

FY 1998 AUTHORIZATIONS SUMMARY

(\$ Millions)

Program	Number of Authorizations		Amount Authorized		Export Value		Subsidy	
	1998	1997	1998	1997	1998	1997	1998	1997
Loans								
Long-Term Loans	1	13	\$68.8	\$1,464.5	\$79.5	\$1,706.4	\$6.2	\$25.0
Medium-Term Loans	3	2	17.2	8.9	20.0	10.4	2.0	1.7
Tied Aid	1	2	16.6	75.5	16.6	81.5	8.3	17.0
Total Loans	5	17	102.6	1,548.9	116.1	1,798.3	16.5	43.7
Guarantees								
Long-Term Guarantees	73	88	5,123.7	6,745.1	5,748.7	7,408.2	463.6	566.1
Medium-Term Guarantees	147	180	639.3	572.7	746.9	673.2	95.6	83.3
Working Capital Guarantees	275	332	387.7	443.3	1,903.5	2,273.9	11.2	12.2
Total Guarantees	495	600	6,150.7	7,761.1	8,399.1	10,355.3	570.4	661.6
Export Credit Insurance								
Short-Term	1,431	1,384	3,582.8	2,317.3	3,582.8	2,317.3	49.2	38.9
Medium-Term	261	347	713.5	531.5	769.7	625.1	80.6	66.6
Total Insurance	1,692	1,731	4,296.3	2,848.8	4,352.5	2,942.4	129.8	105.5
Modifications							11.8	30.0
Grand Total	2,192	2,348	\$10,549.6	\$12,158.8	\$12,867.7	\$15,096.0	\$728.5	\$840.8

FY 1998 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Single-Buyer Insurance	Total Authorizations	Exposure 9/30/98
AFRICA MULTINATIONAL					5,343,377
ALGERIA		64,494,249		64,494,249	1,587,430,289
AMERICAS MULTINATIONAL FINANCIAL INST					39,832,406
ANDORRA					7,425
ANGOLA					93,365,855
ANTIGUA					369,578
ARGENTINA		82,959,093	39,423,221	122,382,314	1,761,292,769
ARUBA		8,442,400	228,335	8,670,735	14,881,678
AUSTRALIA		100,460,046	900,000	101,360,046	647,215,118
AUSTRIA					57,918,721
BAHAMAS		22,340,718	4,191,414	26,532,132	36,082,901
BAHRAIN		19,329,765		19,329,765	19,495,826
BANGLADESH					10,462,723
BARBADOS					315,429
BELGIUM					2,608,967
BELIZE			2,423,725	2,423,725	16,803,644
BERMUDA			90,000	90,000	361,177
BOLIVIA		371,231	5,010,090	5,381,321	35,692,505
BOSNIA					36,766,120
BRAZIL	68,736,731	171,443,521	112,911,742	353,091,994	3,677,610,615
BRUNEI					11,818
CAMEROON					54,166,010
CANADA					20,573,121
CANARY ISLANDS					6,671
CAYMAN ISLANDS					740,211
CENTRAL AFRICAN REPUBLIC					7,805,095
CHILE		189,123,068	4,249,348	193,372,416	270,283,967
CHINA					26,386,019
CHINA (MAINLAND)		1,350,729,102	3,151,425	1,353,880,527	5,941,228,039
CHINA (TAIWAN)			17,633,369	17,633,369	22,433,619
COLOMBIA		8,479,367		8,479,367	507,237,312
CONGO					22,864,759
COSTA RICA			2,670,072	2,670,072	25,533,312
COTE D'IVOIRE					169,983,487
CROATIA		68,987,654	358,272	69,345,926	147,680,528
CUBA					36,266,581
CYPRUS					34,496
CZECH REPUBLIC		81,980,165		81,980,165	507,303,963
DEBT IN FORMER YUGOSLAVIA					107,878,989
DEMOCRATIC REPUBLIC OF CONGO					921,830,192
DENMARK					1,859,885
DOMINICAN REPUBLIC		19,078,154	17,399,170	36,477,324	199,067,086
ECUADOR		11,972,427	8,367,715	20,340,142	163,162,805
EGYPT		4,505,235		4,505,235	43,128,122
EL SALVADOR		19,441,148	7,682,560	27,123,708	123,515,263
ESTONIA					23,081

FY 1998 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Single-Buyer Insurance	Total Authorizations	Exposure 9/30/98
FIJI ISLANDS		109,099,499		109,099,499	109,103,524
FINLAND			270,000	270,000	1,247,889
FRANCE			2,142,000	2,142,000	11,441,852
FRENCH POLYNESIA					8,654
GABON					70,593,800
GEORGIA		2,394,977		2,394,977	16,764,839
GERMANY, FEDERAL REPUBLIC OF			450,000	450,000	12,325,702
GHANA		888,545	13,249,229	14,137,774	342,135,676
GREECE					89,888,542
GRENADA			1,562,360	1,562,360	5,412,542
GUATEMALA		4,908,980	9,616,903	14,525,883	97,000,737
GUINEA					7,593,494
GUYANA					4,275,074
HAITI					3,982,016
HONDURAS		274,390	6,448,606	6,722,996	14,054,620
HONG KONG			3,999,900	3,999,900	438,596,537
HUNGARY					75,472,072
ICELAND					488,426
INDIA		187,902,653	25,042	187,927,695	1,455,065,432
INDONESIA	1,738,250		2,591,366	4,329,616	3,495,849,390
IRELAND					3,083,348
ISRAEL			569,943	569,943	597,922,568
ITALY					337,327,258
JAMAICA			5,420,000	5,420,000	86,403,875
JAPAN			1,680,000	1,680,000	13,704,867
JORDAN					7,670,326
KAZAKHSTAN					114,970,243
KENYA		26,123,273	4,300,395	30,423,668	120,246,498
KOREA, REPUBLIC OF			102,715	102,715	1,993,275,782
KUWAIT			859,974	859,974	17,212,312
LATVIA		2,609,828		2,609,828	9,277,631
LEBANON	7,303,760			7,303,760	8,296,559
LIBERIA					5,980,110
LITHUANIA					29,795,548
LUXEMBOURG					130,953,349
MACAU					1,682,721
MACEDONIA					95,084,461
MADAGASCAR					24,621,263
MALAYSIA, FEDERATION OF			434,563	434,563	276,750,367
MALTA					16,461,538
MAURITANIA					6,596,857
MAURITIUS					669,229
MEXICO		1,148,579,367	522,553,646	1,671,133,013	4,857,209,221
MICRONESIA, FEDERATED STATES OF					369,169
MONTSERRAT					3,725
MOROCCO		66,888,200		66,888,200	595,975,660
MOZAMBIQUE					49,277,853

FY 1998 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Single-Buyer Insurance	Total Authorizations	Exposure 9/30/98
NAURU					45,981,069
NEPAL					24,372,940
NETHERLANDS					3,644,389
NETHERLANDS ANTILLES					347,038
NEW CALEDONIA					400
NEW ZEALAND					1,343,636
NICARAGUA		3,424,372	308,987	3,733,359	62,092,402
NIGER					7,004,887
NIGERIA					676,702,126
NORWAY					55,183,486
OMAN					225,567,670
PAKISTAN					419,921,975
PANAMA					76,642,541
PAPUA NEW GUINEA					5,006,273
PARAGUAY			708,734	708,734	1,289,843
PERU		10,287,400	6,422,662	16,710,062	225,495,602
PHILIPPINES		12,697,209	268,397	12,965,606	2,205,468,764
POLAND			172,000	172,000	673,439,414
PORTUGAL					797,660
QATAR					432,783,499
REUNION ISLAND					1,172
ROMANIA		14,802,678		14,802,678	244,995,237
RUSSIA		622,048,278	14,896,063	636,944,341	2,455,687,881
SAN MARINO					14,064
SAUDI ARABIA			900,000	900,000	4,637,498
SENEGAL					1,861,103
SEYCHELLES					519,007
SIERRA LEONE					5,597,676
SINGAPORE					16,181,812
SLOVAK REPUBLIC					7,335,256
SLOVENIA					9,172,549
SOUTH AFRICA					120,208,383
SPAIN			180,000	180,000	4,851,628
SRI LANKA					20,759,332
ST KITTS-NEVIS					1,124,122
ST LUCIA					182,022
ST VINCENT					63,110
SUDAN					28,246,331
SWEDEN			945,000	945,000	3,303,846
SWITZERLAND					2,389,905
TANZANIA			1,326,047	1,326,047	22,818,591
THAILAND			407,550	407,550	739,125,815
TOGO					2,820
TRINIDAD AND TOBAGO					635,331,850
TUNISIA					153,471,483
TURKEY	24,828,916	331,398,806	19,066,865	375,294,587	2,409,905,929
TURKMENISTAN		102,988,645		102,988,645	374,862,381
TURKS AND CAICOS ISLANDS					65,190

FY 1998 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Single-Buyer Insurance	Total Authorizations	Exposure 9/30/98
UGANDA			777,338	777,338	3,305,268
UKRAINE		82,373,089		82,373,089	288,449,210
UNITED ARAB EMIRATES					19,975,227
UNITED KINGDOM			256,754	256,754	24,625,203
UNITED STATES OF AMERICA		689,518,046		689,518,046	1,334,765,893
URUGUAY		1,128,973		1,128,973	16,240,733
UZBEKISTAN		379,040,624		379,040,624	775,696,033
VARIOUS COUNTRIES UNALLOCABLE					255,316,467
VENEZUELA		127,158,332	5,522,496	132,680,828	1,662,466,027
VIRGIN ISLANDS - BRITISH					97,952
WEST INDIES - FRENCH					183,912
ZAMBIA					142,486,064
ZIMBABWE			2,620,125	2,620,125	93,253,571
TOTAL	102,607,657	6,150,673,507	857,746,118	7,111,027,282	50,039,647,877
INTERMEDIARY LOANS					25,673,938
MULTIBUYER INSURANCE - MEDIUM-TERM			20,100,000	20,100,000	34,180,350
MULTIBUYER INSURANCE - SHORT-TERM				3,418,555,000	3,329,829,938
OTHER					1,156,096,505
TOTAL AUTHORIZATIONS	\$102,607,657	\$6,150,673,507	\$877,846,118	\$10,549,682,282	\$54,585,428,608

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
ALGERIA						
18-Dec-97	Sonatrach Ministry of Finance Halliburton Company	71426	Oil & Gas Field Services			\$15,393,372
Total for Algeria						\$15,393,372
ARGENTINA						
18-Dec-97	Pluspetrol Energy S.A. Pluspetrol Resources Corporation Nooter/Eriksen Inc.	71661	Boiler Feedwater Pumps			\$52,402,500
Total for Argentina						\$52,402,500
AUSTRALIA						
16-Oct-97	SPV/AWAS Ansett Worldwide Aviation Equipment Ltd. Boeing Company	71077	(1) 737-300ER Aircraft			\$28,458,248
29-Jan-98	SPV/AWAS Ansett Worldwide Aviation Equipment Ltd. Boeing Company	71077	(1) 767-300ER Aircraft			\$72,001,798
Total for Australia						\$100,460,046
BAHAMAS						
19-Mar-98	Ministry of Finance & Planning None Halter Marine Group	71850	2x60m Coastal Patrol Vessels			\$22,340,718
Total for Bahamas						\$22,340,718
BAHRAIN						
25-Jun-98	Ministry Of Finance & National Economy None Black & Veatch International Company	72393	Emergency Diesel Generator Sets			\$19,329,765
Total for Bahrain						\$19,329,765
BRAZIL						
19-Feb-98	Companhia Metalic Nordeste Banco Itau S.A. Pac International Inc.	71575	Engineering Services			\$18,625,837

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
10-Jun-98	Empresa Brasileira De Telecomunicacoes None Tyco Submarine Systems Ltd Inc.	73310	Fiber Optic Cable	6.580%	\$68,736,731	
Total for Brazil					\$68,736,731	\$18,625,837
CHILE						
18-Dec-97	SPV/Linea Aerea Nacional Chile S.A None Boeing Company	72347	(3) 767-300 Aircraft & (7) GE Engines			\$189,123,068
Total for Chile						\$189,123,068
CHINA (MAINLAND)						
18-Dec-97	SPV/Shanghai Airlines Bank of China Boeing Company	72670	(1) 767-300ER Aircraft			\$64,993,809
12-Feb-98	SPV/Wuhan Airlines China Construction Bank Boeing Company	73008	(1) 737-300 Aircraft			\$22,600,000
19-Feb-98	SPV/China Northern Airlines Industrial & Commercial Bank of China Boeing North American Inc.	73040	(3) MD-90-30 Aircraft			\$102,568,069
09-Apr-98	SPV/China Xinjiang Airlines Industrial & Commercial Bank of China Boeing Company	73241	(2) 757-200 Aircraft			\$70,434,216
30-Apr-98	SPV/China Eastern Airlines Industrial & Commercial Bank of China Boeing North American Inc.	73129	(4) MD-90 Aircraft			\$143,057,409
10-Jun-98	SPV/Shandong Airlines Industrial & Commercial Bank of China Boeing Company	73433	(2) 737-300 Aircraft			\$53,364,683
18-Jun-98	SPV/China Southwest Airlines Industrial & Commercial Bank of China Boeing Company	73487	(2) 757-200 Aircraft & Engines			\$73,250,970
02-Jul-98	SPV/China Xiamen Airlines Bank of China Boeing Company	73380	(4) 737-700 Aircraft			\$120,541,814
17-Jul-98	SPV/China Eastern Airlines China Construction Bank Boeing Company	73622	(3) 737-300 Aircraft			\$82,417,532

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
04-Aug-98	SPV/Hainan Airlines Company Ltd. Bank of China Boeing Company	73516	(2) 737-400 & (1) 737-800 Aircraft			\$110,780,648
10-Sep-98	SPV/Air China Industrial & Commercial Bank of China Boeing Company	73669	(2) 747-400 Aircraft			\$240,036,058
17-Sep-98	SPV/Shenzhen Airlines Industrial & Commercial Bank of China Boeing Company	73875	(2) 737-700 Aircraft			\$60,947,301
29-Sep-98	SPV/Air China Industrial & Commercial Bank of China Boeing Company	73802	(1) 777-200 Aircraft			\$205,736,592
Total for China (Mainland)						\$1,350,729,101
CROATIA						
30-Apr-98	Hrvatska Elektroprivreda D.D. None Parsons Power Group Inc.	72923	Engineering & Construction Management Services			\$68,987,654
Total for Croatia						\$68,987,654
CZECH REPUBLIC						
12-Mar-98	SPV/Czech Airlines None Boeing Company	70350	(3) 737-500 Aircraft			\$81,980,165
Total for Czech Republic						\$81,980,165
EL SALVADOR						
02-Oct-97	U.S. Voting Trust None Nordam	72179	(2) Hushkits			\$10,597,036
Total for El Salvador						\$10,597,036
FIJI ISLANDS						
04-Aug-98	SPV/Air Pacific Ltd. None Boeing Company	73567	(1) 737-700 & (2) 737-800 Aircraft			\$109,099,499
Total for Fiji Islands						\$109,099,499

FY 1998 LOANS AND LONG-TERM GUARANTEES

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GEORGIA						
22-Jun-98	State Enterprise Sakaeronavigatsia None Northrop Grumman Corporation	71277	Radar, Microwave Communication System			\$2,394,977
Total for Georgia						\$2,394,977
INDIA						
22-Oct-97	Special Purpose Entity None Boeing Company	72138	(4) 737-400 Aircraft & CFM Engines			\$106,772,868
22-Jan-98	Bhilai Power Supply Company Ltd. State Bank of India General Electric Company	71281	Steam Turbine, Generator Sets & Spares			\$81,129,785
Total for India						\$187,902,653
INDONESIA						
12-Feb-98	Ministry of Finance of Indonesia None Multi Pacific International Inc.	69837	Aircraft Spare Parts & Overhaul Service	7.380%	\$1,738,250	
Total for Indonesia						\$1,738,250
KENYA						
05-May-98	SPV/Kenya Airways Ltd. None Boeing Company	73273	(1) 737-300 Aircraft			\$26,123,273
Total for Kenya						\$26,123,273
LEBANON						
09-Apr-98	Ministry of Finance of Lebanon None Continental Electronics Corporation	73205	Broadcasting Equipment	6.490%	\$7,303,760	
Total for Lebanon						\$7,303,760
MEXICO						
18-Dec-97	Hylsa S.A. de C.V. Hylsaex, S.A. de C.V. Fuchs Systems Inc.	72334	Tunnel Furnace & Shuttle			\$39,103,485

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
18-Dec-97	Galvak S.A de C.V. Hylsamex S.A. de C.V. Fuchs Systems Inc.	72333	Furnace Equipment			\$17,574,600
14-May-98	Grupo Lusacell S.A. de C.V. Comunicaciones Celulares De Occidente S.A. Lucent Technologies Inc.	73062	Switching Equipment			\$72,455,485
04-Aug-98	Comision Federal De Electricidad None Westinghouse Electric Corporation	72632	Exhaust Stack			\$227,325,676
04-Aug-98	Petroleos Mexicanos Pemex Exploracion Y Produccion Cooper Cameron Corporation	72875	Platforms & Risers			\$375,379,380
10-Sep-98	Comision Federal De Electricidad None Elsag Bailey Inc.	73306	Project Management Services			\$34,327,653
29-Sep-98	Petroleos Mexicanos Pemex Exploracion Y Produccion Fluor Daniel Inc.	73637	Compressor Expanders			\$13,457,729
29-Sep-98	Petroleos Mexicanos Pemex Exploracion Y Produccion Halliburton Energy Services	72859	Drilling Equipment			\$161,139,799
Total for Mexico						\$940,763,807
MOROCCO						
21-May-98	SPV/Royal Air Maroc None Boeing Company	73086	(2) 737-800 Aircraft			\$66,888,200
Total for Morocco						\$66,888,200
ROMANIA						
02-Apr-98	Ratmil R.A. Ministry of Finance Integrated Industrial Systems	72552	Metal Rolling Mill Machinery			\$14,802,678
Total for Romania						\$14,802,678

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
RUSSIA						
20-Nov-97	Vnesheconombank None Hard Manufacturing Company Inc.	70926	Laser Cameras, Film Developers			\$29,269,920
12-Dec-97	Megionneftegaz Joint Stock Company None A P International Finance	70933	Pumps			\$1,041,400
08-Jan-98	Vnesheconombank None Lunceford & Associates Inc.	72978	Medical Equipment			\$64,566,000
08-Jan-98	Vnesheconombank None Hughes Space & Communications International Inc.	71953	Delta II Launch Vehicle			\$122,829,547
15-Apr-98	Vnesheconombank None STC Trade Corporation	73061	Semiconductor Process Equipment			\$44,259,500
14-May-98	Vnesheconombank None Ellerbe Becket Company Inc.	73368	Engineering, Design, Construction, Management Services			\$46,272,300
10-Jun-98	SPV/Aeroflot Russian International Airlines None Boeing Company	73227	(10) 737-400 Aircraft			\$301,598,146
Total for Russia						\$609,836,813
TURKEY						
01-Oct-97	Onur Air Tasimacilik A.S. Ten Tour Turizm Endustri Ve Ticaret A.S. McDonnell Douglas Support Services	71396	(5) MD-88 Aircraft & (10) P&W Engines			\$1,860,438
04-Dec-97	Ataer Ener Otoprod San Ve Tic Anonim Sir Turkiye Halk Bankasi A.S. Stewart & Stevenson Services Inc.	72655	Gas Turbine Generator Set			\$11,518,014
19-Feb-98	Undersecretariat of Treasury None General Motors Corporation	70930	Locomotive Engines & Spares			\$15,110,305
12-Mar-98	SPV/Pegasus Airlines Cukurova Holding A.S. Boeing Company	71890	(1) 737 Series Aircraft			\$23,789,763

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
17-Apr-98	Turkiye Petrol Rafinerileri A.S. Undersecretariat of Treasury Foster Wheeler USA Corporation	71887	Engineering Services			\$22,826,750
01-May-98	Bosen Enerji Uretimi Otoproduktor Gurbu Yapi Ve Kredi Bankasi A.S. Westinghouse Electric Corporation	72436	Heat Recovery Steam Generator			\$10,536,514
10-Jun-98	Turkish State Railways Undersecretariat of Treasury Nissho Iwai American Corporation	72313	Semi-Automatic Couplers	6.580%	\$8,181,003	
18-Jun-98	Baser Petrokimya Finansbank Bellevue Engineering & Construction Co.	73017	Engineering Services			\$14,288,160
04-Aug-98	Undersecretariat of Treasury None Foster Wheeler Environmental Corporation	68355	Engineering, Design, Construction Management Services	5.570%	\$16,647,913	
17-Sep-98	SPV/Turk Hava Yollari Tao Undersecretariat of Treasury Boeing Company	73566	(4) 737-800 Aircraft & CFM Engines			\$122,740,000
17-Sep-98	SPV/Turk Hava Yollari Tao Undersecretariat of Treasury Boeing Company	73661	(2) 737-800 Aircraft & CFM Engines			\$61,370,000
Total for Turkey					\$24,828,916	\$284,039,944
TURKMENISTAN						
23-Oct-97	Bank for Foreign Economic Affairs Cabinet of Ministers of Turkmenistan Case Corporation	72424	164 Tractors			\$6,630,772
26-Feb-98	State Bank for Foreign Economic Affairs Cabinet of Ministers of Turkmenistan Bateman, Edward L.	72494	Gas Turbines			\$96,357,873
Total for Turkmenistan						\$102,988,645
UKRAINE						
04-Nov-97	State Export-Import Bank of the Ukraine Government of Ukraine Deere & Company	70246	Combines & Agricultural Equipment			\$134,501

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
19-Feb-98	State Export-Import Bank of the Ukraine Cabinet of Ministers Deere & Company	73157	Planters & Disks			\$82,238,588
Total for Ukraine						\$82,373,089
UZBEKISTAN						
16-Oct-97	National Bank for Foreign Economic Activity Ministry of Finance Texuna International USA Ltd.	72445	Food Processing Equipment			\$41,984,948
13-Nov-97	National Bank for Foreign Economic Activity Ministry of Finance Case Corporation	72652	Diesel Engines			\$36,959,541
19-Mar-98	National Bank of Uzbekistan Ministry of Finance Case Corporation	73201	(150) Axial Flow Combines w/Grain Header			\$20,957,691
30-Apr-98	Uzbekneftegas Ministry of Finance ABB Lummus Global Inc.	72025	Engineering Services & Equipment			\$214,585,796
18-Jun-98	National Bank of Uzbekistan Ministry of Finance Case Corporation	73585	Model 8940 Tractors			\$54,910,470
Total for Uzbekistan						\$369,398,446
VENEZUELA						
07-Oct-97	Ministry of Finance of Venezuela None Harza Engineering Company International LP	71652	Engineering Services			\$34,695,985
07-Oct-97	Ministry of Finance of Venezuela None Harza Engineering Company International LP	72548	Engineering & Construction Services			\$17,347,993
05-Feb-98	Ministry of Finance of Venezuela None Siemens Transportation Systems Inc.	73022	Light Rail Vehicles			\$28,500,000
11-Mar-98	Ministry of Finance of Venezuela None Gauff Gmbh & Company, Engineering KG	70820	Engineering Services			\$2,065,619

FY 1998 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
29-Sep-98	Ministry of Finance of Venezuela None BNA Operations Internatonal Inc.	72846	Search and Navigation Equipment			\$12,658,217
Total for Venezuela						\$95,267,814
MISCELLANEOUS						
	Private Export Funding Corporation NONE	03048	Interest on PEFCO's Own Debt			\$301,810,000
Total for Miscellaneous						\$301,810,000
Grand Total					\$102,607,657	\$5,123,659,100

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, popularly known as Credit Reform, provides that beginning for all commitments approved after September 30, 1991, subsidy calculations must be performed (on a present value basis) and the resulting cost, if any, must be appropriated by the Congress. Credits may not be approved if the cost has not been appropriated in advance.

The financial statements were prepared in accordance with generally accepted accounting principles. As explained in more detail in the footnotes, the financial statements recognize the impact of Credit Reform legislation on commitments made after September 30, 1991. Other financial information related to the Bank included elsewhere in this report is presented on a basis consistent with the financial statements.

Ex-Im Bank maintains a system of internal accounting controls that is designed to provide reasonable assurance at reasonable cost that assets are safeguarded, 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 has made substantial progress in enabling its computer systems to correctly recognize dates occurring subsequent to December 31, 1999 (referred to generally as the Y2K, or year 2000, computer problem). As of September 30, 1998, Ex-Im Bank was substantially Y2K compliant, and we expect to have our computer systems fully compliant by December 31, 1998.

The 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.

We believe that the Bank's 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.

Ex-Im Bank's financial statements were audited by independent accountants. Their opinion is printed in this annual report immediately following the footnotes to the financial statements.

A handwritten signature in black ink, appearing to read "J. Harmon".

James A. Harmon
President and Chairman

A handwritten signature in black ink, appearing to read "J. Hess".

James K. Hess
Chief Financial Officer

October 28, 1998

STATEMENT OF FINANCIAL POSITION

(in \$ Millions)

	September 30, 1998	September 30, 1997
ASSETS		
Cash and Cash Equivalents	\$555.6	\$981.5
Restricted Funds:		
Investments	4,457.9	3,563.5
Unexpended Appropriations	2,147.9	2,337.7
Loans Receivable, Net	4,525.5	4,259.3
Receivables from Subrogated Claims, Net	1,658.6	1,626.6
Accrued Interest and Fees Receivable	147.0	154.2
Other Assets	5.7	5.8
Total Assets	\$13,498.2	\$12,928.6
 LIABILITIES AND STOCKHOLDER'S EQUITY		
Borrowings	\$4,462.5	\$4,744.5
Claims Payable	32.7	212.9
Accrued Interest Payable	271.0	231.1
Allowance for Off-Balance Sheet Risk	6,430.7	4,196.7
Other Liabilities	728.4	713.4
Total Liabilities	11,925.3	10,098.6
Capital Stock held by the Department of the Treasury	1,000.0	1,000.0
Tied Aid Appropriations	417.3	379.7
Credit Appropriations	9.5	46.7
Retained Earnings	146.1	1,403.6
Total Stockholder's Equity	1,572.9	2,830.0
Total Liabilities and Stockholder's Equity	\$13,498.2	\$12,928.6

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

STATEMENT OF OPERATIONS

(in \$ Millions)

	For the Year Ended September 30, 1998	For the Year Ended September 30, 1997
INTEREST INCOME		
Interest on Loans	\$616.5	\$635.1
Interest on Investments	295.3	220.8
Total Interest Income	911.8	855.9
INTEREST EXPENSE		
Interest on Borrowings	327.6	365.9
Other Interest Expense	2.8	2.8
Total Interest Expense	330.4	368.7
Net Interest Income	581.4	487.2
Provision for Credit Losses	2,540.3	345.0
Net (Loss)/Income after Provision for Losses	(1,958.9)	142.2
NON-INTEREST INCOME		
Commitment Fees	53.0	52.5
Exposure Fees	218.7	197.4
Guarantee Fees and Insurance Premiums	28.4	30.5
Other Income	33.7	16.6
Total Non-Interest Income	333.8	297.0
NON-INTEREST EXPENSE		
Administrative Expense	46.3	40.3
FFB Prepayment Penalty	50.6	-
Other Expense	8.4	8.8
Total Non-Interest Expense	105.3	49.1
Net (Loss)/Income	(\$1,730.4)	\$390.1

The accompanying notes are an integral part of this financial statement

STATEMENT OF CHANGES IN CAPITAL AND RETAINED EARNINGS

(in \$ Millions)	Capital Stock	Tied Aid	Appropriated Capital		Retained Earnings	Total
			Pre-Fiscal 1992 Credits	Post-Fiscal 1991 Credits		
BALANCE AT SEPTEMBER 30, 1996	\$1,000.0	\$337.7	\$0.0	\$157.0	\$478.5	\$1,973.2
Appropriations Received				772.6		772.6
Appropriations Obligated		17.0		(884.5)	867.5	0.0
Net Income					390.1	390.1
Transferred to Tied Aid		100.0		(100.0)		0.0
Appropriations Deobligated and Reavailable, net				103.2	(103.2)	0.0
Expired or transferred to the Department of the Treasury		(70.2)		(1.6)	(229.3)	(301.1)
Tied Aid Appropriations Disbursed		(4.8)				(4.8)
BALANCE AT SEPTEMBER 30, 1997	\$1,000.0	\$379.7	\$0.0	\$46.7	\$1,403.6	\$2,830.0
Appropriations Received			7.5	731.6		739.1
Appropriations Obligated		8.2	(7.5)	(774.8)	774.1	0.0
Net Loss					(1,730.4)	(1,730.4)
Transferred to Tied Aid		39.7		(39.7)		0.0
Appropriations Deobligated and Reavailable, net				53.0	(53.0)	0.0
Appropriations Deobligated and Unavailable				(6.0)	6.0	0.0
Expired or transferred to the Department of the Treasury		(8.8)		(1.3)	(254.2)	(264.3)
Tied Aid Appropriations Disbursed		(1.5)				(1.5)
BALANCE AT SEPTEMBER 30, 1998	\$1,000.0	\$417.3	\$0.0	\$9.5	\$146.1	\$1,572.9

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

STATEMENT OF CASH FLOWS

(in \$ Millions)

	For the Year Ended September 30, 1998	For the Year Ended September 30, 1997
CASH FLOWS FROM OPERATIONS		
Net (Loss)/Income	(\$1,730.4)	\$390.1
Adjustments to reconcile net income to net cash from operations:		
Collections subject to Credit Reform restrictions	(624.0)	(678.7)
Amortization of discount on loan disbursements, net	(6.8)	26.5
Amortization of loan exposure fees, net	28.0	42.2
Provision for loan losses	353.0	70.7
(Increase) decrease in claims receivable, net	(32.0)	207.6
Decrease (increase) in accrued interest and fees receivable	7.2	(24.8)
Decrease in other assets	0.1	1.0
Decrease in claims payable	(180.2)	(140.4)
Increase in accrued interest payable	39.9	23.5
Increase in allowance for off-balance sheet risk	2,234.0	359.7
Increase in other liabilities	15.0	72.2
Net cash from operations	103.8	349.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan disbursements	(1,330.9)	(1,381.8)
Repayment of loans receivable	690.5	1,276.5
Net cash used in investing activities	(640.4)	(105.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Federal Financing Bank borrowings	(1,294.5)	(527.1)
Borrowings from the Department of the Treasury	824.4	405.6
Repayment of borrowings from the Department of the Treasury	(9.1)	(1.0)
Claim Payment Certificates issued	295.0	38.3
Claim Payment Certificates paid	(97.8)	(117.0)
Credit appropriations used	392.7	464.2
Net cash from financing activities	110.7	263.0
Net (decrease) increase in cash and cash equivalents	(425.9)	507.3
Cash and cash equivalents (beginning of year)	981.5	474.2
Cash and cash equivalents (end of year)	\$555.6	\$981.5
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$341.2	\$345.2

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Enabling Legislation and Mission

The Export-Import Bank of the United States (Ex-Im Bank) is an independent corporate agency of the United States that was first organized as a District of Columbia banking corporation in 1934.

Ex-Im Bank's mission is to facilitate U.S. exports by providing financing in order to level the playing field for American exporters facing unfair foreign financing competition and bridge export financing shortfalls caused by market failures.

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). Under provisions of this law, Congress provides appropriated financing to fund the costs, including credit losses, of providing direct loans, guarantees and insurance, and the cost of administering the loan, guarantee, and insurance programs. The Credit Reform Act requires Ex-Im Bank to perform a calculation of the costs of providing these credits for all commitments approved on or after October 1, 1991. In addition, the Credit Reform Act provides for appropriations to cover the repayment of obligations outstanding at September 30, 1991, to the extent the available net cash flows of commitments approved on or before September 30, 1991, are insufficient to meet the payment of these obligations.

Use of Estimates

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (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. Actual results could differ from those estimates.

Cash and Cash Equivalents

Ex-Im Bank defines cash and cash equivalents as highly liquid investments with original maturities of three months or less, and unrestricted funds at the Department of the Treasury.

Restricted Funds

Appropriated funds received are deposited in a non-interest-bearing account at the Department of the Treasury. These funds are available to Ex-Im Bank when the credit activity to which they relate takes place or to finance administrative expenses. Upon occurrence of the credit activity, disbursement of the related loans or shipment of goods under guarantee or insurance policies written by Ex-Im Bank, the funds become available to either subsidize the related loan disbursement or to be invested to fund the credit costs of the guarantee and insurance policies. Unexpended appropriations are presented net of expired appropriations.

Accrued Interest on Loans and Claims Receivable

Interest is accrued on loans and claims as it is earned. Generally, loans and

claims receivable delinquent 90 days or more are placed in a non-accrual status unless they are well secured and significant collections have been received during the past year. Any accrued but unpaid interest previously recorded is reversed against current period interest income.

Accounting for Capitalized Interest on Rescheduled Loans and Claims

Rescheduling agreements frequently allow Ex-Im Bank to add uncollected interest to the principal balance of rescheduled loans and claims receivable (i.e., capitalized interest). In such circumstances, interest income resulting from capitalized interest is recorded only when, in management's judgment, borrowers have demonstrated the ability to repay the debt in the normal course of business.

Allowance for Credit Losses

The allowance for credit losses provides for possible losses inherent in the lending process. Providing for such losses recognizes the fact that collection of some loans and claims are doubtful and their value, including claims to be filed under Ex-Im Bank's guarantee and insurance programs, is impaired. The allowance is available to absorb credit losses related to the total credit portfolio. The allowance is decreased (increased) by provisions charged to income (expense) and decreased by write-offs, net of recoveries. The provision for credit losses of \$2,540.3 million is comprised of a charge of \$353.0 million for loan losses, a credit of \$46.7 million for claim losses, and a charge of \$2,234.0 million for off-balance sheet risk for fiscal year 1998.

Commitment and Exposure Fees

Commitment fees on direct loans and guarantees, which are generally non-refundable, are calculated and recognized ratably over the term of the commitment.

Ex-Im Bank charges a risk-related exposure fee under both the loan and guarantee programs that is based on each loan disbursement or shipment of goods under the guarantee policy. This fee is recognized as income over the life of the loan or guarantee.

Insurance Fees

Fees charged under insurance policies are recognized as income on the straight-line basis over the life of the insurance policies.

Claims Payable

Liabilities for claims arising from Ex-Im Bank's guarantee and insurance activities, and the related estimated losses and loss adjustment expenses, are accrued upon approval of claim filing.

Discount on Loans Receivable

In fulfilling its mission to aid in financing and facilitating exports of U.S. goods and services to foreign countries and to provide U.S. exporters with financing which 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 borrowing. When this occurs, Ex-Im Bank records a charge to income equivalent to the discount at inception of the loan and amortizes the discount over the life of the loan as interest income.

Appropriated Capital

Appropriations received by Ex-Im Bank pursuant to the Credit Reform Act are recorded, in effect, as paid-in-capital. Such appropriations are applied to Ex-Im Bank's retained earnings in accordance with directions on the use of credit reform appropriations issued by the Office of Management and Budget (OMB). Appropriations not required to finance credit activities are returned to the Department of the Treasury.

2. CREDIT REFORM

The Federal Credit Reform Act of 1990, which became effective on October 1, 1991, significantly affected the manner in which Ex-Im Bank finances its credit activities. The primary purpose of this Act is to more accurately measure 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 \$731.6 million in fiscal year 1998 and \$772.6 million in fiscal year 1997, which represented the annual appropriation to cover the estimated subsidy cost of providing new direct loans, guarantees, and insurance, and the associated administrative costs of these programs.

The following table summarizes appropriations received and used during fiscal years 1998 and 1997 (in \$ millions):

	1998	1997
Received:		
For Credit Subsidies	\$683.0	\$726.0
For Credit-related Administrative Costs	48.6	46.6
Total Received	731.6	772.6
Carryover from Prior Fiscal Year	331.5	343.1
Cancellations of Prior Year Obligations	53.0	103.2
Total Available	1,116.1	1,218.9
Obligated:		
For Credit Subsidies	728.6	840.8
For Credit-related Administrative Costs	46.2	43.7
Total Obligated	774.8	884.5
Unobligated Balance:		
Unobligated Balance	341.3	334.4
Unobligated Balance Lapsed	8.1	2.9
Remaining Balance	\$333.2	\$331.5

Of the remaining balance of \$333.2 million at September 30, 1998, \$.5 million is available until September 30, 2001, and \$332.7 million is available until expended and may be used for tied aid.

The cost of credit risk shown above, the credit subsidy, is the present value of estimated costs and expenses over the life of the loans, guarantees, and insurance, net of the present value of associated fees or premiums plus the amount, if any, by which the scheduled inflow of principal and interest on a loan, when discounted at the applicable Department of the Treasury borrowing rate for the term of the transaction, is different than the face amount of the loan. When the present value of expected cash inflows exceeds the present value of expected cash outflows, a "negative" credit subsidy arises. Negative subsidies are remitted to the Department of the Treasury upon disbursement of the underlying credits. Ex-Im Bank transferred \$13.6 and \$14.6 million of negative subsidies to the Department of the Treasury in fiscal years 1998 and 1997, 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.

These appropriations are obligated to cover the estimated subsidy costs at the time that loans, guarantees, and insurance are committed and administrative expenses accrued. 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 Department of the Treasury. Prior to this use, all of the appropriated funds are held in a non-interest-bearing Department of the 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 periodically in accordance with OMB guidelines. Re-estimates that result in increases in subsidy costs are covered by additional appropriations that become automatically available, while decreases in estimated subsidy costs result in returning the excess appropriation to the Department of the Treasury. A subsidy re-estimate was not performed for fiscal years 1998 or 1997.

The manner in which Ex-Im Bank uses its credit appropriations differs from the way in which it calculates its credit-related loss allowances and net income under GAAP. GAAP and the method through which the use of the credit appropriation is calculated similarly factor into the loss allowance individual credit risks. Both recognize the cost to Ex-Im Bank of issuing loans at interest rates below Ex-Im Bank's borrowing rate. However, the GAAP loss allowances do not recognize the present value of future fees and premiums as an offset to the allowance since to do so would record revenue prior to realization. As discussed in Note 12, Ex-Im Bank calculates the fair value of its credit instruments using the Credit Reform methodology.

3. TIED AID APPROPRIATIONS

Ex-Im Bank provides assistance for transactions, referred to as “tied aid,” that help U.S. exporters in special situations where there is “reasonable proof” that concessional financing is being offered to a foreign competitor of a U.S. exporter. The assistance is provided through either a direct grant or an interest concession subsidy payment.

Prior to FY 1992, Ex-Im Bank received appropriations for tied aid assistance which were available for obligation for a one-year period. Since FY 1992, Ex-Im Bank has received appropriations which may be used for tied aid and are available until expended.

Changes in the appropriations which may be used for tied aid in fiscal years 1997 and 1998 are as follows (in \$ millions):

	Unobligated Balance	Obligated			Total Undisbursed Balance
		Undisbursed Grants	Undisbursed Interest Equalization Program	Undisbursed Int. Rate Subsidy	
Balance 9/30/96	\$241.2	\$67.7	\$2.0	\$26.8	\$337.7
No-Year Funds from FY 96 Appropriation	100.0				100.0
Tied Aid Obligations from FY 97 No-Year Appropriation		17.0			17.0
Unobligated Balance Lapsed	(48.3)	(21.9)			(70.2)
Disbursements		(3.4)		(1.4)	(4.8)
Balance 9/30/97	292.9	59.4	2.0	25.4	379.7
No-Year Funds from FY 97 Appropriation	33.0				33.0
No-Year Funds from FY 98 Appropriation	6.7				6.7
Tied Aid Obligations From FY 98 No-Year Appropriation		8.2			8.2
Unobligated Balance Lapsed				(8.8)	(8.8)
Disbursements	0.0	(0.1)		(1.4)	(1.5)
Balance 9/30/98	\$332.6	\$67.5	\$2.0	\$15.2	\$417.3

Ex-Im Bank had \$292.6 million outstanding on total commitments of \$532.2 million at September 30, 1998, for these tied aid credits.

4. LOANS RECEIVABLE

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 programs have repayment terms of one to seven years, while loans extended under the long-term loan programs have repayment terms in excess of seven years. Generally, both the medium-term and long-term loan programs cover up to 85 percent of the U.S. export value of shipped goods. Ex-Im Bank’s direct loans carry the lowest fixed interest rate permitted for the country and term under the “Arrangement on Guidelines for Officially Supported Export Credits” negotiated among members of the Organization for Economic Cooperation and Development (OECD).

Ex-Im Bank’s loans receivable, as shown in the Statement of Financial Position, are net of uncollected interest capitalized upon rescheduling, unamortized exposure fees, unamortized discounts, and an allowance for loan losses. At September 30, 1998, and 1997, the allowance for loan losses equaled 29.0 percent and 26.4 percent, respectively, of the outstanding loans receivable balance, excluding uncollected capitalized interest and unamortized exposure fees and discounts. The net balance of loans receivable at September 30, 1998, and 1997, consist of the following (in \$ millions):

	1998	1997
Asia	\$4,060.2	\$3,229.5
Latin America	2,038.1	2,149.5
Africa/Middle East	1,964.5	2,034.7
New Independent States (NIS)	25.9	35.5
Eastern Europe — Non NIS	461.8	491.9
United States/Other	13.0	31.3
Western Europe/Canada	2.6	5.6
	8,566.1	7,978.0
Less:		
Capitalized Interest	2,013.7	2,032.4
Unamortized Discount and Exposure Fees	176.3	155.1
	6,376.1	5,790.5
Less:		
Allowance for Loan Losses	1,850.6	1,531.2
Net Balance	\$4,525.5	\$4,259.3

Changes in the allowance for losses for fiscal years 1998 and 1997 are as follows (in \$ millions):

	1998	1997
Balance at beginning of year	\$1,531.2	\$1,456.7
Net (Write-offs)/Recoveries	(33.6)	3.8
Provision charged to operations	353.0	70.7
Balance at end of year	\$1,850.6	\$1,531.2

The allowance for loan losses is based on Ex-Im Bank's evaluation of the loan portfolio taking into consideration a variety of factors, including repayment status of the loans, assessment of future risks, and worldwide economic and political conditions.

Although Ex-Im Bank has a diversified loan portfolio, some of its loans are more heavily concentrated in certain countries or industries. At September 30, 1998, the largest concentrations of gross loans outstanding were in the following countries and industries (in \$ millions):

Country		Industry	
China	\$1,045.1	Power Generation	\$2,638.8
Brazil	912.2	Manufacturing	997.6
Indonesia	852.6	Telecommunications	676.8
Philippines	851.2	Infrastructure Projects	296.8

From time to time, Ex-Im Bank extends the repayment date and modifies the interest terms of some or all principal installments of a loan because the obligor or country has encountered financial difficulty and Ex-Im Bank's board of directors has determined that providing relief in this manner will enhance the ability to collect the loan. The outstanding balances related to rescheduled installments included in loans receivable at September 30, 1998, and 1997, were \$3,166.5 million and \$3,410.5 million, respectively. Rescheduled loan installments of principal and interest were \$38.6 million and \$62.8 million, respectively, in fiscal year 1998, and \$69.6 million and \$76.4 million, respectively, in fiscal year 1997. 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.

5. RECEIVABLES FROM SUBROGATED CLAIMS

Receivables from subrogated claims represent the outstanding balance of claims which 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 insurance contracts, Ex-Im Bank receives all rights, title and interest in all amounts relating to claims paid under insurance policies and therefore establishes an asset to reflect such rights.

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

The net balance of receivables from subrogated claims at September 30, 1998, and 1997, consists of the following (in \$ millions):

	1998	1997
Claims previously paid and unrecovered:		
Rescheduled	\$2,186.4	\$2,132.7
Non-rescheduled	1,123.4	1,017.6
Claims filed pending payment	32.8	212.9
	3,342.6	3,363.2
Less: Capitalized interest	426.0	423.4
	2,916.6	2,939.8
Less: Allowance for claim losses	1,258.0	1,313.2
Net Balance	\$1,658.6	\$1,626.6

Changes in the allowance for losses for fiscal years 1998 and 1997 are as follows (in \$ millions):

	1998	1997
Balance at beginning of year	\$1,313.2	\$1,438.7
Net Write-offs	(8.5)	(40.1)
Provision credited to operations	(46.7)	(85.4)
Balance at end of year	\$1,258.0	\$1,313.2

The allowance for claim losses is based on Ex-Im Bank's evaluation of the receivables from subrogated claims portfolio taking into consideration a variety of factors, including repayment status of the claims, assessment of future risks, and worldwide economic and political conditions. Write-offs are net of recoveries of funds received on claims which were previously written-off. At September 30, 1998, and 1997, the allowance for claim losses equaled 43.1 percent and 44.7 percent, respectively, of the outstanding balance, excluding uncollected capitalized interest.

6. NON-ACCRUAL OF INTEREST

The weighted average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 1998, equaled 4.04 percent (6.47 percent on performing loans and rescheduled claims). Interest income is not recognized on non-rescheduled claims paid and unrecovered or on claims filed pending payment.

Generally, the accrual of interest on loans and rescheduled claims is discontinued when the credit is delinquent for 90 days. Ex-Im Bank had a total of \$2,900.7 million and \$1,138.2 million of loans and rescheduled claims, respectively, in non-accrual status at September 30, 1998, and \$3,033.2 million and \$1,151.6 million at September 30, 1997. Had these credits been in accrual status, interest income would have been \$145.4 million higher in fiscal year 1998 (amount is net of interest received of \$118.7 million) and \$138.5 million higher in fiscal year 1997 (amount is net of interest received of \$149.1 million).

7. BORROWINGS

Ex-Im Bank's outstanding borrowings come from two sources: direct borrowings from the Department of the Treasury and the assumption of repayment obligations of defaulted guarantees under the Bank's guarantee program via Claim Payment Certificates. Claim Payment Certificates are, in effect, marketable securities issued by Ex-Im Bank under the same terms as the original obligation.

Prior to October 1, 1991, Ex-Im Bank borrowed from the Federal Financing Bank (FFB), a separate office of the Department of the Treasury. In fiscal year 1998, Ex-Im Bank repaid the entire outstanding balance of \$1,294.6 million as of September 30, 1997. At September 30, 1998, Ex-Im Bank had no outstanding borrowings with the FFB.

Under provisions of Ex-Im Bank's guarantee program, the insured party has the option of accepting payment via a Claim Payment Certificate. At September 30, 1998, \$506.7 million was outstanding under Claim Payment Certificates. Maturities of Claim Payment Certificates are as follows (in \$ millions):

Fiscal Year	Amount
1999	\$104.4
2000	65.4
2001	49.6
2002	58.5
2003	64.1
	342.0
2004-2006	164.7
	\$506.7

The weighted average interest rate on Ex-Im Bank's outstanding Claim Payment Certificates at September 30, 1998, equaled 6.81 percent.

Payments due on Claim Payment Certificates for which the underlying commitment was authorized prior to October 1, 1991, are funded through net cash receipts related to loans, guarantees, and insurance committed prior to October 1, 1991. To the extent the net receipts are not sufficient to repay the debt as it becomes due, Ex-Im Bank has available a permanent and indefinite appropriation for this purpose.

Direct borrowings from the Department of the Treasury are primarily used to finance the Bank's medium- and long-term loans committed on or after October 1, 1991. At September 30, 1998, Ex-Im Bank had \$3,955.8 million of borrowings outstanding with the Department of the Treasury at a weighted average interest rate of 6.66 percent.

Department of the Treasury borrowings are repaid, primarily, with the repayments of the medium- and long-term loans they financed. To the extent the repayments on the underlying loans, combined with the commitment and exposure fees and interest earnings received on the loans, are not sufficient to repay the borrowings, appropriated funds are available to Ex-Im Bank through the re-estimation process for this purpose. Accordingly, Department of the Treasury borrowings do not have a set repayment schedule; however, the full amount of the borrowings are expected to be repaid by fiscal year 2025.

8. RELATED PARTY TRANSACTIONS

The financial statements reflect the results of contractual agreements with the Private Export Funding Corporation (PEFCO). PEFCO, which is owned by a consortium of private sector banks, industrial companies and financial services

institutions, makes medium- and long-term fixed and variable rate loans to foreign borrowers to purchase U.S. made equipment when such loans are not available from traditional private sector lenders on competitive terms. PEFCO has agreements with Ex-Im Bank which, for specified fees earned totaling \$13.7 million in fiscal year 1998 and \$11.7 million in fiscal year 1997, 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 \$3,988.0 million at September 30, 1998, and \$2,893.2 million at September 30, 1997, are reported by Ex-Im Bank as off-balance sheet risk and the exposure is included in its allowance for loss calculation.

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.

As discussed in Note 7, Ex-Im Bank has significant transactions with the Department of the Treasury and the FFB. The Department of the Treasury, although not exercising control over Ex-Im Bank, holds the common stock of Ex-Im Bank creating a related party relationship between Ex-Im Bank and the Department of the Treasury and the FFB.

9. 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). For CSRS employees, Ex-Im Bank withholds a portion of their base earnings. The employees' contributions are then matched by Ex-Im Bank and the sum is transferred to the Civil Service Retirement Fund, from which the CSRS employees will receive retirement benefits. For FERS employees, Ex-Im Bank withholds, in addition to social security withholdings, a portion of their base earnings. Ex-Im Bank contributes an amount proportional to the employees' base earnings towards retirement, and an additional scaled amount towards each individual FERS employee's Thrift Savings Plan, depending upon the employee's level of savings. The FERS employees will receive retirement benefits from FERS, Social Security, and Thrift Savings Plan deposits that have accumulated in their accounts.

Total Ex-Im Bank (employer) matching contributions to the Thrift Savings Plan, CSRS, and FERS for all employees, included in administrative expenses, were approximately \$3.1 million and \$2.9 million for the fiscal years ended September 30, 1998, and 1997, 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 these systems 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 \$2.3 million at September 30, 1998, and 1997.

10. STATUTORY LIMITATIONS

Under provisions of the Export-Import Bank Act, as amended in fiscal year 1997, Ex-Im Bank is limited to \$75.0 billion of loans, guarantees and insurance outstanding at any one time. At September 30, 1998, and 1997, Ex-Im Bank's outstanding commitments and statutory authority used were as follows (in \$ millions):

	1998	1997
Outstanding Loans	\$8,566.1	\$7,978.0
Undisbursed Loans	3,611.8	4,778.6
Outstanding Claims	3,342.5	3,363.2
Guarantees	33,352.9	32,112.7
Insurance	5,712.1	6,433.1
Total	\$54,585.4	\$54,665.6

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 year 1998 and fiscal year 1997, Congress placed no limit on the total amount of loans, guarantees, and insurance which could be committed in those years, provided that the \$75.0 billion limit established by the Export-Import Bank Act was not exceeded.

Ex-Im Bank's net credit subsidy appropriations were \$683.0 million and \$726.0 million for fiscal years 1998 and 1997, respectively. During fiscal year 1998, Ex-Im Bank entered into commitments for loans of \$85.9 million using \$8.2 million of the appropriation, tied aid commitments of \$16.6 million using \$8.2 million of the appropriation, and commitments for guarantees and insurance of \$10,447.0 million using \$712.2 million of the appropriation. During fiscal year 1997, Ex-Im Bank entered into commitments for loans of \$1,473.4 million using \$26.7 million of the appropriation, tied aid commitments of \$75.5 million using \$17.0 million of the appropriation, and commitments for guarantees and insurance of \$10,610.0 million using \$797.1 million of the appropriation.

11. COMMITMENTS AND CONTINGENCIES

Enabling Legislation

In accordance with its enabling legislation, continuation of Ex-Im Bank as an independent corporate agency of the United States is subject to periodic extensions granted by Congress. Congressional authorization has been extended through September 30, 2001.

Financial Instruments with Off-Balance Sheet Risk

In addition to the risks associated with its loans and claims receivable, Ex-Im Bank is subject to credit risk for financial instruments not reflected in its Statement of Financial Position. These financial instruments consist of

(1) guarantees and insurance which provide repayment protection against political and commercial risks and (2) guarantees of letters of credit underlying future loan disbursements. Political risks covered by Ex-Im Bank involve non-payment as a result of war, cancellation of an existing export or import license, expropriation, confiscation of or intervention in a buyer's business, or transfer risk (failure of foreign government authorities to transfer foreign deposits into dollars). However, losses due to currency devaluation are not considered a political risk by Ex-Im Bank. Commercial risks involve non-payment for reasons such as deterioration of markets, unanticipated competition and buyer insolvency. Ex-Im Bank generally does not hold collateral or other security to support its medium- and short-term financial instruments with off-balance sheet risk, except for credits supporting export of aircraft and a variety of security arrangements made in the case of project risk 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 is based on management's credit evaluation. All Ex-Im Bank guarantees and insurance benefits carry the full faith and credit of the United States Government.

The risks associated with the overall portfolio of off-balance sheet financial instruments differ from those associated with the loan portfolio. Loans are spread more evenly than guarantees over the entire risk spectrum, while off-balance sheet financial instruments are concentrated in relatively lower risk countries. Also, exporters and financial intermediaries who use Ex-Im Bank short-term insurance bear a portion of losses resulting from non-payment.

Following is a summary of Ex-Im Bank's off-balance sheet risk at September 30, 1998, and 1997 (in \$ millions):

	FY 1998		
	Total	Unused	Outstanding
Guarantees	\$33,352.9	\$10,517.5	\$22,835.4*
Insurance	5,712.1	4,128.7	1,583.4*
Guarantees of Letters of Credit	3,611.8	3,611.8	-
Total	\$42,676.8	\$18,258.0	\$24,418.8

	FY 1997		
	Total	Unused	Outstanding
Guarantees	\$32,112.7	\$11,457.1	\$20,655.6*
Insurance	6,433.1	5,184.3	1,248.8*
Guarantees of Letters of Credit	4,778.6	4,778.6	-
Total	\$43,324.4	\$21,420.0	\$21,904.4

*Shipment of goods has taken place.

Ex-Im Bank is exposed to credit loss with respect to the amount at risk in the event of non-payment by other parties in the agreements. The commitments shown above are agreements to lend monies and issue guarantees and insurance so long as there is no violation of any condition established in the credit agreement.

Substantially all of Ex-Im Bank's off-balance sheet financial instruments involve credits located outside of the United States. Following is a breakdown

of such total commitments at September 30, 1998, by major geographic area (in \$ millions):

	Guarantees	Insurance	Guarantees of Letters of Credit	Total
Asia	\$12,143.5	\$621.7	\$2,116.8	\$14,882.0
Latin America	10,077.2	1,513.4	1,437.9	13,028.5
NIS	3,993.3	14.9	-	4,008.2
Africa/Middle East	3,457.8	90.0	37.4	3,585.2
United States/Other	1,590.1	-	12.7	1,602.8
Eastern Europe — Non NIS	1,410.1	16.6	1.0	1,427.7
Western Europe/Canada	680.9	91.5	6.0	778.4
S/T Insurance unshipped	-	\$3,364.0	-	\$3,364.0
Total	\$33,352.9	\$5,712.1	\$3,611.8	\$42,676.8

At September 30, 1998, Ex-Im Bank's largest commitments at risk were in the following countries and industries (in \$ millions):

Country		Industry	
China	\$4,922.5	Air Transportation	\$11,206.6
Mexico	4,515.3	Power Generation	6,197.6
Indonesia	2,643.0	Oil & Gas Services	5,464.1
Brazil	2,622.5	Manufacturing	4,095.4

Changes in the allowance for off-balance sheet risk for fiscal years 1998 and 1997 are as follows (in \$ millions):

	1998	1997
Balance at beginning of year	\$4,196.7	\$3,837.0
Provision charged to operations	2,234.0	359.7
Balance at end of year	\$6,430.7	\$4,196.7

Leasing Activities

Ex-Im Bank has no capital leases. Operating lease arrangements are renewable annually. These leases consist primarily of rental of office space and computer equipment. Office space is leased primarily from the General Services Administration through the Public Buildings Fund. Lease expenses, included in administrative expenses, were \$4.7 million and \$4.0 million for fiscal years 1998 and 1997, respectively.

Pending Litigation

As of the end of fiscal year 1998, 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 certain project finance cases, Ex-Im Bank's assistance during the construction period generally is in the form of a political risk guarantee to the private lender. At the end of the construction period, the borrower has the option of converting the private guaranteed financing to an Ex-Im Bank direct loan or to a comprehensive guarantee. As of September 30, 1998, Ex-Im Bank had \$2,558.1 million of such contingent loan commitments outstanding.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments to which Ex-Im Bank has a contractual obligation to deliver cash to, 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 and Subrogated Claims Receivables and Financial Instruments with Off-Balance Sheet Risk

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. The values derived by applying these assumptions to Ex-Im Bank's loans, claims, and financial instruments with off-balance sheet risk approximate their fair values.

Borrowings and Claims Payable

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

(in \$ millions)	1998		1997	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Cash Equivalents	\$555.6	\$555.6	\$981.5	\$981.5
Loans Receivable, net	4,525.5	5,965.1	4,259.3	5,696.6
Receivable from Subrogated Claims, net	1,658.6	1,864.0	1,626.6	1,830.6
Financial Liabilities:				
Off-balance Sheet Financial Instruments	6,430.7	6,430.7	4,196.7	4,196.7
Borrowings from FFB	-0-	-0-	1,294.6	1,316.8
Borrowings from the Department of the Treasury	3,955.8	3,955.8	3,140.4	3,093.1
Claim Payment Certificates	506.7	480.1	309.5	288.9
Claims Payable	32.7	30.0	212.9	187.1

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

addition, settlement at the reported fair value may not be possible due to contractual constraints or other reasons unique to federally backed credits.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying statements of financial position of the Export-Import Bank of the United States (Ex-Im Bank) as of September 30, 1998, and 1997, and the related statements of operations, changes in capital and retained earnings, and cash flows for the years then ended present fairly, in all material respects, the financial position of Ex-Im Bank at September 30, 1998, and 1997, and the results of its operations, changes in capital and retained earnings, and cash flows for the years then ended, in conformity with generally accepted accounting principles. 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 of these financial statements in accordance with generally accepted auditing standards 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, assessing the accounting principles used and significant estimates made by management, and evaluating overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion on these financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 1998, on our consideration of Ex-Im Bank's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and grants.

PRICEWATERHOUSECOOPERS LLP

October 28, 1998
Washington, D.C.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
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, 1998, and have issued our report thereon dated October 28, 1998. We conducted our audit in accordance with generally accepted auditing standards 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. For purposes of this report, we have categorized the provisions of laws, regulations, contracts, and grants we tested as part of obtaining such reasonable assurance into the following categories:

- Personnel engagement, maintenance, and separation
- Budget preparation and execution
- Debt authorizations and restrictions
- Deposits and investments restrictions
- Procurement policies and procedures
- Enabling legislation authorizations and restrictions

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 to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Ex-Im Bank in a separate letter dated October 28, 1998.

This report is intended for the information of the board of directors, management of Ex-Im Bank, and the Congress. However, this report is a matter of public record and its distribution is not limited.

PRICEWATERHOUSECOOPERS LLP

October 28, 1998
Washington, D.C.

NOTES