Annual Report FY 2002

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. With nearly 70 years of experience, Ex-Im Bank has supported more than $400 billion 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 and provides financing to counter foreign government-supported export financing. Ex-Im Bank provides pre-export financing, financing for foreign buyers of U.S. goods and services, and insurance to protect against buyer nonpayment. Approximately 85 percent of Ex-Im Bank's transactions directly involve U.S. small businesses.

Vice Chairman's Message

One of the main values that President George W. Bush has brought to Washington is a strong belief that government should be limited but effective, and that in reforming government, we must also take lessons from the private sector. After a career in commercial banking for 34 years, I have found that much of my own experience corresponds well to the needs of the Ex-Im Bank of today. In the past, I've always wanted to keep the customers in mind, to serve them with a winning team, and to give the shareholders and stakeholders a good return. I believe that commitment to these three principles leads to success – in government as well as in the private sector.

At Ex-Im Bank, our customers are the U.S. exporters and the lenders with whom we partner to serve them. It is a pleasure to say that we have a winning team of professionals to carry out the Bank's mandate of supporting U.S. exports and U.S. jobs. Our stakeholders are the taxpayers of the United States, and, because we cannot identify them individually, we work closely with their representatives in the Administration and Congress to serve their interests.

Administration's Trade Strategy

President Bush and his entire trade team are committed to building domestic and global prosperity by expanding free and fair trade. The Bush Administration's first National Export Strategy is a comprehensive plan to provide U.S. companies of all sizes with the tools they need to compete in today's global marketplace.

As part of this strategy, the Trade Promotion Coordinating Committee (TPCC) has been reinvigorated under President Bush's leadership to coordinate, leverage and focus federal trade programs. The TPCC is chaired by U.S Secretary of Commerce Donald Evans, and as Ex-Im Bank's senior official, I currently serve as the vice chairman. Ex-Im Bank's role in the TPCC is indicative of the importance of trade finance to increasing U.S. exports.

Ex-Im Bank is a key player in the Administration's trade strategy. As the official export credit agency of the United States, Ex-Im Bank helps U.S. companies to sustain and create jobs by providing financing for U.S. exports that fills trade finance gaps in commercial lending and levels the playing field for U.S. exporters competing with foreign companies backed by their governments.

In fiscal year 2002, Ex-Im Bank authorized more than $10 billion in financing to support nearly $13 billion of U.S. exports to markets worldwide. Small businesses benefited directly in nearly 86 percent of our transactions. The pages that follow in this annual report provide details of our authorizations and financial position, as well as portraits of several companies that have succeeded in developing markets with Ex-Im Bank's financing.

Congressional Reauthorization

On June 14, 2002, President Bush signed into law a five-year reauthorization of Ex-Im Bank that received overwhelming bipartisan support from Congress. This legislation was the culmination of a year-long effort among Bush Administration officials, members of Congress, and representatives of exporters, small businesses, lenders, labor organizations and other interested parties to reaffirm the Bank's mission.

Small and medium-sized enterprises are key to economic growth in our economy. With the enthusiastic support of Congress and the Administration, Ex-Im Bank is strongly committed to helping these companies overcome the financial hurdles to exporting. Ex-Im Bank's reauthorization places significant emphasis on small businesses.

Among other features, the reauthorization also reinforces Ex-Im Bank's efforts to promote the export of U.S. goods and services related to renewable energy sources. In FY 2002, Ex-Im Bank established the Renewable Energy Exports Advisory Committee of outside experts in solar, wind, geothermal, and other renewable energy industries. In September, Ex-Im Bank sponsored two very successful environmental conferences in Budapest and Mexico City. We are actively seeking ways to support more U.S. renewable energy exports.

Ex-Im Bank is dedicated to meeting all of the mandates set under the reauthorization, and that means doing even more for our customers – U.S. exporters, small, medium and large.

Improving Customer Service

President Bush's vision of government is that it must be citizen-centered, results-oriented and market-driven. At Ex-Im Bank, we have been talking with many exporters, lenders, and other customers and stakeholders about how we can achieve this vision.

Our customers have told us that they would like Ex-Im Bank to be more streamlined and efficient, and they would like to see a reduced transaction cycle time. They would like more consistency in our credit culture and underwriting standards. They value our regional expertise and would like to see it strengthened and concentrated. They would also like timely, accurate and consistent information on our products and initiatives presented to meet their needs.

As a result, we have recently reorganized to leverage the strengths of our products and staff, enhance our customer service, and learn from the "best practices" of other financial institutions. Our goal is to become more customer-driven and market-focused, and at the same time, to enhance our risk management.

Under our new structure, the Export Finance Group is exclusively devoted to managing transaction relationships with our exporters, lenders and foreign buyers. This group has the resources to deliver all of our products globally: pre-export financing, loans and guarantees, and export credit insurance. This group also includes both domestic and international business relations.

The Credit and Risk Management Group provides stewardship for risk management, including credit standards and underwriting, credit review and compliance, country risk analysis, and engineering and environmental analysis. This group will maintain a single credit culture and standards for all of the Bank's transactions.

The new Office of Communications, which encompasses public affairs and marketing functions, is responsible for developing and coordinating all of our external information. As we develop new products and initiatives, this office will target information to customers, stakeholders, financial markets, industry sectors and geographic regions.

Teamwork and Leadership

Finally, I would like to add a few words about Ex-Im Bank's team. So many of our customers have told me how knowledgeable, helpful and responsive our people are – in every department and at every level. I am proud to work with and represent this highly skilled team of trade finance professionals.

It was my fortune to have begun my service at Ex-Im Bank under the leadership of the Bank's late chairman, John Robson. Chairman Robson was a man of tremendous integrity and dedication to serving the American people in both the private and public sectors. Although his tenure at Ex-Im Bank was brief, he has given this agency lasting inspiration.

I look forward to continuing to serve as part of Ex-Im Bank's leadership team and to working with the new chairman, Philip Merrill. My fellow board members and I are committed to developing the relationships with the private sector that are critical to the success of this agency and the Administration's trade policy.

Ex-Im Bank's market is the world, but our role is to facilitate U.S. exports, thus boosting economic growth and development in the United States. Simply put, we are an agency working in the international arena with a domestic mission. In FY 2003 and beyond, we will continue to look to our customers and stakeholders to find out how we can accomplish this mission even better.

Eduardo Aguirre
Vice Chairman,
First Vice President and
Chief Operating Officer

John E. Robson

(1930 – 2002)

John E. Robson was Ex-Im Bank's chairman and president from May 2001 until his death on March 20, 2002. Mr. Robson served four presidents "with dedication and honor" and "set an example of distinguished public service," President George W. Bush said.

Mr. Robson was appointed to Ex-Im Bank by President George W. Bush and confirmed by the U.S. Senate. He presided over Ex-Im Bank's operations through the events of Sept. 11, 2001, and the global trade downturn of late 2001. Under his leadership, the Bank continued to play an integral role in the Bush Administration's trade policy.

Mr. Robson's government service also included appointments as deputy secretary of the Treasury under former President George H.W. Bush, and as chairman of the Civil Aeronautics Board, where he initiated airline deregulation, under former President Gerald R. Ford. He also served the late President Lyndon B. Johnson as undersecretary of Transportation.

In the private sector, Mr. Robson had been an investment banker and senior advisor with the San Francisco firm of Robertson Stephens. Earlier, he had been president and CEO of G.D. Searle & Co. He had also served as dean and a professor of Emory University's Goizueta Business School and had been a partner in the law firm of Sidley and Austin.

"John was a strong leader who was committed to making a positive mark on any organization in which he served," Vice President Dick Cheney said. The memory of John Robson's dedication to public service and commitment to excellence in government will continue to inspire Ex-Im Bank and other federal trade agencies.

Ex-Im Bank Board of Directors, FY 2002

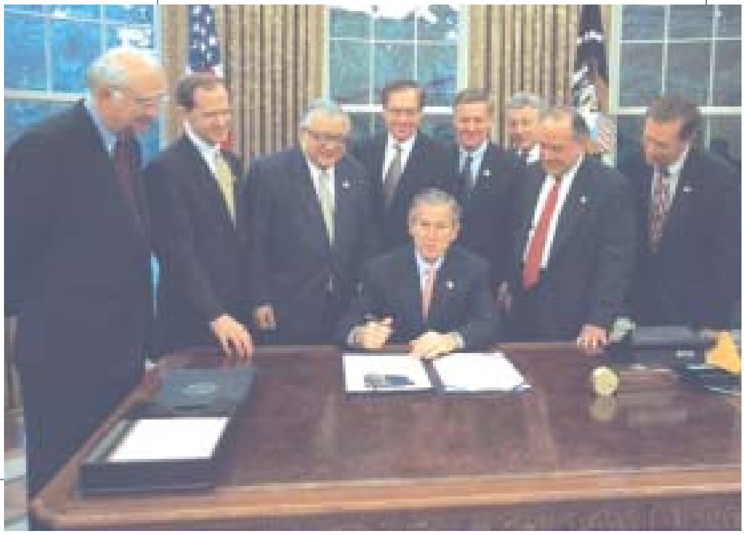
From left: J. Joseph Grandmaison, Dorian Vanessa Weaver, Eduardo Aguirre, and Dan Renberg. Ex-Im Bank's board members are appointed by the president of the United States and confirmed by the U.S. Senate to full-time positions on terms of four years.

Export-Import Bank Reauthorization Act of 2002

On June 14, 2002, President Bush signed legislation extending Ex-Im Bank's authorization until Sept. 30, 2006. Earlier in the month, the House of Representatives passed the reauthorization bill 344 to 78, and the Senate agreed by unanimous consent.

Congressional authorizing committees are the Senate Banking, Housing and Urban Affairs Committee, and the House Financial Services Committee.

Ex-Im Bank's reauthorization legislation confirms broad bipartisan support for the Bank's mission. The legislation reaffirms the importance of Ex-Im Bank's small business mandate and emphasizes the importance of technology to the operation of the Bank. The legislation also strengthens Ex-Im Bank's mandate to promote U.S. exports of renewable energy technologies.



Standing (from left to right): Sen. Phil Gramm (R-Texas), Rep. Patrick Toomey (R-Pa.), Rep. John LaFalce (D-N.Y.), Sen. Wayne Allard (R-Colo.), Rep. Doug Bereuter (R-Neb.), Sen. Chuck Hagel (R-Neb.), Ex-Im Bank Vice Chairman Eduardo Aguirre, and Rep. Michael Oxley (R-Ohio).

White House photo by Paul Morse

President George W. Bush signed Ex-Im Bank's reauthorization in the Oval Office on June 14, 2002.

Small Business Support

Outreach

The impact of Ex-Im Bank's financing is particularly significant for small businesses, which are directly involved in approximately 86 percent of the Bank's transactions. Small businesses are the biggest users of the Bank's export credit insurance and working capital guarantee products, and exports benefiting from these products have grown.

Ex-Im Bank works with small businesses at the local level through its five regional offices that provide assistance and conduct direct outreach to companies. The Bank also works through a nationwide network of nearly 40 City/State Partners – state and local organizations that provide information and assistance on the Bank's financing. Ex-Im Bank works with 120 delegated authority lenders in 28 states that can directly commit Ex-Im Bank's guarantee on working capital loans. Insurance brokers in every state can assist with Ex-Im Bank's export credit insurance applications.

Ex-Im Bank participates in approximately 30 trade shows and sponsors more than 50 exporter seminars every year, including events involving small businesses and exporters of environmentally beneficial goods and services. The Bank is also reaching out to more women- and minority-owned companies.

Technology Improvements

Ex-Im Bank is developing several Internet-based applications for its insurance and working capital guarantee products. As of the end of FY 2002, customers can apply on-line for letters of interest, and online applications for Ex-Im Bank's working capital guarantee are also available through selected delegated authority lenders. The Bank is also working on automating its insurance application and processing.

Benefit to Small Business Suppliers

The U.S. Commerce Department has found that nearly three-fourths of all jobs supported by manufactured exports are generated indirectly by suppliers. Many U.S. small businesses benefit from Ex-Im Bank transactions involving larger companies. The Bank's 13 largest users have more than 35,000 suppliers throughout the country, many of which are small businesses. Ex-Im Bank is currently developing a process to capture data on the large number of U.S. small businesses that benefit indirectly from the Bank's support as suppliers.

FY 2002 at a Glance

Total Financing

- Ex-Im Bank's financing assisted 2,516 U.S. export sales in FY 2002.
- In FY 2002, Ex-Im Bank authorized $10.1 billion in loans, guarantees and export credit insurance, supporting nearly $13 billion of U.S. exports to markets worldwide.

Small Business

- Ex-Im Bank authorized nearly $1.8 billion in support of U.S. small businesses in FY 2002 – approximately 18 percent of total authorizations.
- Ex-Im Bank approved 2,154 small business transactions that represented approximately 86 percent of the total number of transactions in FY 2002.
- In FY 2002, 345 small businesses used Ex-Im Bank programs for the first time.
- In FY 2002, Ex-Im Bank approved financing in amounts under $500,000 for 1,055 small business transactions.

Working Capital

- Ex-Im Bank authorized $685 million in working capital guarantees for pre-export financing in FY 2002 – $532 million of which directly benefited small businesses.
- Of the 359 working capital guarantee transactions authorized, 323 were for small businesses, representing nearly 90 percent of the transaction volume.

Export Credit Insurance

- Ex-Im Bank authorized more than $2.4 billion in export credit insurance in FY 2002.
- Small businesses were issued 1,759 export credit insurance policies representing almost 92 percent of the total number of Ex-Im Bank's policies in FY 2002. Small business insurance authorizations totaled $910 million.

Project and Structured Finance

- In FY 2002, Ex-Im Bank's authorizations of limited recourse project financing were $600 million for U.S. exports to projects, primarily in the power sector in Mexico and Turkey, and the gas sector in Mexico.
- Ex-Im Bank authorized $830 million for structured finance transactions supporting U.S. exports to the telecommunications sector in Asia and Latin America, the oil and gas sector in Latin America, and the mining sector in Russia.

Transportation Finance

- In FY 2002, Ex-Im Bank authorized more than $3.8 billion to finance the export of 72 U.S.-manufactured, large commercial aircraft that are being operated by 19 airlines located in 16 different countries.
- In addition, Ex-Im Bank authorized over $80 million in FY 2002 to support the export of U.S.-manufactured ships and rail equipment to several countries around the world.

Environmental

- Ex-Im Bank financing supported over $741 million in exports of environmentally beneficial U.S. goods and services in FY 2002.
- In addition, Ex-Im Bank provided working capital guarantees that assisted $49 million of environmental exports from U.S. small and medium-sized businesses.

Energy

- In FY 2002, Ex-Im Bank authorized more than $53.2 million to support U.S. exports of technologies, products and services related to renewable energy sources such as hydroelectric power and solar energy.
- In FY 2002, Ex-Im Bank authorized 18 transactions using its loan and guarantee products and more than 100 new 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 export value of these transactions totaled more than $1.65 billion.
- In FY 2002, Ex-Im Bank authorized financing to support nearly $1.1 billion of U.S. exports in the petroleum sector. The Bank estimates that the aggregate annual peak amount of carbon dioxide emissions produced directly by new projects it supported in this sector will total approximately 5.82 million metric tons.
- In FY 2002, Ex-Im Bank authorized financing to support more than $500 million of U.S. exports for fossil fuel power plants. The Bank estimates that the aggregate amount of carbon dioxide emissions produced directly by new projects it supported in this sector will total approximately 9.8 million metric tons per year.

High Technology

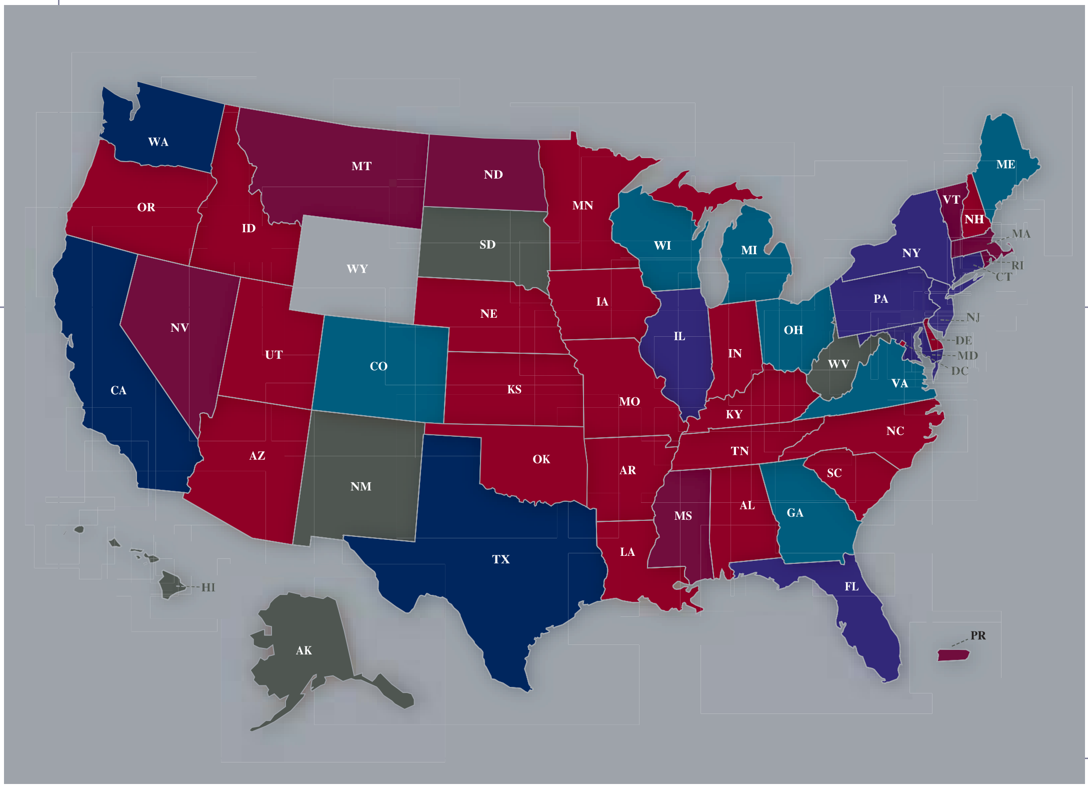
- In FY 2002, Ex-Im Bank authorized financing to assist nearly $1.4 billion of U.S. high technology exports other than aircraft, including electronics, telecommunications, mass transit and medical equipment.
- In addition, Ex-Im Bank provided working capital guarantees that assisted more than $360 million of U.S. high technology exports from U.S. small and medium-sized businesses.

Services

- Ex-Im Bank financing in FY 2002 assisted in the export of a wide range of U.S. services, including engineering, design, construction, oil drilling, training and consulting. The total export value of these services totaled $450 million.

Agriculture

- In FY 2002, Ex-Im Bank helped to finance the export of nearly $150 million of U.S. agricultural exports, including commodities, livestock, foodstuffs, equipment, chemicals, supplies and services.



Value of Exports Supported Five-Year Period (October 1, 1997 – September 30, 2002)

OVER $5 BILLION
California ($9 billion)
Washington ($20 billion)
Texas ($6.8 billion)

OVER $1 BILLION
Connecticut ($1.8 billion)
Florida ($3 billion)
Illinois ($2 billion)
Maryland ($2 billion)
Massachusetts ($2.3 billion)
New Jersey ($2.8 billion)
New York ($3.6 billion)
Pennsylvania ($2.3 billion)

OVER $500 MILLION
Colorado ($925 million)
Georgia ($597 million)
Michigan ($546 million)
Ohio ($861 million)
Virginia ($531 million)
Wisconsin ($534 million)

OVER $100 MILLION
Alabama ($102 million)
Arkansas ($105 million)
Arizona ($217 million)
Delaware ($104 million)
District of Columbia ($182 million)
Idaho ($125 million)
Indiana ($127 million)
Iowa ($137 million)
Kansas ($202 million)
Kentucky ($130 million)
Louisiana ($465 million)
Minnesota ($401 million)
Missouri ($345 million)
Nebraska ($143 million)
New Hampshire ($144 million)
North Carolina ($286 million)
Oklahoma ($344 million)
Oregon ($199 million)
South Carolina ($104 million)
Tennessee ($331 million)
Utah ($127 million)

OVER $10 MILLION
Maine ($19 million)
Mississippi ($68 million)
Montana ($25 million)
Nevada ($49 million)
North Dakota ($24 million)
Puerto Rico ($29 million)
Rhode Island ($36 million)
Vermont ($11 million)

OVER $100,000 TO $9 MILLION
Alaska ($120,000)
Hawaii ($800,000)
New Mexico ($9 million)
South Dakota ($6 million)
West Virginia ($8 million)

FY 2002 Authorizations Summary

($ millions)

	Number of Authorizations		Amount Authorized		Export Value		Subsidy	
Program	2002	2001	2002	2001	2002	2001	2002	2001
LOANS								
Long-Term Loans	2	11	$295.6	$857.8	$256.6	$1,045.8	$35.2	$90.6
Medium-Term Loans	0	5	0	13.4	0	16.0	0	1.5
Tied Aid	2	1	Incl. Above	Incl. Above	Incl. Above	Incl. Above	13.4	1.7
Total Loans	4	17	295.6	871.2	256.6	1,061.8	48.6	93.8
GUARANTEES								
Long-Term Guarantees	56	46	6,180.2	4,736.3	7,105.0	5,233.3	537.8	573.4
Medium-Term Guarantees	180	164	543.1	704.5	636.6	813.7	64.6	80.8
Working Capital Guarantees	359	374	684.8	660.2	2,419.0	3,067.4	20.4	21.1
Total Guarantees	595	584	7,408.1	6,101.0	10,160.6	9,114.4	622.8	675.3
EXPORT CREDIT INSURANCE								
Short-Term	1,664	1,475	1,748.7	1,793.9	1,748.7	1,793.9	0.0	0.1
Medium-Term	253	282	666.8	475.4	784.4	555.6	55.1	54.3
Total Insurance	1,917	1,757	2,415.5	2,269.3	2,533.1	2,349.5	55.1	54.4
Modifications							25.2	4.2
Grand Total	**2,516**	**2,358**	**$10,119.2**	**$9,241.5**	**$12,950.3**	**$12,525.7**	**$751.7**	**$827.7**

Small Business Authorizations

($ millions)

	Number		Amount	
	2002	2001	2002	2001
Export Credit Insurance	1,759	1,723	$910	$902
Working Capital Guarantees	323	337	532	518
Guarantees	71	60	313	225
Total Guarantees and Insurance	2,153	2,120	1,755	1,645
Loans	1	4	27	13
Grand Total	**2,154**	**2,124**	**$1,782**	**$1,658**

FY 2002 Authorizations By Market

	Loans	Guarantees	Medium-Term Insurance	Total Authorizations	Exposure
AFRICA MULTINATIONAL					200,212,861
ALGERIA		9,506,839	502,550	10,009,389	1,847,813,974
AMERICAS MULTINATIONAL FINANCIAL INST.					5,679,577
ANDORRA					6,464
ANGOLA					125,634,377
ANGUILLA					68,214
ANTIGUA					484,131
ARGENTINA			8,569,081	8,569,081	476,271,073
ARUBA					6,009,551
AUSTRALIA		576,462,997	3,150,000	579,612,997	840,860,169
AUSTRIA		202,863,990		202,863,990	350,106,817
AZERBAIJAN					57,686,679
BAHAMAS					4,360,362
BAHRAIN		2,362,867		2,362,867	16,960,613
BANGLADESH					8,001,333
BARBADOS			418,659	418,659	1,171,575
BELGIUM					2,602,873
BELIZE		734,760		734,760	36,988,244
BENIN			195,002	195,002	10,857,499
BERMUDA			2,093,745	2,093,745	2,461,187
BOLIVIA		2,136,680	3,177,807	5,314,487	18,709,302
BOSNIA					25,470,188
BRAZIL	24,063,778	20,526,455	29,369,357	73,959,590	3,255,807,127
BRUNEI					2,139
BULGARIA		3,980,619		3,980,619	80,628,679
CAMEROON		6,092,076	2,929,289	9,021,365	47,825,679
CANADA		477,767,314	2,450,457	480,217,771	500,499,600
CANARY ISLANDS					4,168
CAYMAN ISLANDS					158,600
CENTRAL AFRICAN REPUBLIC					8,710,457
CHILE		933,286	9,441,701	10,374,987	508,441,752
CHINA					26,386,019
CHINA (MAINLAND)		16,990,011	1,768,337	18,758,348	5,205,922,872
CHINA (TAIWAN)		130,652,640	180,000	130,832,640	960,229,061
COLOMBIA			6,667,264	6,667,264	365,157,884
CONGO					22,864,759
CONGO, DEMOCRATIC REPUBLIC OF					921,830,192
COSTA RICA		104,287	12,855,101	12,959,388	28,412,331
COTE D'IVOIRE		1,055,268		1,055,268	164,351,917
CROATIA					445,709,097
CUBA					36,266,581
CYPRUS					68,754
CZECH REPUBLIC					383,481,313

FY 2002 Authorizations By Market

	Loans	Guarantees	Medium-Term Insurance	Total Authorizations	Exposure
DENMARK			787,500	787,500	2,080,473
DOMINICA					16,383
DOMINICAN REPUBLIC		689,020,455	98,590,888	787,611,343	1,015,012,769
ECUADOR					36,599,167
EGYPT		798,185		798,185	34,775,147
EL SALVADOR			2,496,362	2,496,362	13,636,849
EQUATORIAL GUINEA			450,000	450,000	450,000
ESTONIA					28,730
FIJI ISLANDS					83,144,600
FINLAND			75,000	75,000	1,177,824
FRANCE			450,000	450,000	8,332,095
GABON					64,369,962
GAMBIA		504,570		504,570	636,039
GEORGIA					10,598,414
GERMANY, FEDERAL REPUBLIC OF			54,000	54,000	9,121,116
GHANA		3,979,831	5,065,399	9,045,230	142,546,689
GREECE			270,000	270,000	25,545,098
GREENLAND					3,700
GRENADA		5,929,252	2,487,894	8,417,146	15,418,421
GUATEMALA		1,933,623	8,735,940	10,669,563	33,745,615
GUINEA			180,000	180,000	7,920,740
GUYANA			932,790	932,790	4,671,223
HAITI					3,911,016
HONDURAS			15,466,500	15,466,500	32,775,690
HONG KONG					265,880,673
HUNGARY					32,672,854
ICELAND					318,187
INDIA		11,574,354	5,953,691	17,528,045	1,217,035,861
INDONESIA	61,229,401			61,229,401	2,748,870,258
IRELAND		221,417,284		221,417,284	563,951,622
ISRAEL		103,199,627		103,199,627	383,957,555
ITALY			1,262,944	1,262,944	161,845,337
JAMAICA			6,972,414	6,972,414	37,156,214
JAPAN			90,000	90,000	191,203,039
JORDAN					7,148,717
KAZAKHSTAN			552,235	552,235	15,233,471
KENYA			3,471,522	3,471,522	100,828,542
KOREA, REPUBLIC OF		503,799,498	1,980,000	505,779,498	3,013,872,025
KUWAIT					1,011,446

FY 2002 Authorizations By Market

	Loans	Guarantees	Medium-Term Insurance	Total Authorizations	Exposure
LATVIA					6,310,373
LEBANON					20,849,600
LIBERIA					5,980,110
LITHUANIA					21,629,693
LUXEMBOURG		113,311,000		113,311,000	175,480,437
MACAU					18,201
MACEDONIA					83,110,314
MADAGASCAR					38,318,462
MALAYSIA, FEDERATION OF		616,573,491		616,573,491	1,779,300,843
MALDIVE ISLANDS					12,175
MALI		2,005,256		2,005,256	4,450,083
MALTA					7,661,675
MAURITANIA			842,750	842,750	7,297,107
MAURITIUS					26,495,289
MEXICO	210,265,362	920,764,657	426,877,150	1,557,907,169	5,112,554,995
MONACO					119,696
MOROCCO		36,258,221		36,258,221	521,462,732
MOZAMBIQUE		626,193		626,193	626,193
NAMIBIA					83,080,368
NETHERLANDS			836,975	836,975	12,349,790
NETHERLANDS ANTILLES					549,568
NEW CALEDONIA					7,191
NEW ZEALAND			270,432	270,432	1,575,921
NICARAGUA		4,947,507	3,573,768	8,521,275	89,608,373
NIGER					6,756,610
NIGERIA		146,120,335	4,424,225	150,544,560	742,951,125
NORWAY					40,296,325
OMAN					10,032,515
PAKISTAN					425,454,184
PANAMA		113,815,000	8,194,660	122,009,660	240,543,419
PAPUA NEW GUINEA					922,166
PARAGUAY					496,765
PERU		37,931,862	8,619,335	46,551,197	171,123,766
PHILIPPINES		10,430,844	7,944,475	18,375,319	1,238,063,829
POLAND			241,200	241,200	436,818,564
PORTUGAL					477,012
QATAR			510,494	510,494	195,406,472
ROMANIA		89,267,345	7,932,204	97,199,549	438,118,507
RUSSIA		77,699,459	7,102,731	84,802,190	1,465,329,463
RWANDA					559,569
SAUDI ARABIA		1,256,678	9,908,245	11,164,923	1,886,641,062
SENEGAL		5,579,406		5,579,406	11,537,030
SEYCHELLES					36,000

FY 2002 Authorizations By Market

	Loans	Guarantees	Medium-Term Insurance	Total Authorizations	Exposure
SINGAPORE			1,369,400	1,369,400	6,371,224
SLOVAK REPUBLIC					1,472,151
SLOVENIA					67,934
SOUTH AFRICA			325,800	325,800	391,109,027
SPAIN					4,626,201
SRI LANKA			94,886	94,886	1,770,740
ST KITTS-NEVIS					27,031
ST LUCIA					638,776
ST VINCENT					83,408
SUDAN					28,246,331
SWEDEN					2,363,963
SWITZERLAND			1,350,000	1,350,000	3,188,343
TANZANIA			3,247,782	3,247,782	3,839,995
THAILAND		425,777,906	87,984	425,865,890	1,189,426,142
TOGO			15,000,000	15,000,000	15,002,820
TRINIDAD AND TOBAGO		3,357,320	9,368,000	12,725,320	419,199,305
TUNISIA			9,806	9,806	244,955,372
TURKEY		259,238,025	23,223,346	282,461,371	3,240,142,670
TURKMENISTAN					48,027,618
TURKS AND CAICOS ISLANDS					137,549
UGANDA		1,794,978		1,794,978	3,372,062
UKRAINE					171,069,174
UNITED ARAB EMIRATES					4,006,020
UNITED KINGDOM			390,000	390,000	24,963,249
UNITED STATES OF AMERICA		770,045,459		770,045,459	1,937,231,840
URUGUAY			1,020,815	1,020,815	2,748,211
UZBEKISTAN		74,903,077		74,903,077	790,498,448
VARIOUS COUNTRIES UNALLOCABLE		396,822,827		396,822,827	393,242,286
VATICAN CITY					15,593
VENEZUELA		305,243,028	15,144,509	320,387,537	2,260,502,098
VIRGIN ISLANDS - BRITISH					3,610,215
WEST INDIES - FRENCH					10,956
YEMEN, REPUBLIC OF			90,000	90,000	90,000
YUGOSLAVIA, FEDERAL REPUBLIC OF					105,786,040
ZAMBIA			3,234,506	3,234,506	151,234,626
ZIMBABWE					30,567,334
Total	**295,558,541**	**7,408,096,642**	**801,328,907**	**8,504,984,090**	**54,078,737,929**
INTERMEDIARY LOANS					2,501,235
MULTIBUYER INSURANCE - SHORT-TERM			1,614,203,410	1,614,203,410	2,184,479,404
OTHER					1,852,070,383
Total Authorizations	**$295,558,541**	**$7,408,096,642**	**$2,415,532,317**	**$10,119,187,500**	**$58,117,788,955**

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
ALGERIA						
5-Jun-02	Air Algerie None The Boeing Co.	077386	Commercial Aircraft			$9,506,839
Total for	**ALGERIA**					**$9,506,839**
AUSTRALIA						
31-Jan-02	Qantas Airways None The Boeing Co.	078069	Commercial Aircraft			$566,784,629
Total for	**AUSTRALIA**					**$566,784,629**
AUSTRIA						
31-May-02	Austrian Airlines None The Boeing Co.	078200	Commercial Aircraft			$202,863,990
Total for	**AUSTRIA**					**$202,863,990**
BRAZIL						
18-Oct-01	Rio Polimeros, S.A. Ltda. None ABB Lummus Global	076658	Design, Engineering and Construction of Petrochemical Plant	5.510%	$24,063,778	
28-Mar-02	Petrobras Internacional Finance Co. None Wellstream Inc.	076058	Flexible Pipe for Marlim Sul Oil Fields			$8,739,272
Total for	**BRAZIL**				**$24,063,778**	**$8,739,272**
CANADA						
30-Sep-02	WestJet Airlines None The Boeing Co.	078795	Commercial Aircraft			$477,767,314
Total for	**CANADA**					**$477,767,314**

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
CHINA (Mainland)						
28-Feb-02	China Construction Bank None Dasibi Environmental Corp.	075966	Air Monitoring Stations			$10,238,999
Total for	**CHINA (Mainland)**					**$10,238,999**
CHINA (TAIWAN)						
12-Sep-02	EVA Airways None The Boeing Co.	078629	Commercial Aircraft			$130,652,640
Total for	**CHINA (TAIWAN)**					**$130,652,640**
DOMINICAN REPUBLIC						
18-Oct-01	The Dominican Republic None Swiftships Shipbuilders LLC	077602	Patrol Boats			$22,092,412
8-Nov-01	The Dominican Republic None Maya Enterprises Inc.	077626	Toll Automation Equipment			$30,860,765
27-Dec-01	The Dominican Republic None Hexaport International Ltd.	077604	Engineering Services			$95,960,228
14-Feb-02	The Dominican Republic None EMB Group Inc.	077425	Pre-fabricated Housing Units			$23,934,776
14-Feb-02	The Dominican Republic None Caterpillar Inc.	078037	Heavy Construction Equipment			$25,669,736
30-Apr-02	The Dominican Republic None Carimex Inc.	077914	Water Filtration Equipment			$43,976,215

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
30-Apr-02	The Dominican Republic None Child Safe Products Corp.	077577	Athletic Surfaces/Sporting Equipment			$54,124,697
30-Apr-02	The Dominican Republic None Carimex Inc.	077942	Electric Diesel Generators			$15,710,281
30-Apr-02	The Dominican Republic None Maya Enterprises Inc.	077796	Medical/Surgical Equipment			$13,135,858
30-Apr-02	The Dominican Republic None Maya Enterprises Inc.	077797	Medical/Surgical Equipment			$13,025,218
20-Jun-02	The Dominican Republic None Biwater USA Inc.	077807	Engineering and Procurement Services			$70,706,426
20-Jun-02	The Dominican Republic None Biwater USA Inc.	078226	Engineering and Procurement Services			$83,838,464
3-Jul-02	The Dominican Republic None Maybey Bridge and Shore Inc.	077507	Engineering and Procurement Services			$113,060,000
12-Jul-02	The Dominican Republic None Calmaquip Engineering Corp.	077488	Engineering Services			$71,256,943
Total for	**DOMINICAN REPUBLIC**					**$677,352,019**
INDONESIA						
15-Nov-01	Ministry of Finance None Ship Analytics Inc.	073469	Simulations Systems	3.470%	$53,800,000	
13-Jun-02	Ministry of Finance None IBM Corp.	071105	Computer Hardware and Software	3.940%	$7,429,401	
Total for	**INDONESIA**				**$61,229,401**	

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
IRELAND						
29-Nov-01	Ryanair Ryanair Holdings PLC The Boeing Co.	072813	Commercial Aircraft			$221,417,284
Total for	**IRELAND**					**$221,417,284**
ISRAEL						
31-May-02	El Al Israel Airlines None The Boeing Co.	078163	Commercial Aircraft			$101,911,877
Total for	**ISRAEL**					**$101,911,877**
KOREA, REPUBLIC OF						
4-Jan-02	Korean Airlines None The Boeing Co.	077531	Commercial Aircraft			$7,909,549
20-Jun-02	Asiana Airlines None The Boeing Co.	078249	Commercial Aircraft			$93,159,949
12-Sep-02	Korean Airlines None The Boeing Co.	078785	Commercial Aircraft			$402,730,000
Total for	**KOREA, REPUBLIC OF**					**$503,799,498**
LUXEMBOURG						
15-Aug-02	Carolux Airlines International None The Boeing Co.	078706	Commercial Aircraft			$113,311,000
Total for	**LUXEMBOURG**					**$113,311,000**

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
MALAYSIA, FEDERATION OF						
31-May-02	Ministry of Finance None The Boeing Co.	077775	Commercial Aircraft			$616,573,491
Total for	**MALAYSIA, FEDERATION OF**					**$616,573,491**
MEXICO						
25-Apr-02	Fuerza y Energia de Naco Nogales None Siemens Westinghouse Power Corp.	076455	Combustion Turbines and Accessories (Naco Nogales Power Project)			$97,437,000
25-Jul-02	Comision Federal de Electricidad None General Electric Co.	078480	Technical Services			$31,183,915
1-Aug-02	Celular de Telefonia S.A. de C.V. Telefonia Celular del Norted S.A. de C.V. Motorola Inc.	078176	Grounding System and Coaxial Cable			$83,480,527
8-Aug-02	Iberdrola Energia Altamira S.A. de C.V. None General Electric Co.	076928	Gas and Steam Turbine Generators (Altamira Power Project)	5.600%	$210,265,362	
22-Aug-02	Kimberly-Clark de Mexico S.A. de C.V. None Paper Converting Machine Co.	078468	Paper Converting Machine			$14,941,776
29-Aug-02	Gasoductos de Tamaulipas S. de R.L. de C.V. None General Electric Co.	077441	Compressors and Associated Equipment (San Fernando Pipeline)			$73,431,234
30-Sep-02	Pemex Project Funding Master Trust None Halliburton Energy Services	078229	Well Drilling Services for Strategic Gas Program			$200,000,000
30-Sep-02	Pemex Project Funding Master Trust None Kellogg, Brown and Root Inc.	078229	Exploration and Production Services (Cantarrel Oil Field)			$300,000,000
Total for	**MEXICO**				**$210,265,362**	**$800,474,452**

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
MOROCCO						
21-Mar-02	Royal Air Maroc None The Boeing Co.	077866	Commercial Aircraft			$36,258,221
Total for	**MOROCCO**					**$36,258,221**
NIGERIA						
30-Sep-02	Nigeria LNG Ltd. None General Electric Co.	077683	Equipment and Services (LNG Plant)			$135,315,084
Total for	**NIGERIA**					**$135,315,084**
PANAMA						
31-May-02	COPA Airlines Copa Holdings S.A. The Boeing Co.	078117	Commercial Aircraft			$113,815,000
Total for	**PANAMA**					**$113,815,000**
ROMANIA						
31-May-02	Societatea Nat. de Radiocommunicatii S.A. Ministry of Finance Harris Corp.	077432	Transmitter Systems			$84,655,911
Total for	**ROMANIA**					**$84,655,911**
RUSSIA						
28-Feb-02	City of St Petersburg None Energy Smart Inc.	076621	Commercial Fluorescent Lighting Fixtures			$15,300,000
Total for	**RUSSIA**					**$15,300,000**

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
THAILAND						
28-Feb-02	Shin Satellite Public Co. Ltd. None Space Systems/Loral Inc.	076451	Satellite			$184,511,149
30-Sep-02	Thai Airways International None The Boeing Co.	078043	Commercial Aircraft			$241,179,163
Total for	**THAILAND**					**$425,690,312**
TURKEY						
4-Oct-01	Altex Alarko Elek San Tesis Islet Ve Tic Turkiye Is Bankasi, Foreign Dept GE International Inc.	077217	2 LM2500 Gas Turbines			$20,895,059
11-Oct-01	Zorlu Enerji Elek Uretimi Otoprod Grubu Zorlu Holding A.S. GE Packaged Power Inc.	076847	Gas Turbine Electrical Generator			$30,950,147
27-Dec-01	Undersecretariat of Treasury None MD Helicopters	077704	Light Duty Helicopters			$22,208,418
21-Mar-02	Turkish Airlines Undersecretariat of Treasury The Boeing Co.	073136	Commercial Aircraft			$68,321,584
5-Sep-02	Baymina Enerji A.S. None General Electric Co.	077804	Combustion Turbines (Ankara Power Project)			$84,757,894
Total for	**TURKEY**					**$227,133,102**
UZBEKISTAN						
9-May-02	National Bank for Foreign Economic Activity Ministry of Finance Case Corp.	078509	Combines, Transmission and Drive Equipment			$15,016,525
Total for	**UZBEKISTAN**					**$15,016,525**

FY 2002 Loans and Long-Term Guarantees Authorizations Listings

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
VARIOUS COUNTRIES UNALLOCABLE						
25-Apr-02	GATX Financial Corp. GATX Financial Corp. The Boeing Co.	077971	Commercial Aircraft			$396,822,827
Total for	**VARIOUS COUNTRIES UNALLOCABLE**					**$396,822,827**
VENEZUELA						
11-Oct-01	Ministry of Finance None Harza Engineering Co Intl. LLC-VE	75405	Engineering and Procurement Services			$45,000,000
27-Dec-01	Ministry of Finance None Siemens Trans Systems Inc.	77871	Electrification and Communication Equipment			$28,221,847
27-Dec-01	Ministry of Finance None Siemens Trans Systems Inc.	77891	Electrification and Telecommunication Equipment			$26,311,960
14-Feb-02	Ministry of Finance None ATN Industries	77253	Diesel Engine Parts			$16,512,433
20-Jun-02	Ministry of Finance None GE Power Systems Inc.	77805	Combustion Turbines			$87,500,000
Total for	**VENEZUELA**					**$203,546,240**
MISCELLANEOUS						
15-May-02	Private Export Funding Corp. (PEFCO)	3048	Interest on certain of PEFCO's Borrowings			$85,275,000
Total for	**MISCELLANEOUS**					**$85,275,000**
Grand Total:					**$295,558,541**	**$6,180,221,526**

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

The Export-Import Bank of the United States (Ex-Im Bank) was established by executive order of President Franklin D. Roosevelt in 1934 as a District of Columbia banking corporation. Ex-Im Bank was reincorporated as a U.S. government corporation by the Export-Import Bank Act of 1945. 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 was the Export-Import Bank Reauthorization Act of 2002 passed by the U.S. House of Representatives on June 5, 2002, and by the U.S. Senate on June 6, 2002. The act was signed into law by President George W. Bush on June 14, 2002. This act reauthorized Ex-Im Bank through September 30, 2006, and increases its financing capacity.

The purpose of Ex-Im Bank, as stated in the Export-Import Bank Act, as amended, is to facilitate U.S. exports by providing competitive export financing to U.S. exporters that are facing foreign competition for an export sale where the foreign competitor is offering officially supported financing and by providing export financing where the private market is unwilling or unable to offer this financing. All credits approved by Ex-Im Bank must meet the standard of reasonable assurance of repayment. By providing such financing, Ex-Im Bank is helping U.S. exporters to maintain or create U.S. jobs.

The other major legislation affecting Ex-Im Bank's financial operations is the Federal Credit Reform Act of 1990 (P.L. 101-508). The Federal Credit Reform Act requires U.S. government credit programs to estimate the subsidy cost of their credit program 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 subsidy cost. A more detailed discussion is below.

Significant Factors Which Determine Financial Results and Condition

The most significant factor which determines Ex-Im Bank's financial results and condition is changes in the risk level of the Bank's loan, guarantee and insurance portfolio, and the adjustment to the allowance for credit losses that must be made to reflect those changes in risk.

The level of risk of individual credits or groups of credits may change in an unpredictable manner as a result of international financial, economic, and political events. Consequently, significant and unanticipated changes in Ex-Im Bank's allowance for credit losses may occur in any year.

The Bank does make fixed-rate loan commitments prior to borrowing to fund the loans and takes the risk that it will not be able to borrow the funds at an interest rate below the rate charged on the credit. In the event that this occurs, a U.S. Treasury appropriation account is available to Ex-Im Bank to cover the loss.

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

Financial Results of Operations

Changes in Assets

Cash increased by $509 million in FY 2002 from $7.1 billion at the end of FY 2001 to $7.6 billion at the end of FY 2002. The increase is almost entirely due to a larger balance in Ex-Im Bank's credit reform financing account at the U.S. Treasury as a result of accrued interest on the funds in the account and collections of fees exceeding disbursements.

Ex-Im Bank's net loans receivable balance remained substantially unchanged at $5.9 billion. However, gross loans receivable decreased from $10.6 billion for FY 2001 to $10.3 billion for FY 2002 while the allowance for loan losses also decreased from $2.6 billion for FY 2001 to $2.3 billion for FY 2002. A further discussion of the allowance for losses is below. Net receivables from subrogated claims decreased from $2.1 billion at the end of FY 2001 to $1.8 billion at the end of FY 2002. This decrease is primarily the result of an increase in the allowance for claim losses from $1.6 billion at September 30, 2001, to $1.9 billion at September 30, 2002. Accrued interest and fees receivable and other assets decreased from $184 million at September 30, 2001, to $145 million at September 30, 2002, primarily as a result of a $42 million decrease in accrued interest receivable.

Changes in Liabilities

Total liabilities increased by $3.1 billion, from $16.0 billion at the end of FY 2001 to $19.1 billion at September 30, 2002. This increase is almost entirely due to a $3.1 billion increase in the balance payable to the U.S. Treasury, which is further explained below.

Ex-Im Bank borrows from the U.S. Treasury for its cash needs for loan disbursements and claim payments that are in excess of amounts appropriated for claim losses. Outstanding borrowings from the U.S. Treasury decreased from $7.0 billion at September 30, 2001, to $6.7 billion at September 30, 2002, as loan repayments and claim recoveries exceeded amounts needed for disbursement.

The allowance for off-balance sheet risk increased from $6.4 billion at September 30, 2001, to $7.1 billion at September 30, 2002, which is discussed in more detail below.

Amounts payable to the U.S. Treasury increased from $557 million at the end of FY 2001 to $3.6 billion at September 30, 2002. This increase resulted primarily from the re-estimate, required under credit reform procedures, of the balances in the Ex-Im Bank's financing accounts at the U.S. Treasury needed to cover estimated losses.

Under credit reform procedures, U.S. government credit programs must estimate at the end of each fiscal year the amounts that are necessary to hold in their financing accounts to cover future losses under the outstanding balances of credits approved on or after October 1, 1992, when credit reform provisions became effective. These estimates take into account anticipated future interest earned on the balances in the financing accounts as well as the estimated amounts and timing of losses and recoveries. As of the end of FY 2002, Ex-Im Bank estimated that $2.0 billion was needed in the Bank's financing accounts, and the unneeded balance of $3.5 billion will be returned to the U.S. Treasury. As explained in Notes 2 and 16 to the financial statements, this estimate differs in significant ways from the calculation for the allowance for credit losses under accounting principles generally accepted in the United States of America (GAAP).

Changes in Equity

Total stockholders equity decreased from $(642) million at the end of FY 2001 to $(3.7) billion at the end of FY 2002. This decrease is primarily the result of being required to return to the U.S. Treasury the excess funds in the financing account, as described above. Additionally, Congress rescinded $50 million of unobligated balances in the tied aid account that Ex-Im Bank then returned to the U.S. Treasury.

Net Income

Net income decreased from $1.1 billion in FY 2001 to $182 million in FY 2002. Net income was lower primarily as a result of a provision charged to FY 2002 income of $726 million to increase the Bank's allowance for loan losses. Small increases in interest income and decreases in interest expense were largely offset by decreases in non-interest income and increases in non-interest expense.

Interest Income

For FY 2002 interest income totaled $1,168 million, only slightly higher than the $1,156 million of interest income in FY 2001. Interest accrued on loans and rescheduled claims rose from $740 million in FY 2001 to $827 million in FY 2002. The weighted average interest rate on Ex-Im Bank's performing loan and rescheduled claims portfolio dropped slightly from 6.83 percent at year-end FY 2001 to 6.38 percent at year-end FY 2002. The total average loan and rescheduled claims balance outstanding increased from $12,382 million in FY 2001 to $12,653 million in FY 2002. Additionally, Ex-Im Bank collected $44 million more in interest on non-accruing loans in FY 2002 than in FY 2001.

Non-Interest Income

Income from commitment fees, exposure fees, guarantee and insurance fees and premiums, and other income totaled $300 million in FY 2002, a slight decrease from the $319 million in FY 2001. Most of the decrease was due to an $11 million reduction in commitment fee accruals resulting from the lower average undisbursed balance in FY 2002 than in FY 2001.

Interest Expense

Interest expense, primarily on Ex-Im Bank's borrowings from the U.S. Treasury, totaled $487 million in FY 2002, a $61 million decrease from the $548 million in FY 2001. This decrease was due to lower interest rates on new borrowings. The weighted average interest rate on the Bank's borrowings was 6.03 percent at year-end FY 2002 and 6.07 percent at year-end FY 2001.

Non-Interest Expense

Ex-Im Bank receives an appropriation from Congress each year to cover its administrative expenses. For FY 2002, Ex-Im Bank's administrative expenses, on an accrual basis, totaled $56 million. Of that amount, $37 million were for salaries and benefits. Ex-Im Bank's administrative expenses in FY 2001 totaled $53 million, including $36 million for salaries and benefits. Of Ex-Im Bank's 402 staff members at the end of FY 2002, 376 are located in Washington, D.C., with the remainder located in five regional offices. Staffing levels have remained almost constant for the last two fiscal years.

Other non-interest expenses amounted to $17 million in FY 2002, an increase of $9 million from the $8 million incurred in FY 2001. Most of those related to expenses incurred in connection with loan workouts and reschedulings, and claim recoveries.

Provision for Credit and Claims Losses

Ex-Im Bank evaluates the collectibility of its loan and guarantee portfolio and establishes an allowance for credit and claims 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. This process is explained in detail below. For FY 2002, the provision for losses charged to income was $726 million. In FY 2001, a reduction in the allowance for credit and claims losses from the previous year resulted in a $195 million addition to income.

Claims

In FY 2002, Ex-Im Bank paid claims under its guarantee and insurance programs of $443 million, as compared to claim payments of $406 million in FY 2001.

Authorizations in FY 2002

During FY 2002, Ex-Im Bank authorized $10.1 billion of loans, guarantees and insurance, an increase of almost 10 percent over the $9.2 billion authorized in FY 2001.

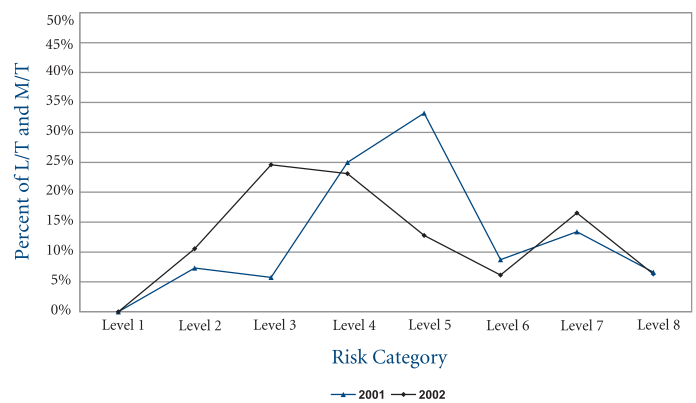
Ex-Im Bank Authorizations

(in millions)	FY 2002 Authorizations	FY 2001 Authorizations
LONG-TERM		
Loans	$295.6	$857.8
Guarantees	6,180.2	4,736.3
Total Long-Term	6,475.8	5,594.1
MEDIUM-TERM		
Loans	-	13.4
Guarantees	543.1	704.5
Insurance	666.8	475.4
Total Medium-Term	1,209.9	1,193.3
SHORT-TERM		
Working Capital	684.8	660.2
Insurance	1,748.7	1,793.9
Total Short-Term	2,433.5	2,454.1
Total Authorizations	**$10,119.2**	**$9,241.5**

The increase in authorizations in FY 2002 is mostly attributable to an increase in Ex-Im Bank's authorizations in support of U.S. exports of commercial jet aircraft, which totaled $2,571 million in FY 2001 and $3,819 million in FY 2002.

Risk Profile of FY 2002 and FY 2001 Authorizations

The chart below shows the risk profile of Ex-Im Bank's authorizations in the past two fiscal years.



Medium-and Long-Term Authorizations By Amount and Risk Category

(in millions)

Level	FY 2002	FY 2001	Difference
Level 1	$0.0	$0.0	$0.0
Level 2	$800.5	$471.9	$328.6
Level 3	$1,869.3	$368.9	$1,500.4
Level 4	$1,755.3	$1,611.7	$146.3
Level 5	$969.7	$2,134.9	($1,165.2)
Level 6	$467.4	$560.6	($93.2)
Level 7	$1,257.1	$966.7	$290.4
Level 8	$481.1	$426.4	$54.7

Ex-Im Bank classifies credits into 11 risk categories, with level 1 being the lowest risk. Ex-Im Bank's support usually is not required for credits rated level 1, and Ex-Im Bank generally does not authorize new credits that would be risk-rated below level 8. On this scale, level 3 is approximately equivalent to Standard and Poors BBB, level 4 approximates BBB-, and level 5 approximates BB. The overall weighted-average-risk rating of FY 2002 commitments was 4.57, slightly less risky than the 4.97 for FY 2001. Fifty percent of Ex-Im Bank's medium- and long-term authorizations in FY 2002 fell in the level 3-to-5 range (BBB to BB). Twenty-one percent were rated level 7 or 8 (B or B-). The figures above do not include interest guaranteed on certain debt issues of Private Export Funding Corporation, which amounted to $85 million in FY 2002 and $246 million in FY 2001.

Loan, Guarantee and Insurance Portfolio

Changes in the Risk Classification of Ex-Im Bank's Portfolio

At the end of FY 2002, Ex-Im Bank had a portfolio of $58.1 billion of loans, guarantees, insurance and outstanding claims receivable, down slightly from the $58.4 billion at the end of FY 2001.

Of the portfolio at September 30, 2002, 57 percent represents credits to public sector obligors or guarantors (40 percent to sovereign obligors or guarantors and 17 percent to public non-sovereign entities); 43 percent represents credits to private sector obligors.

Ex-Im Bank continuously monitors its portfolio, reporting monthly to the board of directors and management its risk profile and any significant changes in the portfolio. All credits are risk-rated as they are approved, and credits to obligors with larger total Ex-Im Bank exposure ($20 million or more) are individually re-evaluated semiannually after approval. Smaller credits are re-evaluated semiannually by the market in which they are located. The overall weighted-average-risk rating of Ex-Im Bank's medium- and long-term portfolio was 5.68 as of September 30, 2002, slightly lower than the weighted-average-risk rating of 5.87 as of September 30, 2001.

Major Workouts

Ex-Im Bank is in the process of restructuring 14 major credits with an aggregate exposure totaling $1.9 billion. These credits supported the export of U.S. products and services to projects in Indonesia, Mexico, India, Argentina, Brazil and Pakistan. All of these companies have other lenders with whom Ex-Im Bank is participating in the restructuring.

The four largest restructurings are Paiton Energy Company and Jawa Power Company, both power generation companies located in Indonesia; Uch Power Company, a power generation company located in Pakistan; and Asia Pulp and Paper, an Indonesian pulp and paper manufacturing company.

Paris Club Activities in FY 2002

The Paris Club is a group of government creditors that meets periodically in Paris to consider rescheduling their loans to certain debtor countries that are unable to service their debts. During FY 2002, Ex-Im Bank signed and implemented bilateral agreements to provide public sector debt relief in the form of debt forgiveness and/or debt rescheduling to 14 countries. In FY 2001, 10 countries either received debt forgiveness or debt rescheduling.

Payments Rescheduled Through Paris Club Bilateral Agreements FY 2002 and FY 2001

(in thousands)

FY 2002 Country	Debt Forgiveness	Debt Rescheduled
Cameroon	$5,296	$213
Ecuador	-	9,748
Gabon	-	14,609
Ghana	-	2,622
Guinea	1	-
Honduras	464	345
Indonesia	-	145,504
Mozambique	48,156	-
Niger	246	-
Pakistan	-	45,021
Senegal	16	-
Tanzania	21,011	-
Uganda	178	-
Ukraine		183,026
Total	**$75,368**	**$401,088**

FY 2001 Country	Debt Forgiveness	Debt Rescheduled
Central African Republic	$355	$530
Guyana	1,098	2,744
Honduras	232	179
Indonesia	-	146,727
Kenya	-	13,228
Nicaragua	-	2,024
Niger	376	353
Senegal	14	17
Tanzania	281	-
Zambia	1,432	2,227
	$3,788	**$168,029**

The FY 2002 agreements with Mozambique, Tanzania, and Uganda wrote-off all of Ex-Im Bank's public sector exposure in those countries.

Significant Accounting Policies

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 methodology related to the methodology developed by OMB to risk-rate new U.S. government loans and guarantees. This is discussed in more detail below.

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 a judgment by management of when a loan is impaired. Ex-Im Bank defines impaired credits as: (1) all delinquent (past due at least 90 days) loans and delinquent claims; (2) all rescheduled loans and rescheduled claims, and (3) all non-delinquent loans and claims risk rated level 9 or higher risk (see below for a more detailed discussion of how risk levels are determined).

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.

Legal Proceedings

In the ordinary course of business, Ex-Im Bank is a defendant, co-defendant or otherwise party to various litigation matters incidental to and typical of the businesses in which the agency is engaged. These includes civil actions and other matters in which Ex-Im Bank has been named, arising in the normal course of business out of its activities as a lending institution, insurer, and independent U.S. government agency. In the opinion of Ex-Im Bank's management, the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on the results of Ex-Im Bank's operations, financial condition or liquidity.

Significant Financial Statutory Limitations

The 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 summarizes the status of those limitations as of September 30, 2002.

Program Appropriation

(in millions)	Available	Obligated	Balance
NON TIED-AID			
Carry over from Prior Year	$189.8	$188.6	$1.2
Cancellations	118.6	118.6	0.0
FY 2002/05 Appropriation	727.3	431.1	296.2
Total Non Tied-Aid	**$1,035.7**	**$738.3**	**$297.4**
TIED-AID			
Carry over from Prior Year	$323.9	$13.4	$310.5
Cancellations	0.0	0.0	0.0
Rescissions	(50.0)	N/A	(50.0)
Total Tied-Aid	**$ 273.9**	**$13.4**	**$260.5**

Administrative Expense Appropriation

(in millions)	Available	Obligated	Balance
Carry over from Prior-Year Agency for International Development (AID) Transfer	$.7	$.7	$ 0.0
FY 2002 AID Transfer	.3	.2	.1
FY 2002 Appropriation	63.0	62.9	.1
Total	**$ 64.0**	**$ 63.8**	**$.2**

Statutory Lending Authority

(in millions)	Available	Obligated	Balance
Total	**$ 80,000.0**	**$58,117.6**	**$21,882.4**

Operations Under the Credit Reform Act

Under the Federal Credit Reform Act of 1990 (2 USC 661), U.S. government lending agencies are required to estimate the cost of making loans and loan guarantees. The act was effective as of October 1, 1992.

Under credit reform, the U.S. government budgets for the present value of the estimated cost of credit programs, excluding administrative expenses. This cost, known as the "subsidy cost" is defined as the net present value of all the cash flows of the credits to and from the U.S. government. Agencies must establish cash flow estimates for expected defaults, fees and recoveries to estimate the subsidy cost as a part of the budget process and to determine the cost of individual transactions or groups of transactions. The Interagency Country Risk Assessment System, described below, is an integral part of this process. Congress must appropriate funds in advance to cover the subsidy cost. If sufficient appropriated funds are not available to cover the estimated subsidy cost of a transaction, the credit cannot be authorized.

The Interagency Country Risk Assessment System (ICRAS)

ICRAS was established by the Office of Management and Budget (OMB) 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 involved in international lending,[1] 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 subsidy 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 risk categories and has current risk ratings for 138 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 deviate from either 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, A through C-, are roughly equivalent to "creditworthy" or "investment grade" private bond ratings. Three categories, F to F--, 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 Risk Premia

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

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

Agencies apply these premia 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

[1] The primary U.S. international lending agencies are the Export-Import Bank, the Defense Security Assistance Administration, the Department of Agriculture, the Overseas Private Investment Corporation and the U.S. Agency for International Development.

amount is spread over the maturity of the proposed transaction and is discounted using the standardized OMB Credit Subsidy Calculator.

FY 2002 Risk Premia

In 2002, OMB adjusted the risk premia for certain non-credit factors so that the revised risk premia reflect only estimates of probable credit losses. The risk premia 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.

Ex-Im Bank Loss Reserve Methodology

Ex-Im Bank sets aside an allowance for credit losses (loss reserves) for the inherent risk of nonpayment in the future from obligors under loan, claim, guarantee and insurance transactions.

Loss-Reserve Determination

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 the country. To rate sovereign obligors, Ex-Im Bank relies on the risk levels assigned to sovereign countries by ICRAS.

Non-Sovereign Obligor Ratings

Semiannually, Ex-Im Bank makes a case-by-case assessment of the risk level of the 350 largest exposure obligors in its non-sovereign portfolio. These transactions comprise 75 percent of Ex-Im Bank's total non-sovereign 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 and project finance cases are risk-rated based on risk-rating methodologies developed specifically by Ex-Im Bank for those types of transactions.

To assess the obligor risk, the non-sovereign 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. The most important determinant of the risk rating is the sovereign-risk rating of the country in which the obligor or guarantor is located, although other credit enhancements such as the availability of liens and off-shore escrow accounts are also taken into account.

Non-sovereign transactions not specifically assessed and rated by Ex-Im Bank maintain the risk rating given to the transaction when it was authorized by Ex-Im Bank unless that risk rating is less risky than the current ICRAS rating for non-sovereign risk, in which case the current ICRAS rating becomes the new risk rating.

Loss-Percentage Determination

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 above, to calculate subsidy costs.

Allowance for Losses on Short-Term Insurance Exposure

Ex-Im Bank separately determines the allowance for losses for short-term 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 be reported by the insureds or will be defaulted and become a claim in the future. Under this methodology, the allowance for losses provided for short-term insurance exposure represent 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.

Exposure Concentration Risk

In addition to the loss reserves based on an obligor's individual risk rating, Ex-Im Bank also provides additional loss reserves to account for the risk of exposure concentration. The additional loss reserves represent 5 percent of the combined exposure of five countries with the largest outstanding loan and claim exposures in Ex-Im Bank's portfolio. The 5 percent is a comprehensive factor that Ex-Im Bank 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 15 percent. Consequently, Ex-Im Bank makes a 15 percent downward adjustment for loss-reserve purposes to end-of-year undisbursed balances.

Comparison of FY 2001 and FY 2002 Methodologies

During FY 2002, Ex-Im Bank refined its methodology for calculating the allowance for losses on loans and claims receivable and the allowance for off-balance sheet risk. Previously Ex-Im Bank used OMB risk premia, which for FY 2001 represented a market-adjusted spread, to calculate the allowance for losses on loans and claims receivable and the allowance for off-balance sheet risk. In FY 2002, OMB significantly decreased the risk premia so that the revised risk premia reflects estimates of probable credit losses. In FY 2002, Ex-Im Bank determined allowances for impaired loans and claims receivable as well as off-balance sheet guarantees and insurance by determining the fair value of the loans receivable, claims receivable, guarantees and insurance. For non-impaired loans and claims receivable, Ex-Im Bank determined the allowance using the revised OMB risk premia. The impact on the FY 2002 financial statements of using the refined methodology is an increase in the loss reserves of approximately $191.8 million. This refined methodology is a change in estimate, and prior-year amounts have not been restated.

Under the procedures used in FY 2002, Ex-Im Bank defines impaired credits as: (1) all delinquent (past due at least 90 days) loans and delinquent claims; (2) all rescheduled loans and rescheduled claims; and (3) all non-delinquent loans and claims risk rated level 9 or higher risk.

The loss reserve for FY 2002 loans, claims, guarantee and insurance commitments, is $11,321 million which, when added to reserves of $2,238 million for capitalized interest, results in a total loss reserve of $13,559 million. This represents 23.3 percent of total exposure of $58,118 million. This compares to the total loss reserve reported for September 30, 2001, for loans, claims receivable, and guarantee and insurance commitments of $12,919 million including capitalized interest. This is 22.1 percent of total exposure of $58,425 million as of September 30, 2001.

Of Ex-Im Bank's $11,418 million in loan exposure ($10,324 million outstanding and $1,094 million undisbursed) and $4,116 million of claim exposure as of September 30, 2002, $8,464 million ($8,397 million outstanding plus $67 million undisbursed on impaired credits) is classified as impaired. 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. Loss reserves on the impaired portion of Ex-Im Bank's exposure are $3,306 million for outstanding loans and claims plus a reserve of $21 million for the undisbursed portion and $2,100 reserve for capitalized interest, resulting in a total reserve for impaired credits of $5,426 million.

The non-impaired balance of Ex-Im Bank's loans and claims exposure is $7,070 million, which includes $138 million of capitalized interest, as of September 30, 2002. The allowance for losses on this exposure is calculated using the credit loss estimate method. Consistent with industry practice, this is an estimate of the loss expected due to credit risk and does not include non-credit factors that are included in the fair-market value method. The loss reserve on non-impaired loans and claim exposure is $1,178 million, including $138 million in capitalized interest at September 30, 2002.

The allowance for losses on Ex-Im Bank's contingent liabilities for medium- and long-term guarantees and medium term insurance is determined using the fair-value method. The allowance for losses on this exposure is $6,953 million in FY 2002 and was $6,092 million in FY 2001. Exposure under medium- and long-term guarantees and medium term insurance was $38.9 billion at September 30, 2002, and $37.5 billion at September 30, 2001.

The methodology for determining the allowance for concentration risk and for short-term insurance exposure did not change.

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.

Eduardo Aguirre
Vice Chairman,
First Vice President and Chief Operating Officer

James K. Hess
Senior Vice President and Chief Financial Officer

October 14, 2002

Statement of Financial Position

(in millions)	September 30, 2002	September 30, 2001
ASSETS		
Cash	$7,641.8	$7,132.5
Loans Receivable, Net	5,900.4	5,855.3
Receivables from Subrogated Claims, Net	1,776.3	2,140.7
Accrued Interest, Fees Receivable and Other Assets	144.9	184.4
Total Assets	**$15,463.4**	**$15,312.9**
LIABILITIES AND STOCKHOLDER'S DEFICIENCY		
Borrowings from the U.S. Treasury	$6,657.4	$7,044.8
Payment Certificates	785.6	931.1
Allowance for Off-Balance Sheet Risk	7,069.6	6,411.5
Claims Payable	22.1	33.2
Amounts Payable to the U.S. Treasury	3,620.8	557.0
Deferred Fees	893.5	905.2
Other Liabilities	77.5	72.5
Total Liabilities	19,126.5	15,955.3
COMMITMENTS AND CONTINGENCIES (Notes 6 and 14)		
Capital Stock held by the U.S. Treasury	1,000.0	1,000.0
Tied Aid Appropriations	344.3	397.3
Credit Appropriations	296.5	190.6
Accumulated Deficit	(5,303.9)	(2,230.3)
Total Stockholder's Deficiency	(3,663.1)	(642.4)
Total Liabilities and Stockholder's Deficiency	**$15,463.4**	**$15,312.9**

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

Statement of Operations

(in millions)	For the Year Ended September 30, 2002	For the Year Ended September 30, 2001
INTEREST INCOME		
Interest on Loans	$826.6	$740.1
Interest on Cash	341.6	416.3
Total Interest Income	1,168.2	1,156.4
INTEREST EXPENSE		
Interest on Borrowings	486.4	544.7
Other Interest Expense	0.2	2.8
Total Interest Expense	486.6	547.5
Net Interest Income	681.6	608.9
Provision for Credit and Claim Losses	726.2	(195.1)
Net (Loss)/Income after Provision for Losses	(44.6)	804.0
NON-INTEREST INCOME		
Commitment Fees	23.2	34.4
Exposure Fees	242.1	240.3
Guarantee Fees and Insurance Premiums	25.7	28.0
Other Income	8.5	15.8
Total Non-Interest Income	299.5	318.5
NON-INTEREST EXPENSE		
Administrative Expense	55.7	53.5
Other Expense	17.1	7.7
Total Non-Interest Expense	72.8	61.2
Net Income	**$182.1**	**$1,061.3**

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

Statement of Changes in Capital and Accumulated Deficit

(in millions)	Capital Stock	Tied Aid	Appropriated Capital: Pre-Fiscal 1992 Credits	Appropriated Capital: Post-Fiscal 1991 Credits	Accumulated Deficit	Total
BALANCE AT SEPTEMBER 30, 2000	**$1,000.0**	**$410.4**	**$0.0**	**$38.8**	**($1,621.9)**	**($172.7)**
Appropriations Received			31.9	925.8		957.7
Appropriations Obligated Excluding Tied Aid			(31.9)	(887.9)	919.8	0.0
Net Income					1,061.3	1,061.3
Appropriations Deobligated and Reavailable, Net				114.3	(114.3)	0.0
Transferred to the U.S. Treasury, Net (Note 1)					(2,060.1)	(2,060.1)
Tied Aid Appropriations Disbursed		(13.1)				(13.1)
Amounts Payable to the U.S. Treasury (Note 1)				(0.4)	(415.1)	(415.5)
BALANCE AT SEPTEMBER 30, 2001	**$1,000.0**	**$397.3**	**$0.0**	**$190.6**	**($2,230.3)**	**($642.4)**
Appropriations Received			46.9	790.6		837.5
Appropriations Obligated Excluding Tied Aid			(46.9)	(802.1)	849.0	0.0
Net Income					182.1	182.1
Appropriations Deobligated and Reavailable, Net				118.6	(118.6)	0.0
Transferred to the U.S. Treasury, Net (Note 1)					(502.2)	(502.2)
Tied Aid Appropriations Disbursed		(3.0)				(3.0)
Rescission of Unobligated Tied Aid Funds		(50.0)				(50.0)
Amounts Payable to the U.S. Treasury (Note 1)				(1.2)	(3,483.9)	(3,485.1)
BALANCE AT SEPTEMBER 30, 2002	**$1,000.0**	**$344.3**	**$0.0**	**$296.5**	**($5,303.9)**	**($3,663.1)**

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

Statement of Cash Flows

(in millions)	For the Year Ended September 30, 2002	For the Year Ended September 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$182.1	$1,061.3
Adjustments To Reconcile Net Income to Net Cash from Operations:		
Amortization of Discount on Loan Disbursements, Net	(10.4)	(8.6)
Amortization of Loan Exposure Fees	(8.4)	52.3
Amortization of Guarantee Exposure Fees and Insurance Premiums	(11.7)	104.3
Provision for Credit and Claim Losses	726.2	(195.1)
Claim Payments	(442.6)	(405.5)
Claim Recoveries	476.8	417.9
Decrease/(Increase) in Accrued Interest, Fees Receivable and Other Assets	39.5	(19.6)
Increase in Other Liabilities	207.2	51.5
Net Cash Provided by Operations	1,158.7	1,058.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Disbursements	(722.5)	(1,559.2)
Repayment of Loans Receivable	947.1	898.8
Net Cash Provided by/(Used in) Investing Activities	224.6	(660.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from the U.S. Treasury	714.6	1,789.6
Repayment of Borrowings from the U.S. Treasury	(1,102.0)	(1,427.8)
Credit Appropriations Received	837.5	957.7
Amounts Transferred to the U.S. Treasury	(923.5)	(3,493.5)
Rescission of Unobligated Tied Aid Funds	(50.0)	0.0
Payment Certificates Paid	(347.6)	(165.1)
Tied Aid Appropriations Disbursed	(3.0)	(13.1)
Net Cash Used in Financing Activities	(874.0)	(2,352.2)
Net Increase/(Decrease) in Cash	509.3	(1,954.1)
Cash - Beginning of Year	7,132.5	9,086.6
Cash - End of Year	**$7,641.8**	**$7,132.5**
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for Interest	**$490.9**	**$546.7**

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

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

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 extensions granted by Congress. Congressional authorization has been extended through September 30, 2006. For FY 2002, the reauthorization increased Ex-Im Bank's overall limit on loans, guarantees and insurance that can be outstanding at any one time from $75 billion to $80 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 bridge export financing shortfalls caused by market failures. In pursuit of its mission of supporting U.S. exports, Ex-Im Bank offers four financial products: loans, guarantees, working capital guarantees and insurance. All Ex-Im Bank guarantees and insurance 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 guarantees cover the repayment risks on the foreign buyer's debt obligations. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will repay 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 85 percent of the U.S. contract value.

Ex-Im Bank's working capital guarantee program provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's guarantee protects the lender from default by the exporter for 90 percent of the principal of the loan 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 specific political risks, and cover short- 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 is the allowance for losses on loans receivable, the allowance for losses on claims receivable and the allowance for off-balance sheet risk. Certain assumptions are also used to calculate the fair value of financial instruments (Note 15). Actual results could differ significantly from management's assumptions and estimates.

Cash

Cash balances as of September 30, 2002 and 2001 were as follows (in millions):

Cash Accounts	2002	2001
RESTRICTED:		
Credit Reform Financing Accounts	$5,598.8	$5,062.0
Unexpended Appropriations	1,903.5	1,927.2
UNRESTRICTED:		
Pre-Credit Reform Accounts	74.1	94.1
Other Cash	65.4	49.2
Total	**$7,641.8**	**$7,132.5**

All cash is deposited at the U. S. Treasury. Ex-Im Bank is restricted in its use of certain cash balances. Credit reform financing accounts include appropriated funds, exposure fees collected, and interest that has been paid by the U.S. Treasury to Ex-Im Bank on the balances in the account. These funds are available to cover losses in Ex-Im Bank's credit programs. Unexpended appropriations are appropriated funds received that are deposited in a non-interest-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 written by Ex-Im Bank, 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.

Unrestricted funds include funds resulting from pre-credit reform activities. These funds are available to cover expenditures related to pre-credit reform credits. Other cash represents collections in unapplied collection accounts pending final application.

Accrued Interest on Loans and Receivables from Subrogated Claims (Claims Receivable)

Interest is accrued on loans and claims as it is earned. Claims receivable arise from Ex-Im Bank payments to guaranteed or insured financial institutions or exporters when the obligor has defaulted on a guaranteed or insured credit. Generally, loans and claims receivable delinquent 90 days or more are placed in a non-accrual status unless they are well secured and significant collections have been received during the past year. At the time that a loan or claim is placed in non-accrual status, any accrued but unpaid interest previously recorded is reversed against current period interest income.

Accounting for Capitalized Interest on Rescheduled Loans and Claims

Rescheduling agreements (Note 3) frequently allow Ex-Im Bank to add uncollected interest to the principal balance of rescheduled loans and claims receivable (i.e., capitalized interest). When capitalized, the uncollected interest is not immediately recorded as income. However, interest does accrue on the amount of interest that was capitalized and included in the principal balance and is recorded as income when accrued. The amount of interest that was capitalized and included in the principal balance is recorded as income when cash collections occur only after all the principal not related to the capitalized interest is paid. An allowance is established for all uncollected capitalized interest.

Allowance for Credit and Claims Losses

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

The allowance for credit and claims losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the credits and claims in light of historical and market experience, the nature and volume of the credit and claims portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing worldwide, regional, and local economic and political conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Any impact of the September 11, 2001, terrorist actions on the risk levels of Ex-Im Bank's transactions has been evaluated as part of the portfolio analysis performed at year end, and the impact has been reflected in the allowance for loss.

During fiscal year 2002, Ex-Im Bank refined its methodology for calculating the allowance for losses on loans and claims receivable and the allowance for off-balance sheet risk. Previously, Ex-Im Bank used OMB risk premia, which for 2001 represented a market-adjusted spread, to calculate the allowance for losses on loans and claims receivable and the allowance for off-balance sheet risk. In 2002, OMB significantly decreased the risk premia so that the revised risk premia reflects estimates of probable credit losses. In 2002, Ex-Im Bank determined allowances for impaired loans and claims receivable as well as off-balance sheet guarantees and insurance by determining the fair value of the loans receivable, claims receivable, guarantees and insurance. For non-impaired loans and claims receivable, Ex-Im Bank determined the allowance using the revised OMB risk premia. The impact on the 2002 financial statements of using the refined methodology is an increase in the loss reserves of approximately $191.8 million. This refined methodology is a change in estimate and prior-year amounts have not been restated.

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 filing.

Discount on Loans Receivable

In fulfilling its mission to aid in financing and facilitating exports of U.S. goods and services to foreign countries 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. When funds are disbursed, Ex-Im Bank records a charge to income equivalent to the discount at disbursement of the loan. 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.

Commitment and Exposure Fees

Commitment fees are charged on the undisbursed balance of direct loans and guarantees available. These fees are generally non-refundable and are recognized as income when accrued.

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 fee income over the life of the guarantee using the interest method.

Guarantee Fees

On working capital guarantees, Ex-Im Bank charges an upfront facility fee. Due to the short-term nature of the contracts, the fee is credited to income as collected.

Insurance Premiums

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, in effect, as paid-in-capital. Such appropriations are applied to Ex-Im Bank's accumulated deficit in accordance with directions on the use of credit reform appropriations issued by the Office of Management and Budget (OMB). 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. In FY 2002, Congress rescinded $50 million of previously appropriated funds for tied aid that had not yet been obligated. These funds were returned to the U. S. Treasury.

The Statement of Changes in Capital and Accumulated Deficit reflects $502.2 million in fiscal year 2002 and $2,060.1 million in fiscal year 2001 as amounts transferred to the U.S. Treasury. The $502.2 million represents $500 million of unobligated funds relating to credits authorized prior to October 1, 1991, and $2.2 million of negative subsidies (Note 2). The $2,060.1 million represents $1,477.8 million of unobligated funds relating to credits authorized prior to October 1, 1991, $21.1 million of negative subsidies, and $561.2 million related to the FY 2000 subsidy re-estimate.

The Statement of Changes in Capital and Accumulated Deficit reflects $3,483.9 million in fiscal year 2002 and $415.1 million in fiscal year 2001 as amounts payable to the U.S. Treasury. The amounts will be paid to the U.S. Treasury in subsequent years. The $3,483.9 million represents $3,466.2 million for the fiscal year 2002 subsidy re-estimate and $17.7 million of expired unobligated appropriations. The $415.1 million represents $367.0 million for the fiscal year 2001 subsidy re-estimate and $48.1 million of expired unobligated appropriations.

Reclassifications

Certain fiscal year 2001 balances have been reclassified to conform with the fiscal year 2002 financial statement presentation, the effect of which is immaterial.

Accounting and Financial Reporting Developments

During the year ended September 30, 2002, the Financial Accounting Standards Board (FASB) issued several new accounting standards, including SFAS No. 141 Business Combinations, SFAS No. 142 Goodwill and Other Intangible Assets, SFAS No. 143 Accounting for Asset Retirement Obligations, SFAS No. 144 Accounting for Impairment or Disposal of Long-Lived Assets, and SFAS No. 145 Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. None of these accounting standards are expected to have a material impact on Ex-Im Bank's financial position or results of operations.

2. Credit Reform

The Federal Credit Reform Act of 1990, 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 $790.6 million in fiscal year 2002 and $925.8 million in fiscal year 2001, which represented the annual appropriation to cover the estimated subsidy cost of providing new direct loans, guarantees and insurance, and the associated administrative costs of these programs.

The following table summarizes appropriations received and used during fiscal years 2002 and 2001 (in millions):

	2002	2001
RECEIVED AND AVAILABLE:		
For Credit Subsidies	$727.3	$863.1
For Credit-related Administrative Costs	63.3	62.7
Total Received	790.6	925.8
Unobligated Balance Carried Over from Prior Year	514.4	363.2
Cancellations of Prior-Year Obligations	118.6	114.3
Rescission of Unobligated Tied Aid Balances	(50.0)	0.0
Total Available	**1,373.6**	**1,403.3**
OBLIGATED:		
For Credit Subsidies Excluding Tied Aid	738.3	826.1
For Credit-related Administrative Costs	63.8	61.8
Subtotal	802.1	887.9
For Tied Aid	13.4	0.6
Total Obligated	**815.5**	**888.5**
UNOBLIGATED BALANCE:		
Unobligated Balance	558.1	514.8
Unobligated Balance Lapsed	(1.2)	(0.4)
Remaining Balance	**$556.9**	**$514.4**

Of the remaining balance of $556.9 million at September 30, 2002, $1.2 million is available until September 30, 2003, $5.2 million is available until September 30, 2004, $290.1 million is available until September 30, 2005, and $260.4 million is available until expended and may be used for tied aid.

The cost of credit risk (credit subsidy) 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 $2.2 million and $21.1 million of negative subsidies to the U.S. Treasury in fiscal years 2002 and 2001, 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 increases in subsidy costs are covered by additional appropriations, which become automatically available, while decreases in estimated subsidy costs result in excess funds returned to the U.S. Treasury. As of September 30, 2002, a re-estimate of the subsidy costs of the outstanding balances of fiscal year 1992 through 2001 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of $3,466.2 million was no longer needed to cover commitments and is due to the U.S. Treasury. These amounts are included in the Amounts Payable to the U.S. Treasury on the Statement of Financial Position.

The manner in which Ex-Im Bank uses its credit appropriations differs from the way in which it calculates its credit-related loss allowances and net income under GAAP. Both GAAP and the credit appropriation calculation similarly factor into the loss allowance individual credit risks. Both recognize the cost to Ex-Im Bank of issuing loans at interest rates below Ex-Im Bank's borrowing rate. However, the GAAP loss allowances do not recognize the present value of future fees and premiums as an offset to the allowance since to do so would effectively record revenue prior to realization.

3. Loans Receivable

Ex-Im Bank extends medium- and long-term direct loans to foreign buyers of U.S. exports. Loans extended under the medium-term loan programs have repayment terms of one-to-seven years, while loans extended under the long-term loan programs have repayment terms in excess of seven years. Generally, both the medium- and long-term loan programs cover up to 85 percent of the U.S. contract value of shipped goods. 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's loans receivable, as shown in the Statement of Financial Position, are net of uncollected interest capitalized upon rescheduling, unamortized exposure fees, unamortized discounts, and an allowance for loan losses. At September 30, 2002 and 2001, the allowance for loan losses equaled 28.4 percent and 31.0 percent, respectively, of the outstanding loans receivable balance, excluding uncollected capitalized interest and unamortized exposure fees and discounts. The net balance of loans receivable at September 30, 2002 and 2001 consists of the following by region of obligor (in millions):

	2002	2001
Asia	$4,734.4	$5,294.4
Latin America	2,988.8	2,919.2
Africa/Middle East	2,056.3	1,803.7
Eastern Europe	389.6	414.1
Western Europe/Canada	155.1	183.0
United States/Other	0.0	0.2
	10,324.2	10,614.6
Less: Capitalized Interest	1,808.8	1,830.9
Unamortized Discount and Exposure Fees	274.0	292.9
	8,241.4	8,490.8
Less: Allowance for Loan Losses	2,341.0	2,635.5
Net Balance	**$5,900.4**	**$5,855.3**

Changes in the allowance for loan losses for fiscal years 2002 and 2001 are as follows (in millions):

	2002	2001
Balance at Beginning of Year	$2,635.5	$2,149.9
Write-offs	(43.6)	(1.7)
Recoveries of Loans Previously Written-off	0.0	0.0
Provision (Credited)/Charged to Operations	(250.9)	487.3
Balance at End of Year	**$2,341.0**	**$2,635.5**

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

From time to time, Ex-Im Bank extends the repayment date and modifies the interest terms of some or all principal installments of a loan because the obligor or country has encountered financial difficulty and Ex-Im Bank's board of directors has determined that providing relief in this manner will enhance the ability to collect the loan. The outstanding balances related to rescheduled installments included in loans receivable at September 30, 2002 and 2001 were $2,625.9 million and $2,707.4 million, respectively. Rescheduled loan installments of principal and interest were $110.4 million and $97.9 million, respectively, in fiscal year 2002, and $99.4 million and $79.5 million, respectively, in fiscal year 2001. 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.

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 often with large debt exposures to the participating debtor 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.

4. Receivables from Subrogated Claims

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. 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.

Ex-Im Bank's receivables from subrogated claims, as shown in the Statement of Financial Position, are net of uncollected capitalized interest for rescheduled claims and an allowance for claim losses.

The net balance of receivables from subrogated claims at September 30, 2002 and 2001 consists of the following (in millions):

	2002	2001
Claims Previously Paid and Unrecovered:		
Rescheduled	$2,270.2	$2,097.1
Non-rescheduled	1,824.0	2,051.1
Claims Filed Pending Payment	22.1	33.2
	4,116.3	4,181.4
Less: Capitalized Interest	429.2	432.5
	3,687.1	3,748.9
Less: Allowance for Claim Losses	1,910.8	1,608.2
Net Balance	**$1,776.3**	**$2,140.7**

Changes in the allowance for claim losses for fiscal years 2002 and 2001 are as follows (in millions):

	2002	2001
Balance at Beginning of Year	$1,608.2	$1,691.7
Write-offs	(16.4)	(19.6)
Provision Charged/(Credited) to Operations	319.0	(63.9)
Balance at End of Year	**$1,910.8**	**$1,608.2**

The allowance for claim losses is based on Ex-Im Bank's evaluation of the receivables from the subrogated claims portfolio taking into consideration a variety of factors, including repayment status of the claims, assessment of risks, and worldwide, regional and local economic and political conditions. Write-offs occur when a determination is made on a case-by-case basis that the unrecovered balance of the claim is uncollectible. At September 30, 2002 and 2001, the allowance for claim losses equaled 51.8 percent and 42.9 percent, respectively, of the outstanding balance, excluding uncollected capitalized interest.

5. Impaired Loans and Claims Receivable

Included in loans and claims receivable (Notes 3 and 4) are certain credits that are classified as impaired for financial statement purposes. The following table summarizes the gross amount of impaired loans and claims receivable, net of non-accrued capitalized interest (in millions):

FY 2002	Loans	Claims	Total
Gross Impaired Receivable	$4,467.4	$3,929.9	$8,397.3
Less: Capitalized Interest	1,670.4	429.2	2,099.6
	2,797.0	3,500.7	6,297.7
Less: Allowance for Losses	1,534.6	1,771.0	3,305.6
Net Impaired Receivable	**$1,262.4**	**$1,729.7**	**$2,992.1**

Interest income on impaired loans and claims is recognized when collected. The average recorded investment in impaired credits during FY 2002 was $8,547.2 million. There is $232.6 million of interest earned on impaired credits included in the $826.6 million total interest income reported for FY 2002. On a cash basis, the amount of interest income recognized would have been $249.1 million.

6. Contingent Liabilities

In addition to the risks associated with its loans and claims receivable, Ex-Im Bank is subject to credit risk for financial instruments not reflected in its Statement of Financial Position. These financial instruments consist of (1) guarantees and insurance that provide repayment protection against political and commercial risks and (2) guarantees of letters of credit underlying future loan disbursements. Political risks covered by Ex-Im Bank involve nonpayment as a result of political violence, cancellation of an existing export or import license, expropriation, confiscation of or intervention in a buyer's business, or transfer risk (failure of foreign government authorities to transfer foreign deposits into dollars). However, losses due to currency devaluation are not considered a political risk by Ex-Im Bank. Commercial risks involve nonpayment for reasons such as deterioration of markets, unanticipated competition and buyer insolvency. Ex-Im Bank generally does not hold collateral or other security to support its medium- and short-term financial instruments with off-balance sheet risk. 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 the overall portfolio of off-balance sheet financial instruments differ from those associated with the loan portfolio. Loans are spread more evenly than guarantees over the entire risk spectrum, while off-balance sheet financial instruments are concentrated in relatively lower risk countries. Also, exporters and financial intermediaries who use Ex-Im Bank short-term insurance bear a portion of losses resulting from nonpayment.

Following is a summary of Ex-Im Bank's off-balance sheet risk at September 30, 2002 and 2001 (in millions):

FY 2002			
	Total	Commitments Unused	Outstanding*
Guarantees	$38,595.9	$ 8,474.8	$30,121.1
Insurance	3,987.4	2,956.4	1,031.0
Undisbursed Loans	1,093.8	1,093.8	–
Total	**$43,677.1**	**$12,525.0**	**$31,152.1**

FY 2001			
	Total	Commitments Unused	Outstanding*
Guarantees	$36,948.2	$7,584.4	$29,363.8
Insurance	4,822.5	3,660.3	1,162.2
Undisbursed Loans	1,858.8	1,858.8	–
Total	**$43,629.5**	**$13,103.5**	**$30,526.0**

** 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 in the agreements. The commitments shown above are agreements to lend monies and issue guarantees and insurance so long as there is no violation of the conditions established in the credit agreement.

Substantially all of Ex-Im Bank's off-balance sheet financial instruments involve credits located outside of the United States. Following is a breakdown of such total commitments at September 30, 2002 (in millions):

	Guarantees	Insurance	Undisbursed Loans	Total
Asia	$12,948.2	$94.8	$194.3	$13,237.3
Latin America	9,734.2	1,347.1	879.8	11,961.1
Western Europe/Canada	4,790.6	190.1	1.5	4,982.2
Africa/Middle East	4,825.2	122.8	15.7	4,963.7
Eastern Europe	3,967.2	48.1	-	4,015.3
United States/Other	2,330.5	–	2.5	2,333.0
S/T Insurance (unshipped)	-	2,184.5	-	2,184.5
Total	**$38,595.9**	**$3,987.4**	**$ 1,093.8**	**$43,677.1**

Changes in the allowance for off-balance sheet risk for fiscal years 2002 and 2001 are as follows (in millions):

	2002	2001
Balance at Beginning of Year	$6,411.5	$7,030.0
Provision Charged/(Credited) to Operations	658.1	(618.5)
Balance at End of Year	**$7,069.6**	**$6,411.5**

7. Summary of Allowance for Credit Losses

The composition of the allowance for credit losses for loans, claims, and off-balance sheet risk is as follows (in millions):

	2002	2001
Allowance for Loan Losses	$2,341.0	$2,635.5
Allowance for Claim Losses	1,910.8	1,608.2
Allowance for Off-Balance Sheet Risk	7,069.6	6,411.5
Total	**$11,321.4**	**$10,655.2**

8. Concentration of Risk

Although Ex-Im Bank has a diversified loan portfolio, its loans are more heavily concentrated in some countries or industries than others.

Country	Amount	Percent
Brazil	$1,785.9	17.2%
Indonesia	1,480.2	14.5
China	1,399.7	13.5
Philippines	551.6	5.3
All Other	5,106.8	49.5
Total	**$10,324.2**	

At September 30, 2002, the largest concentrations of gross loans outstanding were in the following countries and industries (in millions):

Industry	Amount	Percent
Power Projects	$3,147.5	30.4%
Infrastructure Projects	1,321.5	12.7
Manufacturing	1,179.6	11.4
Telecommunications	463.2	4.5
All Other	4,212.4	41.0
Total	**$10,324.2**	

At September 30, 2002, Ex-Im Bank's largest concentration of guarantees, insurance and undisbursed loan commitments at risk were in the following countries and industries (in millions):

Country	Amount	Percent
Mexico	$4,838.2	11.1%
China	3,832.7	8.8
Turkey	3,085.0	7.0
Korea	2,829.1	6.5
All Other	29,092.1	66.6
Total	**$43,677.1**	

Industry	Amount	Percent
Air Transportation	$18,978.8	43.4%
Oil and Gas	5,937.8	13.6
Power Projects	4,905.5	11.3
Manufacturing	2,792.7	6.4
All Other	11,062.3	25.3
Total	**$43,677.1**	

9. Non-Accrual of Interest

The weighted average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2002, equaled 3.91 percent (6.38 percent on performing loans and rescheduled claims). Interest income is recognized when collected on non-rescheduled claims paid and unrecovered or on claims filed pending payment.

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 $3,626.0 million and $1,230.2 million of loans and rescheduled claims, respectively, in non-accrual status at September 30, 2002, and $2,721.6 million and $1,057.9 million respectively at September 30, 2001. Had these credits been in accrual status, interest income would have been $163.8 million higher in fiscal year 2002 (amount is net of interest received of $131.1 million) and $171.2 million higher in fiscal year 2001 (amount is net of interest received of $87.0 million).

10. Borrowings

Ex-Im Bank's outstanding borrowings come from two sources: direct borrowings from the U.S. Treasury and the assumption of repayment obligations of defaulted guarantees under the Bank's guarantee program via Payment Certificates. Payment Certificates are given by Ex-Im Bank in exchange for the foreign importer’s original note that was guaranteed by Ex-Im Bank and carries the same repayment term and interest rate as the foreign importer’s note. The Payment Certificate is backed by the full faith and credit of the U.S. government and is freely transferable.

Outstanding Payment Certificates at September 30, 2002, and September 30, 2001, were $785.6 million and $931.1 million respectively. Maturities of Payment Certificates at September 30, 2002 are as follows (in millions):

Fiscal Year	Amount
2003	$195.5
2004	183.7
2005	138.5
2006	92.1
2007	54.6
Thereafter	121.2
	$785.6

The weighted average interest rate on Ex-Im Bank's outstanding Payment Certificates at September 30, 2002, equaled 5.86 percent.

Direct borrowings from the U.S. Treasury are primarily used to finance the Bank's medium- and long-term loans committed on or after October 1, 1991. At September 30, 2002, and September 30, 2001, Ex-Im Bank had $6,657.4 million and $7,044.8 million of borrowings outstanding with the U.S. Treasury at a weighted-average interest rate of 6.03 percent and 6.07 percent respectively. Borrowings from the U.S. Treasury carry a fixed rate of interest.

The U.S. Treasury borrowings are repaid, primarily, with the repayments of the medium- and long-term loans they financed. To the extent the repayments on the underlying loans, combined with the 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, the U.S. Treasury borrowings do not have a set repayment schedule; however, the full amount of the borrowings are expected to be repaid by fiscal year 2033.

11. 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- 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, for fees totaling $23.2 million in fiscal year 2002 and $29.7 million in fiscal year 2001, provide that Ex-Im Bank will (1) guarantee the due and punctual payment of principal and interest on export loans made by PEFCO, (2) guarantee the due and punctual payment of interest on PEFCO's long-term secured debt obligations when requested by PEFCO, and (3) guarantee certain fees paid by borrowers on behalf of PEFCO. Such guarantees, aggregating $4,905.3 million at September 30, 2002, and $5,465.8 million at September 30, 2001, are reported by Ex-Im Bank as off-balance sheet risk and the exposure is included in its allowance for off-balance sheet risk calculation.

As discussed in Note 10, 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.

12. 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 2002, Ex-Im Bank withheld 7.0 percent of CSRS employees gross earnings. Ex-Im Bank's contribution was 8.51 percent of employees' gross earnings. This sum was transferred to the CSRS fund from which this employee group will receive retirement benefits.

In 2002, Ex-Im Bank withheld 0.80 percent of FERS 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 this employee group will receive retirement benefits. An additional 6.2 percent of gross earnings is withheld; that amount 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 7 percent of gross earnings. FERS employees may contribute up to 12 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 TSP, CSRS and FERS for all employees, included in administrative expenses, were approximately $3.9 million and $3.6 million for the fiscal years ended September 30, 2002 and 2001, 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 $2.2 million for the fiscal years ended September 30, 2002 and 2001.

13. Statutory Limitations

Under provisions of the Export-Import Bank Act, as amended in fiscal year 2002, Ex-Im Bank's statutory authority currently is limited to $80.0 billion of loans, guarantees and insurance outstanding at any one time. At September 30, 2002 and 2001, Ex-Im Bank's statutory authority used was as follows (in millions):

	2002	2001
Outstanding Loans	$10,324.2	$10,614.6
Undisbursed Loans	1,093.8	1,858.8
Outstanding Claims	4,116.3	4,181.4
Guarantees	38,595.9	36,948.2
Insurance	3,987.4	4,822.5
Total	**$58,117.6**	**$58,425.5**

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 funding is available to cover such costs. In fiscal years 2002 and 2001, 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 2002, Ex-Im Bank entered into commitments for loans of $295.6 million using $48.6 million of the appropriation ($13.4 million for tied aid), and commitments for guarantees and insurance of $9,823.6 million using $703.1

million of the appropriation. During fiscal year 2001, Ex-Im Bank entered into commitments for loans of $871.2 million using $93.8 million of the appropriation ($1.7 million for tied aid), and commitments for guarantees and insurance of $8,370.3 million using $733.9 million of the appropriation.

14. Commitments and Contingencies

Leasing Activities

Ex-Im Bank has no capital leases. Operating lease arrangements are renewable annually. These leases consist primarily of rental of office space. 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 $3.7 million and $3.8 million for fiscal years 2002 and 2001, respectively.

Pending Litigation

As of the end of fiscal year 2002, 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 may have the opportunity to convert the private guaranteed financing to an Ex-Im Bank direct loan. As of September 30, 2002, Ex-Im had $2,148.2 million of such contingent loan commitments outstanding.

15. 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 and Off-Balance Sheet Financial Instruments

Substantially all of these instruments involve credit risks that private lenders or guarantors would not accept. However, as discussed in Note 2, the Federal 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 and financial instruments with off-balance sheet risk approximate their fair values.

Borrowings and Claims Payable

The fair values of these instruments were estimated based on discounting the future cash flows using interest rates currently available to Ex-Im Bank for the U.S. Treasury debt with comparable maturities. The U.S. Treasury interest rate plus 1 percent was used for claims payable as this is the rate available in the claim document.

(in millions)	2002 Carrying Value	2002 Fair Value	2001 Carrying Value	2001 Fair Value
FINANCIAL ASSETS:				
Cash	$7,641.8	$7,641.8	$7,132.5	$7,132.5
Loans Receivable, Net	5,900.4	5,748.8	5,855.3	7,374.4
Receivable from Subrogated Claims, Net	1,776.3	1,776.3	2,140.7	2,356.4
FINANCIAL LIABILITIES:				
Off-balance Sheet Financial Instruments	7,069.6	7,069.6	6,411.5	6,411.5
Borrowings from the U.S. Treasury	6,657.4	7,341.1	7,044.8	7,925.3
Payment Certificates	785.6	809.4	931.1	939.9
Claims Payable	22.1	21.8	33.2	32.3

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

16. GAAP to Government GAAP Reconciliation (Unaudited)

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 Federal Credit Reform Act of 1990. Under the 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 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 Statement of Financial Position. Under government GAAP guidance, there is a higher level of loans and claims receivable, a smaller reserve for off-balance sheet risk, and more equity.

The amount of net income reported under government GAAP is also different than net income reported under GAAP. This results from government GAAP recognizing appropriations as income when used and differences in estimating loss reserves as described above.

Ex-Im Bank's audited Statement of Financial Position is presented in accordance with GAAP for financial reporting purposes. Ex-Im Bank's Statement of Financial Position prepared in accordance with government GAAP and the reconciliation of net income from the accompanying GAAP Statement of Operations to net income in accordance with government GAAP follow:

Government GAAP /GAAP Statement of Financial Position Supplemental Reconciliation

(in millions)	2002 GAAP	2002 Government GAAP	2001 GAAP	2001 Government GAAP
ASSETS				
Cash	$7,641.8	$7,641.8	$7,132.5	$7,132.5
Loans Receivable, Net	5,900.4	7,406.4	5,855.3	6,695.8
Receivables from Subrogated Claims, Net	1,776.3	1,811.7	2,140.7	2,171.7
Subsidy Receivable from Program Account	N/A	1,159.2	N/A	1,828.4
Accrued Interest, Fees Receivable and Other Assets	144.9	144.9	184.4	184.4
Total Assets	**$15,463.4**	**$18,164.0**	**$15,312.9**	**$18,012.8**
LIABILITIES & EQUITY				
Borrowings from the U.S. Treasury	$ 6,657.4	$6,657.4	$7,044.8	$ 7,044.8
Payment Certificates	785.6	785.6	931.1	931.1
Allowance for Off-balance Sheet Risk	7,069.6	N/A	6,411.5	N/A
Claims Payable	22.1	22.1	33.2	33.2
Guarantee Loan Liability	N/A	2,162.1	N/A	3,327.3
Liability for Subsidy Related to Undisbursed Loans and Guarantees	N/A	1,114.7	N/A	1,387.6
Subsidy Payable to Financing Account, Net	N/A	44.5	N/A	440.8
Amounts Payable to the U.S. Treasury	3,620.8	3,728.5	557.0	1,560.8
Deferred Fees	893.5	893.5	905.2	905.2
Other Liabilities	77.5	77.5	72.5	72.5
Total Liabilities	19,126.5	15,485.9	15,955.3	15,703.3
Capital Stock held by the U.S. Treasury	1,000.0	1,000.0	1,000.0	1,000.0
Tied Aid Appropriations	344.3	N/A	397.3	N/A
Credit Appropriations	296.5	N/A	190.6	N/A
Unexpended Appropriations	N/A	1,722.6	N/A	1,750.3
Accumulated Deficit	(5,303.9)	(44.5)	(2,230.3)	(440.8)
Total Stockholder’s (Deficiency)/Equity	(3,663.1)	2,678.1	(642.4)	2,309.5
Total Liabilities and Stockholder’s Equity	**$15,463.4**	**$18,164.0**	**$15,312.9**	**$18,012.8**

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

Loans Receivable, Net under government GAAP is higher by $1,506.0 million in FY 2002 and $840.5 million in FY 2001. Loan interest and fee income is credited to the loan loss reserve under government GAAP, which results in a smaller 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 smaller allowance under government GAAP.

Receivables from Subrogated Claims under government GAAP is higher by $35.4 million in FY 2002 and $31.0 million in FY 2001. Interest income on rescheduled claims is credited to the loan loss reserve under government GAAP, which results in a smaller loss reserve and a larger receivable.

Under government GAAP, the Subsidy Receivable from the Program Account of $1,159.2 million for FY 2002 and $1,828.4 million for FY 2001 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 private sector GAAP.

The Allowance for Off-balance Sheet Risk shown under GAAP is the equivalent of the Guarantee Loan Liability under government GAAP. The government GAAP figure is lower by $4,907.5 million in FY 2002 and $3,084.2 million in FY 2001 because fee income is taken into account in government GAAP before it is earned. 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 $107.7 million in FY 2002 and $1,003.8 million in FY 2001 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.

Under government GAAP, Stockholder's Deficiency is lower by $6,341.2 million in FY 2002 and $2,951.9 in FY 2001 than under GAAP. Smaller loss reserves under government GAAP result in less loss expense, which results in higher equity. Also, under government GAAP, Unexpended Appropriations of $1,722.6 million in FY 2002 and $1,750.3 million in FY 2001 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)	2002	2001
Reported Net Income, GAAP Basis	$182.1	$1,061.3
ADJUSTMENTS TO INCOME:		
Subsidy Appropriation Used	1,177.8	675.3
Appropriation from Prior-Year Re-estimate	440.8	918.7
Administrative Expense Appropriation Used	55.7	53.5
Total Adjustments to Income	1,674.3	1,647.5
ADJUSTMENTS TO EXPENSE:		
Subsidy Expense	1,654.2	(1,417.9)
Financing Resources Transferred Out	(3,510.6)	(1,290.9)
Future Funded Expense	396.3	556.1
Total Adjustments to Expense	(1,460.1)	(2,152.7)
Net Income and Change in Accumulated Deficit, Government GAAP Basis	**$396.3**	**$556.1**

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 statement of financial position of the Export-Import Bank of the United States ("Ex-Im Bank") as of September 30, 2002, and the related statements of operations, changes in capital and accumulated deficit, and of cash flows for the year 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 audit. The financial statements of Ex-Im Bank for the year ended September 30, 2001, were audited by other auditors whose report, dated October 12, 2001, expressed an unqualified opinion on those statements.

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. 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 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 audit provides a reasonable basis for our opinion.

In our opinion, such 2002 financial statements present fairly, in all material respects, the financial position of Ex-Im Bank at September 30, 2002, and the results of its operations and its cash flows for the year 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 14, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The GAAP to government GAAP reconciliation appearing in Note 16 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of Ex-Im Bank's management. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

McLean, Va.
October 14, 2002

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting 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, 2002, and have issued our report thereon dated October 14, 2002. We conducted our audit in accordance with the 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.

Compliance

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 grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ex-Im Bank's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be 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 14, 2002.

This report is intended solely for the information and use of the board of directors, 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 14, 2002

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December 2002

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Cedarapids Inc., Cedar Rapids, Iowa

"Ex-Im Bank is a part of life at Cedarapids. We plan to continue utilizing the strength and stability of Ex-Im Bank to help expand our international distribution and promotion of Cedarapids and Terex equipment for years to come."

Greg Meng, Vice President, Finance

U.S. exporters seeking to sell capital equipment and services to creditworthy foreign buyers can still encounter challenges in arranging financing for their customers.

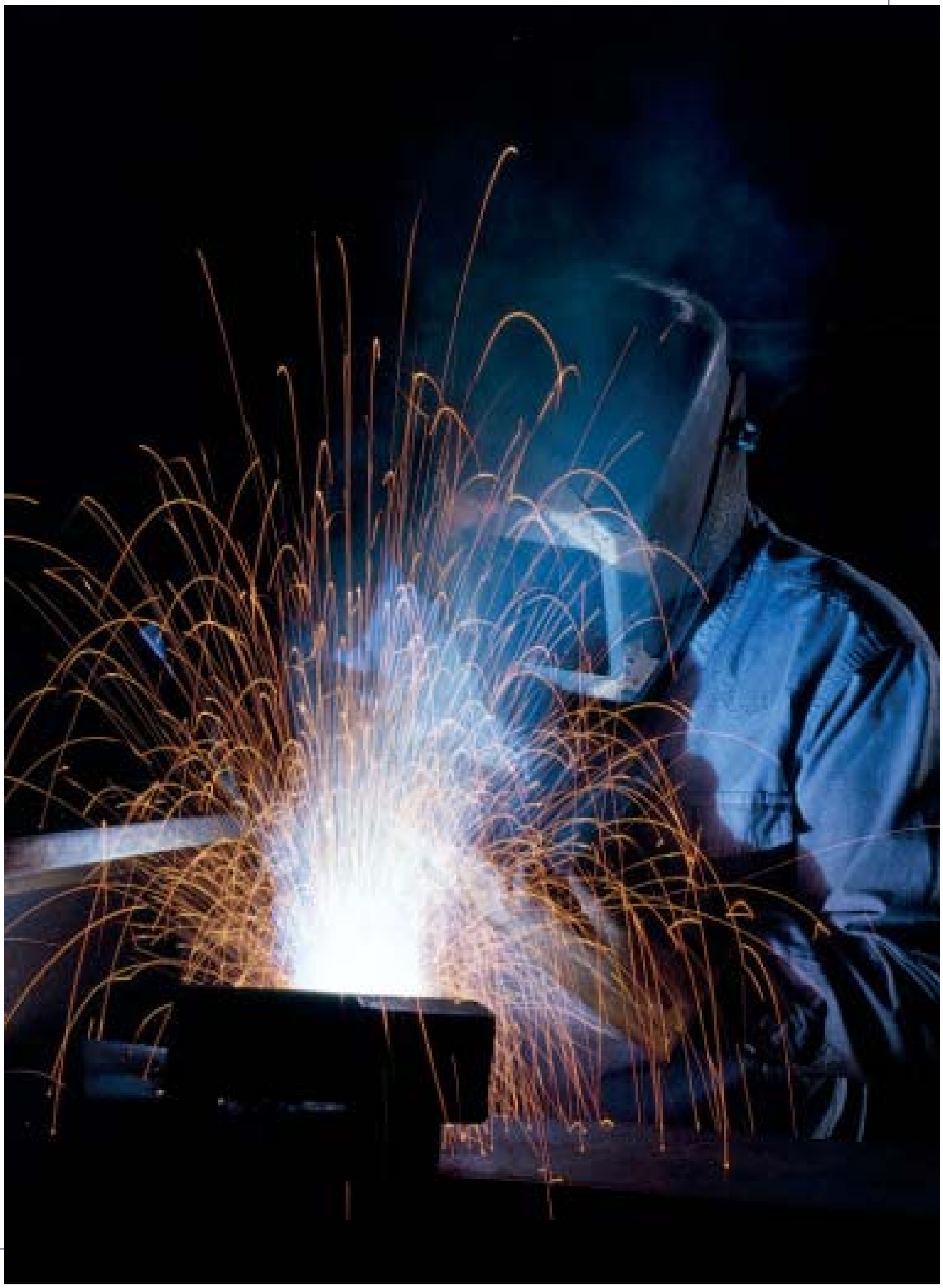
Cedarapids Inc., a division of Terex Corp., exports its world-renowned road-building equipment around the globe, including to Mexico, Brazil and other emerging markets. The company has faced challenges in developing its international business due to the complexities of trade financing in these markets, where local, regional and national banking regulations and lack of credit availability can make it difficult for their foreign buyers to obtain medium- and long-term financing. Cedarapids Inc. has found that Ex-Im Bank's trade financing can really make a difference in these sales.

Cedarapids Inc. has used Ex-Im Bank's financing, particularly medium-term loan guarantees, to make sales to foreign customers that are located in challenging banking regions or countries.

Ex-Im Bank's multiple financing options have enabled the company to increase its international business by expediting these sales and mitigating the risk, which has enabled it to maintain a stronger financial position.

In the past six years, Cedarapids Inc. has used Ex-Im Bank's financing to sell its road-building equipment in several multimillion-dollar transactions to Mexico and Brazil. For example, in fiscal year 2002, the company was one of three U.S. exporters in the Midwest to benefit from a $4.2 million Ex-Im Bank medium-term guarantee to a private road construction company in Chihuahua, Mexico.

Cedarapids Inc. manufactures a variety of aggregate (rock) crushing and screening, asphalt paving, and recycling products. The company has 280 employees at its facilities in Cedar Rapids. Now a division of Terex Corp., Cedarapids was founded as the Iowa Manufacturing Co. and has been a major employer in the Cedar Rapids area since the company began operating in 1923.



Products

Large road-building equipment

Challenge

Addressing foreign banking and other regulations and lack of credit in developing markets

Solution

Ex-Im Bank's trade financing enables the company to obtain buyer financing and mitigate the risks of exporting to private companies in foreign markets.

Result

With Ex-Im Bank's financing, the company has been able to sell millions of dollars of its equipment in developing markets such as Mexico and Brazil.

Coretest Systems Inc., San Jose, California

From left: David Lynch and Dr. Jared Potter, President

> "When we go into a market such as Russia, Ex-Im Bank has the political and financial muscle to make it possible for a small company such as ours to compete on a level playing field. We could not do what we do in Russia without Ex-Im Bank."
>
> **David Lynch, Vice President**

A small business exporter can find tremendous sales opportunities in an emerging market such as Russia but can also find it hard to compete for contracts with foreign companies that are supported by their governments.

Coretest Systems Inc. in San Jose, Calif., is a small business manufacturer of geophysical analysis and laboratory test equipment that is succeeding in the vast marketplace of Russia's oil and gas industries, with the help of Ex-Im Bank. The company produces some of the world's most sophisticated core analysis equipment. Only a few other companies in the world produce similar technology, but the competition is strong in developing markets.

Over the past two years, Coretest Systems Inc. has been using Ex-Im Bank's short-term insurance in Russia to win contracts in the face of government-supported European competition. Ex-Im Bank's insurance has enabled the company to offer competitive financing terms to its Russian customers.

In fiscal year 2002, Coretest Systems Inc. used a $2.5 million Ex-Im Bank insurance policy to cover letters of credit issued by International Moscow Bank for sales of its equipment to one of Russia's largest oil producers. International Moscow Bank is one of 15 Russian banks approved by Ex-Im Bank for short- and medium-term financing on a case-by-case basis.

Coretest Systems Inc. produces state-of-the-art laboratory instruments and equipment for the petroleum and hydrothermal industries. The company exports 98 percent of its products to customers such as oil companies, research laboratories, universities and many other facilities worldwide. A small business, the company currently has a staff of 17 employees at its manufacturing facility in San Jose.

Products
Geophysical analysis and laboratory test equipment for energy-based industries

Challenge
Mitigating foreign credit risk and competing in emerging markets where competitors are backed by foreign governments

Solution
Ex-Im Bank's export credit insurance has enabled the company to cover letters of credit from a Moscow bank for its equipment sales to Russia's oil industry.

Result
The company has been able to compete successfully against foreign companies to win a multimillion-dollar contract from one of Russia's largest oil producers.

From left: David Calley, President, and Andrew Kruse

"The results of working with Ex-Im Bank have been tremendous – our increased export sales have led to increased production and employment at our facilities. Ex-Im Bank is a strategic partner in expanding our exports."

Andrew Kruse, Vice President

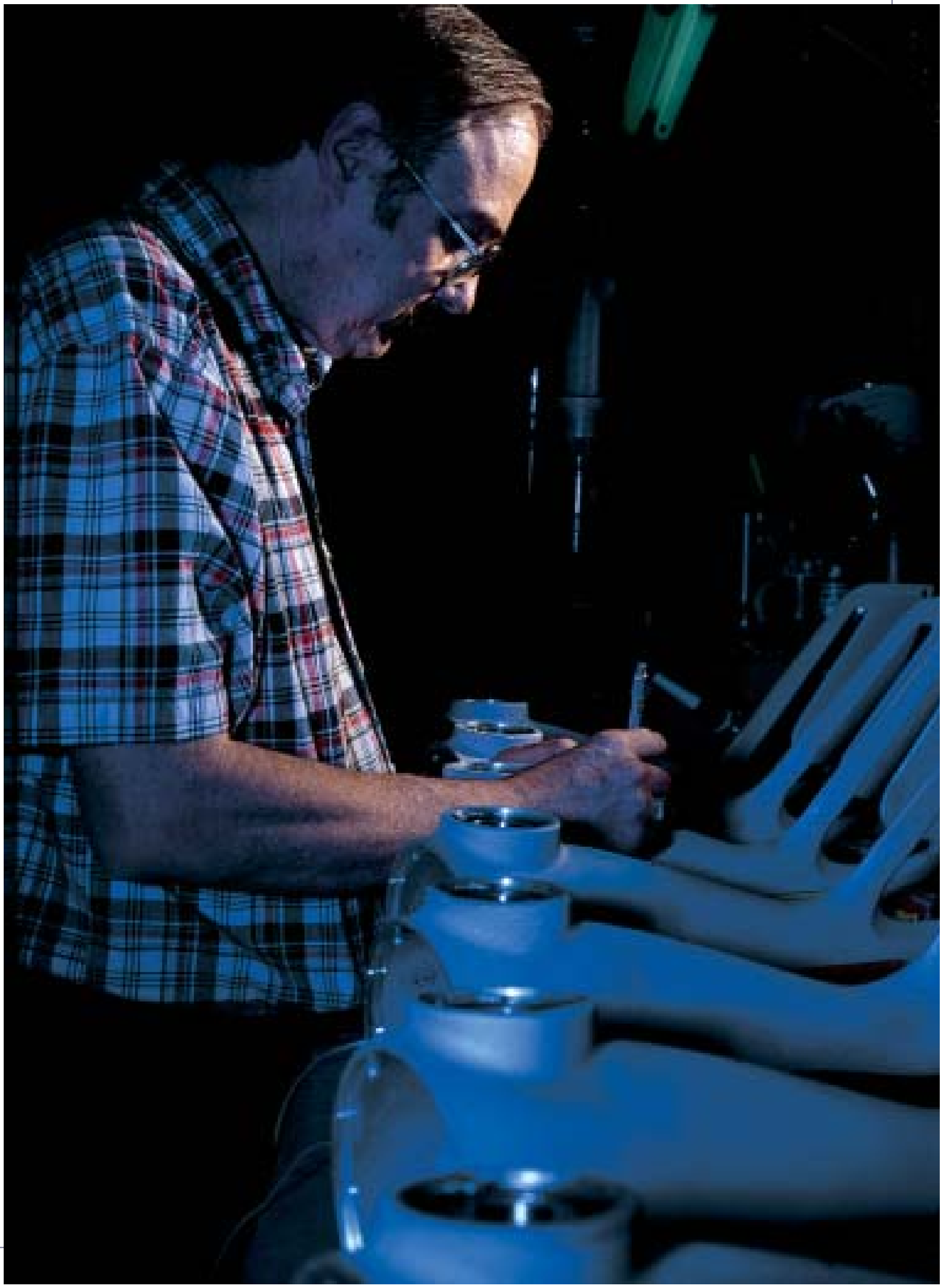
U.S. companies produce some of the world's most advanced renewable energy technologies, but a small exporter still needs to be able to offer competitive terms to buyers in developing markets where there is great demand for these products and services.

Southwest Windpower Inc. of Flagstaff, Ariz., is a small business manufacturer of battery-charging wind generators that exports its products to more than 50 countries. Since it began using Ex-Im Bank's environmental export credit insurance in 1996, the company has been able to offer open account terms to its small foreign distributors in markets such as Brazil, Argentina, Turkey, India, South Africa and St. Lucia. Ex-Im Bank's insurance allows foreign buyers to place larger orders, which improves Southwest Windpower's cash flow.

From its inception, the vision behind Southwest Windpower Inc. was to make a difference in the world through global sales of its low-cost renewable energy products that produce electricity for remote areas. Founded by two young entrepreneurs out of a garage in rural Arizona in 1986, today the company has 50 employees at its facilities in Flagstaff, Ariz., and Duluth, Minn.

In the past 16 years, Southwest Windpower has produced more than 60,000 wind generators that produce electricity on telecommunications towers, off-shore platforms, remote monitoring sites, schools and homes in developing markets. More than 50 percent of the company's revenues come from export sales.

Ex-Im Bank aggressively supports the export of U.S. renewable energy and other environmentally beneficial products and services to emerging markets around the world. Ex-Im Bank offers enhanced financing for U.S. environmental exports. In fiscal year 2002, Ex-Im Bank established the Renewable Energy Exports Advisory Committee to garner private sector expertise in finding ways to increase support for these exports.



Products

Renewable energy – battery-charging wind generators

Challenge

To offer credit terms to small distributors in diverse foreign markets

Solution

Ex-Im Bank's environmental export credit insurance enables the company to offer open account terms that enable buyers to place larger orders.

Result

The company has been able to expand production and employment due to increased foreign sales in developing markets.

Cornet Technology Inc. (CTI), Springfield, Virginia

From left: Pravin Dand, CFO, and Natarajan Kumar

"With the resources of Ex-Im Bank behind us, we intend to export our technologically advanced products to help increase productivity and simplify network administration in every region of the world."

Natarajan Kumar, President and CEO

A major concern for U.S. exporters, particularly small businesses, in entering a new market is to maintain sufficient working capital while collecting payment for shipped goods.

Cornet Technology Inc. (CTI) is a small, minority-owned manufacturing company in Springfield, Va., that delivers computer network infrastructure products and services to customers in countries all over the world, including Mexico, Brazil, Colombia, Surinam, Egypt, and South Korea, among many others. With an Ex-Im Bank working capital loan guarantee, the company is able to concentrate on getting the order, manufacturing the products and shipping them at the earliest opportunity – with the assurance that they will have the funds to keep operating.

The company is currently using an Ex-Im Bank working capital loan guarantee to obtain commercial bank financing from Chevy Chase Bank of Bethesda, Md. The assets earmarked for export, including receivables, are used as collateral to obtain the necessary working capital funds.

CTI has been using a $500,000 Ex-Im Bank revolving working capital loan guarantee for the past five years. With Ex-Im Bank's guarantee, the company has been able to export to countries such as Colombia and Surinam with the security that their financial resources would remain intact and that borrowed funds would be repaid upon receipt of payment from their foreign customers.

CTI's product line emphasizes high-speed fiber and copper cross point LAN and WAN switching, video distribution, test and monitoring products, and videoconferencing, integration and other services. All of the company's customer-focused products and services are designed to improve productivity and simplify network administration. The company has approximately 100 employees. In addition to its manufacturing facility in Springfield, Va., CTI has offices throughout the United States and subsidiaries in Germany, Japan and India.

Products

Computer network infrastructure products and services

Challenge

Need to maintain working capital while waiting for foreign receivables payment

Solution

Ex-Im Bank's working capital guarantee enables the company to obtain working capital from commercial banks, easing cash flow concerns and providing security.

Result

The company has entered new and developing markets such as Colombia and Surinam and expanded production and staff due to increased sales.