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

U.S. Exporter
Any-Sized U.S. Company
Anywhere, U.S.A.

Don Wilson/Port of Seattle

EXPORT-IMPORT BANK
OF THE UNITED STATES

CHAIRMAN'S MESSAGE

The Export-Import Bank of the United States is at the threshold of its 70th anniversary, and it is an exciting time. Today's global trade environment is both complex and challenging, yet enormously promising. Today's Ex-Im Bank operates to help U.S. companies remain competitive and successful in the global economy. The private sector has the means and the expertise to finance exports to mature markets, but government support can be crucial to opening and expanding riskier developing markets. That is where Ex-Im Bank comes in.

Supporting U.S. Jobs

Ex-Im Bank is in the business of helping U.S. companies to create and sustain American jobs by supporting their exports to developing markets. Ex-Im Bank fills a critical trade finance gap by providing loan guarantees, export credit insurance and direct loans for U.S. exports in markets where commercial bank financing is unavailable or insufficient.

We also level the playing field to keep U.S. companies competitive in global markets by matching the government support provided to foreign competitors. In fiscal year 2003, we supported more than $14 billion of U.S. exports worldwide.

We have three basic criteria: 1) to promote U.S. employment; 2) to complement, but not compete with, private sector sources of trade financing; and 3) to have a reasonable assurance of repayment for every transaction.

Although Ex-Im Bank is active in more than 80 countries and open for business in 70 others, the U.S. government's Trade Promotion Coordinating Committee has targeted for early project development certain strategic markets – China, Russia, Mexico, Brazil, Turkey and South Africa. These markets offer some of the greatest opportunities for U.S. exporters. However, Ex-Im Bank stands ready to finance any transaction that we consider to be creditworthy virtually anywhere in the world.

Key Priorities

Everything that we are doing, we aim to do better. We are focusing on three key priorities: putting our customers first, improving our cycle time, and expanding our support for new knowledge-based and services sectors of the economy.

Putting Customers First – President Bush has set forth three guiding principles for government – namely, that it should be citizen-centered, results-oriented and market-driven. For Ex-Im Bank, putting customers first means ensuring that every customer receives quick answers and clear responses. Relationship managers have been assigned to assist customers that do a high volume of business through Ex-Im Bank in order to ensure consistent processing.

Our Web site is now easier to use, with improved access to information, applications and contacts at Ex-Im Bank.

Improving Cycle Time – Ex-Im Bank is particularly focused on improving our transaction processing (cycle) time in order to help our customers offer timely financing to their buyers. As any exporter knows, timeliness can mean everything when you are competing for international sales.

To improve cycle time, Ex-Im Bank is simplifying applications, including applications for our financing products that most benefit small business exporters. We are also modernizing other systems and procedures.

Expanding Support for Knowledge-based and Services Exports – At Ex-Im Bank, we are keenly aware of the importance of expanding our support for new knowledge-based, high technology and services industries. We are working with exporter and financial groups to determine how we can best increase export financing for these industries.

In each of the past eight years, we have supported between $1 billion and $2 billion per year of U.S. services and high-tech exports. These exports were mainly large satellite and other telecommunications projects, but we anticipate that exports of information technology, engineering and other services will require an increasing amount of our support in the future.

Initiatives in FY 2003

In fiscal year 2003, Ex-Im Bank implemented a number of initiatives to increase support for small business and high-tech industries, as well as for our core customers in manufacturing industries. We made progress in international negotiations to achieve common environmental approaches. We also worked to help U.S. exporters realize potential opportunities in the reconstruction of Iraq.

Iraq – There are three pillars to the successful reconstruction of Iraq – physical security, political stability and economic growth. In order to assist in fostering physical security and political stability in Iraq, we must help the Iraqis to realize their wealth more quickly. Ex-Im Bank is seeking ways to help increase trade financing flows to Iraq.

We have already launched a $500 million trade facility with the new Trade Bank of Iraq. Under this program, we will insure letters of credit issued through the Trade Bank for up to one year for U.S. exports that contribute to Iraq's reconstruction. These Iraqi imports will be funded through the Development Fund for Iraq by current Iraqi oil export revenues.

Fast Track Working Capital Guarantee Processing – To help small and medium-sized U.S. businesses obtain larger working capital loans in less time, we have approved a new "Fast Track" application processing system. Experienced asset-based lenders will be able to provide up to $25 million per borrower in Ex-Im Bank-guaranteed working capital loans under this expedited processing system. By working through some of our most experienced lenders, we are also leveraging our resources to provide better service to U.S. exporters.

Transportation Security Exports Program – Security technologies and services are another dimension of the new economy and vitally important for trade. In FY 2003, we launched the Transportation Security Exports Program to provide enhanced financing for U.S. exports that serve a wide variety of security-related functions, including screening and identification of cargo, baggage and passengers; data collection and analysis; and communications.

Cape Town Convention Offer – Ex-Im Bank is working with other countries and international organizations to promote the Cape Town Convention, an international treaty to facilitate cross-border, asset-based financing of large commercial aircraft, helicopters and related equipment. As

an incentive to encourage other countries to sign and ratify this treaty, in FY 2003 we began offering a reduced exposure fee to any airline in a country that has signed and ratified the treaty, and passed implementing legislation.

OECD Common Environmental Approaches – By the end of fiscal year 2003, the U.S. government and all of its counterpart members of the Organization for Economic Cooperation and Development (OECD) had agreed on common approaches for evaluating environmental impacts of projects financed by export credit agencies. Major progress was made on two important issues, standards and transparency.

This agreement is a victory for cooperation among OECD nations, a victory for the environment, and a victory for U.S. exporters, who will now have a more level playing field on which to compete for international projects.

Meeting the Challenges

I would like to emphasize that Ex-Im Bank is committed to meeting the challenges of today's economy and to anticipating the export opportunities and obstacles that U.S. companies will have in the future.

Ex-Im Bank has a dedicated, professional staff providing service to U.S. companies and excellent value to U.S. taxpayers. I am proud to be associated with this team, and my fellow board members and I are committed to helping this institution serve our customers even better.

At Ex-Im Bank, we intend to keep putting the customer first, reducing the cost and time of doing business with us, and supporting the knowledge and service-based U.S. economy of the 21st century, while continuing our strong support for America's manufacturing sector. With these priorities, Ex-Im Bank will continue to help strengthen the U.S. economy and sustain U.S. jobs for years to come.

Sincerely,

Philip Merrill

Philip Merrill
President and Chairman

Ex-Im Bank Board of Directors, FY 2003

From left: **Philip Merrill,** *president and chairman;* **April H. Foley and J. Joseph Grandmaison,** *board members.*

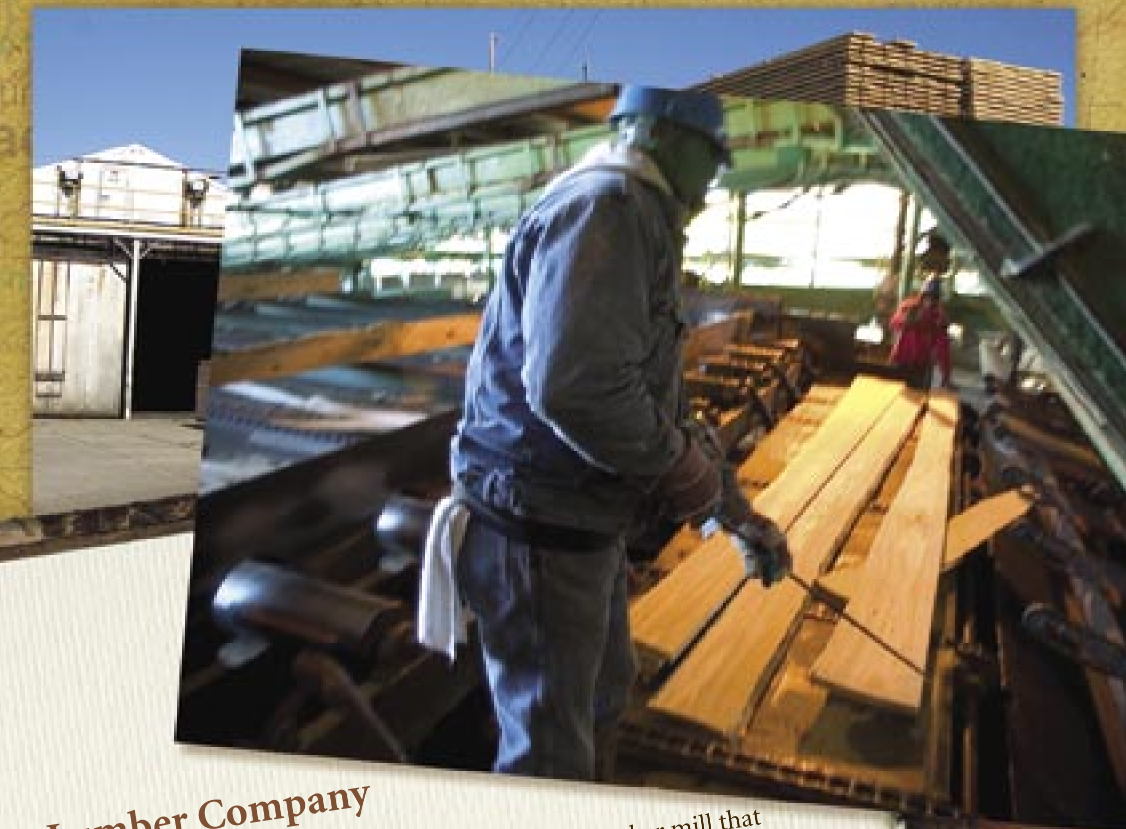
Ex-Im Bank Senior Management, FY 2003

From left, seated: **James H. Lambright,** *executive vice president;* **Philip Merrill,** *president and chairman;* **Peter Saba,** *chief operating officer, senior vice president, Legal Affairs, and general counsel.*

From left, standing: **Lorrie A. Secrest,** *senior vice president, Communications;* **James K. Hess,** *senior vice president and chief financial officer;* **John A. McAdams,** *senior vice president, Credit and Risk Management;* **James C. Cruse,** *senior vice president, Policy;* **Jeffrey L. Miller,** *senior vice president, Export Finance;* and **Michael Cushing,** *senior vice president, Resource Management.*

Coushatta, LA

ALMOND BROTHERS LUMBER COMPANY



Left to right: Ardis Almond, president; William Almond; and Tremmell, vice president

William Almond
Secretary/Treasurer

"Ex-Im Bank's working capital guarantees and insurance have allowed us to look at new markets, actively seek new customers, increase our source of supply and better manage our inventory. Ex-Im Bank is a great part of our success."

Almond Brothers Lumber Company

Almond Brothers Lumber Company is a small, family-owned-and-operated lumber mill that uses Ex-Im Bank's working capital guarantees and multibuyer export credit insurance to sell southern yellow pine lumber to international markets and sustain employment in the small city of Coushatta in northwestern Louisiana.

Located in an economically challenged rural area that has been designated as an "enterprise zone" by the state of Louisiana, Almond Brothers has doubled its workforce and helped to sustain more than 150 other logging jobs in the community since the company began using Ex-Im Bank's working capital guarantee in 1997.

Almond Brothers has increased its export sales as a percentage of revenues from 5 percent in 1991 to nearly 100 percent today. The company exports to over 20 countries in Europe, the Caribbean and the Middle East.

Almond Brothers uses Ex-Im Bank's working capital guarantee to enable their lender to lend against foreign accounts receivable and increase working capital. The company currently has a $4.5 million revolving working capital line of credit from Bank One in Shreveport, La., an Ex-Im Bank delegated authority lender.

Ex-Im Bank's short-term, multibuyer insurance minimizes risk and enables Almond Brothers to sell to their many international customers with protection against buyer default for either political or commercial reasons. Export credit insurance also functions as a financing tool because lenders are more willing to extend working capital loans against insured foreign receivables.

Almond Brothers Lumber Company specializes in manufacturing high-grade, kiln-dried southern yellow pine lumber. The company has been in business since 1947 and has 110 employees.

Allentown, PA

MACK TRUCKS INC.

Frank Meehan
Senior Vice President
International Operations

"Ex-Im Bank enables us to export Mack trucks to higher-risk countries where we are establishing a strong market share. Sub-Saharan Africa and other developing regions are areas of increasing importance for us, and Ex-Im Bank helps make these exports possible."

Mack Trucks Inc.

Mack Trucks Inc. of Allentown, Pa., is world-renowned for its famous heavy-duty trucks. Yet even for a company of its size, Mack benefits from Ex-Im Bank's support in the promising but challenging markets of sub-Saharan Africa and Latin America, where trade financing for U.S. exports may not be available otherwise.

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

In the past six years, Mack has used Ex-Im Bank's medium-term financing – both loan guarantees and export credit insurance – to assist in financing its truck sales to markets as diverse as Cameroon, Nigeria, Kenya, Guatemala and the Dominican Republic.

Today, Mack Trucks Inc. is one of North America's largest producers of heavy-duty trucks, and MACK® vehicles are sold and serviced in more than 45 countries worldwide. Mack currently has 1,900 employees at its three Allentown facilities and a total of 3,400 employees in the United States.

Increasing U.S. trade with sub-Saharan Africa is a key priority for Ex-Im Bank, which has special initiatives for this region. In fiscal year 2003, Ex-Im Bank authorized more than $635 million in financing to support U.S. exports to sub-Saharan Africa. The number of Ex-Im Bank transactions in the region has increased by more than 50 percent since 1998.

Bartlesville, OK

SERVICE & TECHNOLOGY CORPORATION

Left to right: Patrick Crilley, Ex-Im Bank Southwest Regional Office director; K. Vasudevan, STC president; David Kedy, senior vice president, Arvest Bank

K. Vasudevan
President

"Without Ex-Im Bank, this sale would not have gone through. Ex-Im Bank enabled us to provide the longer terms and local cost financing that our customer needed. Ex-Im's regional office in Houston was a great help to us."

Service & Technology Corporation

Service & Technology Corporation (STC) is a small consulting engineering company in Bartlesville, Okla., that designed and built equipment to convert used lubricating oil into marine diesel and cement kiln fuel oil – a technology that helps to recycle fossil fuel and reduces the need to dispose of hazardous waste material.

With this environmentally beneficial product, STC obtained an enhanced $1.1 million medium-term export credit insurance policy from Ex-Im Bank to sell a compact waste oil treatment facility to Bravo Energy Chile of Santiago, Chile. The equipment is capable of converting 100 tons of used lubricating oil per day into valuable fuel. With this equipment, Bravo Energy Chile will be able to convert most of the waste oil it treats into marine diesel oil and the remaining portion into cement kiln fuel oil.

STC's export to Chile qualified under Ex-Im Bank's Environmental Exports Program for longer repayment terms (up to seven years) and local cost financing. The program also features capitalization of interest during construction. Ex-Im Bank offers the same enhancements for U.S. exports of medical equipment and transportation security equipment and technology.

STC learned of Ex-Im Bank's enhanced financing for environmental exports when their buyer in Chile asked them to obtain Ex-Im Bank's support. Ex-Im Bank's regional office in Houston, Texas, quickly stepped in to package the transaction.

The company's local lender, Arvest Bank in Tulsa, Okla., is a delegated authority lender of Ex-Im Bank's working capital guarantees. This transaction was Arvest Bank's first medium-term export financing with Ex-Im Bank.

STC has over 60 employees in Bartlesville. The company sells similar equipment and services nationwide and is expanding to international markets.

Mooresville, NC

SLADE INC.

Left to right: Robert Crosier, founder; Greg Raty

Greg Raty
Vice President

"In the past six years, our export sales have grown to more than 50 percent of our business, and our workforce has increased 20 percent. We could not have done it without Ex-Im Bank's insurance."

Slade Inc.

Slade Inc. is a small business manufacturer of a patented new technology that prevents "fugitive emissions" of hazardous gases and fluids common to many industries. The company is using Ex-Im Bank's short-term, multibuyer export credit insurance to export its product to a diverse range of markets, including Hungary, Poland, Brazil, Columbia, Taiwan and South Africa.

The U.S. Environmental Protection Agency (EPA) defines fugitive emissions as "unintentional releases of potentially hazardous air pollutants to the atmosphere through valves, pumps, flanges and other processing equipment." Following the Clean Air Act of 1990, Slade Inc. designed and patented a product that not only put its domestic clients in compliance with the EPA, but also saved them hundreds of thousands of dollars in fines, expensive leakages, water recovery and maintenance "down time."

Foreign sales were initially challenging because many of Slade's most promising customers were in developing countries, where the risk of nonpayment or slow payment was too great for a small company. Then Slade turned to Ex-Im Bank's City/State partner, the Small Business and Technology Development Center in Raleigh, N.C., which introduced the company to Ex-Im Bank's insurance.

Ex-Im Bank's multibuyer policy covers the risk of nonpayment for commercial and/or political reasons. If the international buyer does not pay, Ex-Im Bank will pay the amount owed in full. Terms are typically 180 days and up to 360 days for qualifying exports such as capital equipment.

With Ex-Im Bank's insurance, Slade has been rapidly increasing its export sales, which now account for more than 50 percent of its sales. Today, this company of 25 employees exports to 41 countries around the globe.

FY 2003 AT A GLANCE

Total Financing

- Ex-Im Bank's financing assisted 2,707 U.S. export sales in FY 2003.
- In FY 2003, Ex-Im Bank authorized $10.5 billion in loans, guarantees and export credit insurance, supporting $14.3 billion of U.S. exports to markets worldwide – an export value increase of more than 10 percent from FY 2002.

Small Business

- Ex-Im Bank authorized $2.1 billion – almost 20 percent of total authorizations – in direct support of U.S. small businesses in FY 2003.
- Ex-Im Bank approved 2,258 small business transactions that represented more than 83 percent of the total number of transactions in FY 2003.
- In FY 2003, 356 small businesses used Ex-Im Bank programs for the first time.
- In FY 2003, Ex-Im Bank approved financing in amounts under $500,000 for 1,161 small business transactions.

Working Capital

- Ex-Im Bank authorized $768 million in working capital guarantees for pre-export financing in FY 2003 – $622 million of which directly benefited small businesses.
- Of the 390 working capital guarantee transactions authorized, 343 were for small businesses, representing nearly 90 percent of the transaction volume.

Export Credit Insurance

- Ex-Im Bank authorized $2.7 billion in export credit insurance in FY 2003. Small business insurance authorizations totaled $1.4 billion.
- Small businesses were issued 1,886 export credit insurance policies representing more than 90 percent of the total number of Ex-Im Bank's policies in FY 2003.

Project and Structured Finance

- In FY 2003, Ex-Im Bank's authorizations of limited recourse project financing were $253 million for U.S. exports to a petrochemical project in China and a power generation project in Brazil.
- Ex-Im Bank authorized $1.1 billion for structured finance transactions supporting U.S. exports to Mexico, Israel, Nigeria, India, Brazil and Turkey in a range of sectors, including oil and gas, telecommunications and power generation projects.

Transportation Finance

- In FY 2003, Ex-Im Bank authorized $4.4 billion to finance the export of 74 U.S.-manufactured, large commercial aircraft to 20 airlines located in 20 different countries.
- In addition, Ex-Im Bank authorized $228 million in FY 2003 to support the export of U.S.-manufactured small aircraft, helicopters, locomotives and other transportation-related equipment to various operators around the world.

Environmental

- Ex-Im Bank financing supported $173 million in exports of environmentally beneficial U.S. goods and services in FY 2003.
- In addition, Ex-Im Bank provided working capital guarantees totaling $76 million that will support up to $400 million of environmentally beneficial exports from U.S. small and medium-sized businesses.

Energy

- In FY 2003, Ex-Im Bank authorized $13 million to support U.S. exports of technologies, products and services related to renewable energy sources such as solar and wind energy. These transactions often involve small U.S. exporters that need assistance in financing single sales to small companies in developing markets.
- In FY 2003, Ex-Im Bank authorized 20 transactions using its loan and guarantee products and 63 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 $1.5 billion.
- In FY 2003, Ex-Im Bank authorized financing to support $1.0 billion of U.S. exports for projects in the oil and gas and the petrochemical sectors. The Bank estimates that the aggregate annual peak amount of carbon dioxide emissions produced directly by these projects will total approximately 6 million metric tons.
- In FY 2003, Ex-Im Bank authorized financing to support $175 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 4 million metric tons per year.

High Technology

- In FY 2003, Ex-Im Bank authorized financing to assist $325 million of U.S. high technology exports other than aircraft, including electronics, telecommunications, mass transit and medical equipment. Hundreds of U.S. suppliers of high tech products will benefit from these transactions.
- In addition, Ex-Im Bank authorized $64 million in working capital guarantees that will assist more than $400 million of U.S. high technology exports from U.S. small and medium-sized businesses.

Services

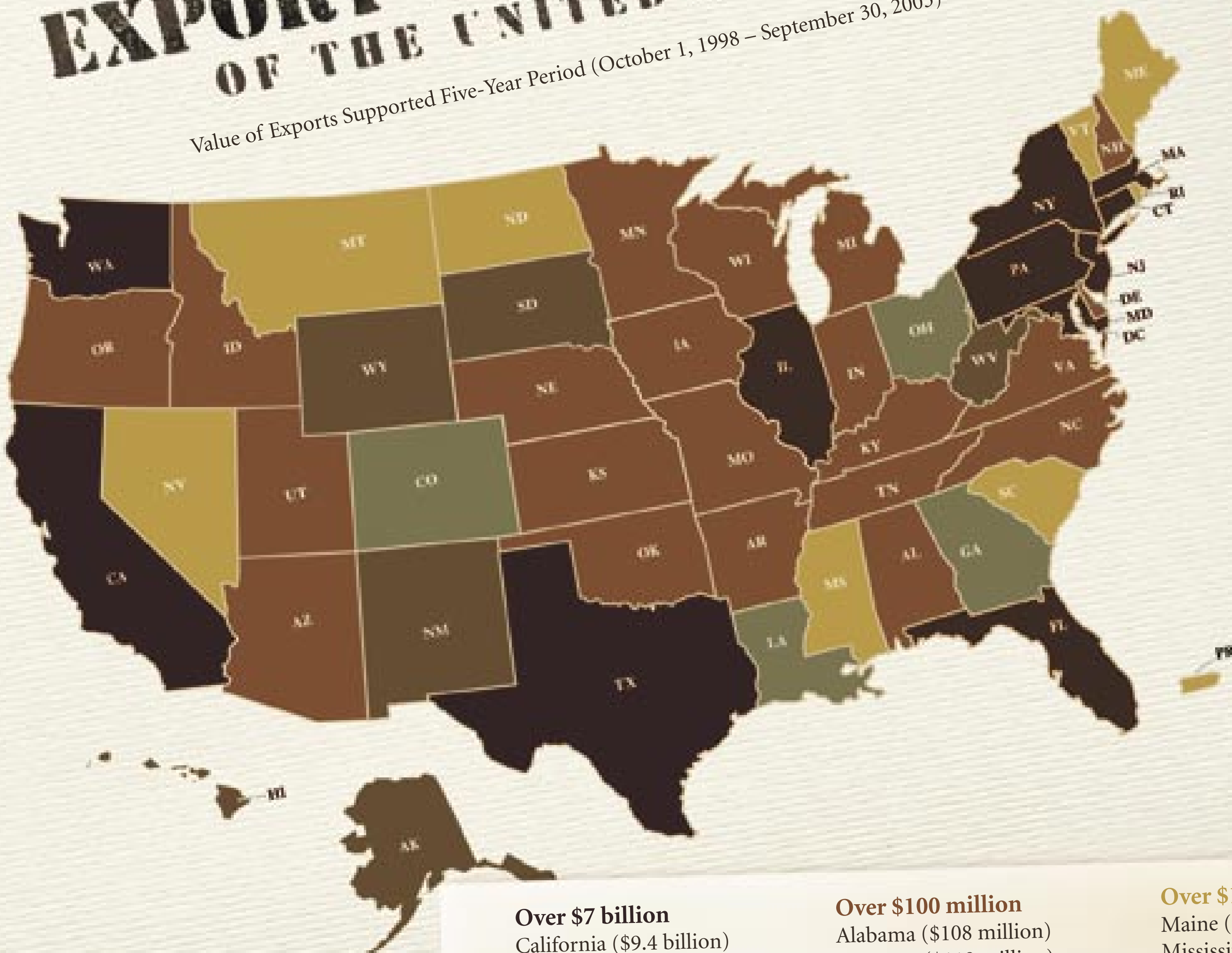
- Ex-Im Bank financing in FY 2003 assisted in the export of a wide range of U.S. services, including engineering, design, construction, oil drilling, training and consulting. The total export value of these services totaled $495 million.

Agriculture

- In FY 2003, Ex-Im Bank helped to finance the export of nearly $205 million of U.S. agricultural exports, including commodities, livestock, foodstuffs, equipment, chemicals, supplies and services.

EXPORT-IMPORT BANK OF THE UNITED STATES

Value of Exports Supported Five-Year Period (October 1, 1998 – September 30, 2003)



Over $7 billion
California ($9.4 billion)
Texas ($7.5 billion)
Washington ($25.4 billion)

Over $1 billion
Connecticut ($2 billion)
Florida ($3 billion)
Illinois ($1.8 billion)
Maryland ($2.2 billion)
Massachusetts ($2.7 billion)
New Jersey ($2.2 billion)
New York ($3 billion)
Pennsylvania ($1.9 billion)

Over $500 million
Colorado ($918 million)
Georgia ($652 million)
Louisiana ($683 million)
Ohio ($809 million)

Over $100 million
Alabama ($108 million)
Arkansas ($118 million)
Arizona ($210 million)
Delaware ($124 million)
District of Columbia ($100 million)
Idaho ($127 million)
Indiana ($154 million)
Iowa ($114 million)
Kansas ($102 million)
Kentucky ($133 million)
Michigan ($484 million)
Minnesota ($452 million)
Missouri ($282 million)
Nebraska ($114 million)
New Hampshire ($147 million)
North Carolina ($277 million)
Oklahoma ($357 million)
Oregon ($237 million)
Tennessee ($172 million)
Utah ($128 million)
Virginia ($473 million)
Wisconsin ($424 million)

Over $10 million
Maine ($17 million)
Mississippi ($70 million)
Montana ($23 million)
Nevada ($81 million)
North Dakota ($35 million)
Puerto Rico ($32 million)
Rhode Island ($41 million)
South Carolina ($77 million)
Vermont ($15 million)

Over $100,000 to $8 million
Alaska ($120,000)
Hawaii ($910,000)
New Mexico ($8 million)
South Dakota ($8 million)
West Virginia ($8 million)
Wyoming ($660,000)

FY 2003 AUTHORIZATIONS SUMMARY

($ millions)

Program	Number of Authorizations 2003	Number of Authorizations 2002	Amount Authorized 2003	Amount Authorized 2002	Export Value 2003	Export Value 2002	Program Budget 2003	Program Budget 2002
LOANS								
Long-Term Loans	1	2	$52.7	$295.6	$61.5	$256.6	$0.0	$35.2
Medium-Term Loans	1	0	5.6	0.0	6.5	0.0	0.9	0.0
Tied Aid	0	2	0.0	Incl. Above	0.0	Incl. Above	0.0	13.4
Total Loans	2	4	58.3	295.6	68.0	256.6	0.9	48.6
GUARANTEES								
Long-Term Guarantees	69	56	6,422.9	6,180.2	7,672.0	7,105.0	280.2	537.8
Medium-Term Guarantees	161	180	554.1	543.1	646.1	636.6	26.0	64.6
Working Capital Guarantees	390	359	768.0	684.8	3,101.8	2,419.0	4.2	20.4
Total Guarantees	620	595	7,745.0	7,408.1	11,419.9	10,160.6	310.4	622.8
EXPORT CREDIT INSURANCE								
Short-Term	1,762	1,664	2,025.5	1,748.7	2,025.5	1,748.7	7.1	0.0
Medium-Term	323	253	678.4	666.8	798.0	784.4	11.8	55.1
Total Insurance	2,085	1,917	2,703.9	2,415.5	2,823.5	2,533.1	18.9	55.1
Modifications							3.9	25.2
Grand Total	**2,707**	**2,516**	**$10,507.2**	**$10,119.2**	**$14,311.4**	**$12,950.3**	**$334.1**	**$751.7**

SMALL BUSINESS AUTHORIZATIONS

($ millions)

	Number 2003	Number 2002	Amount 2003	Amount 2002
Export Credit Insurance	1,886	1,759	$1,362	$910
Working Capital Guarantees	343	323	622	532
Guarantees	29	71	91	313
Total Guarantees and Insurance	2,258	2,153	2,075	1,755
Loans	0	1	0	27
Grand Total	**2,258**	**2,154**	**$2,075**	**$1,782**

FY 2003 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Insurance	Total Authorizations	Exposure
AFRICA MULTINATIONAL					200,000,000
ALGERIA			2,211,235	2,211,235	1,650,349,616
AMERICAS MULTINATIONAL					1,267,090
ANGOLA					103,633,322
ANGUILLA					38,008
ANTIGUA					483,456
ARGENTINA					601,778,317
ARUBA					3,568,208
AUSTRALIA		230,162,007	3,375,000	233,537,007	1,073,556,997
AUSTRIA		1,712,153		1,712,153	319,472,636
AZERBAIJAN					52,978,707
BAHAMAS					3,982,501
BAHRAIN		108,097,701		108,097,701	123,692,812
BANGLADESH					8,001,333
BARBADOS					1,106,256
BELGIUM					2,689,713
BELIZE		5,435,671		5,435,671	35,052,109
BENIN			135,000	135,000	10,998,663
BERMUDA			90,000	90,000	2,323,787
BOLIVIA		494,829	2,682,515	3,177,344	9,505,430
BOSNIA					25,168,129
BRAZIL	52,695,247	120,046,566	55,119,015	227,860,828	3,145,834,461
BRUNEI					1,954
BULGARIA		2,113,951		2,113,951	82,814,907
BURKINA FASO		2,044,047		2,044,047	2,044,047
CAMEROON		7,318,985	5,161,401	12,480,386	58,328,994
CANADA			892,643	892,643	494,106,613
CANARY ISLANDS					2,443
CAYMAN ISLANDS					345,383
CENTRAL AFRICAN REPUBLIC					8,710,457
CHAD			17,250,000	17,250,000	17,250,000
CHILE			12,937,676	12,937,676	440,002,394
CHINA					26,386,019
CHINA (MAINLAND)		200,000,000	7,584,327	207,584,327	4,700,861,018
CHINA (TAIWAN)		386,270,600	2,051,437	388,322,037	1,250,720,616
COLOMBIA		3,237,367	11,812,009	15,049,376	310,255,319
CONGO					22,864,759

FY 2003 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Insurance	Total Authorizations	Exposure
CONGO, DEMOCRATIC REPUBLIC OF					838,694,509
COSTA RICA		5,255,393	14,749,500	20,004,893	44,621,127
COTE D'IVOIRE					152,555,702
CROATIA					428,917,328
CUBA					36,266,581
CYPRUS			755,349	755,349	894,907
CZECH REPUBLIC					326,606,143
DENMARK			1,034,100	1,034,100	3,211,241
DJIBOUTI			157,500	157,500	157,500
DOMINICA					12,817
DOMINICAN REPUBLIC		329,054,672	47,342,113	376,396,785	1,102,672,263
ECUADOR					51,233,258
EGYPT		13,715,177	2,792,128	16,507,305	44,098,673
EL SALVADOR		461,647	4,880,984	5,342,631	16,449,823
EQUATORIAL GUINEA			2,700,000	2,700,000	1,350,000
ESTONIA					408,883
ETHIOPIA		226,139,660		226,139,660	226,139,713
FIJI ISLANDS					75,668,854
FINLAND					1,585,836
FRANCE			268,200	268,200	10,660,047
FRENCH POLYNESIA					56,832
GABON					62,549,842
GAMBIA					482,551
GEORGIA					8,478,731
GERMANY, FEDERAL REPUBLIC OF					12,637,047
GHANA		5,789,307	1,702,454	7,491,761	178,149,372
GREECE			720,000	720,000	10,502,458
GRENADA					8,199,654
GUATEMALA		3,402,874	7,018,212	10,421,086	34,480,405
GUINEA			300,000	300,000	8,100,114
GUINEA-BISSAU			10,000,000	10,000,000	10,000,000
GUYANA			600,742	600,742	5,000,983
HAITI					3,911,016
HONDURAS		1,730,041	6,044,721	7,774,762	38,031,810
HONG KONG		339,678,819	985,450	340,664,269	573,400,058
HUNGARY					22,052,290

FY 2003 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Insurance	Total Authorizations	Exposure
ICELAND					534,335
INDIA		130,382,238	4,732,921	135,115,159	1,161,305,236
INDONESIA		27,251,990		27,251,990	2,918,740,642
IRAQ					50,705,975
IRELAND		461,215,287	761,220	461,976,507	997,963,851
ISRAEL		78,943,752	180,000	79,123,752	399,956,751
ITALY		543,685,050	432,500	544,117,550	651,714,955
JAMAICA			10,037,794	10,037,794	42,519,612
JAPAN			306,000	306,000	170,289,949
JORDAN					5,352,446
KAZAKHSTAN		958,909		958,909	11,542,690
KENYA		78,466,497		78,466,497	159,277,827
KOREA, REPUBLIC OF		403,955,700	1,665,000	405,620,700	3,068,400,345
KUWAIT			5,856,439	5,856,439	9,016,915
LATVIA					2,613,350
LEBANON					19,679,329
LIBERIA					5,980,110
LITHUANIA			225,000	225,000	16,849,126
LUXEMBOURG			90,000	90,000	147,943,733
MACAU					1,747
MACEDONIA					71,678,916
MADAGASCAR					38,871,691
MALAYSIA, FEDERATION OF		3,484,817		3,484,817	1,636,556,859
MALI		3,084,000		3,084,000	9,028,789
MALTA					188,223
MARSHALL ISLANDS, REPUBLIC OF					8,679
MAURITANIA			225,000	225,000	470,750
MAURITIUS					23,948,634
MEXICO		1,048,462,871	558,933,407	1,607,396,278	5,966,867,170
MOLDOVA		6,116,925		6,116,925	6,116,925
MONACO					6,887
MOROCCO		66,436,932		66,436,932	544,925,184
NAMIBIA					76,219,377
NAURU					13,223,835
NETHERLANDS		216,260,787	81,252	216,342,039	233,569,217
NETHERLANDS ANTILLES					950,093
NEW CALEDONIA					3,015

FY 2003 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Insurance	Total Authorizations	Exposure
NEW ZEALAND			405,000	405,000	2,580,814
NICARAGUA		1,551,571	5,189,953	6,741,524	106,114,683
NIGER					6,154,758
NIGERIA	5,586,030	43,175,062	13,782,110	62,543,202	813,287,705
NORWAY					1,756,188
OMAN		34,503,054		34,503,054	34,595,673
PAKISTAN		351,313,900		351,313,900	808,249,736
PANAMA		183,286,017	11,773,478	195,059,495	411,339,396
PARAGUAY			6,510,000	6,510,000	7,093,078
PERU		27,892,887	10,453,255	38,346,142	200,604,665
PHILIPPINES		6,101,592	27,797,953	33,899,545	1,218,267,082
POLAND			180,000	180,000	375,226,256
PORTUGAL					743,355
QATAR					167,299,575
ROMANIA		122,229,236		122,229,236	482,652,525
RUSSIA		129,880,022	5,585,269	135,465,291	1,188,772,362
RWANDA					559,569
SAUDI ARABIA		5,422,590	7,292,349	12,714,939	1,892,979,305
SENEGAL		5,682,811		5,682,811	16,662,766
SINGAPORE		259,250,000		259,250,000	268,911,771
SLOVAK REPUBLIC			1,350,000	1,350,000	1,429,793
SLOVENIA					28,020
SOUTH AFRICA		173,040,000	370,800	173,410,800	569,656,759
SPAIN		256,938	162,000	418,938	6,731,605
SRI LANKA					957,685
ST KITTS-NEVIS					44,802
ST LUCIA					597,316
ST VINCENT					101,829
SUDAN					28,246,331
SWEDEN					3,500,734
SWITZERLAND					4,044,268
TANZANIA					3,818,328
THAILAND			135,000	135,000	1,114,355,455
TOGO					2,820
TONGA					65,243
TRINIDAD AND TOBAGO			14,309,002	14,309,002	365,128,932
TUNISIA		247,510	3,628,427	3,875,937	218,054,814

FY 2003 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Insurance	Total Authorizations	Exposure
TURKEY		130,796,122	18,527,785	149,323,907	3,086,589,838
TURKMENISTAN					63,678,700
TURKS AND CAICOS ISLANDS					168,637
UGANDA		2,054,145		2,054,145	5,646,732
UKRAINE		3,053,450		3,053,450	174,113,523
UNITED ARAB EMIRATES			3,275,875	3,275,875	8,401,198
UNITED KINGDOM			2,160,000	2,160,000	27,266,392
UNITED STATES OF AMERICA		793,525,872		793,525,872	1,985,097,472
URUGUAY					3,720,102
UZBEKISTAN		193,035,088		193,035,088	856,635,140
VARIOUS COUNTRIES UNALLOCABLE					334,360,638
VENEZUELA		7,471,950	10,100,300	17,572,250	1,905,352,943
VIETNAM		210,355,298	4,272,224	214,627,522	214,634,667
VIRGIN ISLANDS - BRITISH					1,055,932
WEST INDIES - FRENCH					43,162
YEMEN, REPUBLIC OF					90,000
YUGOSLAVIA, FEDERAL REPUBLIC OF					274,013,866
ZAMBIA					150,824,497
ZIMBABWE					30,154,829
Total	**58,281,277**	**7,744,992,337**	**954,141,024**	**8,757,414,638**	**57,033,902,274**
MULTIBUYER INSURANCE - SHORT-TERM			1,749,780,000	1,749,780,000	3,778,117,267
Total Authorizations	**$58,281,277**	**$7,744,992,337**	**$2,703,921,024**	**$10,507,194,638**	**$60,812,019,541**

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
AUSTRALIA						
31-Jul-03	Virgin Blue Airlines None The Boeing Co.	079650	Commercial Aircraft			$230,162,007
Total for Australia						**$230,162,007**
AUSTRIA						
25-Jun-03	Austrian Airlines None The Boeing Co.	078200	Commercial Aircraft			$1,712,153
Total for Austria						**$1,712,153**
BAHRAIN						
11-Sep-03	Bahrain Royal Flight/Ministry of Defense None The Boeing Co.	079768	Commercial Aircraft			$108,097,701
Total for Bahrain						**$108,097,701**
BRAZIL						
21-Nov-02	MPX Termoceara Ltda. Centennial Energy Holdings Inc. Pratt & Whitney Power Systems	078372	Power Generation Equipment			$51,485,915
30-Jan-03	CIA Vale Do Rio Doce None General Electric Co.	079065	Locomotives and Off-Road Vehicles			$53,786,040
10-Apr-03	Ibiritermo S.A. None General Electric Co.	078557	Power Generation Equipment	4.450%	$52,695,247	
Total for Brazil					**$52,695,247**	**$105,271,955**
CHINA (MAINLAND)						
25-Oct-02	CNOOC and Shell Petrochemicals Co. Ltd./Nanhai None Bechtel Corp.	078352	Petrochemical Complex			$200,000,000
Total for China (Mainland)						**$200,000,000**

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
CHINA (TAIWAN)						
3-Jul-03	China Airlines None The Boeing Co.	079492	Commercial Aircraft			$386,270,600
Total for China (Taiwan)						**$386,270,600**
DOMINICAN REPUBLIC						
26-Nov-02	KS Investment S.A. Banco Reservas de la Republica Dominica Impex Associates Inc.	078745	Building Equipment and Supplies			$10,195,105
12-Dec-02	Secretariado Tecnico de la Presidencia None R.O. & G. International Trading Co.	079105	Helicopters and Training			$64,883,864
9-Jan-03	The Dominican Republic None Netafim Irrigation Inc.	078789	Agriculture Equipment			$21,866,000
16-Jan-03	The Dominican Republic None Trigeant Ltd.	078825	Asphalt Cement for Road Construction			$45,279,500
16-Jan-03	The Dominican Republic None SRK Consulting	078063	Mining and Reclamation Equipment and Services			$49,624,945
13-Mar-03	The Dominican Republic None Carimex Inc.	077787	Hospital Construction			$38,830,557
13-Mar-03	The Dominican Republic None Sir William Halcrow and Partners	077574	Engineering and Procurement Services for Turnkey Water Project			$49,479,000
31-Mar-03	The Dominican Republic None Sunland FGITC Corp.	077006	Engineering and Equipment for Turnkey Irrigation Project			$43,604,103
Total for Dominican Republic						**$323,763,074**
ETHIOPIA						
29-Sep-03	Ethiopian Airlines None The Boeing Co.	078022	Commercial Aircraft			$226,139,660
Total for Ethiopia						**$226,139,660**

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
HONG KONG						
7-Feb-03	BFKT (Thailand) Company Ltd. Hutchison Whampoa Ltd. Motorola Inc.	078877	Cellular Telecommunications Network			$35,004,819
29-Sep-03	Cathay Pacific Airways None The Boeing Co.	079858	Commercial Aircraft			$304,674,000
Total for Hong Kong						**$339,678,819**
INDIA						
5-Jun-03	Indian Oil Corp Ltd. None UOP LLC	079160	Petrochemical Refinery Technology and Catalyst			$75,051,785
10-Jul-03	Jet Airways None The Boeing Co.	079646	Commercial Aircraft			$38,522,000
Total for India						**$113,573,785**
INDONESIA						
17-Sep-03	Ministry of Finance None Raytheon Aircraft Co.	079357	Commercial Aircraft			$12,771,796
17-Sep-03	Ministry of Finance None Enstrom Helicopter Corp.	079422	Commercial Helicopters			$14,480,194
Total for Indonesia						$27,251,990
IRELAND						
14-Nov-02	Ryanair None The Boeing Co.	072813	Commercial Aircraft			$128,425,389
19-Dec-02	Ryanair None The Boeing Co.	078492	Commercial Aircraft			$332,789,898
Total for Ireland						**$461,215,287**

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
ISRAEL						
9-Jan-03	Israel Electric Corp Ltd. None Siemens	077768	Distribution Grid Software Development			$35,123,265
16-Jan-03	Israel Electric Corp Ltd. None General Electric Company Inc.	078104	Power Generation Equipment			$43,820,487
Total for Israel						**$78,943,752**
ITALY						
31-Mar-03	Alitalia None The Boeing Co.	079277	Commercial Aircraft			$543,685,050
Total for Italy						**$543,685,050**
KENYA						
5-Dec-02	Kenya Airways None The Boeing Co.	078985	Commercial Aircraft			$67,471,497
Total for Kenya						**$67,471,497**
KOREA, REPUBLIC OF						
31-Jul-03	Korean Air Lines None The Boeing Co.	079615	Commercial Aircraft			$403,955,700
Total for Korea, Republic Of						**$403,955,700**
MEXICO						
25-Nov-02	Cellular de Telefonia S.A. de C.V. Telefonia Cellular Del Norte S.A. de C.V. Motorola Inc.	078176	Cellular Telecommunications Equipment			$4,553,973
19-Dec-02	Pemex Project Funding Master Trust Petroleos Mexicanos Dowell Products	078229 (XC)	Gas Field Exploration and Development			$200,000,000
6-Mar-03	Pemex Project Funding Master Trust Petroleos Mexicanos Schlumberger Technologies Corp.	078229 (XD)	Oil Field Development			$400,000,000

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor / Guarantor / Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
17-Apr-03	Satelites Mexicanos S.A. de C.V. None Space Systems/Loral Inc.	077875	Satellite and Related Equipment Ground Station			$149,799,409
22-May-03	Pemex Project Funding Master Trust Pemex Gas y Petroquimica Basica Pro-Quip/Linde A.G.	079443	Modular Cryogenic Plants			$47,657,858
Total for Mexico						**$802,011,240**
MOROCCO						
26-Dec-02	Royal Air Maroc None The Boeing Co.	077915	Commercial Aircraft			$32,222,722
3-Jul-03	Royal Air Maroc None The Boeing Co.	078791	Commercial Aircraft			$34,214,210
Total for Morocco						**$66,436,932**
NETHERLANDS						
8-May-03	KLM Royal Dutch Airlines None The Boeing Co.	079438	Commercial Aircraft			$216,260,787
Total for Netherlands						**$216,260,787**
NIGERIA						
30-Jan-03	Econet Wireless Nigeria Ltd. None Harris Corp.	078938	Cellular Telecommunications Equipment			$15,800,994
21-Feb-03	Overland Airways Capital Bank International Raytheon Aircraft Co.	079200	Commercial Aircraft	3.230%	$5,586,030	
Total for Nigeria					**$5,586,030**	**$15,800,994**
OMAN						
1-May-03	Oman Air None The Boeing Co.	079446	Commercial Aircraft			$34,503,054
Total For Oman						**$34,503,054**

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
PAKISTAN						
20-Feb-03	Pakistan International Airlines Government of Pakistan The Boeing Co.	079190	Commercial Aircraft			$351,313,900
Total for Pakistan						**$351,313,900**
PANAMA						
4-Sep-03	Compania Panamena de Aviacion (COPA) None The Boeing Co.	079689	Commercial Aircraft			$183,005,340
Total for Panama						**$183,005,340**
PERU						
7-Feb-03	Petro-Tech Peruana S.A. None Westfield Engineering and Services	078908	Engineering and Refurbishing for Cryogenic Gas Liquefaction Plant			$18,089,932
Total for Peru						**$18,089,932**
ROMANIA						
19-Dec-02	Societatea Nationala Nuclearelectrica S.A. Ministry of Finance General Electric Co.	078523	Steam Turbine Parts and Technology			$29,535,945
24-Apr-03	Societatea Nationala de Radiocommunicatii S.A. Ministry of Finance Globecomm Systems Inc.	079329	Earth Station Upgrade			$14,274,739
29-Sep-03	Tarom Romanian Air Transport Ministry of Finance The Boeing Co.	080003	Commercial Aircraft			$78,418,552
Total for Romania						**$122,229,236**
RUSSIA						
3-Apr-03	Gazprombank Ltd. None Superior Highwall Miners Inc.	078678	Mining Equipment			$22,627,540
Total for Russia						**$22,627,540**

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
SINGAPORE						
29-Sep-03	Singapore Airlines Cargo None The Boeing Co.	079672	Commercial Aircraft			$259,250,000
Total for Singapore						**$259,250,000**
SOUTH AFRICA						
26-Dec-02	SAFAIR None The Boeing Co.	079069	Commercial Aircraft			$173,040,000
Total for South Africa						**$173,040,000**
TURKEY						
7-Nov-02	BIS Enerji Elektrik Uretimi Oto Grubu A.S. None GE Packaged Power Inc.	078673	Gas Turbine Electrical Generator			$14,765,599
5-Dec-02	Aysir Turizm Ve Insaat Anonim Sirketi Sirkeci Tekstil Sanayi Ve Ticaret A.S. Leonard Parker Co.	078355	Hotel Equipment, Furniture and Fixtures			$13,935,936
19-Dec-02	Undersecretariat of Treasury None GE Medical Systems Inc.	078991	Medical Equipment			$14,342,330
8-May-03	Zorlu Enerji Elek Uretimi Otoprod Grubu Zorlu Holding A.S. GE Packaged Power Inc.	076847	Gas Turbine Electrical Generator			$1,087,926
26-Jun-03	Habas Sinai Ve Tibbi Gazlar Istihsal End None GE Packaged Power Inc.	078988	Gas Turbine Electrical Generator			$39,915,433
24-Jul-03	Ayen Ostim Enerji Otoproduksiyon Sanayi Finansbank A.S. GE Packaged Power Inc.	079444	Gas Turbine Electrical Generator			$12,774,490
24-Jul-03	BIS Enerji Elektrik Uretimi Oto Grubu A.S. None GE Packaged Power Inc.	079452	Combustion Turbines			$15,368,337
Total for Turkey						**$112,190,051**

FY 2003 LOANS AND LONG-TERM GUARANTEES AUTHORIZATIONS LISTINGS

Auth. Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Long-Term Guarantees
UZBEKISTAN						
30-Jan-03	National Bank for Foreign Economic Activity Ministry of Finance Bateman Engineering Inc.	079075	Engineering, Procurement and Construction			$76,054,171
30-Jan-03	National Bank for Foreign Economic Activity Ministry of Finance Caterpillar Inc.	079215	Mining Trucks and Graders			$19,915,500
22-May-03	National Bank for Foreign Economic Activity Ministry of Finance Case Corp.	079612	Acial Flow Combine			$19,971,695
11-Sep-03	Uzbekistan Airways Ministry of Finance The Boeing Co.	079671	Commercial Aircraft			$77,093,722
Total for Uzbekistan						**$193,035,088**
VIETNAM						
17-Jul-03	Vietnam Airlines Ministry of Finance The Boeing Co.	078584	Commercial Aircraft			$210,355,298
Total for Vietnam						**$210,355,298**
MISCELLANEOUS						
15-Jan-03	Private Export Funding Corp. (PEFCO)	03048	Interest on Certain of PEFCO's Borrowings			$25,500,000
Total for Miscellaneous						**$25,500,000**
Grand Total					**$58,281,277**	**$6,422,842,422**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Fiscal Year Ending September 30, 2003

I. DESCRIPTION OF BUSINESS

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

With nearly 70 years of experience, Ex-Im Bank has supported more than $437 billion of U.S. exports, primarily to developing markets.

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

MISSION

Ex-Im Bank is the official export credit agency of the United States. The purpose of Ex-Im Bank is to facilitate U.S. exports by providing competitive export financing in situations where: (1) U.S. exporters are facing foreign competition backed by officially supported financing, or (2) the private market is unwilling or unable to offer this financing. In either case, Ex-Im Bank financing is predicated on a determination that reasonable assurance of repayment exists. Ex-Im Bank enables U.S. companies — large, medium-sized and small — to turn export opportunities into sales that help to maintain and create U.S. jobs and contribute to a stronger national economy.

The Bank provides loan guarantees and direct loans (buyer financing), working capital guarantees (pre-export financing), and export credit insurance. On average, 85 percent of the Bank's transactions directly benefit U.S. small businesses.

PRODUCTS

Loan Guarantees: Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S. exports. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, the Bank will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers 100 percent of the commercial and political risks for up to 85 percent of the U.S. contract value of the export transaction.

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

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

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

II. NEW BUSINESS

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

FY 2003 AUTHORIZATIONS

Exhibit 1 shows authorizations for the past two fiscal years. During FY 2003, Ex-Im Bank authorized $10.5 billion of loans, guarantees and insurance, an increase of almost 4 percent over the $10.1 billion authorized in FY 2002.

Authorizations have fluctuated from $9 billion to $13 billion during the past five years as shown in Exhibit 2.

Exhibit 1: Authorizations

(in millions)	FY 2003 Authorizations	FY 2002 Authorizations
LONG-TERM		
Loans	$52.7	$295.6
Guarantees	6,422.9	6,180.2
Subtotal, Long-Term	6,475.6	6,475.8
MEDIUM-TERM		
Loans	5.6	0.0
Guarantees	554.1	543.1
Insurance	678.4	666.8
Subtotal, Medium-Term	1,238.1	1,209.9
SHORT-TERM		
Working Capital	768.0	684.8
Insurance	2,025.5	1,748.7
Subtotal, Short-Term	2,793.5	2,433.5
Total Authorizations	**$10,507.2**	**$10,119.2**

The increase in authorizations in FY 2003 over the prior year is attributable mainly to an increase in authorizations of short-term insurance for U.S. exports and long-term guarantees for exports of U.S. commercial jet aircraft.

ESTIMATED COST OF NEW AUTHORIZATIONS UNDER THE CREDIT REFORM ACT

Under the Federal Credit Reform Act of 1990 (P.L. 101-508), which took effect on October 1, 1992, U.S. government lending agencies are required to estimate the cost of making their loans and loan guarantees and to seek an appropriation from Congress to cover that cost. Loans and guarantees may not be committed unless sufficient appropriations are available to cover the calculated cost.

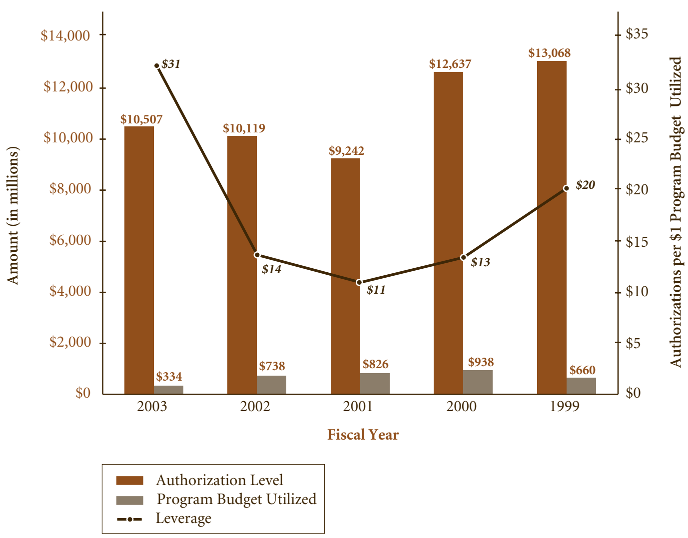
Under credit reform, the U.S. government budgets for the present value of the estimated cost of credit programs not covered by fees, excluding administrative expenses. This cost, known as the "subsidy cost" or "program budget" is defined as the net present value of all the cash flows of the credits to and from the U.S. government. Agencies must establish cash flow estimates for expected defaults, fees and recoveries to estimate the subsidy cost as a part of the budget process.

FY 2003 PROGRAM BUDGET COSTS

The program budget required, if any, depends on the fee charged and the risk level of each authorization. Due primarily to a change in the Interagency Country Risk Assessment System (ICRAS) Risk Premium (see Significant Factors Influencing Financial Results section), the FY 2003 program budget costs are significantly lower than the previous year. Leverage is the amount of authorizations supported by each dollar of program budget. In FY 2003, each $1 million in program budget was leveraged into $31 million in authorizations.

Exhibit 2 shows the total amount authorized and the corresponding program budget costs and leverage for the past 5 years. Authorization levels since FY 2001 have been steadily increasing. The program budget required to support these commitments has been decreasing due to a lowering of the ICRAS risk premium for most risk levels (see ICRAS Risk Premia section). As a result, while in FY 2002 every dollar of program budget supported $14 dollars of export credit authorizations, in FY 2003 every dollar of program budget supported $31 dollars of authorizations, an increase of 121 percent.

Exhibit 2: Authorization Levels and Program Budget Required



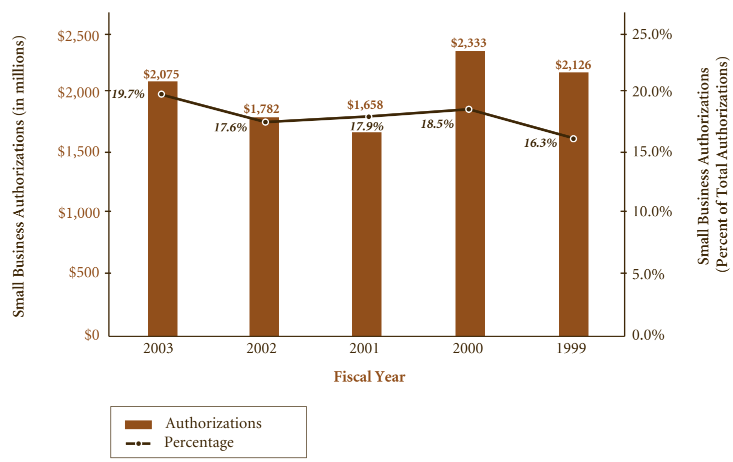
SMALL BUSINESS AUTHORIZATIONS IN FY 2003

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

In FY 2003 Ex-Im Bank supported $768 million in authorizations under the Working Capital Program and $2,026 million under the Short-Term Insurance Program.

Exhibit 3 shows the total dollar amount of authorizations for small business exports, together with the percentage of these authorizations of the total authorizations for fiscal years 1999 through 2003.

Exhibit 3: Small Business Authorizations



III. FINANCIAL RESULTS OF OPERATIONS

The following table summarizes certain selected financial data from the financial statements as of the end of the fiscal year. More detailed financial information can be found in the financial statements.

Exhibit 4: Selected Financial Data

(in millions)	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Cash	$5,776	$7,642	$7,133	$9,087	$9,386
Loans Receivable, Net	5,893	5,900	5,855	5,726	5,831
Receivable from Subrogated Claims, Net	1,504	1,776	2,141	2,107	2,317
Total Borrowings	8,715	7,443	7,976	7,752	7,825
Allowance for Guarantees and Insurance	7,264	7,070	6,412	7,030	6,335
Amounts Payable to the U.S. Treasury	1,944	3,621	557	1,575	2,028
Total Stockholders Equity/ (Deficiency)	(4,801)	(3,663)	(642)	(173)	184
Operating Income	754	908	866	1,047	922
Provision for Credit and Claim Losses	113	726	(195)	701	707
Net Income/(Loss)	641	182	1,061	346	214
Guarantees and Insurance Exposure	$46,838	$43,677	$43,630	$47,414	$43,781

ASSETS

Cash decreased by $1,866 million in FY 2003 from $7.6 billion at the end of FY 2002 to $5.8 billion at the end of FY 2003. The decrease is due to payments made to the U.S. Treasury.

Ex-Im Bank's net loans receivable balance decreased slightly from $5.9 billion at the end of FY 2002 to $5.89 billion at the end of FY 2003. Gross loans receivable decreased slightly from $10.3 billion for FY 2002 to $10.0 billion for FY 2003 while the allowance for loan losses decreased from $2.3 billion for FY 2002 to $2.0 billion for FY 2003. A further discussion of the allowance for losses is below. Net receivables from subrogated claims decreased slightly to $1.5 billion for FY 2003. Gross claims receivable decreased slightly from $4.1 billion for FY 2002 to $4.0 billion for FY 2003. The allowance for claim losses decreased from $1.9 billion for FY 2002 to $1.6 billion for FY 2003. Accrued interest and fees receivable and other assets increased from $145 million at September 30, 2002, to $152 million at September 30, 2003.

LIABILITIES

Total liabilities decreased by $197 million, from $19.1 billion at the end of FY 2002 to $18.9 billion at September 30, 2003.

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 increased from $6.7 billion at the end of FY 2002 to $7.3 billion at September 20, 2003. This increase is due primarily to an increase in loan disbursements in FY 2003.

The allowance for guarantees and insurance increased from $7.1 billion at September 30, 2002, to $7.3 billion at September 30, 2003, which is discussed in more detail below.

Amounts payable to the U.S. Treasury decreased from $3.6 billion at the end of FY 2002, to $1.9 billion at September 30, 2003. 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 2003, Ex-Im Bank estimated that $1.9 billion was needed in the Bank's financing accounts, and the unneeded balance of $1.9 billion will be returned to the U.S. Treasury. As explained in Notes 1 and 2 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).

EQUITY

Total stockholder's deficiency increased from $3.7 billion at the end of FY 2002 to $4.8 billion at the end of FY 2003. This increase is primarily the result of the return of excess funds from the financing accounts to the U.S. Treasury, as described above.

NET INCOME

Net income increased from $182 million in FY 2002 to $641 million in FY 2003. Net income was higher as a result of a smaller provision charged to FY 2003 income of $113 million, as opposed to $726 million in FY 2002, to reflect a net overall improvement in the average risk in the medium-term and long-term portfolio from 5.68 in 2002 to 5.49 in 2003 and the change in methodology due to FIN 46.

OPERATING INCOME

Operating income decreased from $908 million in FY 2002 to $754 million in FY 2003. Operating income is the net interest income plus the non-interest income minus the non-interest expense. The operating income was lower in FY 2003 due to a decrease in the interest on loans.

INTEREST INCOME

For FY 2003 total interest income was $924 million, less than the $1,168 million of interest income in FY 2002. Interest accrued on loans and rescheduled claims decreased from $827 million in FY 2002 to $621 million in FY 2003. The weighted-average-interest rate on Ex-Im Bank's performing loan and rescheduled claims portfolio decreased from 6.38 percent at year-end FY 2002 to 6.13 percent at year-end FY 2003. The total average loan and rescheduled claims balance outstanding decreased from $12,653 million in FY 2002 to $12,520 million in FY 2003. Additionally, Ex-Im Bank collected $32 million less cash in interest on non-accruing loans in FY 2003 than in FY 2002.

INTEREST EXPENSE

Interest expense, primarily on Ex-Im Bank's borrowings from the U.S. Treasury, totaled $492 million in FY 2003, a $5 million increase from the $487 million in FY 2002. This increase was due to the inclusion of interest on borrowings consolidated from variable interest entities (VIEs) in FY 2003.

NON-INTEREST INCOME

Income from commitment fees, exposure fees, guarantee and insurance fees and premiums, and other income totaled $389 million in FY 2003, an $89 million increase from the $300 million in FY 2002. Most of this increase was due to the impact of Fin 45 requiring guarantee fees to be considered in determining the fair value of guarantees for guarantees entered into after December 31, 2002.

NON-INTEREST EXPENSE

Ex-Im Bank receives an appropriation from Congress each year to cover its administrative expenses. For FY 2003, Ex-Im Bank's administrative expenses, on an accrual basis, totaled $66 million. Of that amount, $40 million were for salaries and benefits. Ex-Im

Bank's administrative expenses in FY 2002 totaled $56 million, including $37 million for salaries and benefits. Of Ex-Im Bank's 396 staff members at the end of FY 2003, 369 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 $0.1 million in FY 2003, a decrease of $17 million from the $17 million incurred in FY 2002. Most of the decrease in FY 2003 is primarily due to the change in stock value related to a claim recovery.

PROVISION FOR CREDIT AND CLAIMS LOSSES

Ex-Im Bank evaluates its loan and guarantee portfolio to establish 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. For FY 2003, the provision for losses charged to income was $113 million. In FY 2002, it was $726 million. The allowance for credit losses is shown in detail in Exhibit 5.

Exhibit 5: Allowance for Credit Losses

(in millions)	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
BALANCE AT BEGINNING OF YEAR:					
Allowance for Loan Losses	$2,341.0	$2,635.5	$2,149.9	$2,135.0	$1,850.6
Allowance for Claim Losses	1,910.8	1,608.2	1,691.7	1,760.7	1,258.0
Allowance for VIE Lease Receivables	N/A	N/A	N/A	N/A	N/A
Allowance for Guarantees and Insurance	7,069.6	6,411.5	7,030.0	6,335.1	6,430.7
Total	**11,321.4**	**10,655.2**	**10,871.6**	**10,230.8**	**9,539.3**
PLUS NET (WRITE-OFFS)/RECOVERIES:					
Loans	(216.0)	(43.6)	(1.7)	(28.9)	(9.1)
Claims	(356.0)	(16.4)	(19.6)	(31.3)	(6.6)
Total	**(572.0)**	**(60.0)**	**(21.3)**	**(60.2)**	**(15.7)**
PLUS PROVISION CHARGED TO OPERATIONS:					
Provision for Loan Losses	(149.3)	(250.9)	487.3	43.8	293.5
Provision for Claim Losses	31.5	319.0	(63.9)	(37.7)	509.3
Provision for VIE Lease Receivables Losses	37.0	N/A	N/A	N/A	N/A
Provision for Guarantees and Insurance	194.0	658.1	(618.5)	694.9	(95.6)
Total	**113.2**	**726.2**	**(195.1)**	**701.0**	**707.2**
EQUALS BALANCE AT END OF YEAR:					
Allowance for Loan Losses	1,975.7	2,341.0	2,635.5	2,149.9	2,135.0
Allowance for Claim Losses	1,586.3	1,910.8	1,608.2	1,691.7	1,760.7
Allowance for VIE Lease Receivables	37.0	N/A	N/A	N/A	N/A
Allowance for Guarantees and Insurance	7,263.6	7,069.6	6,411.5	7,030.0	6,335.1
Total	**10,862.6**	**11,321.4**	**10,655.2**	**10,871.6**	**10,230.8**
Total Exposure	**$60,812.0**	**$58,117.6**	**$58,425.5**	**$61,595.7**	**$58,417.7**
Allowance as % of Exposure	17.9%	19.5%	18.2%	17.6%	17.5%

MAJOR WORKOUTS

Ex-Im Bank is in the process of restructuring 12 major impaired credits (where the aggregate exposure to the borrower is in excess of $20 million) with a total exposure of $747 million, down from 14 credits and $1.9 billion at September 30, 2002. These credits supported the export of U.S. products and services to projects and buyers in Indonesia, Mexico, India, Argentina, Brazil, Thailand, the Philippines and Pakistan. All of these companies have other lenders with whom Ex-Im Bank is participating in the restructuring processes.

The four largest restructurings are Uch Power Limited, a power generation company located in Pakistan; Central Puerto, a power generation company located in Argentina; Asia Pulp and Paper, an Indonesian pulp and paper manufacturing company; and Thai Petrochemical Industry Co., a diversified fully integrated petrochemical company in Thailand.

PARIS CLUB ACTIVITIES IN FY 2003

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 2003, Ex-Im Bank signed and implemented bilateral agreements to provide public sector debt relief in the form of debt forgiveness and/or debt rescheduling, including capitalized interest, to 13 countries. In FY 2002, 14 countries received either debt forgiveness or debt rescheduling.

Exhibit 6: Paris Club Bilateral Agreements

(in thousands)

	FY 2003	
Country	**Principal Forgiven**	**Debt Rescheduled**
Bolivia	$10,047	-
Cameroon	3,381	-
Côte d'Ivoire	39,397	$26,715
DRC (Zaire)	455,877	597,227
Ghana	2,536	-
Indonesia	-	259,329
Macedonia	-	10,523
Mauritania	6,597	-
Nicaragua	2,339	-
Niger	602	-
Pakistan	-	220,053
Rwanda	882	-
Yugoslavia	154,728	274,014
Total	**$676,386**	**$1,387,861**

	FY 2002	
Country	**Principal Forgiven**	**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**

The amount written off to the reserve in fiscal year 2003 includes $216.0 million in loan write-offs and $356.0 million in claim write-offs for a total write-off of $572.0 million. The difference between the reserve write-offs and Paris Club principal forgiveness reflect $14.8 million of non-sovereign subrogated claims included in the reserve write-off but not included in the Paris Club principal forgiveness and $119.2 million in capitalized interest not included in the reserve write-off but included in the Paris Club principal forgiveness.

IV. SIGNIFICANT FACTORS INFLUENCING FINANCIAL RESULTS

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

Also, Ex-Im Bank makes fixed-rate loan commitments prior to borrowing to fund loans and takes the risk that it will have to borrow the funds at an interest rate greater than the rate charged on the credit. In the event this occurs, a U.S. Treasury appropriation account is available to Ex-Im Bank to cover the loss.

In fulfilling its mission to support the financing of U.S. exports, Ex-Im Bank must balance the risks associated with assuming credit and country risks that the private sector is unable or unwilling to accept with the requirement of reasonable assurance of repayment for its credit authorizations. A discussion of Ex-Im Bank's methodology for risk rating credits and establishing reserves follows.

The major risks to the Bank in its credit portfolio are repayment risk and concentration risk. Other risks the Bank must assess and attempt to minimize are operational risk and organizational risk.

Repayment Risk: The risk that a borrower will not pay according to the original agreement and that the Bank may eventually have to write-off some or all of the obligation. Repayment risk is primarily composed of:

- ***Credit Risk:*** The risk that an obligor may not have sufficient funds to service its debt.
- ***Political Risk:*** The risk that payment may not be made to the Bank, its guaranteed lender or an insured as a result of expropriation of the obligor's property, war, or inconvertibility of the obligor's currency into dollars.

Concentration Risk: Risks stemming from the composition of the credit portfolio as opposed to risks related to specific borrowers. The Bank has the following concentration risks:

- ***Geographic Region.*** The risk that events could negatively impact not only one country but at the same time many countries in an entire region. Fifty-eight percent of Ex-Im Bank's portfolio is contained in two geographic regions: Asia (33 percent) and Latin America (25 percent).
- ***Industry:*** The risk that events could negatively impact not only one company but many companies at the same time that are in the same industry. The Bank's credit exposure is highly concentrated by industry: fifty-eight percent of the Bank's credit portfolio is in three industries - airlines, oil and gas, and power (with aircraft representing 36 percent of the Bank's total exposure). Events impacting these industries are frequently international in nature and are not confined to a specific country or geographic area.
- ***Obligor:*** The risk that a lender's credit portfolio is disproportionately concentrated with one or a few borrowers. The Bank's 10 largest public sector obligors make up 27 percent of its portfolio, and its 10 largest private sector obligors make up 13 percent of its portfolio.

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

Organizational Risk: The risk of loss to Ex-Im Bank due to the organizational environment - people and skills, incentives, culture and values. Ex-Im Bank hires highly qualified individuals and has a culture of rigorous risk assessment. Continual training opportunities are offered to all employees to maintain and enhance their high skill levels.

Interest Rate Risk: This risk is described in the above section in the discussion on fixed rate loans.

THE INTERAGENCY COUNTRY RISK ASSESSMENT SYSTEM (ICRAS)

The Office of Management and Budget (OMB) established ICRAS to provide a framework for uniformly measuring the costs of the U.S. government's international credit programs across the various agencies that administer them. To operate this framework, OMB chairs an interagency working group composed of the agencies involved in international lending, 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 sovereign and nine non-sovereign risk categories and has current risk ratings for 184 markets.

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

The ratings are based, in general, on a country's (1) ability to make payments, as indicated by relevant economic factors, and (2) willingness to pay, as indicated by payment record and political and social factors. Four categories, ratings 1 through 4, are roughly equivalent to "creditworthy" or "investment grade" private bond ratings. Three categories, ratings 9 to 11, are for countries either unable to pay fully, even with extended repayment periods, or currently unwilling to make a good faith effort. In between are categories reflecting various degrees of potential or actual payment difficulties.

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

In 2002, OMB adjusted the risk premia for certain noncredit 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.

TRANSACTION RISK EVALUATION

Ex-Im Bank requires a reasonable assurance of repayment for all credit authorizations. The Credit and Risk Management Division evaluates applications for loan guarantees, export credit insurance and direct loans, with the exception of transportation and structured finance transactions, to assess if those applications meet Ex-Im Bank risk criteria. Specialists in the Transportation Division and Structured Finance Division analyze credit applications for those types of transactions. The Bank's board of directors, credit committee or a bank officer acting pursuant to delegated authority makes the final determination of reasonable assurance of repayment taking into consideration staff recommendations.

Transactions resulting in over $10 million in exposure generally require the approval of the board of directors. All other transactions require the approval of either 1) the Bank's credit committee, whose voting members consist of five designated senior managers and a member of the board of directors serving as an ex-officio member, or 2) a Bank officer acting pursuant to authority delegated by the board of directors.

PORTFOLIO RISK MONITORING AND EVALUATION

Ex-Im Bank continuously monitors its portfolio of credits after they have been approved. Monthly reports are prepared for the board of directors and management detailing and analyzing the portfolio risk profile and any significant changes from the prior report. Credits to obligors with total Ex-Im Bank exposure of $20 million or more are individually re-evaluated quarterly after approval.

V. RISK PROFILE OF EXPOSURE

FY 2003 AUTHORIZATIONS

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 have a higher risk than level 8. On this scale, level 3 is approximately equivalent to Standard and Poor's BBB, level 4 approximates BBB-, and level 5 approximates BB.

The overall weighted-average-risk rating of FY 2003 authorizations was 5.03, slightly more risky than the 4.90 for authorizations made in FY 2002. Sixty percent of Ex-Im Bank's medium-term and long-term authorizations in FY 2003 fell in the level 3-to-5 range (BBB to BB) while 24 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 $26 million in FY 2003 and $85 million in FY 2002.

Exhibit 7 shows the risk profile of Ex-Im Bank's authorizations in FY 2003 and the past five-year average risk profile.

Exhibit 7: FY 2003 Long-term and Medium-term Authorizations by Risk Category

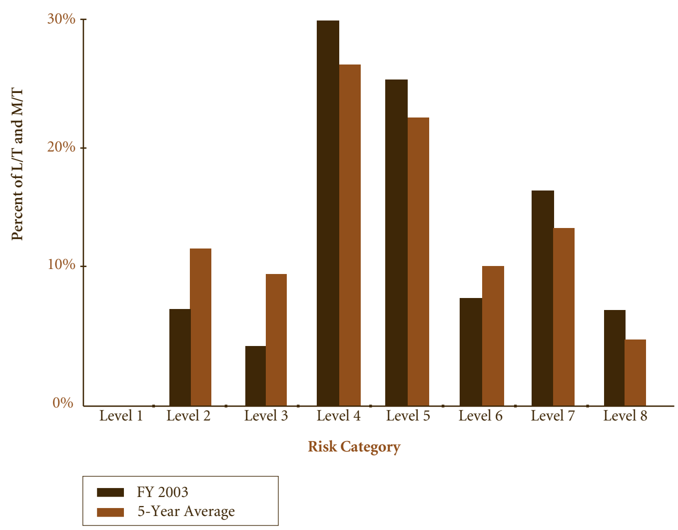


Exhibit 8 shows FY 2002 and FY 2003 medium-term and long-term authorizations by amount and risk category.

Exhibit 8: Medium-term and Long-term Authorizations by Amount and Risk Category

(in millions)

Level	FY 2003	FY 2002	Difference
Level 1	0	0	0
Level 2	$575.7	$800.5	($224.8)
Level 3	351.4	1,869.3	(1,517.9)
Level 4	2,313.7	1,755.3	558.4
Level 5	1,951.9	969.7	982.2
Level 6	640.5	467.4	173.1
Level 7	1,287.7	1,257.1	30.6
Level 8	567.2	481.1	86.1
Total	**$7,688.1**	**$7,600.4**	**$87.7**

FISCAL YEAR-END EXPOSURE

Exhibit 9 summarizes total Ex-Im Bank exposure by type of exposure and shows each type of exposure as a percent of the total exposure at the end of the respective fiscal year.

Exhibit 9: Exposure by Type and Percent

(in millions)	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Guarantees	$40,025.7	$38,595.9	$36,948.2	$36,944.2	$34,063.1
Loans Receivable	9,998.5	10,324.2	10,614.6	9,948.5	10,125.7
Insurance	6,261.1	3,987.4	4,822.5	7,857.5	6,816.0
Receivables from Subrogated Claims	3,976.0	4,116.3	4,181.4	4,233.3	4,511.0
Undisbursed Loans	550.7	1,093.8	1,858.8	2,612.2	2,901.9
Total Exposure	**$60,812.0**	**$58,117.6**	**$58,425.5**	**$61,595.7**	**$58,417.7**

(% to Total)	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Guarantees	65.9%	66.3%	63.1%	59.9%	58.3%
Loans Receivable	16.4%	17.8%	18.2%	16.2%	17.3%
Insurance	10.3%	6.9%	8.3%	12.8%	11.7%
Receivables from Subrogated Claims	6.5%	7.1%	7.2%	6.9%	7.7%
Undisbursed Loans	0.9%	1.9%	3.2%	4.2%	5.0%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Total exposure over the five-year period has remained relatively constant at approximately $60 billion. With respect to the total Ex-Im Bank exposure, the percentage of direct loans exposure (including undisbursed loans) has declined while the percentage of guarantee exposure has increased.

Exhibit 10 summarizes total Ex-Im Bank exposure by geographic region as of the end of the fiscal year. The table shows that the geographic exposure has been relatively stable over the past five years.

Exhibit 10: Geographic Exposure

(in millions)	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Asia	$20,229.5	$19,065.9	$19,350.2	$19,390.6	$18,450.9
Latin America	14,983.9	15,710.7	14,814.4	14,591.5	14,840.3
Europe/Canada	10,491.1	10,069.7	10,029.2	10,618.9	9,558.4
Africa/Middle East	9,008.1	8,684.8	9,380.8	9,708.6	9,447.4
All Other	6,099.4	4,586.5	4,850.9	7,286.1	6,120.7
Total Exposure	**$60,812.0**	**$58,117.6**	**$58,425.5**	**$61,595.7**	**$58,417.7**

(% to Total)	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Asia	33.3%	32.9%	33.0%	31.5%	31.5%
Latin America	24.6%	27.0%	25.4%	23.7%	25.4%
Europe/Canada	17.3%	17.3%	17.2%	17.2%	16.4%
Africa/Middle East	14.8%	14.9%	16.1%	15.8%	16.2%
All Other	10.0%	7.9%	8.3%	11.8%	10.5%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The All Other category in Exhibit 10 includes undisbursed balances of short-term multibuyer insurance that is not allocated by region until shipment has taken place, and working capital guarantee exposure in the United States.

Exhibit 11 shows exposure by the major industrial sectors represented in the Bank's portfolio. The table shows increasing exposure in air transportation over the past five years.

Exhibit 11: Industry Exposure

(in millions)	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Air Transportation	$21,659.1	$19,816.8	$18,364.4	$18,107.4	$16,460.9
Power Projects	7,067.6	8,154.8	8,383.0	8,676.7	8,378.8
Oil and Gas	6,166.9	6,275.5	6,475.9	6,091.0	6,446.2
Manufacturing	4,320.7	4,806.4	5,204.3	6,694.0	5,573.4
All Other	21,597.7	19,064.1	19,997.9	22,026.6	21,558.4
Total Exposure	**$60,812.0**	**$58,117.6**	**$58,425.5**	**$61,595.7**	**$58,417.7**

(% to Total)					
Air Transportation	35.6%	34.1%	31.4%	29.4%	28.2%
Power Projects	11.6%	14.0%	14.3%	14.1%	14.3%
Oil and Gas	10.1%	10.8%	11.1%	9.9%	11.0%
Manufacturing	7.1%	8.3%	8.9%	10.9%	9.5%
All Other	35.6%	32.8%	34.3%	35.7%	37.0%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Of the portfolio at September 30, 2003, 54 percent represents credits to public sector obligors or guarantors (36 percent to sovereign obligors or guarantors and 18 percent to public non-sovereign entities); 46 percent represents credits to private sector obligors. A breakdown of public versus private sector exposure is shown in the following table.

Exhibit 12: Public and Private Obligors

Year-End	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Private Obligors	46%	43%	41%	41%	39%
Public Obligors	54%	57%	59%	59%	61%

CHANGES IN THE PORTFOLIO RISK LEVEL

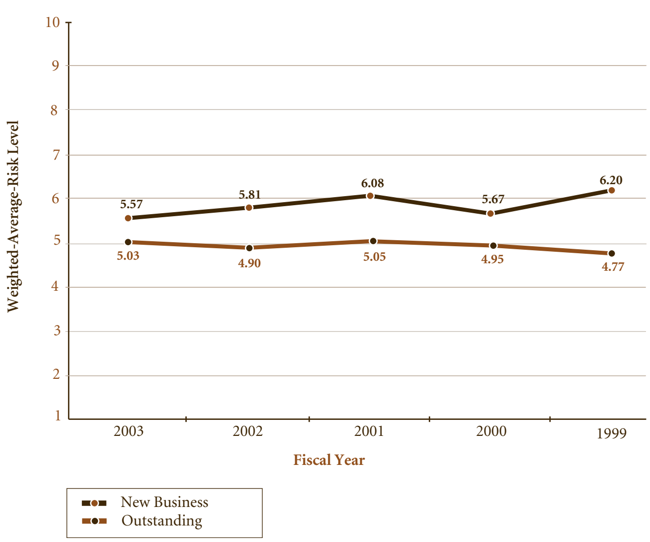
At the end of FY 2003, Ex-Im Bank had a portfolio of $60.8 billion of loans, guarantees, insurance and outstanding claims receivable, only slightly higher than the balance of $58.1 billion at the end of FY 2002. The weighted-average-risk rating of Ex-Im Bank's medium-term and long-term portfolio was 5.49 as of September 30, 2003, slightly lower than the weighted-average-risk rating of 5.68 as of September 30, 2002.

Exhibit 13: Portfolio – Weighted-Average-Risk Level

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Medium-term and Long-term Portfolio Weighted-Average-Risk Level	5.49	5.68	5.87	5.54	5.94

Changes in Ex-Im Bank's overall portfolio risk credit level are highlighted in Exhibit 14. This chart shows the weighted-average-risk rating for new authorizations and outstanding business for the past five years. The exhibit shows the new business during the year and the portfolio as it exists at the beginning of the year. This compares to the weighted-average-risk level at the end of the year in Exhibit 13.

Exhibit 14: Credit Quality – Risk Profile



The new business risk level in Exhibit 14 includes all medium-term and long-term transactions authorized in each respective fiscal year and reflects the weighted-average-risk rating for these authorizations. The outstanding risk level in Exhibit 14 represents the risk profile of the entire portfolio at the end of each respective fiscal year. For example the 2003 outstanding reflects the weighted-average-risk rating for the entire medium-term and long-term portfolio at the end of FY 2002 and re-rated in September 2003.

VI. LOSS RESERVE METHODOLOGY

The process by which Ex-Im Bank determines its loss reserves for each fiscal year involves assessing the repayment risk of the credit, which includes both commercial and political risk factors, then calculating the loss reserve based on the percentage of loss associated with the risk level assigned to the credit.

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

SOVEREIGN OBLIGOR RATINGS

Sovereign risk is associated with an obligor that conveys the full faith and credit of its country. To rate sovereign obligors, Ex-Im Bank relies on the risk levels assigned to sovereign countries by ICRAS.

NON-SOVEREIGN OBLIGOR RATINGS

Semiannually, Ex-Im Bank makes a case-by-case assessment of the risk level of its largest corporate obligors (outstanding exposure in excess of $20 million) in its non-sovereign portfolio. At September 30, 2003, these corporate entities represent 372 separate transactions and 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, large corporate and project finance cases are risk-rated based on risk-rating methodologies specific to 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. A major determinant of the risk rating is the sovereign-risk rating of the country in which the obligor or guarantor is located. Credit enhancements such as the availability of liens and off-shore escrow accounts are taken into account.

LOSS PERCENTAGE

Each of the 11 risk levels are identified with a loss percentage to determine the overall allowance for credit losses. The loss percentage for each risk level is based on the risk premia model developed by OMB, discussed previously, to calculate subsidy costs.

ALLOWANCE FOR LOSSES ON NON-IMPAIRED LOANS AND CLAIMS RECEIVABLE

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

ALLOWANCE FOR LOSSES ON VIE LEASE RECEIVABLES

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

ALLOWANCE FOR LOSSES ON IMPAIRED LOANS AND CLAIMS RECEIVABLE

Ex-Im Bank 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.

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

ALLOWANCE FOR LOSSES ON GUARANTEES AND MEDIUM-TERM INSURANCE

The allowance for losses on Ex-Im Bank's contingent liabilities for medium-term and long-term guarantees and medium-term insurance is determined using the fair-value method.

ALLOWANCE FOR LOSSES ON EXPORT CREDIT INSURANCE EXPOSURE

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

ALLOWANCE FOR CONCENTRATION RISK

In addition to the loss reserves based on an obligor's individual risk rating, Ex-Im Bank also provides additional loss reserves to account for the risk of exposure concentration. The additional loss reserves is determined based on 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 management believes is reasonable and sufficient to account for the risk of exposure concentration.

UNDISBURSED BALANCES

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

ALLOWANCE FOR LOSSES

The total allowance for losses (loss reserve) at the end of FY 2003 for loans, claims, guarantee and insurance commitments and lease receivables, is $10,862.6 million, which is 17.9 percent of total exposure of $60,812.0 million. This compares to the total loss reserve at September 30, 2002, for loans, claims receivable, and guarantee and insurance commitments of $11,321.4 million that was 19.5 percent of total exposure of $58,117.6.

Exhibit 15: Loss Reserves and Exposure and Lease Receivables

Loss Reserves

(in millions)	FY 2003	FY 2002
Allowance for Loan Losses	$1,975.7	$2,341.0
Allowance for Claim Losses	1,586.3	1,910.8
Allowance for VIE Lease Receivables	37.0	N/A
Allowance for Guarantees, Insurance and Undisbursed Loans	7,263.6	7,069.6
Total	**$10,862.6**	**$11,321.4**

Total Exposure

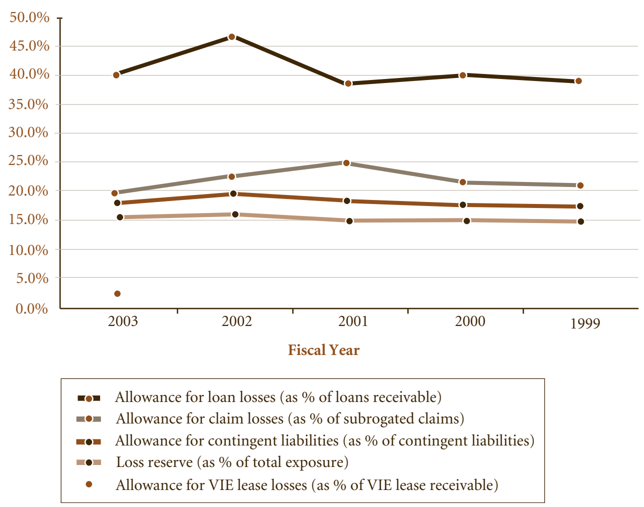
(in millions)	FY 2003	FY 2002
Loans Receivable	$9,998.5	$10,324.2
Receivables from Subrogated Claims	3,976.0	4,116.3
Guarantees and Insurance	46,286.8	42,583.3
Undisbursed Loans	550.7	1,093.8
Total Exposure	**$60,812.0**	**$58,117.6**
Loss Reserve as Percentage (%) of Total Exposure	17.9%	19.5%

Of Ex-Im Bank's $11,204.3 million in loans and claims exposure, (excluding capitalized interest) as of September 30, 2003, $4,774.9 million is classified as impaired. Loss reserves on the impaired portion of Ex-Im Bank's exposure are $2,497.8 million for outstanding loans and claims.

Ex-Im Bank's exposure for guarantees, insurance and undisbursed loans is $46,837.5 million as of September 30, 2003. Loss reserves on this exposure totals $7,263.6 million.

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

Loan Reserve Summary



VII. CRITICAL ACCOUNTING POLICIES

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

ALLOWANCE FOR LOSSES

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

Under SFAS No. 114, Ex-Im Bank is required to measure impaired loans on the basis of the present value of expected future cash flows discounted at the loan's effective interest rate or at the loan's observable market price. This requires 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 above 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.

GUARANTEES

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

VARIABLE INTEREST ENTITIES

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

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

LOANS RECEIVABLE

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

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

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

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

DEFERRED FEES

Refer to Note 1 in the Notes to Financial Statement Section.

VIII. SIGNIFICANT FINANCIAL STATUTORY LIMITATIONS

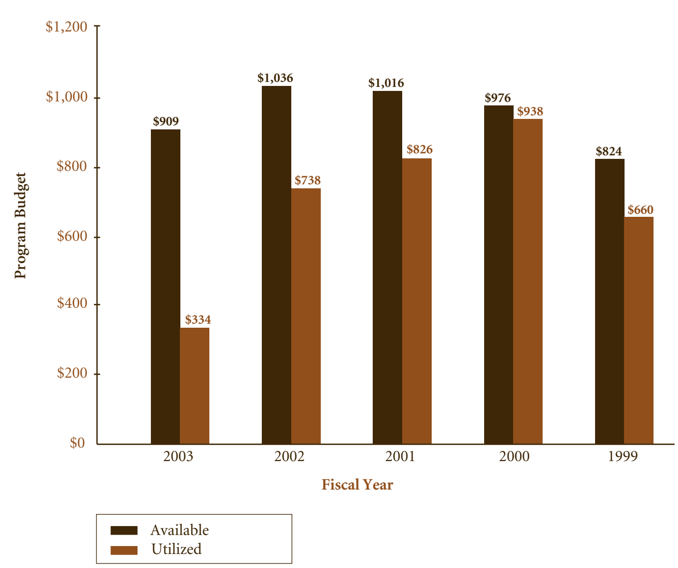
Ex-Im Bank has several significant financial limitations that are contained in the Export-Import Bank Act of 1945, as amended and in various appropriation acts. The following exhibits summarize the status of those limitations as of September 30, 2003, as well as the utilization of available funding.

Exhibit 16: Appropriations and Lending Authority

(in millions)	Available	Obligated	Balance
PROGRAM APPROPRIATIONS			
Non-Tied Aid			
Carry-over from Prior Year	$296.5	$181.2	$115.3
Cancellations	103.2	103.2	0.0
FY 2003/06 Appropriation	509.6	49.7	459.9
Total Non-Tied Aid	**$909.3**	**$334.1**	**$575.2**
Tied Aid			
Carry-over from Prior Year to FY 2003	$260.5	$0.0	$260.5
Cancellations	0.0	0.0	0.0
Total Tied Aid	**$260.5**	**$0.0**	**$260.5**
Total Program Appropriations	**$1,169.8**	**$334.1**	**$835.7**
ADMINISTRATIVE EXPENSE APPROPRIATION	$68.1	$68.1	$0.0
STATUTORY LENDING AUTHORITY	$85,000.0	$60,812.0	$24,188.0

Tied-aid is government-to-government concessional financing of public sector capital projects in developing countries. Tied-aid terms usually involve total maturities longer than 20 years, lower than market interest rates, and/or direct grants.

Exhibit 17: Program Budget Appropriations Available and Utilized



MANAGEMENT REPORT ON FINANCIAL STATEMENT AND INTERNAL ACCOUNTING CONTROLS

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

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

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

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

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

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

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

Philip Merrill

Philip Merrill
President and Chairman

James K. Hess
Senior Vice President and Chief Financial Officer

December 19, 2003

STATEMENT OF FINANCIAL POSITION

(in millions)	September 30, 2003	September 30, 2002
ASSETS		
Cash	$5,775.6	$7,641.8
Loans Receivable, Net	5,893.0	5,900.4
Receivables from Subrogated Claims, Net	1,504.1	1,776.3
Lease Receivables Consolidated from VIEs, Net	803.9	-
Accrued Interest, Fees Receivable and Other Assets	151.9	144.9
Total Assets	**$14,128.5**	**$15,463.4**
LIABILITIES AND STOCKHOLDER'S DEFICIENCY		
Borrowings from the U.S. Treasury	$7,280.5	$6,657.4
Payment Certificates	593.0	785.6
Borrowings Consolidated from VIEs	841.0	-
Allowance for Guarantees, Insurance and Undisbursed Loans	7,263.6	7,069.6
Claims Payable	12.3	22.1
Amounts Payable to the U.S. Treasury	1,943.5	3,620.8
Deferred Fees	887.1	893.5
Other Liabilities	108.3	77.5
Total Liabilities	**18,929.3**	**19,126.5**
COMMITMENTS AND CONTINGENCIES (Note 19)		
Capital Stock held by the U.S. Treasury	1,000.0	1,000.0
Tied Aid Appropriations	342.9	344.3
Credit Appropriations	574.9	296.5
Accumulated Deficit	(6,718.6)	(5,303.9)
Total Stockholder's Deficiency	**(4,800.8)**	**(3,663.1)**
Total Liabilities and Stockholder's Deficiency	**$14,128.5**	**$15,463.4**

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

STATEMENT OF OPERATIONS

(in millions)	For the Year Ended September 30, 2003	For the Year Ended September 30, 2002
INTEREST INCOME		
Interest on Loans and Leases	$620.9	$826.6
Interest on Cash and Cash Equivalents	302.6	341.6
Total Interest Income	923.5	1,168.2
INTEREST EXPENSE		
Interest on Borrowings	484.0	486.4
Interest on Borrowings Consolidated from VIEs	7.7	0.0
Other Interest Expense	0.1	0.2
Total Interest Expense	491.8	486.6
NET INTEREST INCOME	431.7	681.6
Provision for Credit and Claim Losses	113.2	726.2
Net Income/(Loss) after Provision for Losses	318.5	(44.6)
NON-INTEREST INCOME		
Commitment Fees	14.5	23.2
Exposure Fees for Guarantees	311.6	242.1
Guarantee Fees and Insurance Premiums	26.2	25.7
Other Income	37.0	8.5
Total Non-Interest Income	389.3	299.5
NON-INTEREST EXPENSE		
Administrative Expense	66.3	55.7
Other Expense	0.1	17.1
Total Non-Interest Expense	66.4	72.8
Net Income	**$641.4**	**$182.1**

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, 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 2)					(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 2)				(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)**
Appropriations Received				577.7		577.7
Appropriations Obligated Excluding Tied Aid				(402.2)	402.2	0.0
Net Income					641.4	641.4
Appropriations Deobligated and Reavailable, Net				103.2	(103.2)	0.0
Transferred to the U.S. Treasury, Net (Note 2)					(472.6)	(472.6)
Tied Aid Appropriations Disbursed		(1.4)				(1.4)
Rescission of Unobligated Tied Aid Funds						0.0
Amounts Payable to the U.S. Treasury (Note 2)				(0.3)	(1,882.5)	(1,882.8)
BALANCE AT SEPTEMBER 30, 2003	**$1,000.0**	**$342.9**	**$0.0**	**$574.9**	**($6,718.6)**	**($4,800.8)**

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

STATEMENT OF CASH FLOWS

(in millions)	For the Year Ended September 30, 2003	For the Year Ended September 30, 2002
CASH FLOWS FROM OPERATIONS		
Net Income	$641.4	$182.1
Adjustments To Reconcile Net Income to Net Cash from Operations:		
Amortization of Discount on Loan Disbursements, Net	(9.7)	(10.4)
Amortization of Loan Exposure Fees	(19.1)	(8.4)
Amortization of Guarantee Exposure Fees and Insurance Premiums	(6.4)	(11.7)
Provision for Credit and Claim Losses	113.2	726.2
Claim Payments and Recoveries, Net	231.0	34.2
(Increase)/Decrease in Accrued Interest Receivable, Fees Receivable and Other Assets	(7.0)	39.5
Increase in Other Liabilities	30.8	207.2
Net Cash Provided by Operations	**974.2**	**1,158.7**
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Disbursements	(785.4)	(722.5)
Repayment of Loans Receivable	971.0	947.1
Disbursements Consolidated from VIEs	(848.1)	-
Repayment of Lease Receivables Consolidated from VIEs	7.1	-
Net Cash (Used)/Provided by Investing Activities	**(655.4)**	**224.6**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from the U.S. Treasury	930.6	714.6
Repayment of Borrowings from the U.S. Treasury	(307.5)	(1,102.0)
Borrowings Consolidated from VIEs	848.1	-
Repayment of Borrowings Consolidated from VIEs	(7.1)	-
Credit Appropriations Received	577.7	837.5
Amounts Transferred to the U.S. Treasury	(4,032.8)	(923.5)
Rescission of Unobligated Tied Aid Funds	-	(50.0)
Claim Payment Certificates Paid	(192.6)	(347.6)
Tied Aid Disbursements	(1.4)	(3.0)
Net Cash Used in Financing Activities	**(2,185.0)**	**(874.0)**
Net (Decrease)/Increase in Cash	(1,866.2)	509.3
Cash - Beginning of Year	7,641.8	7,132.5
Cash - End of Year	**$5,775.6**	**$7,641.8**
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for Interest	**$451.8**	**$490.9**

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

EXPORT-IMPORT BANK OF THE UNITED STATES NOTES TO THE 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 reauthorizations granted by Congress. Congressional authorization has been extended through September 30, 2006. For FY 2003, the reauthorization increased Ex-Im Bank's overall limit on loans, guarantees and insurance that can be outstanding at any one time from $80 billion to $85 billion. The limit increases by an additional $5 billion each year through FY 2006.

Ex-Im Bank's mission is to facilitate U.S. exports by providing financing in order to level the playing field for American exporters facing officially supported foreign financing competition and to supplement private sources of financing where the private sector is unwilling or unable to provide financing and Ex-Im Bank determines that reasonable assurance of repayment exists. In pursuit of its mission of supporting U.S. exports, Ex-Im Bank offers four financial products: direct loans, loan guarantees, working capital guarantees and export credit insurance. All Ex-Im Bank guarantees carry the full faith and credit of the U.S. government.

Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. The buyer must make a cash payment to the U.S. exporter of at least 15 percent of the U.S. contract value.

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

Ex-Im Bank extends medium-term and long-term direct loans to foreign buyers of U.S. exports. Loans extended under the medium-term loan program have repayment terms of one to seven years, while loans extended under the long-term loan program usually have repayment terms in excess of seven years. Generally, both the medium-term and long-term loan 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).

Under the Working Capital Guarantee Program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's working capital guarantee protects the lender from default by the exporter for 90 percent of the loan principal and interest.

Ex-Im Bank's export credit insurance program helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign buyer or other foreign debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

USE OF ESTIMATES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant of these estimates are the allowances for losses on loans receivable, lease receivables, subrogated claims receivable, and guarantees and insurance. Estimates are also used in the determination of the primary beneficiary for variable interest entities (VIEs), and for residual values on lease receivables consolidated from VIEs. Certain assumptions are also used to calculate the fair value of financial instruments (Note 18). Actual results could differ significantly from management's assumptions and estimates.

LOANS RECEIVABLE, NET

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

From time to time, Ex-Im Bank extends the repayment date and may modify the interest rate of some or all principal installments of a loan because the obligor or country has encountered financial difficulty and Ex-Im Bank has determined that providing relief in this manner will enhance the ability to collect the loan.

Sovereign debt reschedulings take place under the framework of the Paris Club. The Paris Club is an "ad hoc" group of 19 permanent member creditor countries. The Paris Club meets regularly in Paris to discuss and provide debt relief to qualifying debtor countries. The debt relief provided depends on the economic and financial situation of the applying debtor country and can take the form of debt forgiveness and/or debt rescheduling. The amount of principal forgiveness and debt rescheduled in FY 2003 was $676.4 million and $1,387.9 million, respectively, while the amount of principal forgiveness and debt rescheduled in FY 2002 was $75.4 million and $401.1 million, respectively.

The amount written off to the reserve in fiscal year 2003 includes $216.0 million in loan write-offs and $356.0 million in claim write-offs for a total write-off of $572.0 million. The difference between the reserve write-offs and Paris Club principal forgiveness reflect $14.8 million of non-sovereign subrogated claims included in the reserve write-off but not included in the Paris Club principal forgiveness and $119.2 million in capitalized interest not included in the reserve write-off but included in the Paris Club principal forgiveness.

DISCOUNT ON LOANS RECEIVABLE

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

LEASE RECEIVABLES

Lease receivables arise from consolidation of certain VIEs (see Notes 3 and 6). The leases are finance leases in accordance with FAS 13.

RECEIVABLES FROM SUBROGATED CLAIMS, NET

Receivables from subrogated claims represent the outstanding balance of payments that were made on claims that were submitted to Ex-Im Bank in its capacity as guarantor or insurer under Ex-Im Bank's export guarantee or insurance programs. Under the subrogation clauses in its guarantee and insurance contracts, Ex-Im Bank receives all rights, title and interest in all amounts relating to claims paid under insurance policies and guarantees, and therefore establishes an asset to reflect such rights.

ACCRUED INTEREST

Interest is accrued on loans and claims as it is earned. Generally, loans and subrogated claims receivable delinquent 90 days or more are placed on a non-accrual status unless they are well-secured and significant collections have been received. At the time that a loan or claim is placed on non-accrual status, any accrued but unpaid interest previously recorded is reversed against current period interest income. The interest on these loans is accounted for on a cash basis until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

ACCOUNTING FOR CAPITALIZED INTEREST ON RESCHEDULED LOANS AND SUBROGATED CLAIMS

Rescheduling agreements frequently allow for Ex-Im Bank to add uncollected interest to the principal balance of rescheduled loans and subrogated claims receivable (i.e., capitalized interest). When capitalized, any accrued interest receivable is reversed against current period's interest income. The amount of interest that was capitalized and included in the principal balance is recorded as income when cash collections occur and only after all principal not related to the capitalized interest is paid. An allowance is established for all uncollected capitalized interest.

ALLOWANCE FOR LOSSES ON LOANS, GUARANTEES, INSURANCE, SUBROGATED CLAIMS AND LEASE RECEIVABLES

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

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

Ex-Im Bank is the primary beneficiary of certain VIEs that have been created in connection with security arrangements for certain export credits. The lease arrangements associated with these VIEs are treated as direct financing leases, and the loss allowance for the lease is calculated according to the expected loss due to credit risk.

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

Ex-Im Bank 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.

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 certain political and commercial risks and (2) guarantees of letters of credit underlying future loan disbursements. Ex-Im Bank generally does not hold collateral or other security to support its medium-term and short-term financial instruments 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 guarantees and insurance differ from those associated with the credit portfolio. Credits are spread more evenly than guarantees over the entire risk spectrum, while off-balance sheet financial instruments are concentrated in relatively lower-risk countries.

During fiscal year 2002, Ex-Im Bank refined its methodology for calculating the allowance for losses on loans and subrogated 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 subrogated 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 subrogated claims receivable as well as off-balance sheet guarantees and insurance by determining the fair value of the loans receivable, subrogated claims receivable, guarantees and insurance. For non-impaired loans and subrogated 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 loss reserves of approximately $191.8

million. This refined methodology is a change in estimate and prior-year amounts have not been restated.

BORROWINGS FROM THE U.S. TREASURY

The main source of Ex-Im Bank's outstanding debt is borrowings from the U.S. Treasury. Borrowings from the U.S. Treasury are used primarily to finance the Ex-Im Bank's medium-term and long-term loans. Borrowings from the U.S. Treasury carry a fixed rate of interest. They are further discussed in Note 14.

PAYMENT CERTIFICATES

Payment certificates represent Ex-Im Bank's outstanding borrowings related to specific claims for which Ex-Im Bank is paying the guarantee lender as the guaranteed installments become due. Payment certificates are issued by Ex-Im Bank in exchange for the foreign importer's defaulted note which was guaranteed by Ex-Im Bank, and the payment certificates carry the same repayment terms and interest rate as the foreign importer's note. Payment certificates are backed by the full faith and credit of the U.S. government and are freely transferable.

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.

AMOUNTS PAYABLE TO U.S. TREASURY

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

FEES AND PREMIUMS

Ex-Im Bank charges a risk-related exposure fee under both the loan and guarantee programs that is collected on each loan disbursement or shipment of goods under the guarantee policy. Exposure fees for loans are recognized as interest income over the life of the loan using the interest method. Exposure fees for guarantees issued prior to January 1, 2003, are recognized as fee income over the life of the guarantee using the interest method. See Accounting and Financial Reporting Developments below for guarantees issued after December 31, 2002. Commitment fees are charged on the undisbursed balance of direct loans and guarantees. These fees are generally non-refundable and are recognized as income when accrued.

On working capital guarantees, Ex-Im Bank charges an up-front facility fee, which, due to the short-term nature of the contracts, is credited to income as collected. Premiums charged under insurance policies are recognized as income using a method that generally reflects the exposure over the term of the policy.

APPROPRIATED CAPITAL

Appropriations received by Ex-Im Bank pursuant to the Federal Credit Reform Act are recorded as paid-in-capital. Such appropriations are credited to Ex-Im Bank's total stockholders deficiency when they are obligated. Appropriations not required to finance credit activities are returned to the U.S. Treasury when the period of availability ends.

Congress has appropriated certain sums specifically for Ex-Im Banks tied aid activities. Tied-aid is government-to-government concessional financing of public sector capital projects in developing countries. Tied-aid terms usually involve total maturities longer than 20 years, lower than market interest rates, and/or direct grants. 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.

RECLASSIFICATIONS

Certain fiscal year 2002 balances have been reclassified to conform with the fiscal year 2003 financial statement presentation, the effect of which is immaterial.

ACCOUNTING AND FINANCIAL REPORTING DEVELOPMENTS

In November 2002, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (FIN 45). Under FIN 45, guarantors must recognize all guarantees issued or modified after December 31, 2002, as liabilities on their balance sheets at the inception of a guarantee at their fair value. The impact of FIN 45 on Ex-Im Bank's financial statements is discussed in Note 10.

In January 2003, the FASB issued FASB interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46), which addresses the consolidation of certain entities. Ex-Im Bank is the primary beneficiary of certain VIEs that have been created in connection with security arrangements for certain export credits, primarily Ex-Im Bank guaranteed financing for exports of commercial jet aircraft. The impact of FIN 46 on Ex-Im Bank's financial statements is discussed in Notes 3 and 6.

2. CREDIT REFORM

The Federal Credit Reform Act of 1990 (Act), which became effective on October 1, 1991, significantly affected the manner in which Ex-Im Bank finances its credit activities. The primary purpose of this Act is to measure more accurately the cost of federal credit programs and to place the cost of such credit programs on a basis equivalent with other federal spending.

Ex-Im Bank received appropriations aggregating $577.7 million in fiscal year 2003 and $790.6 million in fiscal year 2002, 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 post credit reform appropriations received and used during fiscal years 2003 and 2002:

(in millions)	FY 2003	FY 2002
RECEIVED AND AVAILABLE:		
For Credit Subsidies	$509.6	$727.3
For Credit-related Administrative Costs	68.1	63.3
Total Received	577.7	790.6
Unobligated Balance carried Over from Prior Year	556.9	514.4
Cancellations of Prior-Year Obligations	103.2	118.6
Rescission of Unobligated Tied Aid Balances	0.0	(50.0)
Total Available	**1,237.8**	**1,373.6**
OBLIGATED:		
For Credit Subsidies Excluding Tied Aid	334.1	738.3
For Credit-related Administrative Costs	68.1	63.8
Subtotal	402.2	802.1
For Tied Aid	0.0	13.4
Total Obligated	**402.2**	**815.5**
UNOBLIGATED BALANCE:		
Unobligated Balance	835.6	558.1
Unobligated Balance Lapsed	(0.3)	(1.2)
Remaining Balance	**$835.3**	**$556.9**

Of the remaining balance of $835.3 million at September 30, 2003, $6.3 million is available until September 30, 2004, $108.7 million is available until September 30, 2005, $459.8 million is available until September 30, 2006, and $260.5 million is available until expended and may be used for tied aid.

The cost of credit risk (credit subsidies) shown above, is the net present value of expected cash receipts and cash disbursements associated with loans, guarantees and insurance. Cash receipts typically include fees or premiums and loan principal and interest, and cash disbursements typically include claim payments and loan disbursements. When the present value of expected cash receipts exceeds the present value of expected cash disbursements, a "negative" credit subsidy arises. Negative subsidies are remitted to the U.S. Treasury upon disbursement of the underlying credits. Ex-Im Bank transferred $12.6 million and $2.2 million of negative subsidies to the U.S. Treasury in fiscal year 2003 and fiscal year 2002, 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, 2003, a re-estimate of the subsidy costs of the outstanding balances of fiscal year 1992 through 2002 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of $1,874.3 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 Statement of Changes in Capital and Accumulated Deficit reflects $472.6 million in fiscal year 2003 and $502.2 million in fiscal year 2002 as amounts transferred to the U.S. Treasury. The $472.6 million represents $460.0 million of unobligated funds relating to credits authorized prior to October 1, 1991, and $12.6 million of negative subsidies. 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.

The Statement of Changes in Capital and Accumulated Deficit reflects $1,882.8 million in fiscal year 2003 and $3,485.1 million in fiscal year 2002 as amounts payable to the U.S. Treasury. The amounts payable at the end of FY 2002 were paid to the U.S. Treasury in FY 2003, and the amounts payable at the end of FY 2003 will be paid to the U.S. Treasury in subsequent years. The $1,882.8 million represents $1,874.3 for the fiscal year 2003 subsidy re-estimate and $8.5 million of expired unobligated appropriations. The $3,485.1 million represents $3,466.2 million for the fiscal year 2002 subsidy re-estimate and $18.9 million of expired unobligated appropriations.

3. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

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

FIN 46 requires consolidation immediately by the primary beneficiary of VIEs created after January 31, 2003. It applies in the first fiscal year beginning after June 15, 2003, to VIEs created prior to February 1, 2003. There are seven VIEs with lease receivables totaling $803.9 million and borrowings totaling $841.0 million guaranteed by Ex-Im Bank and consolidated with Ex-Im Bank's September 30, 2003, financial statements. Ex-Im Bank's maximum exposure to loss in connection with these financings is the outstanding balance of the borrowings consolidated from VIEs, which is $841.0 million as of September 30, 2003.

Ex-Im Bank has not consolidated four VIEs created after January 31, 2003, because Ex-Im Bank is not the primary beneficiary. The borrowings of these VIEs is guaranteed by Ex-Im Bank and total $562.8 million. The function of these VIEs is the same as described above; however, a junior subordinated lender has been determined to be the primary beneficiary. When a VIE is not consolidated, it is treated as a guarantee as discussed in Note 10. VIEs, in which the Ex-Im Bank is the primary beneficiary (created prior to February 1, 2003), are the same type as described above, have a maximum potential exposure of $20.9 billion and will be reviewed for consolidation in the Ex-Im Bank's September 30, 2004, financial statements.

Ex-Im Bank guarantees carry the full faith and credit of the U.S. government in order that the creditors of the VIE can reach beyond Ex-Im Bank's assets to the credit of the U.S. government for repayment.

4. CASH

Cash balances as of fiscal years 2003 and 2002 were as follows:

(in millions)	FY 2003	FY 2002
Credit Reform Financing Accounts	$3,912.0	$5,598.8
Unexpended Appropriations	1,693.5	1,903.5
Pre-Credit Reform Accounts	75.9	74.1
Unallocated Cash	94.2	65.4
Total	**$5,775.6**	**$7,641.8**

All cash is deposited at the U. S. Treasury. Ex-Im Bank is restricted in its use of cash balances in the credit reform financing accounts and the unexpended appropriations accounts. Credit reform financing accounts include appropriated funds, exposure fees collected, and interest that has been paid by Treasury to Ex-Im Bank on the balances in the account. These funds are available to cover losses in Ex-Im Bank's credit programs. Unexpended appropriations are appropriated funds received that are deposited in a 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, the funds become available to either subsidize the related loan disbursement or to be invested in the credit reform financing accounts to fund the credit costs of the guarantee and insurance policies.

Funds resulting from pre-credit reform activities are available to cover expenditures related to pre-credit reform credits. Other cash represents collections pending final application to the applicable loan or guarantee.

5. LOANS RECEIVABLE, NET

Ex-Im Bank's loans receivable, as shown in the Statement of Financial Position, are net of uncollected interest capitalized upon rescheduling, unamortized fees and discounts, and an allowance for loan losses. At September 30, 2003 and 2002, the allowance for loan losses equaled 25.1 percent and 28.4 percent, respectively, of the outstanding loans receivable balance net of uncollected capitalized interest and unamortized discount and exposure fees. The net balance of loans receivable at September 30, 2003 and 2002 consists of the following by region of obligor:

(in millions)	FY 2003	FY 2002
Asia	$4,784.6	$4,734.4
Latin America	2,848.3	2,988.8
Africa/Middle East	1,874.4	2,056.3
Europe/Canada	491.2	544.7
	9,998.5	10,324.2
Less: Capitalized Interest	1,884.6	1,808.8
Unamortized Discount and Exposure Fees	245.2	274.0
	7,868.7	8,241.4
Less: Allowance for Loan Losses	1,975.7	2,341.0
Net Balance	**$5,893.0**	**$5,900.4**

Changes in the allowance for loan losses for fiscal year 2003 and fiscal year 2002 are as follows:

(in millions)	FY 2003	FY 2002
Balance at Beginning of Year	$2,341.0	$2,635.5
Write-offs	(216.0)	(43.6)
Provision Credited to Operations	(149.3)	(250.9)
Balance at End of Year	**$1,975.7**	**$2,341.0**

The outstanding balances related to rescheduled installments included in loans receivable at September 30, 2003 and 2002 were $2,769.2 million and $2,625.9 million, respectively. Loan installments of principal and interest rescheduled during fiscal year 2003 and 2002 were $460.1 million and $181.0 million, respectively, during fiscal year 2003, and $110.4 million and $97.9 million, respectively, during fiscal year 2002. 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.

6. LEASE RECEIVABLES

Ex-Im Bank's lease receivables arise from consolidating certain special purpose vehicles created after January 31, 2003, in connection with security arrangements for certain export credits (See Note 3). The lease receivables shown in the Statement of Financial Position are net of an allowance for lease losses. The allowance is calculated based on probable losses inherent in the lease portfolio. The net investment in lease receivables at September 30, 2003, is:

(in millions)	FY 2003
Total Minimum Lease Payments To Be Received	$1,056.4
Less: Allowance for Losses	37.0
Net Minimum Lease Payments Receivable	1,019.4
Estimated Residual Value of Leased Property	699.9
Less: Unearned Income	915.4
Net Investment in Financing Leases	**$803.9**

At September 30 2003, minimum lease payments for each of the five succeeding fiscal years are as follows: $94.9 million in 2004, $94.8 million in 2005, $94.7 million in 2006, $94.7 million in 2007, and $94.6 million in 2008.

The change in the allowance for financing lease losses for fiscal year 2003 is as follows:

(in millions)	FY 2003
Balance at Beginning of Year	$0.0
Write-offs	0.0
Recoveries of Leases Previously Written-off	0.0
Provision Charged to Operations	37.0
Balance at End of Year	**$37.0**

7. RECEIVABLES FROM SUBROGATED CLAIMS, NET

Ex-Im Bank's receivables from subrogated claims are net of uncollected capitalized interest for rescheduled claims and an allowance for claim losses. The net balance of receivables from subrogated claims for fiscal year 2003 and fiscal year 2002 are as follows:

(in millions)	FY 2003	FY 2002
Claims Previously Paid and Unrecovered:		
Rescheduled	$2,446.5	$2,270.2
Non-rescheduled	1,517.2	1,824.0
Claims Filed Pending Payment	12.3	22.1
	3,976.0	4,116.3
Less: Capitalized Interest	885.6	429.2
	3,090.4	3,687.1
Less: Allowance for Claim Losses	1,586.3	1,910.8
Net Balance	**$1,504.1**	**$1,776.3**

Changes in the allowance for claim losses for fiscal year 2003 and fiscal year 2002 are as follows:

(in millions)	FY 2003	FY 2002
Balance at Beginning of Year	$1,910.8	$1,608.2
Write-offs	(356.0)	(16.4)
Provision Charged to Operations	31.5	319.0
Balance at End of Year	**$1,586.3**	**$1,910.8**

8. IMPAIRED LOANS AND CLAIMS RECEIVABLE

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

FY 2003 (in millions)

	Loans	Claims	Total
Gross Impaired Receivable	$3,439.7	$3,815.9	$7,255.6
Less: Capitalized Interest	1,595.1	885.6	2,480.7
	1,844.6	2,930.3	4,774.9
Less: Allowance for Losses	1,056.7	1,441.1	2,497.8
Net Impaired Receivable	**$787.9**	**$1,489.2**	**$2,277.1**

FY 2002 (in millions)	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 outstanding balance of impaired credits during FY 2003 was $7,826.5 million and $8,547.2 million in FY 2002. The interest earned on impaired credits in FY 2003 was $151.3 million and $232.6 million in FY 2002, which are included in the $620.9 million of total interest income reported for FY 2003 and the $826.6 million reported for FY 2002. On a cash basis, the amount of interest income recognized for FY 2003 and FY 2002 would have been $160.6 and $249.1 million, respectively.

9. NON-ACCRUAL OF INTEREST

The weighted-average-interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2003, equaled 3.72 percent (6.13 percent on performing loans and rescheduled claims). The weighted-average-interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 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.

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 $3,204.3 million and $1,689.8 million of loans and rescheduled claims, respectively, in non-accrual status at September 30, 2003, and $3,626.0 million and $1,230.2 million, respectively, at September 30, 2002. Had these credits been in accrual status, interest income would have been $210.7 million higher during fiscal year 2003 (amount is net of interest received of $99.1 million) and $163.8 million higher in fiscal year 2002 (amount is net of interest received of $131.1 million).

10. GUARANTEES, INSURANCE AND UNDISBURSED LOANS

Following is a summary of Ex-Im Bank's guarantees, insurance and undisbursed loans at the end of September 30, 2003 and 2002. The Ex-Im Bank's insurance meets the definition of a guarantee under FIN 45.

FY 2003 (in millions)	Total	Commitments Unused	Outstanding*
Guarantees	$40,025.7	$7,598.6	$32,427.1
Insurance	6,261.1	5,206.1	1,055.0
Undisbursed Loans	550.7	550.7	0.0
Total	**$46,837.5**	**$13,355.4**	**$33,482.1**

FY 2002 (in millions)	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	0.0
Total	**$43,677.1**	**$12,525.0**	**$31,152.1**

**Shipment of goods has taken place.*

Prior to the adoption of Fin 45, Ex-Im Bank recorded guarantees in two components: 1) the liability for guarantees was determined based on the fair value of the exposure and recorded as allowance for guarantees; and 2) fees received were recorded as deferred fees and recognized over the life of the guarantee. In accordance with Fin 45, Ex-Im Bank considers fees received in determining the fair value of the guarantee. The fair value of the guarantee continues to be shown as the allowance for guarantees.

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 as long as there is no violation of the conditions established in the credit agreement.

The Ex-Im Bank's financial statements include $841.0 million of borrowings arising from consolidation of VIEs. The contingent liability for the Ex-Im Bank guarantee of these borrowings is included in the FY 2003 totals shown above for liabilities for guarantees.

Substantially all of Ex-Im Bank's guarantees, insurance and undisbursed loans involve credits located outside of the United States. Following is a breakdown of total commitments at September 30, 2003:

(in millions)	Guarantees	Insurance	Loans	Total
Asia	$14,132.5	$155.6	$143.6	$14,431.7
Latin America	9,020.1	1,910.7	390.7	11,321.5
Europe/Canada	9,290.1	253.8	0.7	9,544.6
Africa/Middle East	5,357.0	161.0	15.7	5,533.7
United States/Other	2,226.0	0.0	0.0	2,226.0
S/T Insurance (unshipped)	0.0	3,780.0	0.0	3,780.0
Total	**$40,025.7**	**$6,261.1**	**$550.7**	**$46,837.5**

Changes in the allowance for guarantees, insurance and undisbursed loans risk for fiscal year 2003 and fiscal year 2002 are as follows:

(in millions)	FY 2003	FY 2002
Balance at Beginning of Year	$7,069.6	$6,411.5
Provision Charged to Operations	194.0	658.1
Balance at End of Year	**$7,263.6**	**$7,069.6**

11. SUMMARY OF ALLOWANCE FOR CREDIT LOSSES

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

(in millions)	FY 2003	FY 2002
Allowance for Loan Losses	$1,975.7	$2,341.0
Allowance for Claim Losses	1,586.3	1,910.8
Allowance for Lease Receivables	37.0	N/A
Allowance for Guarantees, Insurance and Undisbursed Loans	7,263.6	7,069.6
Total	**$10,862.6**	**$11,321.4**

12. SUMMARY OF PROVISION CHARGED TO OPERATIONS

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

($ millions)	FY 2003	FY 2002
Provision for Loan Losses	($149.3)	($250.9)
Provision for Claim Losses	31.5	319.0
Provision for Lease Losses	37.0	0.0
Provision for Guarantees, Insurance and Undisbursed Loans	194.0	658.1
Total	**$113.2**	**$726.2**

13. CONCENTRATION OF RISK

Although Ex-Im Bank has a diversified portfolio, its credits are more heavily concentrated in some regions or industries than others. The following table summarizes Ex-Im Bank's total exposure by geographic region and industry as of September 30, 2003.

TOTAL EXPOSURE:

(in millions)

Region	Amount	Percent
Asia	$20,229.5	33.3%
Latin America	14,983.9	24.6%
Europe/Canada	10,491.1	17.3%
Africa/Middle East	9,008.1	14.8%
All Other	6,099.4	10.0%
Total	**$60,812.0**	**100.0%**

(in millions)

Industry	Amount	Percent
Air Transportation	$21,659.1	35.6%
Power Projects	7,067.6	11.6%
Oil and Gas	6,166.9	10.2%
Manufacturing	4,320.7	7.1%
All Other	21,597.7	35.5%
Total	**$60,812.0**	**100.0%**

At September 30, 2003, Ex-Im Bank's five largest obligors made up 16.3 percent of the credit portfolio.

(in millions)

Obligor	Amount	Percent
PEMEX	$2,983.5	4.9%
Korean Air Lines	1,790.6	2.9%
Industrial & Commercial Bank Of China	1,748.8	2.9%
Government of Saudi Arabia	1,744.6	2.9%
Undersecretariat of Treasury (Turkey)	1,664.4	2.7%
All Other	50,880.1	83.7%
Total	**$60,812.0**	**100.0%**

The largest exposures by country are as follows as of September 30, 2003:

LOANS OUTSTANDING:

(in millions)

Country	Amount	Percent
Indonesia	$2,004.2	20.0%
Brazil	1,780.7	17.8%
China	1,293.8	12.9%
Nigeria	439.7	4.4%
All Other	4,480.1	44.9%
Total	**$9,998.5**	**100.0%**

SUBROGATED CLAIMS:

(in millions)

Country	Amount	Percent
Indonesia	$692.5	17.4%
Algeria	674.3	17.0%
Democratic Republic of Congo	439.3	11.0%
Argentina	242.3	6.1%
All Other	1,927.6	48.5%
Total	**$3,976.0**	**100.0%**

GUARANTEES, INSURANCE AND UNDISBURSED LOANS:

(in millions)

Country	Amount	Percent
Mexico	$5,546.1	11.8%
China	3,431.3	7.3%
Korea	2,976.5	6.4%
Turkey	2,940.5	6.3%
All Other	31,943.1	68.2%
Total	**$46,837.5**	**100.0%**

14. BORROWINGS

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

Payment certificates are issued by Ex-Im Bank in exchange for the foreign importer's original note that was guaranteed by Ex-Im Bank on which Ex-Im Bank has paid a claim and carries the same repayment term and interest rate as the foreign importer's note. Payment certificates are backed by the full faith and credit of the U.S. government and are freely transferable.

Outstanding payment certificates at September 30, 2003, and September 30, 2002, were $593.0 million and $785.6 million respectively. Maturities of payment certificates at September 30, 2003, are as follows:

(in millions)

Fiscal Year	Amount
2004	$184.7
2005	139.3
2006	92.8
2007	55.0
Thereafter	121.2
Total	**$593.0**

The weighted-average-interest rate on Ex-Im Bank's outstanding payment certificates at September 30, 2003, was 5.80 percent.

U.S. Treasury borrowings are repaid, primarily, with the repayments of medium-term and long-term loans. To the extent repayments on the underlying loans, combined with commitment and exposure fees and interest earnings received on the loans, are not sufficient to repay the borrowings, appropriated funds are available to Ex-Im Bank through the re-estimation process for this purpose. Accordingly, U.S. Treasury borrowings do not have a set repayment schedule; however, the full amount of the borrowings are expected to be repaid by fiscal year 2032. At September 30, 2003, and September 30, 2002, Ex-Im Bank had $7,280.5 million and $6,657.4 million of borrowings outstanding with the U.S. Treasury at a weighted-average-interest rate of 5.96 percent and 6.07 percent, respectively.

At September 30, 2003, outstanding borrowings consolidated from VIEs were $841.0 million. These borrowings have a final maturity date of 2015. Most of the borrowings carry a floating rate of interest. The weighted-average-interest rate at September 30, 2003, was 3.94 percent.

15. RELATED-PARTY TRANSACTIONS

The financial statements reflect the results of contractual agreements with the Private Export Funding Corporation (PEFCO). PEFCO, which is owned by a consortium of private sector banks, industrial companies and financial services institutions, makes medium-term and long-term fixed and variable rate loans to foreign borrowers to purchase U.S.-made equipment when such loans are not available from traditional private sector lenders on competitive terms. Ex-Im Bank's credit and guarantee agreement with PEFCO extends through December 31, 2020. Through its contractual agreements with PEFCO, Ex-Im Bank exercises a broad measure of supervision over PEFCO's major financial management decisions, including approval of both the terms of individual loan commitments and the terms of PEFCO's long-term debt issues, and is entitled to representation at all meetings of PEFCO's board of directors, advisory board and exporters' council.

PEFCO has agreements with Ex-Im Bank which provide that Ex-Im Bank will (1) guarantee the due and punctual payment of principal and interest on export loans made by PEFCO, (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 $4,778.6 million at September 30, 2003, and $4,905.3 million at September 30, 2002, are included by Ex-Im Bank in the total for guarantee, insurance and undisbursed loans, and the allowance related to these transactions is included in the allowance for guarantees in the Statement of Financial Position. Ex-Im Bank received fees totaling $15.8 million in fiscal year 2003 and $23.2 million in fiscal year 2002 for the agreements, which are included in the amount listed in Exposure Fees for Guarantees on the Statement of Operations.

Ex-Im Bank has significant transactions with the U.S. Treasury. The U.S. Treasury, although not exercising control over Ex-Im Bank, holds the capital stock of Ex-Im Bank, creating a related-party relationship between Ex-Im Bank and the U.S. Treasury.

16. 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 2003 Ex-Im Bank withheld 7.0 percent of CSRS employees gross earnings. Ex-Im Bank's contribution was 7.0 percent of employees' gross earnings. This sum was transferred to the CSRS fund from which this employee group will receive retirement benefits.

For FERS, Ex-Im Bank withheld 0.8 percent of employees' gross earnings. Ex-Im Bank's contribution was 10.7 percent of employees' gross earnings. This sum was transferred to the FERS fund from which the employee group will receive retirement benefits. An additional 6.2 percent of gross earnings is withheld; that plus matching contributions by Ex-Im Bank are sent to the Social Security System from which the FERS employee group will receive Social Security benefits.

FERS and CSRS employees may elect to participate in the Thrift Savings Plan (TSP). CSRS employees may contribute up to 8 percent of gross earnings. FERS employees may contribute up to 13 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 contribution to the TSP of 5 percent.

Total Ex-Im Bank (employer) matching contributions to the Thrift Savings Plan, CSRS and FERS for all employees, included in administrative expenses, were approximately $4.1 million and $3.9 million for fiscal year 2003 and fiscal year 2002, 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 $2.5 million at the end of September 30, 2003, and $2.2 million for the fiscal year ended September 30, 2002.

17. STATUTORY LIMITATIONS ON LENDING AUTHORITY

Under provisions of the Export-Import Bank Act, as amended in fiscal year 2002, Ex-Im Bank's statutory authority currently is limited to $85.0 billion of loans, guarantees and insurance outstanding at any one time. At September 30, 2003 and 2002, Ex-Im Bank's statutory authority used was as follows:

(in millions)	FY 2003	FY 2002
Outstanding Loans	$9,998.5	$10,324.2
Undisbursed Loans	550.7	1,093.8
Outstanding Claims	3,976.0	4,116.3
Guarantees	40,025.7	38,595.9
Insurance	6,261.1	3,987.4
Total	**$60,812.0**	**$58,117.6**

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 2003 and 2002, 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 2003, Ex-Im Bank entered into commitments for loans of $58.3 million using $0.9 million of the appropriation and commitments for guarantees and insurance of $10,448.9 million using $333.2 million of the appropriation. 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.

18. Fair Value of Financial Instruments

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

Loans Receivable, Receivables from Subrogated Claims 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 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 guarantees and insurance approximate their fair values.

Borrowings and Claims Payable

The fair value of these instruments were estimated based on discounting the future cash flows using interest rates currently available to Ex-Im Bank for borrowings from the U.S. Treasury for comparable maturities. The U.S. Treasury interest rate plus percent was used for claims payable.

	FY 2003		FY 2002	
(in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash	$5,775.6	$5,775.6	$7,641.8	$7,641.8
Loans Receivable, Net	5,893.0	5,626.7	5,900.4	5,748.8
Receivables from Subrogated Claims, Net	1,504.1	1,504.1	1,776.3	1,776.3
Financial Liabilities:				
Guarantees and Insurance	7,263.6	7,263.6	7,069.6	7,069.6
Borrowings from the U.S. Treasury	7,280.5	8,488.3	6,657.4	7,341.1
Payment Certificates	593.0	643.6	785.6	809.4
Claims Payable	12.3	12.3	22.1	21.8

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

19. COMMITMENTS AND CONTINGENCIES

OFFICE SPACE LEASE

Ex-Im Bank's office space is leased primarily from the General Services Administration (GSA) through the Public Buildings Fund. The annual lease amount is determined each year at the discretion of GSA. Lease expenses, included in administrative expenses, were $4.0 million and $3.7 million for fiscal years 2003 and 2002, respectively.

PENDING LITIGATION

As of the end of September 30, 2003, Ex-Im Bank was named in several legal actions, virtually all of which involved claims under the guarantee and insurance programs. It is not possible to predict the eventual outcome of the various actions; however, it is management's opinion that these claims will not result in liabilities to such an extent they would materially affect the financial position or results of operations of Ex-Im Bank.

PROJECT FINANCE

In project finance cases, Ex-Im Bank's assistance during the construction period generally is in the form of a direct credit or comprehensive guarantee to the private lender. At the end of the construction period, the borrower in some cases has the opportunity to convert the private guaranteed financing to an Ex-Im Bank direct loan. As of September 30, 2003, Ex-Im had $1,299.1 million of such contingent loan commitments outstanding.

20. GAAP-TO-GOVERNMENT-GAAP RECONCILIATION

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

The manner in which loss reserves are calculated under GAAP differs from the way they are calculated under government GAAP. As detailed in Note 2, Ex-Im Bank's operations are subject to the Credit Reform Act of 1990. Under the Credit Reform Act, the cost of credit risk is defined as the net present value of cash disbursements offset by the net present value of cash receipts, such as fees, premiums, and loan principal and interest. This definition of cost of credit risk is used to determine the level of credit-related loss reserves under government GAAP. However, GAAP generally does not recognize future fees and premiums as an offset to the allowance since to do so would recognize income before it is earned. The difference in treatment of the level of loss reserves between government GAAP and GAAP is reflected in the Government GAAP/GAAP Statement of Financial Position. Under government GAAP guidance, the allowance for loans and subrogated claims receivable is less, the reserve for guarantees and insurance is less, and equity is greater.

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

Ex-Im Bank's Statement of Financial Position is presented in accordance with GAAP for financial reporting purposes. The reconciliation of Ex-Im Bank's Statement of Financial Position prepared in accordance with GAAP to the Statement of Financial Position 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 RECONCILIATION

(in millions)	FY 2003 GAAP	FY 2003 Government GAAP	FY 2002 GAAP	FY 2002 (Unaudited) Government GAAP
ASSETS				
Cash	$5,775.6	$5,775.6	$7,641.8	$7,641.8
Loans Receivable, Net	5,893.0	7,028.1	5,900.4	7,406.4
Receivables from Subrogated Claims, Net	1,504.1	2,086.9	1,776.3	1,811.7
Lease Receivables Consolidated from VIEs, Net	803.9	0.0	N/A	N/A
Subsidy Receivable from Program Account	N/A	1,037.3	N/A	1,159.2
Accrued Interest, Fees Received and Other Assets	151.9	147.0	144.9	144.9
Total Assets	**$14,128.5**	**$16,074.9**	**$15,463.4**	**$18,164.0**
LIABILITIES & EQUITY				
Borrowings from the U.S. Treasury	7,280.5	7,280.5	6,657.4	6,657.4
Payment Certificates	593.0	593.0	785.6	785.6
Borrowings Consolidated from VIEs	841.0	0.0	N/A	N/A
Allowance for Guarantees, Insurance and Undisbursed Loans	7,263.6	N/A	7,069.6	N/A
Claims Payable	12.3	12.3	22.1	22.1
Guarantee Loan Liability	N/A	3,089.6	N/A	3,055.6
Liability for Subsidy Related to Undisbursed Loans/Guarantees	N/A	804.7	N/A	1,114.7
Subsidy Payable to Financing Account, Net	N/A	232.5	N/A	44.5
Amounts Payable to the U.S. Treasury	1,943.5	2,176.1	3,620.8	3,728.5
Deferred Fees	887.1	0.0	893.5	0.0
Other Liabilities	108.3	103.4	77.5	77.5
Total Liabilities	18,929.3	14,292.1	19,126.5	15,485.9
Capital Stock held by the U.S. Treasury	1,000.0	1,000.0	1,000.0	1,000.0
Tied Aid Appropriations	342.9	N/A	344.3	N/A
Credit Appropriations	574.9	N/A	296.5	N/A
Unexpended Appropriations	N/A	1,624.7	N/A	1,722.6
Accumulated Deficit	(6,718.6)	(841.9)	(5,303.9)	(44.5)
Total Stockholder's (Deficiency)/Equity	(4,800.8)	1,782.8	(3,663.1)	2,678.1
Total Liabilities and Stockholders Equity	**$14,128.5**	**$16,074.9**	**$15,463.4**	**$18,164.0**

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

Loans Receivable, Net under government GAAP is higher by $1,135.1 million in FY 2003 and $1,506.0 million in FY 2002. Loan interest and fee income is credited to the loan loss reserve under government GAAP, which results in a lower loss reserve and a larger receivable. Additionally, the methodology for determining the allowance for loan losses under GAAP differs in some respects with the methodology under government GAAP, generally resulting in a lower allowance under government GAAP.

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

Receivables from Subrogated Claims under government GAAP is higher by $582.8 million in FY 2003 and $35.4 million in FY 2002. Interest income on rescheduled claims is credited to the loss reserve under government GAAP, which results in a lower loss reserve and a larger receivable.

Under government GAAP, the Subsidy Receivable from the Program Account of $1,037.3 million for FY 2003 and $1,159.2 million for FY 2002 is fully offset by the Liability for Subsidy Related to Undisbursed Loans and Guarantees and the Subsidy Payable to the Financing Account, Net. These amounts are payable to and receivable from different Ex-Im Bank accounts at the U.S. Treasury and net to zero. They are not broken out separately under GAAP.

The Allowance for Guarantees, Insurance and Undisbursed Loans shown under GAAP is the equivalent of the Guarantee Loan Liability and the Liability for Subsidy Related to Undisbursed Loans/ Guarantees under government GAAP. The government GAAP figure is lower by $3,369.3 million in FY 2003 and $2,899.3 million in FY 2002 because fees are recorded as income when received under government GAAP. Additionally, the methodology for determining the allowance under GAAP differs in some respects with the methodology under government GAAP, generally resulting in a smaller allowance under government GAAP.

Amounts Payable to the U.S. Treasury are higher by $232.6 million in FY 2003 and $107.7 million in FY 2002 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, which is reflected in the Accumulated Deficit. In addition, the net value of credits authorized prior to October 1, 1991, is recorded as a payable to the U.S. Treasury under government GAAP but is reflected in the Accumulated Deficit under GAAP.

Deferred fees are $887.1 million in FY 2003 and $893.5 million in FY 2002 under GAAP and are zero under Government GAAP. Under Government GAAP, guarantee exposure fees are not deferred but are credited directly to the Guarantee Loan Liability. Under GAAP, such fees are deferred for loans and for guarantees issued prior to January 1, 2003, in accordance with FIN 45.

Under government GAAP, Stockholder's Deficiency is lower by $6,583.6 million in FY 2003 and $6,341.2 in FY 2002 than under GAAP. Lower loss reserves under government GAAP result in less provision expense, which results in higher stockholder's equity. Also, under government GAAP, Unexpended Appropriations of $1,624.7 million in FY 2003 and $1,722.6 million in FY 2002 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

		(Unaudited)
(in millions)	**FY 2003**	**FY 2002**
Reported Net Income, GAAP Basis	$641.4	$182.1
ADJUSTMENTS TO INCOME:		
Subsidy Appropriation Used	578.2	1,177.8
Appropriation from Prior Year Re-estimate	44.5	440.8
Administrative Expense Appropriation Used	66.5	55.7
Total Adjustments to Income	689.2	1,674.3
ADJUSTMENTS TO EXPENSE:		
Subsidy Expense	1,089.2	1,654.2
Financing Resources Transferred Out	(2,106.8)	(3,510.6)
Future Funded Expense	(188.0)	396.3
Lease Provision	37.0	0
Total Adjustments to Expense	(1,168.6)	(1,460.1)
Net Income Government GAAP Basis	**$162.0**	**$396.3**

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

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES

We have audited the accompanying statements of financial position of the Export-Import Bank of the United States (Ex-Im Bank) as of September 30, 2003 and 2002, and the related statements of operations, changes in capital and accumulated deficit, and of cash flows for the years then ended. These financial statements are the responsibility of Ex-Im Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ex-Im Bank at September 30, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003, 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.

Deloitte & Touche LLP

Washington, D.C.
December 19, 2003

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, 2003, and have issued our report thereon dated December 19, 2003. 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 December 19, 2003.

This report is intended solely for the information and use of the audit committee, 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

Washington, D.C.
December 19, 2003

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DECEMBER 2003

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Addendum to Fiscal Year 2003 Annual Report

Export-Import Bank of the United States

In accordance with section 8 of the Export-Import Bank Act of 1945, as amended, Ex-Im Bank is reporting the following information regarding its fiscal year 2003 activities.

Small Business Supplier Data

- Ex-Im Bank is required to estimate on the basis of an annual survey or tabulation the number of entities that are suppliers of users of the Bank and that are small business concerns.
- Ex-Im Bank estimates the percentage of exports supported that are attributable to small business suppliers at the time of authorization of each long-term transaction (i.e., transactions either of $10 million or more or with a repayment term in excess of seven years).
- In fiscal year 2003, small business suppliers accounted for approximately 13 percent of total export value on Ex-Im Bank's long-term transactions. This amounts to over $1 billion in indirect support for small businesses. This support is in addition to direct support for small businesses, which, as detailed in Ex-Im Bank's FY 2003 Annual Report, accounted for 19.7 percent of the total dollar value of Ex-Im Bank's authorizations in fiscal year 2003.

Technology Improvements

- In fiscal year 2003, Ex-Im Bank revised and updated its Web site to provide all customers, particularly small businesses, with improved access to information, applications and forms. As a result, all of Ex-Im Bank's applications and forms are available through the Web site, www.exim.gov. Some forms and processes, including an online letter of interest application and an online claims filing process, can be processed electronically.
- In fiscal year 2003, Ex-Im Bank continued to develop its Business Automation Project ("BAP"), which will enable Ex-Im Bank to process applications for Ex-Im Bank financing more efficiently and effectively. The BAP's initial focus is on automating the Bank's short-term multibuyer insurance program, which primarily benefits small business exporters.
- The Bank participates in the government-wide "Business Gateway" initiative to integrate the content and functions of the Web sites of Ex-Im Bank, the Small

Business Administration, and other agencies into one comprehensive site, www.business.gov.

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

Electronic Tracking Systems

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

- In fiscal year 2003, Ex-Im Bank initiated a data quality review to further ensure the accuracy of the information in its electronic databases.

- Ex-Im Bank also maintains a customer management database, focused primarily on small businesses, and utilizes this database to assist in outreach to small business exporters throughout the United States.

Outreach to Socially and Economically Disadvantaged and Women-Owned Small Businesses and Small Businesses Employing Fewer than 100 Employees

- Ex-Im Bank employs a business development officer solely dedicated to providing outreach to woman-owned and minority-owned businesses.

- In fiscal year 2003, Ex-Im Bank participated in a wide-range of trade shows, seminars, and conferences focused on woman-owned and minority-owned businesses, including the U.S. Hispanic Chamber of Commerce Annual Conference, the National Minority Supplier Development Council Annual Conference, the Center for American Indian Enterprise Development Annual Conference, and the Women Business Enterprise Annual Conference.

- Ex-Im Bank's business development officers, including those located in its network of regional offices throughout the country, focus heavily on the new-to-export segment of U.S. small businesses.

- A significant number of the small businesses that attend the seminars and trade shows in which Ex-Im Bank participates employ less than 100 employees.

- Ex-Im Bank sponsors seminars and symposia throughout the country that are targeted to small businesses that traditionally have been underserved in the trade finance market. The symposia consist of half-day training programs to help U.S.

companies learn how to use U.S. government resources to find foreign buyers, obtain working capital loans, protect against risks of buyer nonpayment and finance international sales. Participants in these symposia include other agencies of the Trade Promotion Coordinating Committee, including the U.S. Commercial Service of the Department of Commerce, the Small Business Administration and the Overseas Private Investment Corporation.