receivables is $7,583.5 million, which is 12 percent of total exposure of $62,952.5 million. This compares to the total loss reserve at September 30, 2004, for loans, claims receivable, and guarantee and insurance commitments of $9,613.4 million that was 16 percent of total exposure of $61,148.2 million.

Exhibit 16: Loss Reserves and Exposure

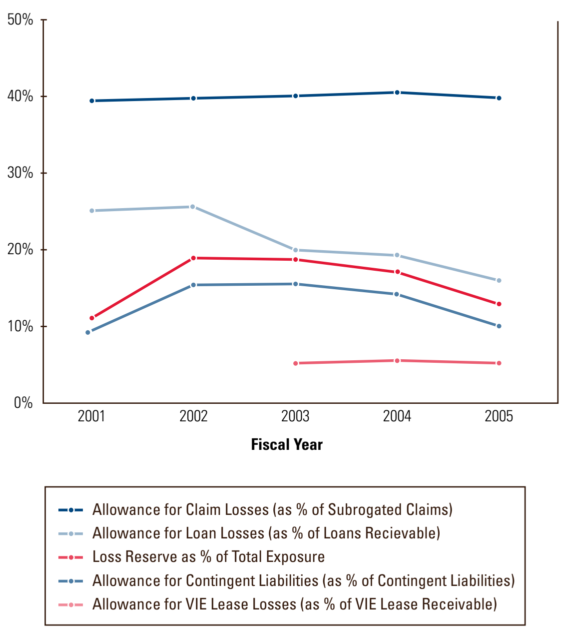
(in millions)	FY 2005	FY 2004
LOSS RESERVES		
Allowance for Loan Losses	$1,255.6	$1,713.7
Allowance for Claim Losses	1,439.6	1,628.7
Allowance for VIE Lease Receivables	146.5	193.3
Allowance for Contingent Liabilities	4,741.8	6,077.7
Total	**$7,583.5**	**$9,613.4**
TOTAL EXPOSURE		
Loans Receivable	$8,354.2	$9,288.3
Receivables from Subrogated Claims	3,625.2	3,895.1
Guarantees and Insurance	50,870.8	47,545.4
Undisbursed Loans	102.3	419.4
Total Exposure	**$62,952.5**	**$61,148.2**
Loss Reserve as Percent (%) of Total Exposure	12.0%	15.7%

Of Ex-Im Bank's $11,979.4 million in loans and claims exposure as of September 30, 2005, $4,088.8 million is classified as impaired. Loss reserves on the impaired portion of Ex-Im Bank's exposure are $2,125.9 million for outstanding loans and claims. Of Ex-Im Bank's $13,183.4 million in loans and claims exposure as of September 30, 2004, $4,600.1 million was classified as impaired. Loss reserves on the impaired portion of Ex-Im Bank's exposure were $2,558.7 million for outstanding loans and claims.

Ex-Im Bank's exposure for guarantees, insurance and undisbursed loans is $50,973.1 million as of September 30, 2005. Loss reserves on this exposure totals $4,741.8 million. Ex-Im Bank's exposure for guarantees, insurance and undisbursed loans was $47,964.8 million as of September 30, 2004. Loss reserves on this exposure totaled $6,077.7 million.

Exhibit 17 illustrates the loss reserve balance, net of capitalized interest and unamortized discount and exposure fees, as a percentage of loans receivable, receivables from subrogated claims, contingent liabilities, VIE lease receivables, and total exposure, respectively.

Exhibit 17: Loss Reserve Summary



VII. CRITICAL ACCOUNTING POLICIES

Ex-Im Bank's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Ex-Im Bank's critical accounting policies are described below.

Allowance for Losses

Under SFAS No. 5, Ex-Im Bank is required to make an estimate of the impairment of its loan, guarantee and insurance portfolio and report that amount as an allowance for credit losses. To do this, Ex-Im Bank uses a methodology related to the methodology developed by the OMB to risk-rate new U.S. government loans and guarantees.

Under SFAS No. 114, Ex-Im Bank is required to measure impaired loans on the basis of the present value of expected future cash flows discounted at the loan's effective interest rate or at the loan's observable market price. This requires management to judge when a loan is impaired. Ex-Im Bank generally considers a loan or claim as impaired if one or more of the following conditions exist: (1) delinquency ($50,000 or more past due at least 90 days), (2) rescheduled loans and rescheduled claims, and (3) nondelinquent loans and claims risk rated above a certain risk rating.

Estimates of the level of risk in Ex-Im Bank's credit transactions are central to the application of both of the above accounting standards. The level of risk of credits may change in an unpredictable manner because of financial, economic and political events impacting specific companies and countries. Consequently, significant and unanticipated changes in Ex-Im Bank's allowance for credit losses may occur in any year.

Guarantees

Under the provisions of FIN 45, Ex-Im Bank is required to recognize, at the inception of a guarantee, a liability for its fair value. FIN 45 applies to guarantees issued after December 31, 2002. For further information refer to Note 10 in the Notes to the Financial Statements.

Variable Interest Entities (VIEs)

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities," which addresses the consolidation of certain entities when control exists through other than voting interests. Ex-Im Bank is the primary beneficiary of certain variable interest entities (VIEs) that have been created in connection with security arrangements for certain export credits, primarily Ex-Im Bank guaranteed financing for exports of commercial jet aircraft.

The financial statements reflect the consolidation of all variable interest entities where Ex-Im Bank Is the primary beneficiary that were established after January 31, 2003. For further information refer to Note 3 in the Notes to the Financial Statements.

Interest Income

Interest on the Bank's loans is accrued and taken into income as it is earned. The accrual of interest income on loans is discontinued for financial statement purposes if payment of principal or interest is delinquent for 90 days or more and the loan is not well-secured and in the process of collection. Loans that have been nonaccruing and are current at fiscal year end only because previously delinquent installments have been rescheduled remain nonaccruing. Loans that have been nonaccruing and are brought current by cash payment (as opposed to rescheduling delinquent installments) and are classified as portfolio risk 6 or better at fiscal year end are made accruing at the next payment date, if the principal and/or interest is paid in full and timely (within 30 days of the due date). If the amount due is not paid in full or is late, the loan remains nonaccruing.

Loans may be made nonaccruing due to a specific cause (i.e., by agreement), which can occur anytime throughout the year. In these cases, interest stops accruing according to the terms dictated by the implementation of the event causing the nonaccrual.

All interest receivable on a loan placed in nonaccruing status is charged against interest income in the year the loan is placed in a nonaccruing status. Any interest subsequently collected on the loan is taken into interest income on a cash basis.

Loans and claims receivable are written off when the Bank determines that the remaining balance of a loan or claim receivable is uncollectible. Government-wide debt relief initiatives may also require Ex-Im Bank to write off specific debt identified in the debt relief proposal.

Deferred Fees

Refer to Note 1 in the Notes to the Financial Statements section.

VIII. SIGNIFICANT FINANCIAL 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. The following exhibits summarize the status of those limitations as of September 30, 2005, as well as the utilization of available funding.

Exhibit 18: Financial Statutory Limitations

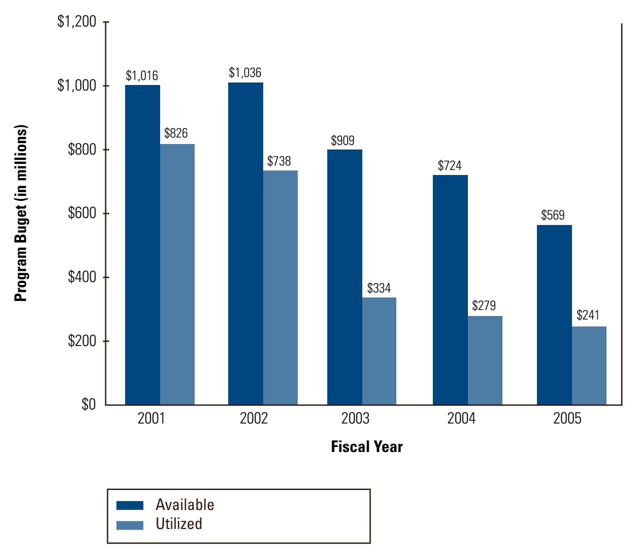
(in millions)

Appropriations	Program Budget	Tied-Aid	Adminstrative Expense
Carry-over from Prior Year	$444.9	$260.5	N/A
Cancellations during FY 2005	65.5	2.7	N/A
FY 2005/08 Appropriation	59.3	0.0	72.6
Subtotal	$569.7	$263.2	$72.6
Obligated	241.2	0.0	72.6
Balance	**$328.5**	**$263.2**	**$0.0**

	Available	Obligated	Balance
Statutory Lending Authority	$95,000.0	$62,952.5	$32,047.5

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 19: Non-Tied-Aid Program Budget Appropriation Available and Utilized



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. 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 this 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 (Acting)

Michael J. Discenza, Jr.
Senior Vice President and Chief Financial Officer

October 24, 2005

Statements of Financial Position

(in millions)	September 30, 2005	September 30, 2004
ASSETS		
Cash	$3,981.3	$5,095.5
Loans Receivable, Net	5,036.7	5,225.4
Receivables from Subrogated Claims, Net	1,222.4	1,272.4
Lease Receivables Consolidated from VIEs, Net	4,992.7	3,815.2
Accrued Interest, Fees Receivable and Other Assets	157.7	145.3
Total Assets	**$15,390.8**	**$15,553.8**
LIABILITIES AND STOCKHOLDER'S DEFICIENCY		
Borrowings from the U.S. Treasury	$5,848.3	$7,237.2
Payment Certificates	297.2	448.5
Borrowings Consolidated from VIEs	5,150.3	4,008.5
Allowance for Guarantees, Insurance and Undisbursed Loans	4,741.8	6,077.7
Claims Payable	7.9	12.1
Amounts Payable to the U.S. Treasury	1,884.3	751.5
Deferred Fees	859.7	889.5
Other Liabilities	73.5	83.3
Total Liabilities	**18,863.0**	**19,508.3**
COMMITMENTS AND CONTINGENCIES (Note 19)		
Capital Stock held by the U.S. Treasury	1,000.0	1,000.0
Tied-Aid Appropriations	338.6	341.7
Credit Appropriations	328.5	444.9
Accumulated Deficit	(5,139.3)	(5,741.1)
Total Stockholder's Deficiency	**(3,472.2)**	**(3,954.5)**
Total Liabilities and Stockholder's Deficiency	**$15,390.8**	**$15,553.8**

The accompanying notes are an integral part of this financial statement.

Statements of Operations

(in millions)	For the Year Ended September 30, 2005	For the Year Ended September 30, 2004
INTEREST INCOME		
Interest on Loans	$794.7	$734.7
Interest on Leases Consolidated from VIEs	240.2	83.3
Interest on Cash and Cash Equivalents	181.3	218.9
Total Interest Income	**1,216.2**	**1,036.9**
INTEREST EXPENSE		
Interest on Borrowings from U.S. Treasury	402.4	466.3
Interest on Borrowings Consolidated from VIEs	227.2	83.3
Other Interest Expense	0.2	0.1
Total Interest Expense	**629.8**	**549.7**
Net Interest Income	586.4	487.2
Provision for Credit and Claim Losses	(1,321.7)	(505.1)
Net Income after Provision for Losses	**1,908.1**	**992.3**
NON-INTEREST INCOME		
Commitment Fees	10.2	10.4
Exposure Fees for Guarantees	273.1	313.2
Insurance Premiums and Other Fees	31.1	36.3
Guarantee Amortization	490.4	679.8
Other Income	51.3	100.7
Total Non-Interest Income	**856.1**	**1,140.4**
NON-INTEREST EXPENSE		
Administrative Expense	68.2	71.6
Other Expense	14.6	16.7
Total Non-Interest Expense	**82.8**	**88.3**
Net Income	**$2,681.4**	**$2,044.4**

The accompanying notes are an integral part of this financial statement.

Statements of Changes in Capital and Accumulated Deficit

(in millions)	Capital Stock	Tied Aid	Appropriated Capital	Accumulated Deficit	Total
Balance at September 30, 2003	**$1,000.0**	**$342.9**	**$574.9**	**($6,718.6)**	**($4,800.8)**
Appropriations Received			72.5		72.5
Appropriations Obligated Excluding Tied Aid			(351.6)	351.6	0.0
Net Income				2,044.4	2,044.4
Appropriations Deobligated and Reavailable, Net			149.3	(149.3)	0.0
Transfers of Pre-credit Reform Amounts and Negative Subsidy, Net (Note 2)				(541.7)	(541.7)
Tied-Aid Appropriations Disbursed		(1.2)			(1.2)
Amounts Payable to the U.S. Treasury (Note 2)			(0.2)	(727.5)	(727.7)
Balance at September 30, 2004	**$1,000.0**	**$341.7**	**$444.9**	**($5,741.1)**	**($3,954.5)**
Appropriations Received			131.9	46.4	178.3
Appropriations Obligated Excluding Tied Aid			(313.8)	313.8	0.0
Net Income				2,681.4	2,681.4
Appropriations Deobligated and Reavailable, Net		2.7	65.5	(65.5)	2.7
Transfers of Pre-credit Reform Amounts and Negative Subsidy, Net (Note 2)				(527.0)	(527.0)
Tied-Aid Appropriations Disbursed		(5.8)			(5.8)
Amounts Payable to the U.S. Treasury (Note 2)				(1,847.3)	(1,847.3)
Balance at September 30, 2005	**$1,000.0**	**$338.6**	**$328.5**	**($5,139.3)**	**($3,472.2)**

The accompanying notes are an integral part of this financial statement.

Statements of Cash Flows

(in millions)	For the Year Ended September 30, 2005	For the Year Ended September 30, 2004
CASH FLOWS FROM OPERATIONS		
Net Income	$2,681.4	$2,044.4
Adjustments To Reconcile Net Income to Net Cash from Operations:		
Amortization of Discount on Loans Receivable	(3.6)	(7.9)
Amortization of Loan Exposure Fees, Net	(26.0)	(19.2)
Provision for Credit and Claim Losses	(1,321.7)	(505.1)
Guarantee Amortization	(490.4)	(679.8)
Claim Payments and Recoveries, Net	48.4	137.7
Decrease in Claims Payable	(4.2)	-
(Decrease)/Increase in Deferred Fees	(29.8)	2.4
(Increase)/Decrease in Accrued Interest Receivable, Fees Receivable and Other Assets	(12.4)	6.6
Decrease in Other Liabilities	(9.8)	(25.0)
Net Cash Provided by Operations	**831.9**	**954.1**
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Disbursements	(214.3)	(208.3)
Repayment of Loans Receivable	863.5	1,152.1
Disbursements of Lease Receivables Consolidated from VIEs	(1,576.0)	(3,183.7)
Repayment of Lease Receivables Consolidated from VIEs	329.8	151.4
Net Cash Used in Investing Activities	**(597.0)**	**(2,088.5)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from the U.S. Treasury	160.0	497.2
Repayment of Borrowings from the U.S. Treasury	(1,548.9)	(540.5)
Borrowings Consolidated from VIEs	1,576.1	3,183.7
Repayment of Borrowings Consolidated from VIEs	(318.7)	(151.4)
Credit Appropriations Received	131.9	72.5
Appropriations Received for Debt Reduction	46.4	-
Amounts Transferred to the U.S. Treasury	(1,241.5)	(2,461.5)
Claim Payment Certificates Paid	(151.3)	(144.5)
Tied-Aid Disbursements	(3.1)	(1.2)
Net Cash (Used)/Provided in Financing Activities	**(1,349.1)**	**454.3**
Net Decrease in Cash	(1,114.2)	(680.1)
Cash - Beginning of Year	5,095.5	5,775.6
Cash - End of Year	**$3,981.3**	**$5,095.5**
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for Interest	**$587.5**	**$474.3**

The accompanying notes are an integral part of this financial statement.

Export-Import Bank of the United States
Notes to the Financial Statements

For the Years Ended September 30, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Enabling Legislation and Mission

The Export-Import Bank of the United States (Ex-Im Bank) is an independent corporate agency of the United States 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 of 1990 (P.L. 101-508). Continuation of Ex-Im Bank as an independent corporate agency of the United States is subject to periodic reauthorizations granted by Congress. Congressional authorization has been extended through September 30, 2006. For FY 2005, the reauthorization increased Ex-Im Bank's overall limit on loans, guarantees and insurance that can be outstanding at any one time from $90 billion to $95 billion. The limit increases by an additional $5 billion each year through FY 2006.

Ex-Im Bank's mission is to facilitate U.S. exports by providing financing in order to level the playing field for American exporters facing officially supported foreign financing competition and to supplement private sources of financing where the private sector is unwilling or unable to provide financing and Ex-Im Bank determines that reasonable assurance of repayment exists. 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 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 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 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.

Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant of these estimates are the allowances for losses on loans receivable, lease receivables, subrogated claims receivable, and guarantees and insurance. In prior years, Ex-Im Bank used proxy recovery rates to calculate loss estimates; however, Ex-Im Bank has incorporated actual recovery experience in calculating FY 2005 loss estimates. Incorporating actual recovery experience in the loss estimate calculation had the impact of reducing the FY 2005 allowance by approximately $1.6 billion.

Estimates are also used in the determination of the primary beneficiary for variable interest entities (VIEs), and for residual values on lease receivables consolidated from VIEs. Certain assumptions are also used to calculate the fair value of financial instruments (Note 18). Actual results could differ significantly from management's assumptions and estimates.

Loans Receivables, Net

Loans are carried at principal amounts, less unamortized fees and discounts and an allowance for loan losses. Ex-Im Bank defers loan exposure fees and takes these deferred fees into interest income as a yield adjustment over the term of the loans using the interest method. If a loan is prepaid, any unamortized fees are recognized as interest income at the time of prepayment.

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.

Discount on Loans Receivables

In fulfilling its mission to aid in financing and facilitating exports of U.S. goods and services and to provide U.S. exporters with financing that is competitive with that provided by foreign governments to their exporters, Ex-Im Bank, at times, lends money at interest rates lower than its cost of funds. In the period these loans are disbursed, Ex-Im Bank records a charge to income equivalent to the discount at disbursement. The discount is amortized to interest income over an eight-year period, the average life of the loan portfolio, using a method that approximates the interest method.

Lease Receivables and Borrowings Consolidated from VIEs, Net

Lease receivables and borrowings arise from consolidation of certain VIEs. See Notes 3 and 7. The leases are finance leases in accordance with FASB No. 13, *Accounting for Leases,* and are reported as lease receivables, net of the allowance for loss.

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 amounts less uncollected capitalized interest for rescheduled claims 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, Subrogated Claims and Lease Receivables

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

The allowance is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the credits in light of historical and market experience, the nature and volume of the credit portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing worldwide economic and political conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Ex-Im Bank is the primary beneficiary of certain VIEs that have been created in connection with security arrangements for certain export credits. The lease arrangements associated with these VIEs are direct financing leases, and a loss allowance for the lease receivables is established for probable losses inherent in the lease portfolio.

An asset (loans or claims receivable) is considered impaired when, based on current information and events, it is probable that Ex-Im Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Assets that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the asset and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Ex-Im Bank generally considers an asset 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) non-delinquent loans and claims above a certain risk rating.

Ex-Im Bank is subject to credit risk for certain other financial instruments. These financial instruments consist of (1) guarantees and insurance that provide repayment protection against certain political and commercial risks and (2) guarantees of letters of credit underlying future loan disbursements. Ex-Im Bank generally does not hold collateral or other security to support its medium-term and short-term financial instruments. Ex-Im Bank generally does hold collateral for credits supporting export of aircraft and a variety of security arrangements are made in the case of project finance transactions. When issuing working capital guarantees, Ex-Im Bank frequently requires the guaranteed party to obtain collateral or a third-party guarantee from the debtor. The amount of collateral required is based on management's credit evaluation.

The risks associated with guarantees and insurance differ from those associated with the loan portfolio. Loans are spread more evenly than guarantees over the entire risk spectrum, while guarantees and insurance are concentrated in relatively lower-risk countries.

Sovereign debt reschedulings take place under the framework of the Paris Club. The Paris Club is an "ad hoc" group of 19 permanent member creditor countries. The Paris Club meets regularly in Paris to discuss and provide debt relief to qualifying debtor countries. The debt relief provided depends on the economic and financial situation of the applying debtor country and can take the form of debt forgiveness and/or debt rescheduling.

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, 2005, are: Australian dollar, Brazilian real, British pound, Canadian dollar, CFA franc, Colombian peso, euro, Japanese yen, Mexican peso, Moroccan dirham, New Zealand dollar, Philippine peso, Russian ruble, South African rand, Swedish krona, Swiss franc 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 Allowance for Guarantees accordingly. See Note 10.

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 15.

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 U.S. 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 results from the re-estimate required under Federal Credit Reform Act procedures of the balance in Ex-Im Bank's financing account at the Treasury reserved to cover estimated losses, and expired appropriations to be returned to the Treasury.

Fees and Premiums

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. Exposure fees for loans are recognized as interest income over the life of the loan using the interest method. Exposure fees for guarantees are recognized as noninterest income over the life of the guaranteed loan using the interest method. Commitment fees are charged on the undisbursed balance of direct loans and guarantees. These fees are generally nonrefundable, and are recognized as income when accrued.

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. Premiums 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 Federal Credit Reform Act are recorded as paid-in-capital. Such appropriations are credited to Ex-Im Bank's total stockholders deficiency when they are obligated. 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.

Accounting and Financial Reporting Developments

In November 2002, the FASB released FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (FIN 45)*. Subsequently, in December 2003, FASB issued FASB Staff Position (FSP) 45-2 to provide further guidance on recording liabilities associated with guarantees. Under FIN 45, Ex-Im Bank recognizes all guarantees issued or modified after December 31, 2002, as liabilities on their balance sheet at the inception of the guarantee at its fair value and subsequently amortizes the balance as the related exposure decreases using the unpaid-principal-balance method. The impact of FIN 45, as updated, on Ex-Im Bank's financial statements is discussed in Note 10.

In January 2003, the FASB issued FASB interpretation No. 46, *Consolidation of Variable Interest Entities*, which addresses the consolidation of certain entities. Ex-Im Bank is the primary beneficiary of certain variable interest entities (VIEs) that have been created in connection with security arrangements for certain export credits, primarily Ex-Im Bank guaranteed financing for exports of commercial jet aircraft. The impact of FIN 46 on Ex-Im Bank's financial statements is discussed in Notes 3 and 7.

FIN 46 required immediate consolidation by the primary beneficiary of VIEs created after January 31, 2003. In accordance with that pronouncement, certain VIEs were consolidated with the Bank's FY 2005 and FY 2004 financial statements. See Note 3 for further discussion.

FIN 46 (R), which the FASB issued in December 2003 to revise the original pronouncement, broadened the purview of entities covered under the accounting guidance and redefined the timeline of adoption for entities subject to its requirements. With the issuance of FIN 46 (R), nonpublic enterprises are not required to consolidate variable interest entities established prior to February 1, 2003, for which they are the primary beneficiary until the first period beginning after December 15, 2004. Ex-Im Bank plans to adopt FIN 46 (R) and consolidate as of October 1, 2005, all other VIEs for which Ex-Im Bank is the primary beneficiary.

2. CREDIT REFORM

The Federal Credit Reform Act of 1990 (Act), which became effective on October 1, 1991, significantly affected the manner in which Ex-Im Bank finances its credit activities. The primary purpose of this Act 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.

Ex-Im Bank received appropriations aggregating $131.9 million in fiscal year 2005 to support both the Bank's administrative costs and subsidy needs for providing new direct loans, guarantees and insurance. In addition, $46.4 million was received for debt reduction relating to Heavily Indebted Poor Countries (HIPC) and Iraq initiatives. Ex-Im Bank received appropriations aggregating $72.5 million in fiscal year 2004. This appropriation supported the administrative costs of Ex-Im Bank's programs. For 2004, due to availability of unobligated balances carried over from the prior year, no appropriation was necessary to cover the estimated subsidy cost of providing new direct loans, guarantees and insurance. Consequently, Ex-Im Bank's request to the Congress for FY 2004 did not contain a request for a subsidy budget appropriation. The following table summarizes post-credit-reform appropriations received and used during fiscal years 2005 and 2004:

(in millions)	FY 2005	FY 2004
RECEIVED AND AVAILABLE:		
For Credit Subsidies	$105.7	$ -
For Credit-related Administrative Costs	72.6	72.5
Total Received	178.3	72.5
Unobligated Balance Carried Over from Prior Year	705.4	835.3
Cancellations of Prior-Year Obligations	68.2	149.3
Total Available	**951.9**	**1,057.1**
OBLIGATED:		
For Credit Subsidies Excluding Tied Aid	287.6	279.1
For Credit-related Administrative Costs	72.6	72.3
Subtotal	360.2	351.4
For Tied Aid	-	-
Total Obligated	**360.2**	**351.4**
UNOBLIGATED BALANCE:		
Unobligated Balance	591.7	705.7
Unobligated Balance Lapsed	-	(0.3)
Remaining Balance	**$591.7**	**$705.4**

Of the remaining balance of $591.7 million at September 30, 2005, $287.5 million is available until September 30, 2006, $41.0 million is available until September 30, 2008, and $263.2 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 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" credit subsidy arises. Negative subsidies are remitted to the U.S. Treasury upon disbursement of the underlying credits. Ex-Im Bank transferred $26.0 million and $41.7 million of negative subsidies to the U.S. Treasury in fiscal year 2005 and fiscal year 2004, 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 non-interest-bearing U.S. Treasury account.

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. Re-estimates that result in 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. Ex-Im Bank calculates an annual re-estimate of the subsidy costs during the last quarter of the fiscal year. 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 exceed the re-estimate level, then the difference will not be needed to cover commitments and will be returned to the U.S. Treasury. These amounts are included in the Amounts Payable to the U.S. Treasury on the Statements of Financial Position. In the event that the fees, interest and appropriations in the financing accounts are less than the re-estimate level, the Credit Reform Act of 1990 provides that the difference will be transferred to Ex-Im Bank from a general appropriation account authorized for this purpose. As of September 30, 2005, a re-estimate of the subsidy costs of the outstanding balances of fiscal year 1992 through 2004 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of $1,768.9 million was no longer needed to cover commitments and was due to the U.S. Treasury. These amounts are included in the Amounts Payable to the U.S. Treasury on the Statements of Financial Position.

The Statements of Changes in Capital and Accumulated Deficit reflects $527.0 million in fiscal year 2005 and $541.7 million in fiscal year 2004 as amounts transferred to the U.S. Treasury. The $527.0 million represents negative subsidies of $26.0 million and $501.0 million of unobligated funds relating to credits authorized prior to October 1, 1991. The $541.7 million represents $500.0 million of unobligated funds relating to credits authorized prior to October 1, 1991, and $41.7 million of negative subsidies.

The Statements of Changes in Capital and Accumulated Deficit reflects $1,847.3 million in fiscal year 2005 and $727.5 million in fiscal year 2004 as amounts payable to the U.S. Treasury. The amounts payable at the end of FY 2004 were paid to the U.S. Treasury in FY 2005, and the amounts payable at the end of FY 2005 will be paid to the U.S. Treasury in subsequent years. The $1,847.3 million represents $1,768.9 million for the fiscal year 2005 subsidy re-estimate and $78.4 million of expired unobligated appropriations. The $727.7 million represents $665.5 million for the fiscal year 2004 subsidy re-estimate and $62.2 million of expired unobligated appropriations.

3. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

Ex-Im Bank is the primary beneficiary of certain VIEs that have been created in connection with security arrangements for certain export credits, primarily Ex-Im Bank guaranteed financing for exports of commercial jet aircraft. Typically, the VIEs take title to the aircraft from the aircraft manufacturer, lease the aircraft to the aircraft operator, and fund the purchase by financing from a commercial source of funds. The financing is fully guaranteed as to principal and interest by Ex-Im Bank. The lease and financing terms are arranged so that the lease payments and terms of the loan are mostly equivalent as to amount and timing, thus essentially the lease payments are passed through the VIE to repay the Ex-Im Bank guaranteed loan.

FIN 46 required immediate consolidation by the primary beneficiary of VIEs created after January 31, 2003. For fiscal year 2005, there were 49 VIEs with a lease receivable balance, net of allowance of $146.5 million, totaling $4,992.7 million and borrowings totaling $5,150.3 million guaranteed by Ex-Im Bank and are consolidated with the September 30, 2005, financial statements. For fiscal year 2004, there were 28 VIEs with a lease receivable balance, net of an allowance of $193.3 million, totaling $3,815.2 million and borrowings totaling $4,008.5 million guaranteed by Ex-Im Bank and are consolidated with Ex-Im Bank's September 30, 2004, financial statements. Ex-Im Bank has not consolidated four VIEs created in fiscal year 2005 and seven VIEs created in FY 2004 because Ex-Im Bank is not the primary beneficiary. The function of these VIEs is the same as described above; however, a junior subordinated lender has been determined to be the primary beneficiary. When a VIE is not consolidated, it is accounted for as a guarantee as discussed in Note 10.

In December 2003, FIN 46 (R), *Consolidation of Variable Interest Entities* (Revised December 2003), was issued and is required to be applied to all VIEs no later than the beginning of the first annual period after December 15, 2004. Ex-Im Bank will therefore adopt FIN 46 (R) as of October 1, 2005, and consolidate all other VIEs for which Ex-Im Bank is the primary beneficiary. The total additional amount to be consolidated at October 1, 2005, is approximately $5.2 billion in pre-February 1, 2003, gross VIE lease borrowings payable.

Ex-Im Bank is also in the process of evaluating other VIEs for potential consolidation on October 1, 2005.

4. CASH

Cash balances as of fiscal years 2005 and 2004 were as follows:

(in millions)	FY 2005	FY 2004
Credit-Reform-Financing Accounts	$2,930.5	$3,754.0
Unexpended Appropriations	981.6	1,237.1
Pre-credit Reform Accounts	6.9	46.8
VIE Cash on Hand	23.9	-
Unallocated Cash	38.4	57.6
Total	**$3,981.3**	**$5,095.5**

Credit-reform-financing accounts include appropriated funds, exposure fees collected, and interest that has been paid by 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 appropriations are appropriated funds received that 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 occurrence of the credit activity, 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.

Funds resulting from pre-credit-reform activities are available to cover expenditures related to pre-credit-reform credits. VIE Cash on Hand represents cash from consolidated lease payments held until payments on the related borrowings are repaid. Unallocated cash represents collections pending final application to the applicable loan or guarantee.

5. LOANS RECEIVABLE, NET

Ex-Im Bank's loans receivable, as shown in the Statements of Financial Position, are net of uncollected interest capitalized upon rescheduling, unamortized fees and discounts, and an allowance for loan losses. At September 30, 2005, and September 30, 2004, the allowance for loan losses equaled 19.9 percent and 24.7 percent, respectively, of the outstanding loans receivable balance net of uncollected capitalized interest and unamortized discount and exposure fees. The net balance of loans receivable at September 30, 2005, and September 30, 2004, consists of the following by region of obligor:

(in millions)	FY 2005	FY 2004
Asia	$3,593.7	$4,167.9
Latin America	2,570.4	2,616.5
Africa/Middle East	1,929.7	2,068.0
Europe/Canada	260.4	435.9
	8,354.2	9,288.3
Less: Capitalized Interest	1,873.5	2,131.0
Unamortized Discount and Exposure Fees	188.4	218.2
	6,292.3	6,939.1
Less: Allowance for Loan Losses	1,255.6	1,713.7
Net Balance	**$5,036.7**	**$5,225.4**

Changes in the allowance for loan losses for fiscal years 2005 and 2004 are as follows:

(in millions)	FY 2005	FY 2004
Balance at Beginning of Year	$1,713.7	$1,975.7
Write-offs	(27.2)	(12.9)
Provision Credited to Operations	(430.9)	(249.1)
Balance at End of Year	**$1,255.6**	**$1,713.7**

The outstanding balances related to rescheduled installments included in loans receivable at September 30, 2005, and September 30, 2004, were $2,726.8 million and $3,059.5 million, respectively. Loan principal installments of $23.1 million were rescheduled during fiscal year 2005, while loan principal installments of $374.4 million were rescheduled in fiscal year 2004. Loan installments of interest rescheduled during fiscal years 2005 and 2004 were $31.8 million and $214.2 million, respectively. The interest rate on rescheduled loans is generally a floating rate of interest, which is 37.5 to 62.5 basis points over Ex-Im Bank's cost of borrowing.

The allowance for loan loss decreased from $1,713.7 million at September 30, 2004, to $1,255.6 million at September 30, 2005, due to the decrease in the outstanding balance and less risk in the portfolio at fiscal year end 2005.

6. RECEIVABLES FROM SUBROGATED CLAIMS, NET

Ex-Im Bank's receivables from subrogated claims are net of uncollected capitalized interest for rescheduled claims and an allowance for claim losses. The net balance of receivables from subrogated claims for fiscal year 2005 and fiscal year 2004 are as follows:

(in millions)	FY 2005	FY 2004
Claims Previously Paid and Unrecovered:		
Rescheduled	$2,274.3	$2,446.9
Nonrescheduled	1,343.0	1,436.1
Claims Filed Pending Payment	7.9	12.1
	3,625.2	3,895.1
Less: Capitalized Interest	963.2	994.0
	2,662.0	2,901.1
Less: Allowance for Claim Losses	1,439.6	1,628.7
Net Balance	**$1,222.4**	**$1,272.4**

Changes in the allowance for claim losses for fiscal years 2005 and 2004 are as follows:

(in millions)	FY 2005	FY 2004
Balance at Beginning of Year	$1,628.7	$1,586.3
Write-offs	(190.6)	(51.4)
Provision Charged to Operations	1.5	93.8
Balance at End of Year	**$1,439.6**	**$1,628.7**

7. LEASE RECEIVABLES

Ex-Im Bank's lease receivables arise from consolidating VIEs created in connection with security arrangements for certain export credits. See Note 3. The lease receivables shown in the Statements of Financial Position are net of an allowance for lease losses. The allowance is calculated based on probable losses inherent in the lease portfolio. The net investment in lease receivables at September 30, 2005, and September 30, 2004, is:

(in millions)	FY 2005	FY 2004
Total Minimum Lease Payments To Be Received	$6,204.7	$4,753.2
Less: Allowance for Losses	146.5	193.3
Net Minimum Lease Payments Receivable	6,058.2	4,559.9
Less: Unearned Income	1,065.5	744.7
Net Investment in Financing Leases	**$4,992.7**	**$3,815.2**

At September 30, 2005, minimum lease payments for each of the five succeeding fiscal years are as follows: $609.3 million in 2006, $604.5 million in 2007, $599.8 million in 2008, $594.5 million in 2009, and $585.3 million in 2010.

The change in the allowance for financing lease losses for fiscal years 2005 and 2004 is as follows:

(in millions)	FY 2005	FY 2004
Balance at Beginning of Year	$193.3	$37.0
Write-offs	-	-
Provision(Credited)/Charged to Operations	(46.8)	156.3
Balance at End of Year	**$146.5**	**$193.3**

8. IMPAIRED LOANS AND SUBROGATED CLAIMS RECEIVABLE

Included in loans and subrogated claims receivable are certain credits that are classified as impaired for financial statement purposes. The following table summarizes the gross amount of impaired loans and subrogated claims receivable, net of nonaccrued capitalized interest:

FY 2005 (in millions)	Loans	Claims	Total
Gross Impaired Receivable	$3,071.0	$3,572.8	$6,643.8
Less: Capitalized Interest	1,591.8	963.2	2,555.0
	1,479.2	2,609.6	4,088.8
Less: Allowance for Losses	691.1	1,434.8	2,125.9
Net Impaired Receivable	**$788.1**	**$1,174.8**	**$1,962.9**

FY 2004 (in millions)	Loans	Claims	Total
Gross Impaired Receivable	$3,659.6	$3,780.8	$7,440.4
Less: Capitalized Interest	1,846.3	994.0	2,840.3
	1,813.3	2,786.8	4,600.1
Less: Allowance for Losses	950.0	1,608.7	2,558.7
Net Impaired Receivable	**$863.3**	**$1,178.1**	**$2,041.4**

Interest income on impaired loans and claims is generally recognized when collected. The average outstanding balance of impaired credits during FY 2005 was $7,042.1 million and $7,348.0 million during FY 2004. The interest recognized on impaired credits in FY 2005 was $94.4 million and $151.5 million in FY 2004, which are included in the $1,034.9 million of total interest income on loans and leases reported for FY 2005 and the $818.0 million reported for FY 2004. On a cash basis, the amount of interest income recognized for FY 2005 and FY 2004 would have been $86.8 million and $149.0 million, respectively.

Sovereign debt reschedulings take place under the framework of the Paris Club. The Paris Club is an "ad hoc" group of 19 permanent member creditor countries. The Paris Club meets regularly in Paris to discuss and provide debt relief to qualifying debtor countries. The debt relief provided depends on the economic and financial situation of the applying debtor country and can take the form of debt forgiveness and/or debt rescheduling. The amount of principal forgiveness and debt rescheduled in FY 2005 was $134.5 million and $92.2 million, respectively, while the amount of principal forgiveness and debt rescheduled in FY 2004 was $30.4 million and $976.9 million, respectively.

The amount written off to the reserve in fiscal year 2005 includes $27.2 million in loan write-offs and $190.6 million in claim write-offs for a total write-off of $217.8 million. The difference between the reserve write-offs and Paris Club principal forgiveness reflect $133.9 million of nonsovereign subrogated claims included in the reserve write-off but not included in the Paris Club principal forgiveness and $50.6 million in capitalized interest not included in reserve write-off but included in the Paris Club principal forgiveness.

The amount written off to the reserve in fiscal year 2004 includes $12.9 million in loan write-offs and $51.4 million in claim write-offs for a total write-off of $64.3 million. The difference between the reserve write-offs and Paris Club principal forgiveness reflect $39.6 million of nonsovereign subrogated claims included in the reserve write-off but not included in the Paris Club principal forgiveness and $5.7 million in capitalized interest not included in reserve write-off but included in the Paris Club principal forgiveness.

9. NONACCRUAL OF INTEREST

The weighted-average-interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2005, equaled 3.44 percent (6.02 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, 2004, equaled 3.43 percent (5.87 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 $2,958.5 million and $1,594.8 million of loans and rescheduled claims, respectively, in nonaccrual status at September 30, 2005, and $3,173.1 million and $1,696.9 million, respectively, at September 30, 2004. Had these credits been in accrual status, interest income would have been $130.6 million higher during fiscal year 2005 (amount is net of interest received of $66.1 million) and $35.5 million higher in fiscal year 2004 (amount is net of interest received of $132.3 million).

10. GUARANTEES, INSURANCE AND UNDISBURSED LOANS

Following is a summary of Ex-Im Bank's guarantees, insurance and undisbursed loans at the end of fiscal year 2005 and 2004.

FY 2005 (in millions)	**Total**	**Commitments Used**	**Outstanding***
Guarantees	$43,554.6	$9,274.5	$34,280.2
Insurance	7,316.2	5,739.2	1,576.9
Undisbursed Loans	102.3	102.3	-
Total	**$50,973.1**	**$15,116.0**	**$35,857.1**

FY 2004 (in millions)	**Total**	**Commitments Used**	**Outstanding***
Guarantees	$41,361.6	$6,990.8	$34,370.8
Insurance	6,183.8	4,792.9	1,390.9
Undisbursed Loans	419.4	419.4	-
Total	**$47,964.8**	**$12,203.1**	**$35,761.7**

**Shipment of goods has taken place.*

Ex-Im Bank is exposed to credit loss with respect to the amount at risk in the event of nonpayment by other parties to the agreements. The commitments shown above 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. Ex-Im Bank's insurance meets the definition of a guarantee under FIN 45.

Prior to the adoption of FIN 45, Ex-Im Bank recorded an allowance for guarantees at fair value. Subsequent to the issuance of FSP FIN 45-2 as of October 1, 2003, Ex-Im Bank separated the fair value of the portfolio into two components representing a noncontingent obligation under FIN 45 and a contingent obligation under FAS 5, using the fair value at September 30, 2003. The noncontingent obligation under FIN 45 was $3,872.2 million and the contingent obligation under FAS 5 was $3,391.4 million as of October 1, 2003. During fiscal years 2004 and 2005, the FIN 45 noncontingent obligation was amortized as the exposure decreased and the FAS 5 contingent obligation relating to the guarantees issued through September 30, 2003, was adjusted to reflect fluctuations in the risk rating. In fiscal years 2004 and 2005, Ex-Im Bank recorded a liability for guarantees at the time of authorization at their fair value and subsequently amortized the balance as the related exposure decreased, in accordance with FSP FIN 45-2. The FAS 5 allowance for contingent obligations recorded in fiscal years 2004 and 2005 for guarantees issued post-September 30, 2003, takes into consideration the noncontingent obligation recorded under FIN 45. As of September 30, 2005, and September 30, 2004, the amount included in the allowance for guarantees and insurance incorporates a noncontingent obligation under FIN 45 of $3,605.2 and $3,728.9 million, and contingent obligation under FAS 5 of $1,136.6 and $2,348.8 million, respectively.

The amortization of the noncontingent obligation under FIN 45 was $490.4 million in FY 2005 and $679.8 million in FY 2004, which is included in Guarantee Amortization on the Statements of Operations. Ex-Im Bank defers exposure fees and recognizes fee income over the life of the credit. In FY 2005, $22.5 million represents the exposure fees that were credited to income.

Ex-Im Bank authorized transactions denominated in a foreign currency totaling $2,054.2 million during fiscal year 2005 and $1,632.9 during fiscal year 2004, 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. The impact of the foreign currency adjustment was to increase the allowance for guarantees, insurance and undisbursed loans by $48.4 million and $63.3 million as of September 30, 2005, and September 30, 2004, respectively.

Most of Ex-Im Bank's guarantees, insurance and undisbursed loans involve credits located outside of the United States. Following is a breakdown of total commitments at September 30, 2005:

(in millions)	Guarantees	Insurance	Undisbursed Loans	Total
Asia	$13,011.7	$179.9	$6.9	$13,198.5
Europe/Canada	10,021.2	425.1	-	10,446.3
Latin America	8,717.0	1,734.2	85.7	10,536.9
Africa/Middle East	6,311.7	411.8	9.7	6,733.2
United States/Other	5,493.0	19.0	-	5,512.0
Short-Term Insurance (Unshipped)	-	4,546.2	-	4,546.2
Total	**$43,554.6**	**$7,316.2**	**$102.3**	**$50,973.1**

Changes in the allowance for guarantees, insurance and undisbursed loans risk for fiscal years 2005 and 2004 are as follows:

(in millions)	FY 2005	FY 2004
Balance at Beginning of Year	$6,077.7	$7,263.6
Provision Credited to Operations	(845.5)	(506.1)
Guarantee Amortization	(490.4)	(679.8)
Balance at End of Year	**$4,741.8**	**$6,077.7**

The allowance for guarantees, insurance and undisbursed loans decreased from $6,077.7 million at September 30, 2004, to $4,741.8 million at September 30, 2005, due to the amortization of the guarantees under FIN 45, and lower overall risk in the portfolio at the end of fiscal year 2005.

11. SUMMARY OF ALLOWANCE FOR CREDIT LOSSES

The composition of the allowance for credit losses for loans, claims, lease receivables and guarantees, insurance, and undisbursed loans is as follows:

(in millions)	FY 2005	FY 2004
Allowance for Loan Losses	$1,255.6	$1,713.7
Allowance for Claim Losses	1,439.6	1,628.7
Allowance for Lease Receivable	146.5	193.3
Allowance for Guarantees, Insurance and Undisbursed Loans	4,741.8	6,077.7
Total	**$7,583.5**	**$9,613.4**

12. SUMMARY OF PROVISION CREDITED TO OPERATIONS

The composition of the provision for credit losses for loans, claims, lease receivables and guarantees, insurance, and undisbursed loans is as follows:

(in millions)	FY 2005	FY 2004
Provision for Loan Losses	($430.9)	($249.1)
Provision for Claim Losses	1.5	93.8
Provision for Lease Losses	(46.8)	156.3
Provision for Guarantees, Insurance and Undisbursed Loans	(845.5)	(506.1)
Total	**($1,321.7)**	**($505.1)**

13. STATUTORY LIMITATIONS ON LENDING AUTHORITY

Under provisions of the Export-Import Bank Act, as amended in fiscal year 2002, Ex-Im Bank's statutory authority currently is limited to $95.0 billion of loans, guarantees and insurance outstanding at any one time. At September 30, 2005, and September 30, 2004, Ex-Im Bank's statutory authority used was as follows:

(in millions)	FY 2005	FY 2004
Outstanding Loans	$8,354.2	$9,288.3
Undisbursed Loans	102.3	419.4
Outstanding Claims	3,625.2	3,895.1
Guarantees	43,554.6	41,361.6
Insurance	7,316.2	6,183.8
Total	**$62,952.5**	**$61,148.2**

The statutory authority increases $5 billion each year to a total of $100 billion in FY 2006.

Congress provides an appropriation to cover the subsidy cost of the transactions committed. Transactions can be committed only to the extent that appropriated funds are available to cover such costs. For fiscal years 2005 and 2004, 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 fiscal year 2005, Ex-Im Bank did not enter into commitments for loans but did commit $13,936.2 million for guarantees and insurance using $241.2 million of the appropriation. During fiscal year 2004, Ex-Im Bank entered into commitments for loans of $227.1 million using $21.5 million of the appropriation and commitments for guarantees and insurance of $13,093.0 million using $257.7 million of the appropriation.

14. CONCENTRATION OF RISK

Although Ex-Im Bank has a diversified portfolio, its credits are more heavily concentrated in some regions or industries than others. The following table summarizes Ex-Im Bank's total exposure by geographic region and industry as of September 30, 2005.

Total Exposure:

(in millions)

Region	Amount	Percent
Asia	$17,517.8	27.8%
Latin America	13,924.0	22.1%
Europe/Canada	11,141.0	17.7%
Africa/Middle East	10,221.0	16.2%
All Other	10,148.7	16.2%
Total	**$62,952.5**	**100.0%**

(in millions)

Industry	Amount	Percent
Air Transportation	$24,935.1	39.6%
Oil and Gas	6,681.2	10.6%
Power Projects	5,696.2	9.0%
Manufacturing	5,465.2	8.8%
All Other	20,174.8	32.0%
Total	**$62,952.5**	**100.0%**

At September 30, 2005, Ex-Im Bank's five largest (public and private) obligors made up 17.7 percent of the credit portfolio.

(in millions)

Obligor	Amount	Percent
Pemex	$4,346.3	6.9%
Korean Air Lines	1,912.2	3.0%
International Lease Finance Corp.	1,680.2	2.7%
Ryanair Ltd.	1,658.8	2.6%
Industrial & Commerical Bank of China	1,571.1	2.5%
All Other	51,783.9	82.3%
Total	**$62,952.5**	**100.0%**

The largest exposures by program by country are as follows as of September 30, 2005:

Loans Outstanding:

($ millions)

Country	Amount	Percent
Brazil	$1,765.1	21.1%
Indonesia	1,605.4	19.2%
China	1,025.7	12.3%
Nigeria	702.6	8.4%
All Other	3,255.4	39.0%
Total	**$8,354.2**	**100.0%**

Subrogated Claims:

(in millions)

Country	Amount	Percent
Algeria	$584.0	16.1%
Indonesia	514.7	14.2%
Democratic Republic of Congo	450.0	12.4%
Nigeria	244.5	6.7%
All Other	1,832.0	50.6%
Total	**$3,625.2**	**100.0%**

Guarantees, Insurance and Undisbursed Loans:

(in millions)

Country	Amount	Percent
Mexico	$5,477.4	10.7%
China	3,984.9	7.8%
Turkey	2,667.5	5.2%
Korea	2,935.8	5.8%
All Other	35,907.5	70.5%
Total	**$50,973.1**	**100.0%**

15. BORROWINGS

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

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, 2005, and September 30, 2004, were $297.2 million and $448.5 million, respectively. Maturities of payment certificates at September 30, 2005, are as follows:

(in millions)

Fiscal Year	Amount
2006	$109.0
2007	63.6
2008	34.7
2009	20.2
Thereafter	69.7
Total	**$297.2**

The weighted-average-interest rate on Ex-Im Bank's outstanding payment certificates at September 30, 2005, was 5.67 percent and at September 30, 2004, was 5.90 percent.

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 fiscal year 2033. Ex-Im Bank had $5,848.3 million and $7,237.2 million of borrowings outstanding with the U.S. Treasury at September 30, 2005, and September 30, 2004, respectively, with a weighted-average-interest rate of 5.80 percent at September 30, 2005, and 5.69 percent at September 30, 2004.

At September 30, 2005, and September 30, 2004, outstanding borrowings consolidated from VIEs were $5,150.3 million and $4,008.5 million, respectively. Most of the borrowings carry a floating rate of interest. The weighted-average-interest rate at September 30, 2005, and September 30, 2004, was 3.49 percent and 3.01 percent, respectively. These borrowings have a final maturity date of 2017.

The principal and interest repayments for the outstanding borrowings consolidated from VIEs at September 30, 2005, for each of the five succeeding fiscal years are as follows: $605.9 million in 2006, $602.9 million in 2007, $598.8 million in 2008, $594.2 million in 2009, and $585.6 million in 2010, with the balance of $3,223.7 million to be paid by 2017.

16. RELATED-PARTY TRANSACTIONS

The financial statements reflect the results of contractual agreements with the Private Export Funding Corporation (PEFCO). PEFCO, which is owned by a consortium of private-sector banks, industrial companies and financial services institutions, makes medium-term and long-term fixed 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 $4,936.1 million at September 30, 2005 ($4,225.4 million related to export loans and $710.7 million related to secured-debt obligations) and $4,542.3 million at September 30, 2004 ($3,832.6 million related to export loans and $709.7 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 allowance for guarantees in the Statements of Financial Position. Ex-Im Bank received fees totaling $26.6 million in fiscal year 2005 ($26.4 million related to export loans and $0.2 million related to secured-debt obligations) and $26.1 million in fiscal year 2004 ($25.8

million related to export loans and $0.3 million related to secured-debt obligations) for the agreements, which are included in the amount listed in Exposure Fees for Guarantees on the Statements of Operations.

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.

17. PENSIONS AND ACCRUED ANNUAL LEAVE

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 2005 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 10.7 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; that 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 employees may contribute up to 10 percent of gross earnings. FERS employees may contribute up to 15 percent 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 $4.7 million and $4.1 million for fiscal year 2005 and fiscal year 2004, respectively.

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

Ex-Im Bank's liability to employees for accrued annual leave, included in other liabilities, was $2.7 million at the end of September 30, 2005, and for the fiscal year ended September 30, 2004.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments to which Ex-Im Bank has a contractual obligation to deliver cash or a contractual right to receive cash from another entity were estimated based on the methods and assumptions identified with each class of financial instrument listed below.

Loans Receivable, Receivables from Subrogated Claims, Guarantees and Insurance

Substantially all of these instruments involve credit risks that private lenders or guarantors would not accept. However, as discussed in Note 2, the Credit Reform Act requires Ex-Im Bank to calculate the net present value of the cost of its credit programs based on management's assumptions with respect to future economic conditions, the amount and timing of future cash flows, and estimated discount rates. Ex-Im Bank believes that the values derived by applying these assumptions to Ex-Im Bank's loans, claims, guarantees and insurance approximate their fair values.

Borrowings and Claims Payable

The fair value of these instruments were estimated based on discounting the future cash flows using interest rates currently available to Ex-Im Bank for borrowings from the U.S. Treasury for comparable maturities. The interest rate for claims payable used to discount future cash flows is the six-month LIBOR rate plus 50 basis points.

	September 30, 2005		September 30, 2004	
(in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS:				
Cash	$3,981.3	$3,981.3	$5,095.5	$5,095.5
Loans Receivable, Net	5,036.7	5,144.6	5,225.4	5,163.9
Receivables From Subrogated Claims, Net	1,222.4	1,222.4	1,272.4	1,272.4
FINANCIAL LIABILITIES:				
Guarantees, Insurance and Undisbursed Loans	$4,967.7	$4,473.2	$6,151.3	$6,353.5
Borrowings from the U.S. Treasury	5,848.3	6,559.1	7,237.2	8,334.2
Borrowings Consolidated from VIEs	5,150.3	5,136.3	4,008.5	3,865.1
Payment Certificates	297.2	320.5	448.5	486.7
Claims Payable	7.9	7.9	12.1	12.1

The carrying value of guarantees, insurance and undisbursed loans shown above is higher than amount shown on the balance sheet by the balance of offsetting deferred fees.

Use of different methods and assumptions could significantly affect these estimates. Accordingly, the net realizable value could be materially different.

19. COMMITMENTS AND CONTINGENCIES

Office Space Lease

Ex-Im Bank's office space is leased primarily from the General Services Administration (GSA) through the Public Buildings Fund. The annual lease amount is determined each year at the discretion of GSA. Lease expenses, included in administrative expenses, were $4.7 million and $4.0 million for fiscal years 2005 and 2004, respectively.

Pending Litigation

As of the end of September 30, 2005, 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 generally is 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, 2005, Ex-Im Bank had $1,099.3 million of such contingent loan commitments outstanding.

Government GAAP/GAAP Statements of Financial Position Reconciliation

	September 30, 2005		September 30, 2004	
(in millions)	GAAP	GOVERNMENT GAAP	GAAP	GOVERNMENT GAAP
ASSETS				
Cash	$3,981.3	$3,957.4	$5,095.5	$5,095.5
Loans Receivable, Net	5,036.7	5,517.1	5,225.4	5,845.8
Receivables from Subrogated Claims, Net	1,222.4	1,843.1	1,272.4	1,887.2
Lease Receivables Consolidated from VIEs, Net	4,992.7	N/A	3,815.2	N/A
Subsidy Receivable from Program Account	N/A	375.6	N/A	747.7
Accrued Interest, Fees Received and Other Assets	157.7	133.1	145.3	130.3
Total Assets	**$15,390.8**	**$11,826.3**	**$15,553.8**	**$13,706.5**
LIABILITIES & EQUITY				
Borrowings from the U.S. Treasury	$5,848.3	$5,848.3	$7,237.2	$7,237.2
Payment Certificates	297.2	297.2	448.5	448.5
Borrowings Consolidated from VIEs	5,150.3	N/A	4,008.5	N/A
Allowance for Guarantees, Insurance and Undisbursed Loans	4,741.8	N/A	6,077.7	N/A
Claims Payable	7.9	7.9	12.1	12.1
Guarantee Loan Liability	N/A	2,284.8	N/A	3,071.8
Liability for Subsidy Related to Undisbursed Loans/Guarantees	N/A	286.4	N/A	458.9
Subsidy Payable to Financing Account, Net	N/A	89.2	N/A	288.8
Amounts Payable to the U.S. Treasury	1,884.3	1,973.5	751.5	1,040.3
Deferred Fees	859.7	N/A	889.5	N/A
Other Liabilities	73.5	49.3	83.3	68.4
Total Liabilities	**18,863.0**	**10,836.6**	**19,508.3**	**12,626.0**
Capital Stock held by the U.S. Treasury	1,000.0	1,000.0	1,000.0	1,000.0
Tied-Aid Appropriations	338.6	N/A	341.7	N/A
Credit Appropriations	328.5	N/A	444.9	N/A
Unexpended Appropriations	N/A	863.7	N/A	1,139.1
Accumulated Deficit	(5,139.3)	(874.0)	(5,741.1)	(1,058.6)
Total Stockholder's (Deficiency)/Equity	**(3,472.2)**	**989.7**	**(3,954.5)**	**1,080.5**
Total Liabilities and Stockholders Equity	**$15,390.8**	**$11,826.3**	**$15,553.8**	**$13,706.5**

20. GAAP-TO-GOVERNMENT-GAAP RECONCILIATION

Ex-Im Bank prepares its financial statements in accordance with GAAP. In January 2000, the American Institute for Certified Public Accountants (AICPA) recognized the Federal Accounting Standards Advisory Board (FASAB) as the standard setting body for federal entities. FASAB established generally accepted accounting principles for the preparation of federal agencies' financial statements (government GAAP) which differ in some respects from GAAP.

The manner in which loss reserves are calculated under GAAP differs from the way they are calculated under government GAAP. As detailed in Note 2, Ex-Im Bank's operations are subject to the Credit Reform Act of 1990.

Under the Credit Reform Act, the cost of credit risk is defined as the net present value of cash disbursements offset by the net present value of cash receipts, such as fees, premiums, and loan principal and interest. This definition of cost of credit risk is used to determine the level of credit-related loss reserves under government GAAP. However, GAAP generally does not recognize future fees and premiums as an offset to the allowance since to do so would recognize income before it is earned. The difference in treatment of the level of loss reserves between government GAAP and GAAP is reflected in the Government GAAP/GAAP Statements of Financial Position. Under government GAAP guidance, the allowance for loans and subrogated claims receivable is less, the reserve for guarantees and insurance is less, and equity is greater.

The amount of net income reported under government GAAP is also different than net income reported under GAAP. Depending on the level of activity, net income reported on a government GAAP basis may be more or less than net income reported on a GAAP basis.

Ex-Im Bank's Statements of Financial Position is presented in accordance with GAAP for financial reporting purposes. The reconciliation of Ex-Im Bank's Statements of Financial Position prepared in accordance with GAAP to the Statements of Financial Position in accordance with government GAAP is presented on page 74. The reconciliation of net income from the accompanying GAAP Statement of Operations to net income in accordance with government GAAP is presented on page 76.

The following are the differences between government GAAP and GAAP in the statements above:

Cash under government GAAP is lower by $23.9 million. Government GAAP does not require consolidation of VIE lease receivables as does GAAP; therefore, government GAAP does not account for the cash balance on hand as a result of VIE activity.

Loans Receivable, Net under government GAAP is higher by $480.4 million in FY 2005 and $620.4 million in FY 2004. Loan interest and fee income is credited to the loan-loss reserve under government GAAP, which results in a lower loss reserve and a larger receivable. Additionally, the methodology for determining the allowance for loan losses under GAAP differs in some respects with the methodology under government GAAP, generally resulting in a lower allowance under government GAAP.

Receivables from Subrogated Claims under government GAAP is higher by $620.7 million in FY 2005 and $614.8 million in FY 2004. Interest income on rescheduled claims is credited to the loss reserve under government GAAP, which results in a lower loss reserve and a larger receivable.

Lease Receivables Consolidated From VIEs, Net, and Borrowings Consolidated From VIEs are recorded under GAAP, which requires consolidation of certain special purpose entities where Ex-Im Bank is providing a guarantee to the lender and is the primary beneficiary. Government GAAP does not require consolidation and the amounts are zero.

Under government GAAP, the Subsidy Receivable from the Program Account of $375.6 million for FY 2005 and $747.7 million for FY 2004 is fully offset by the Liability for Subsidy Related to Undisbursed Loans and Guarantees and the Subsidy Payable to the Financing Account, Net. These amounts are payable to and receivable from different Ex-Im Bank accounts at the U.S. Treasury and net to zero. They are not broken out separately under GAAP.

The Allowance for Guarantee, Insurance and Undisbursed Loans shown under GAAP is the equivalent of the Guarantee Loan Liability and the Liability for Subsidy Related to Undisbursed Loans/Guarantees under government GAAP. The government GAAP figure is lower by $2,170.6 million in FY 2005 and $2,547.0 million in FY 2004 because fees are recorded as income when received under government GAAP. Also, the allowance is adjusted for the amounts related to consolidated VIEs under GAAP, no such adjustments is recorded under government GAAP. Additionally, the methodology for determining the allowance under GAAP differs in some respects with the methodology under government GAAP, generally resulting in a smaller allowance under government GAAP.

Amounts Payable to the U.S. Treasury are higher by $89.2 million in FY 2005 and $288.8 million in FY 2004 under government GAAP. The annual subsidy re-estimate calculation is made up of two components: an amount due from the U.S. Treasury for cohorts of loans and guarantees that have increased in risk and an amount payable to the U.S. Treasury for cohorts of loans and guarantees that have decreased in risk. Under GAAP, the two components are netted and shown as Amounts Payable to the U.S. Treasury. Under government GAAP, the amount due to the U.S. Treasury is shown as a payable and the amount due from the U.S. Treasury is recorded as an increase to subsidy expense that is reflected in the Accumulated Deficit. In addition, the net value of credits authorized prior to October 1, 1991, is recorded as a payable to the U.S. Treasury under government GAAP but is reflected in the Accumulated Deficit under GAAP.

Deferred fees are $859.7 million in FY 2005 and $889.5 million in FY 2004 under GAAP and are zero under Government GAAP. Under Government GAAP, guarantee exposure fees are not deferred but are credited directly to the Guarantee Loan Liability. Under GAAP, such fees are deferred for loans and for guarantees.

Under government GAAP, Stockholder's Deficiency is lower by $4,461.9 million in FY 2005 and $5,035.0 in FY 2004 than under GAAP. Lower loss reserves under government GAAP result in less provision expense, which results in higher stockholder's equity. Also, under government GAAP, Unexpended Appropriations of $863.7 million in FY 2005 and $1,139.1 million in FY 2004 includes both obligated and unobligated balances. Under GAAP, only the obligated portion of unexpended appropriations is reflected in the Accumulated Deficit.

Government GAAP/GAAP Statement of Operations Supplemental Reconciliation

(in millions)	September 30, 2005	September 30, 2004
Reported Net Income, GAAP Basis	$2,681.4	$2,044.4
ADJUSTMENTS TO INCOME:		
Subsidy Appropriation Used	559.6	646.4
Appropriation from Prior-Year Re-estimate	288.8	232.6
Administrative Expense Appropriation Used	68.3	71.8
Total Adjustments to Income	916.7	950.8
ADJUSTMENTS TO EXPENSE:		
Subsidy Expense	(958.1)	(1,677.2)
Financing Resources Transferred Out	(1,858.1)	(954.4)
Future Funded Expense	(89.2)	(288.8)
Lease Provision	(46.8)	156.3
Total Adjustments to Expense	(2,952.2)	(2,764.1)
Net Income Government-GAAP Basis	$645.9	$231.1

All of the differences in the schedule above result from differences in the treatment of appropriations and re-estimates between government GAAP and GAAP. Under government GAAP, the receipt and use of appropriations for credit activity, administrative expense and re-estimates is reflected in the Statement of Operations. Under GAAP this activity is shown as part of the Statement of Changes in Capital and Accumulated Deficit.

Independent Auditors' Report

To the Board of Directors of the Export-Import Bank of the United States

We have audited the accompanying statements of financial position of the Export-Import Bank of the United States (Ex-Im Bank) as of September 30, 2005 and 2004, and the related statements of operations, changes in capital and accumulated deficit, and cash flows 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. An audit also includes 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 at September 30, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

McLean, Va.
October 24, 2005

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based Upon the Audit Performed in Accordance With *Government Auditing Standards*

To the Board of Directors 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, 2005, and have issued our report thereon dated October 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 an opinion 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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Ex-Im Bank, in a separate letter dated October 24, 2005.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the audit committee, board of directors, and management of Ex-Im Bank, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

McLean, Va.
October 24, 2005

Directors, Officers and Advisory Committees

December 2005

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Max Cleland
Board Member

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