

## AUTHORIZATIONS SUMMARY

(\$ Millions)

Program	Number of Authorizations		Amount Authorized		Export Value		Subsidy	
	1997	1996	1997	1996	1997	1996	1997	1996
Loans								
Long-Term Loans	13	29	\$1,464.5	\$1,100.7	\$1,706.4	\$1,233.2	\$25.0	\$68.9
Medium-Term Loans	2	0	8.9	0.0	10.4	0.0	1.7	0.0
Tied Aid	2	9	75.5	135.6	81.5	143.4	17.0	29.4
Total Loans	17	38	1,548.9	1,236.3	1,798.3	1,376.6	43.7	98.3
Guarantees								
Long-Term Guarantees	88	73	6,745.1	5,314.6	7,408.2	6,694.0	566.1	522.7
Medium-Term Guarantees	180	111	572.7	720.9	673.2	866.2	83.3	84.4
Working Capital Guarantees	332	286	443.3	377.8	2,273.9	1,662.6	12.2	9.4
Total Guarantees	600	470	7,761.1	6,413.3	10,355.3	9,222.8	661.6	616.5
Export Credit Insurance								
Short-Term	1,384	1,590	2,317.3	3,134.7	2,317.3	3,134.7	38.9	77.7
Medium-Term	347	324	531.5	733.4	625.1	862.5	66.6	77.5
Total Insurance	1,731	1,914	2,848.8	3,868.1	2,942.4	3,997.2	105.5	155.2
Modifications							30.0	24.1
Grand Total	2,348	2,422	12,158.8	11,517.7	15,096.0	14,596.6	\$840.8	\$894.1

## AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Medium-Term Insurance	Total Actual Authorizations	Exposure 9/30/97
Africa Multinational					6,622,279
Algeria		150,364,769		150,364,769	1,438,847,821
Americas Multinational Financial Inst					60,689,758
Angola		88,535,400		88,535,400	94,915,655
Antigua					385,862
Argentina		234,359,820	49,529,045	283,888,866	1,973,920,419
Aruba					8,178,092
Australia					565,172,799
Austria					57,512,713
Bahamas			7,750,398	7,750,398	13,408,563
Bahrain					182,565,976
Bangladesh					14,647,812
Barbados					1,105,349
Belgium					1,952,292
Belize					17,103,027
Bermuda					589,342
Bolivia		1,868,940	4,592,626	6,461,566	40,955,828
Bosnia					36,766,120
Brazil	177,233,427	198,241,681	116,193,802	491,668,910	3,861,983,251
Brunei					4,244
Cameroon					50,423,511
Canada					65,697,720
Canary Islands					38,562
Cayman Islands					942,086
Central African Republic					7,805,095
Chile					106,626,131
China					26,386,019
China (Mainland)	819,645,719	489,952,778		1,309,598,497	4,632,972,722
China (Taiwan)					6,115,569
Colombia					568,870,597
Congo					22,864,759
Costa Rica			17,663,935	17,663,935	36,407,139
Cote D'Ivoire					179,017,359
Croatia					92,923,272
Cuba					36,266,581
Cyprus					1,385,431
Czech Republic		62,591,293		62,591,293	473,472,237
Denmark					2,213,723
Dominica					13,735
Dominican Republic		351,174	11,553,364	11,904,538	191,159,963
Ecuador		2,061,405	12,340,560	14,401,965	174,025,939
Egypt					38,770,793
El Salvador		8,485,307	2,585,759	11,071,066	123,525,392
Estonia					13,468
Fiji Islands					3,450
Finland					1,200,351
France					13,471,312
French Polynesia					7,211

## AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Medium-Term Insurance	Total Actual Authorizations	Exposure 9/30/97
Gabon					74,555,227
Georgia		14,369,862		14,369,862	14,369,862
Germany, Federal Republic of					15,914,940
Ghana		40,949,010	6,202,644	47,151,654	417,192,722
Greece					105,964,721
Greenland					999
Grenada		3,697,148		3,697,148	3,746,506
Guatemala		43,440,299	28,762,834	72,203,133	124,651,751
Guiana-French					104,939
Guinea					7,593,494
Guyana					4,226,160
Haiti					9,746,651
Honduras		10,022,078	1,560,308	11,582,386	21,349,259
Hong Kong					492,846,243
Hungary					86,270,457
Iceland					106,374
India	20,308,514	280,472,666	4,217,904	304,999,084	1,402,492,655
Indonesia	474,775,885	143,592,389	7,418,123	625,786,397	3,774,108,496
Ireland					2,186,584
Israel		151,400,816	1,554,692	152,955,508	693,917,066
Italy					384,329,375
Jamaica			11,430,528	11,430,528	99,653,544
Japan					17,882,375
Jordan					1,941,655
Kazakhstan		21,564,032		21,564,032	138,358,070
Kenya	1,371,773	53,221,645	297,950	54,891,368	104,286,393
Korea, Republic of		754,606,789		754,606,789	1,535,314,203
Kuwait					82,762,726
Latvia					6,671,301
Lebanon					1,469,985
Liberia					5,980,110
Liechtenstein					2,123
Lithuania		11,490,788	5,376,200	16,866,988	38,584,765
Luxembourg					184,860,732
Macau					3,344,521
Macedonia					54,317,564
Madagascar					24,366,996
Malaysia, Federal Republic of					304,152,901
Malta					20,127,506
Mauritania					6,596,857
Mauritius					2,120,585
Mexico		906,535,201	147,698,180	1,054,233,381	4,638,958,632
Micronesia, Federated States of					725,273
Monaco					79,031
Morocco	15,505,607	258,747,060		274,252,667	561,517,554
Mozambique					48,589,817

## AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Medium-Term Insurance	Total Actual Authorizations	Exposure 9/30/97
Naura					51,158,267
Nepal					16,186,831
Netherlands					6,585,436
Netherlands Antilles					566,559
New Caledonia					837
New Zealand					3,564,295
Nicaragua			252,530	252,530	53,177,764
Niger					6,821,520
Nigeria					713,510,400
Norway					58,937,504
Oman		247,485,900		247,485,900	272,790,853
Pakistan		261,570		261,570	438,046,938
Panama			269,063	269,063	85,043,194
Papua New Guinea		29,281,650		29,281,650	35,408,954
Paraguay					2,529,724
Peru			17,245,443	17,245,443	254,284,732
Philippines		555,457,376	8,463,752	563,921,128	2,551,024,333
Poland		196,667,067		196,667,067	699,323,467
Portugal					462,601
Qatar		525,401,018		525,401,018	523,244,754
Romania	7,494,140	43,310,072	15,415,022	66,219,234	239,286,687
Russia		474,385,797		474,385,797	1,672,496,663
Saudi Arabia					8,517,357
Senegal					1,813,245
Seychelles					3,315,454
Sierra Leone					12,529,960
Singapore		9,198,503		9,198,503	25,044,940
Slovak Republic					7,840,352
Slovenia					27,238,435
South Africa		100,000		100,000	145,602,745
Spain					7,468,176
Sri Lanka		8,994,177		8,994,177	23,869,840
St Kitts-Nevis					1,884,440
St Lucia					264,934
St Vincent					47,680
Sudan					28,246,331
Sweden					3,911,299
Switzerland					3,718,929
Tanzania					26,343,136
Thailand	9,230,548	5,596,825	9,224,350	24,051,723	856,604,154
Togo					2,820
Trinidad and Tobago					652,874,970
Tunisia					169,712,042
Turkey		249,677,288	12,712,199	262,389,487	2,185,360,101
Turkmenistan		133,096,006		133,096,006	304,791,695

## AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Medium-Term Insurance	Total Actual Authorizations	Exposure 9/30/97
Uganda			777,338	777,338	3,464,839
Ukraine		77,999,400		77,999,400	249,341,277
United Arab Emirates					2,303,807
United Kingdom					35,416,413
United States of America		634,453,205		634,453,205	1,295,062,358
Uruguay			1,307,257	1,307,257	23,229,187
Uzbekistan		300,959,215		300,959,215	448,360,382
Various Countries Unallocable					500,000,000
Venezuela		337,876,788	9,488,783	347,365,571	1,980,834,101
Virgin Islands - British					50,380
West Indies - French					211,890
Yugoslavia, debt in former					118,122,170
Zaire					921,830,192
Zambia					146,971,849
Zimbabwe	23,315,415		2,212,975	25,528,390	107,798,747
<b>Total</b>	<b>1,548,881,028</b>	<b>7,761,124,207</b>	<b>514,097,564</b>	<b>9,824,102,801</b>	<b>48,762,739,968</b>
Intermediary Loans					63,132,725
Medium-Term Loans					86,817
Multibuyer Insurance - Medium-Term			17,400,000	17,400,000	20,375,000
Multibuyer Insurance - Short-Term				2,317,334,104	4,587,777,890
Small Business Loans					1,021,153
Other					1,230,486,441
<b>Total Authorizations</b>	<b>1,548,881,028</b>	<b>7,761,124,207</b>	<b>531,497,564</b>	<b>12,158,836,905</b>	<b>54,665,619,994</b>

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
<b>ALGERIA</b>						
01-Oct-96	Sonatrach Minst de L'Economie Bechtel Financing Services	63359	Engineering services			\$4,712,143
01-Oct-96	Sonatrach Minst de L'Economie Various	63124	Engineering services			\$7,553,815
01-Oct-96	Sonatrach Minst de L'Economie M W Kellogg Company	61396	Renovation of GL2-Z LNG plant			\$851,478
01-Oct-96	Sonatrach Minst de L'Economie Sofregaz U S Inc.	63642	Engineering services			\$1,458,439
01-Oct-96	Sonatrach Minst de L'Economie Various	63679	Engineering services			\$1,184,095
20-Mar-97	Sonatrach Minst of Finance Halliburton Company	71426	Oil & gas field services			\$134,604,799
Total for Algeria						\$150,364,769
<b>ANGOLA</b>						
16-Oct-96	Soc Nacional de Combustiveis de Angola Banco Nacional de Angola Halliburton Energy Services	68027	Oil field services			\$88,535,400
Total for Angola						\$88,535,400
<b>ARGENTINA</b>						
15-Nov-96	Energia del Sur S.A. Camuzzi Argentina S.A. General Electric Company	70138	Two 38 MW Gas turbine- generators			\$16,396,305
10-Jul-97	Central Puerto S.A. None Techint Inc.	70227	Gas turbines			\$155,897,735
Total for Argentina						\$172,294,040
<b>BRAZIL</b>						
04-Mar-97	Banco do Brasil S.A. None Raytheon Company	67303	Air traffic control systems	6.920%	\$1,502,477	

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
28-Aug-97	Copesul-Companhia Petroquimico do Sul None Stone & Webster Intl Projects Corp.	70050	Engineering services & equipment	7.540%	\$129,660,370	
08-Sep-97	Editora o Dia S.A. Carvalho, Antonio Ary de Goss Graphic Systems	72322	2 Goss offset printing presses			\$27,943,627
30-Sep-97	Telecomunicacoes do Parana S.A. Telecomunicacoes de Brasilia S.A. Lucent Technologies Inc.	71122	Switching equipment	7.030%	\$46,070,580	
30-Sep-97	Companhia Vale do Rio Doce None General Electric Company	72243	15 Railroad locomotive & spare parts			\$27,032,490
Total for Brazil					\$177,233,427	\$54,976,117

## CHINA (MAINLAND)

15-Nov-96	State Development Bank None Bechtel Power Corporation	68955	Engineering services & equipment	7.490%	\$75,925,866	
15-Nov-96	China Construction Bank None Foster Wheeler Energy Corp.	68490	Power boiler	6.600%	\$373,956,262	
15-Nov-96	State Development Bank None Bechtel Power Corporation	68955	Engineering services & equipment	7.490%	\$246,996,642	
23-Jan-97	SPV/China Northern Airlines Bank of China McDonnell Douglas Corporation	69329	3 MD-90 Aircraft W/V2500 engines			\$101,025,311
28-May-97	State Development Bank None UOP	70225	Engineering services & technology	7.470%	\$30,284,337	
17-Jun-97	SPV/Air China Industrial & Commercial Bank of China Boeing Company	71703	(1) 747-400 Aircraft			\$109,099,216
10-Jul-97	China Construction Bank None UOP	71717	Engineering services, tech., & equip.	7.320%	\$32,518,264	
21-Aug-97	SPV/Air China Industrial & Commercial Bank of China Boeing Company	72107	1 B747-400C Aircraft			\$115,303,350

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
30-Sep-97	SPV/China Eastern Airlines Industrial & Commercial Bank of China McDonnell Douglas Support Srvc.	69657	(6) IAE Engines			\$105,686,043
30-Sep-97	SPV/China Eastern Airlines Industrial & Commercial Bank of China Boeing Company	72542	4 CFM56 Aircraft engines			\$52,703,835
30-Sep-97	Bank of China None Cubic Corporation	68157	Fare collection system	4.660%	\$59,964,348	
Total for China (Mainland)					\$819,645,719	\$483,817,755
<b>CZECH REPUBLIC</b>						
20-Feb-97	SPV/Czech Airlines None Boeing Company	70350	6 CFM Aircraft engines			\$62,591,293
Total for Czech Republic						\$62,591,293
<b>EL SALVADOR</b>						
14-May-97	Comision Ejecutiva Portuaria Autonoma Minst of Finance of El Salvador Northrop Grumman Corporation	72059	ATC Radars, microwave radios			\$6,721,387
Total for El Salvador						\$6,721,387
<b>GEORGIA</b>						
14-Jul-97	State Enterprise Sakaeronavigatsia None Northrop Grumman Corporation	71277	Radar, microwave communication system			\$14,369,862
Total for Georgia						\$14,369,862
<b>GHANA</b>						
01-Oct-96	Ghana National Petroleum Corp. Minst of Finance Continental Engineering	67979	Engineering services			\$40,949,010
Total for Ghana						\$40,949,010
<b>GRENADA</b>						
24-Sep-97	Minst of Comm, Works & Public Utilities Minst of Finance of Grenada American Engineering Services	72102	Pumps & pumping equipment			\$3,697,148
Total for Grenada						\$3,697,148



## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
<b>GUATEMALA</b>						
16-Oct-96	Cementos Progreso S.A. Cental de Materiales de Construccion Cemco United Inc.	70653	Cement making machinery			\$17,335,656
28-Oct-96	Siderurgica de Guatemala Hornos, S.A. Caterpillar Inc.	69213	Diesel generators			\$15,759,000
Total for Guatemala						\$33,094,656
<b>INDIA</b>						
24-Oct-96	SPV/Air India Limited None Boeing Company	70757	(2) 747 Aircraft w/engines and spares			\$244,247,567
17-Dec-96	Escotel Mobile Communications Ltd. First Pacific Holdings Ltd. Lucent Technologies Inc.	70262	Cellular related equipment	7.270%	\$20,308,514	
08-Jan-97	Jindal Vijayanagar Steel Ltd. Jindal Iron & Steel Co Ltd. Kvaerner U.S. Inc.	70785	Pellet car assemblies & indurating prop.			\$34,044,015
26-Jun-97	Ibil Energy Systems Limited Bank of India General Electric Company	69819	Gas turbine generators			\$485,761
Total for India						\$278,777,343
<b>INDONESIA</b>						
17-Dec-96	Minst of Finance of Indonesia None Airport Systems International	67485	Navigation equipment	7.730%	\$15,665,807	
11-Feb-97	Pabrik Kertas Tjiwi Kimia, P.T. Beloit Corporation Beloit Corporation	69899	Pulp & paper making equipment			\$67,698,384
11-Feb-97	Indah Kiat Pulp & Paper Corp, P.T. Beloit Corporation Beloit Corporation	71268	Fine paper machine equipment			\$67,559,544
10-Jun-97	Minst of Finance of Indonesia None Sverdrup Technology Inc.	70772	Engineering services & equipment	7.320%	\$34,110,078	

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
02-Jul-97	PT Newmont Nusa Tenggara None Caterpillar Americas Co.	71225	Engineering services	7.660%	\$425,000,000	
Total for Indonesia					\$474,775,885	\$135,257,928
<b>ISRAEL</b>						
11-Mar-97	Israel Electric Corp Ltd. None General Electric Company	64784	1X34MW & 2X121MW Gas turbines			\$42,043,506
02-Apr-97	Israel Electric Corp Ltd. None Babcock & Wilcox Company	66890	Gears & drives			\$91,479,310
24-Sep-97	Israel Electric Corp Ltd. None General Electric Company	70312	Dry low nox burners			\$17,878,000
Total for Israel						\$151,400,816
<b>KAZAKHSTAN</b>						
24-Sep-97	Export-Import Bank of Kazakhstan Minist of Finance Okan USA, Inc.	71173	Electrical, mechanical, furniture			\$14,178,000
Total for Kazakhstan						\$14,178,000
<b>KENYA</b>						
27-Feb-97	SPV/Kenya Airways Ltd. None Boeing Company	71324	(4) CFM-56 Aircraft engines			\$53,221,645
28-Feb-97	Eastern & Southern Afr. Tr. & Dev. Bank None Continental Eagle Corporation	71293	2 Stand 161 saw ginning systems	6.910%	\$1,371,773	
Total for Kenya					\$1,371,773	\$53,221,645
<b>KOREA, REPUBLIC OF</b>						
26-Nov-96	SPV/Asiana Airlines Kumho Const & Engineering Inc. Boeing Company	69654	1 767-300 & 1 737-400 Aircraft			\$102,533,768
11-Mar-97	SPV/Korea Airlines None Boeing Company	70564	1 B747-400 & 2 B777-200 Aircraft			\$309,504,741

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
15-Apr-97	SPV/Asiana Airlines Kumho Const & Engineering Inc. Boeing Company	71870	2 B767/1 B747C Aircraft & 8 engines			\$271,590,470
16-Jul-97	SPV/Asiana Airlines Kumho Const & Engineering Inc. Boeing Company	71592	GE engines (2)			\$70,977,810
Total for Korea, Republic of						\$754,606,789
<b>MEXICO</b>						
23-Jan-97	Avantel S.A. None Nortel Cala Inc.	69605	Switches, fiber cable, hardware			\$291,944,291
20-Feb-97	Petrotemex, S.A. de C.V. Tereftalatos Mexicanos, S.A. Bufete Industrial Inc.	71070	Chemical process equipment			\$45,247,212
24-Apr-97	Siderurgica Lazaro Cardenas las Truchas None Praxair Inc.	70973	Oxygen plant			\$23,283,192
06-May-97	Sistemas Telefonicos de la Republica None AT&T Corp.	70026	Telecommunications equipment			\$307,215,962
24-Sep-97	Nacional Financiera SNC None Hughes Space & Communications Intl. Inc.	71834	Microwave components			\$82,455,908
Total for Mexico						\$750,146,565
<b>MOROCCO</b>						
11-Feb-97	SPV/Royal Air Maroc None Boeing Company	71586	(1) 737-500 Aircraft			\$21,852,884
04-Sep-97	Jorf Lasfar Energy Company None ABB Combustion Engineering Systems	70484	Steam boilers			\$236,894,176
30-Sep-97	Cen Nat de L'Ener des Scie Tech Nuc Minst of Finance General Atomics	68291	Engineering design services	7.660%	\$11,038,736	
30-Sep-97	Cen Nat de L'Ener des Scie Tech Nuc Minst of Finance General Atomics	68291	Engineering design services	grant	\$4,466,871	
Total for Morocco						\$15,505,607
						\$258,747,060

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
<b>OMAN</b>						
24-Sep-97	Oman LNG LLC None Foster Wheeler Constrs. Inc.	70275	Cryogenic heat exchangers			\$247,485,900
Total for Oman						\$247,485,900
<b>PAKISTAN</b>						
14-Apr-97	Saba Power Company Limited None Babcock & Wilcox Company	69323	Boilers, engineering & procurement servs			\$261,570
Total for Pakistan						\$261,570
<b>PAPUA NEW GUINEA</b>						
20-Dec-96	National Housing Corp. Ministry of Finance Pacesetter Industries Inc.	70501	Prefab homes & wood processing machinery			\$29,281,650
Total for Papua New Guinea						\$29,281,650
<b>PHILIPPINES</b>						
30-Dec-96	Quezon Power None Bechtel Power Corp.	70054	Emission control equipment			\$442,057,500
10-Apr-97	Isla Communications Co. None Lucent Technologies, Inc.	70852	(2) 5ESS-2000 exchanges & 120K lines			\$40,370,549
24-Jul-97	Pilipino Telephone Corp. None Motorola Inc.	70561	Wireless network equipment			\$70,600,421
26-Aug-97	Ormat Leyte Co. Ltd. None Orda 6 Inc.	69721	Steam turbine generators			\$312,385
Total for Philippines						\$553,340,855
<b>POLAND</b>						
22-May-97	SPV/Lot Polish Airlines None Boeing Company	71855	4 737-300/400S & 1 767-300ER Aircraft			\$196,667,067
Total for Poland						\$196,667,067

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
<b>QATAR</b>						
29-Oct-96	Qatar General Petroleum Corp. State of Qatar Mobil Oil Corporation	67361	Engineering & management services			\$60,401,018
17-Dec-96	Ras Laffan Liquefied Natural Gas Co. Ltd. None Mobil Oil Corporation	69011	Compressors & gas turbine drives			\$465,000,000
Total for Qatar						\$525,401,018
<b>ROMANIA</b>						
06-Jan-97	Minst of Health Minst of Finance Siemens Medical Systems Inc.	70325	Patient monitoring systems			\$3,764,268
10-Apr-97	Romanian Commercial Bank None USX Engineers and Cons Inc.	68813	Hot dipped galvanizing line	6.820%	\$7,494,140	
06-May-97	Sidermet S.A. Minst of Finance Centifugal Casting Mch. Co. Inc.	69377	Iron casting machinery			\$15,857,893
22-May-97	Pomicola S.A. Minst of Finance Agrimed LLC	71393	Design & construction services			\$16,502,825
Total for Romania						\$7,494,140 \$36,124,986
<b>RUSSIA</b>						
10-Oct-96	AK Almazy Rossii-Sakha Co. Ltd. None Caterpillar Inc.	69579	Mining machinery and equipment			\$7,941,045
20-Feb-97	JSC Ryazan Oil Refinery None ABB Lumus Global Inc.	70202	Engineering services and equipment			\$230,169,375
20-Feb-97	Vnesheconombank None Harris Group Inc.	71495	Pulp & paper plant machinery & equipment			\$55,997,119
20-Mar-97	Vnesheconombank None IBM World Trade Corporation	64076	Computer processors			\$436,350
13-May-97	Megionneftegaz Joint Stock Company None A P International Finance	70933	Turbine generator sets			\$58,206,378

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
10-Jun-97	Vnesheconombank None M.I.C. Industries, Inc.	72124	25 Building machine mobile factory sets			\$53,012,259
02-Jul-97	Vnesheconombank None American Capital Systems	72078	Cutting room equipment			\$13,525,703
24-Sep-97	Vnesheconombank None Besser Company	72421	Automated packager-cubers equipment			\$43,738,805
Total for Russia						\$463,027,034
<b>THAILAND</b>						
13-Dec-96	Thai Special Steel Indus Public Co. Ltd. Bangkok Bank Public Co. Ltd. Morgan Construction Company	69242	Hot rolling mill & equipment	7.690%	\$9,230,548	
Total for Thailand						\$9,230,548
<b>TURKEY</b>						
11-Mar-97	Onur Air Tasimacilik A.S. Ten Tour Turizm Endustri Ve Ticaret A.S. McDonnell Douglas Support Srv.	71396	5 MD-88 Aircraft & 10 P&W engines			\$132,038,095
24-Jul-97	Undersecretariat of Treasury None Babcock & Wilcox Company	65721	Engineering services & equipment			\$53,765,259
24-Sep-97	Undersecretariat of Treasury None Overseas Bechtel Incorporated	71942	Truck spare parts			\$17,501,755
24-Sep-97	Eregli Demir Ve Celik Fabrikalari Undersecretariat of Treasury Marubeni America Corporation	72175	Steel processing lines			\$12,175,685
Total for Turkey						\$215,480,794
<b>TURKMENISTAN</b>						
13-May-97	State Bank for Foreign Economic Affairs Cabinet of Ministers of Turkmenistan Saba Inc.	72108	Tractors & agricultural equipment			\$85,815,183
11-Sep-97	Bank for Foreign Economic Affairs Cabinet of Ministers of Turkmenistan Case Corporation	72424	Rice combines & cotton pickers			\$36,434,675
Total for Turkmenistan						\$122,249,858

LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
<b>UKRAINE</b>						
02-Apr-97	State Export-Import Bank of the Ukraine Government of Ukraine New Holland North America	71662	Combines & related equipment			\$11,699,400
11-Jun-97	State Export-Import Bank of the Ukraine Government of Ukraine Case Corporation	72235	369 Combines, 45 tractors & spare parts			\$66,300,000
Total for Ukraine						\$77,999,400
<b>UZBEKISTAN</b>						
20-Nov-96	Special Purpose Entity Minst of Finance Boeing Company	71290	Two B767-300ER Aircraft			\$168,225,781
27-Feb-97	Natl Bank for Foreign Economic Activity Minst of Finance Case Corporation	71785	Tractors, plows & combines			\$70,994,295
07-Aug-97	Uzbekneftegas Minst of Finance B S I Industries	71455	Gas scrubbers and separators			\$61,739,139
Total for Uzbekistan						\$300,959,215
<b>VENEZUELA</b>						
26-Nov-96	Minst of Finance of Venezuela None Harza Engineering Company Intl LP	70765	Engineering and construction services			\$27,251,450
20-Dec-96	Minst of Finance of Venezuela None Gauff GMBH & Co., Engineering KG	70820	Engineering services			\$40,822,500
20-Dec-96	Minst of Finance of Venezuela None Trinity Industries Inc	69038	12 Search & rescue patrol boats			\$23,170,604
20-Dec-96	Minst of Finance of Venezuela None Gauff GMBH & Co., Engineering KG	70878	Engineering & SCS equipment			\$23,638,500
30-Dec-96	Minst of Finance of Venezuela None Siemens Transportation Systems Inc	69373	Light rail vehicles, trackwork			\$64,750,000
30-Dec-96	Minst of Finance of Venezuela None Halcrow, William & Partners Ltd. Assoc.	70605	Engineering & consulting services			\$19,382,576

## LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Rate	Interest Loans	Guarantees
04-Mar-97	Minst of Finance of Venezuela None Commercial Military Systems Co.	70223	M35 Trucks, spare parts & tooling			\$25,500,000
20-Mar-97	Minst of Finance of Venezuela None ATN Industries Inc.	69893	Heavy duty trucks			\$14,056,955
20-Mar-97	Minst of Finance of Venezuela None ATN Industries Inc.	71127	170 pickup trucks			\$12,421,475
20-Mar-97	Minst of Finance of Venezuela None Deel Export Sales Inc.	71141	Buses, ambulances & trucks			\$16,829,168
20-Mar-97	Minst of Finance of Venezuela None Horizon Aircraft Sales Inc.	70049	Aircraft & helicopter spare parts			\$10,085,447
Total for Venezuela						\$277,908,675
<b>ZIMBABWE</b>						
04-Mar-97	Minst of Finance of Zimbabwe None Moving Water Industries Corp.	69161	Drilling equipment and pumps	7.070%	\$23,315,415	
Total for Zimbabwe					\$23,315,415	
<b>MISCELLANEOUS</b>						
Private Export Credit Corporation			Interest on PEFCO'S Own Debt			\$191,137,500
Total						\$191,137,500
Grand Total					\$1,548,881,028	\$6,745,073,105



## 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 subsidy cost, if any, must be appropriated by the Congress. Credits may not be approved if the subsidy 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.

The Bank maintains a system of internal accounting controls which 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.

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.

The 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 27, 1997

## STATEMENT OF FINANCIAL POSITION

(in Millions)

	September 30, 1997	September 30, 1996
<b>ASSETS</b>		
Cash and Cash Equivalents	\$981.5	\$474.2
Restricted Funds:		
Investments	3,563.5	2,432.2
Unexpended Appropriations	2,337.7	2,788.0
Loans Receivable, Net	4,259.3	4,293.4
Receivables from Subrogated Claims, Net	1,626.6	1,834.2
Accrued Interest and Fees Receivable	154.2	129.4
Other Assets	5.8	6.6
<b>Total Assets</b>	<b>\$12,928.6</b>	<b>\$11,958.0</b>
 <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Borrowings	\$4,744.5	\$4,945.7
Claims Payable	212.9	353.3
Accrued Interest Payable	231.1	207.6
Allowance for Off-Balance Sheet Risk	4,196.7	3,837.0
Other Liabilities	713.4	641.2
<b>Total Liabilities</b>	<b>10,098.6</b>	<b>9,984.8</b>
Capital Stock held by U.S. Treasury	1,000.0	1,000.0
Tied Aid Appropriations	379.7	337.7
Credit Appropriations	46.7	157.0
Retained Earnings	1,403.6	478.5
<b>Total Stockholder's Equity</b>	<b>2,830.0</b>	<b>1,973.2</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$12,928.6</b>	<b>\$11,958.0</b>

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

## STATEMENT OF OPERATIONS

(in Millions)

	For the Year Ended September 30, 1997	For the Year Ended September 30, 1996
<b>INTEREST INCOME</b>		
Interest on Loans	\$635.1	\$609.0
Interest on Investments	220.8	180.4
Total Interest Income	855.9	789.4
<b>INTEREST EXPENSE</b>		
Interest on Borrowings	365.9	385.3
Other Interest Expense	2.8	2.6
Total Interest Expense	368.7	387.9
Net Interest Income	487.2	401.5
Provision for Credit Losses	345.0	(665.4)
Net Income after Provision for Losses	142.2	1,066.9
<b>NON-INTEREST INCOME</b>		
Commitment Fees	52.5	34.1
Exposure Fees	197.4	133.4
Guarantee Fees and Insurance Premiums	30.5	28.0
Other Income	16.6	26.1
Total Non-Interest Income	297.0	221.6
<b>NON-INTEREST EXPENSE</b>		
Administrative Expense	40.3	40.8
Claim Loss Expense	1.4	0.6
Other Expense	7.4	6.1
Total Non-Interest Expense	49.1	47.5
Net Income	\$390.1	\$1,241.0

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		
<b>BALANCE AT SEPTEMBER 30, 1995</b>	\$1,000.0	\$282.2	\$0.0	\$247.4	\$(1,511.5)	\$18.1
Appropriations Received			153.4	832.1		985.5
Transfer to other Federal Government Entities		(42.0)			(226.9)	(268.9)
Transfers from other Federal Government Entities		4.0				4.0
Net Income					1,241.0	1,241.0
Appropriations Obligated			(153.4)	(900.5)	1,053.9	0.0
Fiscal Year 1995 Credit Cancellations				78.0	(78.0)	0.0
Transferred to Tied Aid		100.0		(100.0)		0.0
Tied Aid Appropriations Used		(6.5)			0.0	(6.5)
<b>BALANCE AT SEPTEMBER 30, 1996</b>	\$1,000.0	\$337.7	\$0.0	\$157.0	\$478.5	\$1,973.2
Appropriations Received			0.0	772.6		772.6
Expired or transferred to the U. S. Treasury		(70.2)		(1.6)	(229.3)	(301.1)
Net Income					390.1	390.1
Appropriations Obligated		17.0		(884.5)	867.5	0.0
Fiscal Year 1996 Credit Cancellations				103.2	(103.2)	0.0
Transferred to Tied Aid		100.0		(100.0)		0.0
Tied Aid Appropriations Used		(4.8)				(4.8)
<b>BALANCE AT SEPTEMBER 30, 1997</b>	\$1,000.0	\$379.7	\$0.0	\$46.7	\$1,403.6	\$2,830.0

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

## STATEMENT OF CASH FLOWS

(in Millions)

	For the Year Ended Sept. 30, 1997	For the Year Ended Sept. 30, 1996
<b>CASH FLOWS FROM OPERATIONS</b>		
Net Income	\$390.1	\$1,241.0
Adjustments to reconcile net income to net cash from operations:		
Collections subject to Credit Reform restrictions	(678.7)	(394.6)
Amortization of discount on loan disbursements, net	26.5	8.3
Amortization of loan exposure fees, net	42.2	16.4
Provision for loan losses	70.7	(150.4)
Decrease (Increase) in claims receivable, net	207.6	(26.2)
Increase in accrued interest and fees receivable	(24.8)	(24.2)
Decrease in other assets	1.0	1.1
Decrease in claims payable	(140.4)	(137.9)
Increase (decrease) in accrued interest payable	23.5	(1.9)
Increase (decrease) in allowance for off-balance sheet risk	359.7	(481.9)
Increase in other liabilities	72.2	141.9
Net cash from operations	349.6	191.6
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan disbursements	(1,381.8)	(1,045.2)
Repayment of loans receivable	1,276.5	696.4
Net cash used in investing activities	(105.3)	(348.8)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Federal Financing Bank borrowings	(527.1)	(684.5)
Net borrowings from the U.S. Treasury	404.6	71.0
Claim Payment Certificates issued	38.3	218.5
Claim Payment Certificates paid	(117.0)	(110.3)
Credit appropriations utilized	464.2	1,000.7
Net cash from financing activities	263.0	495.4
Net increase in cash and cash equivalents	507.3	338.2
Cash and cash equivalents - beginning of year	474.2	136.0
Cash and cash equivalents - end of year	\$981.5	\$474.2
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$345.2	\$389.8

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 which 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 Equivalents

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

### Restricted Funds

Appropriated funds received are deposited in a non-interest bearing account at the U.S. Treasury. These funds are available to Ex-Im Bank when the credit activity to which they relate takes place or to finance administrative expenses. Upon occurrence of the credit activity, disbursement of the related loans or shipment of goods under guarantee or insurance policies written by Ex-Im Bank, the funds become available to either subsidize the related loan disbursement or to be invested 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 on loans and claims placed in non-accrual status 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 judgement, 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 the risk of loss inherent in the lending process. Providing for such losses recognizes the fact that the prospects of collection of some of Ex-Im Bank's loans and claims are doubtful and that the value of the loans and claims receivable, including claims to be filed under Ex-Im Bank's guarantee and insurance programs, are 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.

### Commitment and Exposure Fees

Commitment fees on Ex-Im Bank's 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 which 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 U.S. Treasury.

Reclassifications

Certain fiscal year 1996 balances have been reclassified to conform with the fiscal year 1997 financial statement presentations, the effect of which is immaterial.

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 \$772.6 million in fiscal year 1997 and \$985.5 million in fiscal year 1996. \$772.6 million in fiscal year 1997 and \$832.1 in fiscal year 1996 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, and was used to finance credit-related costs and expenses on loans, guarantees and insurance committed on or after October 1, 1991. The balance of \$153.4 million in fiscal year 1996 was used to repay borrowings from the Federal Financing Bank (FFB), relating to the cost of loans, credit guarantees and insurance originated prior to October 1, 1991, that matured during the year.

The following table summarizes appropriations received and used during fiscal years 1997 and 1996 (in millions):

CREDIT REFORM APPROPRIATIONS

	1997	1996
Net Received:		
For liquidation of Pre-Fiscal Year		
1992 Obligations	\$ -	\$ 153.4
For Credit Subsidies	726.0	786.6
For Credit-related Administrative Costs	46.6	45.5
Total Net Received	772.6	985.5
Carryover from Prior Fiscal Year	343.1	414.7
Cancellations of Prior Year		
Obligations	103.2	78.0
Total Available	1,218.9	1,478.2
Obligated:		
For Liquidation of Pre-Fiscal Year		
1992 Obligations	-	153.4
For Credit Subsidies	840.8	894.1
For Credit-related Administrative Costs	43.7	43.1
Total Obligated	884.5	1,090.6
Unobligated balance		
Unobligated balance	334.4	387.6
Unobligated balance lapsed	2.9	2.5
Rescission	-	42.0
Remaining Balance	\$ 331.5	\$ 343.1

Of the remaining balance of \$331.5 million at September 30, 1997, \$5.5 million is available until September 30, 1998. The remaining \$326.0 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 U.S. 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 U.S. Treasury upon disbursement of the underlying credits. Ex-Im Bank transferred \$14.6 million and \$26.9 million of negative subsidies to the U.S. Treasury in fiscal years 1997 and 1996, 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 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 U.S. Treasury. Prior to this use, all of the appropriated funds are held in a non-interest bearing Treasury account.

Ex-Im Bank returned \$200.0 million in fiscal year 1996 of unobligated funds relating to credits authorized prior to October 1, 1991, as required by OMB Circular A-11. In fiscal year 1996, \$42.0 million of unobligated balances for Tied Aid, were returned to the U.S. Treasury as required by Public Law 104-34, The Omnibus Consolidated Receptions and Appropriations Act (OCRA).

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 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 returning the excess appropriation to the U.S. Treasury. As of September 30, 1997 and September 30, 1996, no amounts were either due to Treasury or due from Treasury for re-estimated subsidy.

The manner in which Ex-Im Bank uses its credit appropriations differs from the way in which it calculates its credit-related loss allowances under generally accepted accounting principles (GAAP). GAAP and the method through which the use of the credit appropriation is calculated similarly factor into the loss allowance individual credit risks and 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 reserve 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 1996 and 1997 are as follows (in millions of dollars):

	Unobligated Balance	Undisbursed Grants	Obligated		Total Undisbursed Balance
			Undisbursed Interest Equalization Program	Undisbursed Int. Rate Subsidy	
Balance 9/30/95	\$ 219.6	\$ 32.3	\$ 2.0	\$ 28.3	\$ 282.2
No Year Funds From FY 95 Appropriation	100.0				100.0
Transfer from Agency for International Development for Tied Aid		4.0			4.0
Tied Aid Obligations From No Year Funds	(36.4)	36.4			-
Recision of Unobligated Balance	(42.0)				(42.0)
Disbursements		(5.0)		(1.5)	(6.5)
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

Ex-Im Bank had \$354.3 million outstanding on total commitments of \$627.2 million at September 30, 1997 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 to fund responsible parties that extend loans to foreign buyers. 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 losses. At September 30, 1997 and 1996, the allowance for losses equaled 26.4 percent and 25.3 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, 1997 and 1996 consist of the following (in millions):

	1997	1996
Asia	\$3,229.5	\$2,973.1
Latin America	2,149.5	2,403.0
Africa/Middle East	2,034.7	1,841.4
Newly Independent States(NIS)	35.5	52.8
Eastern Europe-Non NIS	491.9	534.7
United States/Other	31.3	55.4
Western Europe/Canada	5.6	27.2
	7,978.0	7,887.6
Less:		
Capitalized interest	2,032.4	2,051.1
Unamortized discount and exposure fees	155.1	86.4
	5,790.5	5,750.1
Less:		
Allowance for losses	1,531.2	1,456.7
Net Balance	\$4,259.3	\$4,293.4



Changes in the allowance for losses for fiscal years 1997 and 1996 are as follows (in millions):

	1997	1996
Balance at beginning of year	\$1,456.7	\$1,626.0
Net Recovery/(Write-offs)	3.8	(18.9)
Provision charged (credited) to operations	70.7	(150.4)
Balance at end of year	\$1,531.2	\$1,456.7

The allowance for 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 industrial sectors. At September 30, 1997, the largest concentrations of gross loans outstanding were in the following countries and industries (in millions):

Geographic		Industrial	
Indonesia	\$853.8	Power Generation	\$1,818.0
Brazil	814.6	Manufacturing	1,029.6
China	704.4	Telecommunications	669.8
Thailand	573.3	Infrastructure Projects	164.0

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, 1997 and 1996 were \$3,410.5 million and \$3,661.4 million, respectively. Rescheduled loan installments of principal and interest were \$69.6 million and \$76.4 million, respectively, in fiscal year 1997, and \$62.2 million and \$4.7 million, respectively, in fiscal year 1996. 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 the rights to all claims on the policy 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 losses.

The net balance of receivables from subrogated claims at September 30, 1997 and 1996 consists of the following (in millions):

	1997	1996
Claims previously paid and unrecovered:		
Rescheduled	\$2,132.7	\$1,838.7
Non-rescheduled	1,017.6	1,498.1
Claims filed pending payment	212.9	353.3
	3,363.2	3,690.1
Less: Capitalized interest	423.4	417.2
	2,939.8	3,272.9
Less: Allowance for losses	1,313.2	1,438.7
Net Balance	\$1,626.6	\$1,834.2

Changes in the allowance for losses for fiscal years 1997 and 1996 are as follows (in millions):

	1997	1996
Balance at beginning of year	\$1,438.7	\$1,489.9
Net Write-offs	(40.1)	(18.1)
Provision credited to operations	(85.4)	(33.1)
Balance at end of year	\$1,313.2	\$1,438.7

The allowance for 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, 1997 and 1996, the allowance for losses equaled 44.7 percent and 44.0 percent, respectively, of the outstanding balance, excluding uncollected capitalized interest.

## 6. NON-ACCUAL OF INTEREST

The weighted average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 1997, equaled 3.91 percent (6.68 percent on performing loans and rescheduled claims). Interest income is not recognized on non-rescheduled claims paid and unrecovered and on claims filed pending payment.

Generally, the accrual of interest on loans and rescheduled claims is discontinued when the credit is delinquent for 90 days. Ex-Im Bank had a total of \$3,033.2 million and \$1,151.6 million of loans and rescheduled claims, respectively, in non-accrual status at September 30, 1997, and \$3,887.8 million and \$1,441.7 million at September 30, 1996. Had these credits been in accrual status, interest income would have been \$138.5 million higher in fiscal year 1997 (amount is net of interest received of \$149.1 million) and \$143.4 million higher in fiscal year 1996 (amount is net of interest received of \$208.2 million).

## 7. BORROWINGS

Ex-Im Bank's outstanding borrowings come from three sources: direct borrowings from FFB, direct borrowings from the Department of 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.

At September 30, 1997, Ex-Im Bank had FFB borrowings outstanding which comprised 27.3 percent of the Bank's debt obligations. Principal installments due on FFB borrowings are as follows (in millions):

Fiscal Year	Amount
1998	\$ 277.8
1999	879.2
2000	54.6
2001	14.0
2002	12.0
	\$1,237.6
2003-2014	57.0
	\$1,294.6

Weighted average interest rates applicable to FFB borrowings with principal installments due during the fiscal years ending September 30, 1998-2002 are 8.85 percent, 8.95 percent, 8.35 percent, 8.34 percent and 8.58 percent, respectively. The weighted average interest rate on Ex-Im Bank's outstanding FFB borrowings at September 30, 1997 equaled 8.88 percent. As of October 1, 1991, Ex-Im Bank no longer borrows from the FFB but has unlimited borrowing authority with the Treasury.

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, 1997, \$309.5 million was outstanding under Claim Payment Certificates. Maturities of Claim Payment Certificates are as follows (in millions):

Fiscal Year	Amount
1998	\$ 96.1
1999	80.3
2000	42.2
2001	24.0
2002	23.1
	\$ 265.7
2003-2005	43.8
	\$ 309.5

The weighted average interest rate on Ex-Im Bank's outstanding Claim Payment Certificates at September 30, 1997 equaled 6.41 percent.

Payments due on FFB borrowings and Claim Payment Certificates where 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. In FY 1997, Ex-Im Bank did not utilize permanent and indefinite appropriation and in FY 1996 utilized \$153.4 million, to make scheduled payments on its FFB borrowings.

Direct borrowings from Treasury are primarily utilized to finance the Bank's medium and long-term loans committed on or after October 1, 1991. At September 30, 1997, Ex-Im Bank had \$3,140.4 million of borrowings outstanding with Treasury at a weighted average interest rate of 6.88 percent.

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, 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 \$11.7 million in fiscal year 1997 and \$12.5 million in fiscal year 1996, 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 \$2,893.2 million at September 30, 1997 and \$2,601.9 million at September 30, 1996, 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 Federal Financing Bank, a separate office of the Department of the Treasury. 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 both the Department of the Treasury and the Federal Financing Bank.

## 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 the Federal Employees Retirement System, the Social Security System, and Thrift Savings Plan deposits that have accumulated in their accounts.

Total Ex-Im Bank (employer) matching contributions to the Thrift Savings Plan, Civil Service Retirement System and Federal Employees Retirement System for all employees, included in administrative expenses, were approximately \$2.9 million for the fiscal years ended September 30, 1997 and 1996.

Although Ex-Im Bank funds a portion of pension benefits under the Civil Service and Federal Employees Retirement Systems 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 Civil Service and Federal Employees Retirement 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, 1997 and 1996.

## 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, 1997 and 1996 Ex-Im Bank's outstanding commitments were as follows (in millions):

### COMMITMENTS AND STATUTORY AUTHORITY USED

	1997	1996
Outstanding Loans	\$7,978.0	\$ 7,887.6
Undisbursed Loans	4,778.6	4,809.4
Outstanding Claims	3,363.2	3,690.1
Guarantees	32,112.7	31,709.1
Insurance	6,433.1	7,713.2
<b>Total</b>	<b>\$54,665.6</b>	<b>\$55,809.4</b>

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 1997 and fiscal year 1996, Congress placed no limit on the total amount of loans, guarantees and insurance which could be committed that year, provided that the \$75.0 billion limit established by the Export-Import Bank Act was not exceeded.

Ex-Im Bank's net subsidy appropriations were \$726.0 million and \$786.6 million for fiscal years 1997 and 1996, respectively. During fiscal year 1997, Ex-Im Bank entered into commitments for loans of \$1,473.4 million utilizing \$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 \$10,609.9 million utilizing \$797.1 million of the appropriation. During fiscal year 1996, Ex-Im Bank entered into commitments for loans of \$1,100.7 million utilizing \$68.9 million of the appropriation, tied aid commitments of \$135.6 million using \$29.4 million of the appropriation, and commitments for guarantees and insurance of \$10,281.4 million, utilizing \$795.8 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 temporarily extended through November 7, 1997. Management believes that Ex-Im Bank's authorization will be extended to September 30, 2001 during the first quarter of fiscal year 1998.

### 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, 1997 and 1996 (in millions):

	FY 1997		
	Total	Commitments	
		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	—
<b>Total</b>	<b>\$43,324.4</b>	<b>\$21,420.0</b>	<b>\$21,904.4</b>

	FY 1996		
	Total	Commitments	
		Unused	Outstanding
Guarantees	\$31,709.1	\$15,424.7	\$16,284.4*
Insurance	7,713.2	6,227.1	1,486.1*
Guarantees of Letters of Credit	4,809.4	4,809.4	—
<b>Total</b>	<b>\$44,231.7</b>	<b>\$26,461.2</b>	<b>\$17,770.5</b>

\* Shipments of goods have 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, 1997 by major geographic area in millions):

	Guarantees	Insurance	Guarantees
			of Letters of Credit
Latin America	\$10,198.2	\$ 1,411.8	\$ 1,606.1
Asia	9,096.5	186.5	2,999.0
Africa/Middle East	6,071.7	101.8	122.3
NIS	2,787.4	4.8	—
Eastern Europe-Non NIS	1,235.8	27.1	9.4
Western Europe/Canada	929.1	92.8	7.8
United States/Other	1,794.0	—	34.0
S/T Ins. unshipped	—	\$ 4,608.3	—
<b>Total</b>	<b>\$32,112.7</b>	<b>\$ 6,433.1</b>	<b>\$ 4,778.6</b>

At September 30, 1997, Ex-Im Bank's largest commitments at risk were in the following countries and industries (in millions):

Geographic		Industrial	
Mexico	\$4,176.2	Air Transportation	\$8,592.7
China	3,955.1	Power Generation	6,298.2
Indonesia	2,919.9	Oil & Gas Services	4,490.0
Brazil	2,888.3	Manufacturing	3,277.8

Changes in the allowance for off-balance sheet risk for fiscal years 1997 and 1996 are as follows (in millions):

	1997	1996
Balance at beginning of year	\$3,837.0	\$4,318.9
Provision charged (credited) to operations	359.7	(481.9)
<b>Balance at end of year</b>	<b>\$4,196.7</b>	<b>\$3,837.0</b>

#### 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 \$4.0 million and \$3.9 million for fiscal years 1997 and 1996, respectively.

#### Pending Litigation

As of the end of fiscal year 1997, 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 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 direct loan. As of September 30, 1997, Ex-Im had \$2,912.0 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 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 was estimated based on discounting the future cash flows using interest rates currently available to Ex-Im Bank for Treasury debt with comparable maturities. The Treasury interest rate plus one percent was used for claims payable as this is the rate available in the claim document.

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.

	1997		1996	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets:</b>				
Cash and Cash Equivalents	\$ 981.5	\$ 981.5	\$ 474.2	\$ 474.2
Loans Receivable, Net	4,259.3	5,696.6	4,293.4	7,207.1
Receivable From Subrogated Claims, Net	1,626.6	1,830.6	1,834.2	2,473.7
<b>Financial Liabilities:</b>				
Off-balance Sheet Financial Instruments	4,196.7	4,196.7	3,837.0	3,837.0
Borrowings From FFB	1,294.6	1,316.8	1,821.7	1,849.4
Borrowings From Treasury	3,140.4	3,093.1	2,735.8	2,619.6
Claim Payment Certificates	309.5	288.9	388.2	360.0
Claims Payable	212.9	187.1	353.3	305.4

## 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, 1997 and 1996, 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 the Ex-Im Bank at September 30, 1997 and 1996, 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 27, 1997 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.

Price Waterhouse LLP

October 27, 1997  
Washington, DC

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, 1997, and have issued our report thereon dated October 27, 1997. 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 27, 1997.

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.

Price Waterhouse LLP

October 27, 1997  
Washington, DC

**EXPORT-IMPORT BANK OF THE UNITED STATES**

811 Vermont Avenue, N.W.  
Washington, DC 20571  
Worldwide Telephone (202) 565-3946  
U.S. Toll-Free Telephone (800) 565-EXIM (3946)  
Fax (202) 565-3380  
Internet [www.exim.gov](http://www.exim.gov)

**REGIONAL OFFICES**

Northeast  
6 World Trade Center  
Suite 635  
New York, NY 10048  
(212) 466-2950  
Fax (212) 466-2959

Southeast  
5600 N.W. 36th Street  
Suite 617  
Miami, FL 33166  
(305) 526-7425  
Fax (305) 526-7435

Southwest  
1880 South Dairy Ashford II  
Suite 585  
Houston, TX 77077  
(281) 589-8182  
Fax (281) 589-8184

Midwest  
55 W. Monroe Street  
Suite 2440  
Chicago, IL 60603  
(312) 353-8081  
Fax (312) 353-8098

West  
1 World Trade Center  
Suite 1670  
Long Beach, CA 90831  
(562) 980-4580  
Fax (562) 980-4590