

## 1999 Annual Report **Export-Import Bank of the United States**

Ex-Im Bank is in the vanguard of our nation's global trade promotion efforts. In our rapidly changing world, where technology has increased the speed of business, and economic shocks such as the global financial crisis provide new lessons about our world markets, we need both the commitment to stay the course and the ability to capitalize on new opportunities.

## *PURPOSE*

The Export-Import Bank of the United States (Ex-Im Bank) is the official U.S. export credit agency, and its purpose is to create and sustain American jobs by assisting in financing the sales of U.S. goods and services to foreign markets. In its 65 years of service, Ex-Im Bank has helped to support more than \$370 billion of U.S. exports worldwide.

Upholding the U.S. government's commitment to continued economic prosperity through export growth, Ex-Im Bank supports U.S. exports to foreign markets, especially to developing markets that offer many of the best growth opportunities for the 21st century. In these critical markets, Ex-Im Bank provides or facilitates export financing that otherwise would not be available from private or commercial sources. Ex-Im Bank also counters the export credit subsidies offered by foreign governments and enables U.S. exporters to compete on a fair basis of quality and price.

Ex-Im Bank is committed to increasing the number of U.S. small businesses that export by offering a range of financing programs and enhancements designed to help small or medium-sized companies increase foreign sales, especially to emerging markets.

Ex-Im Bank finances exports of any type of non-military goods or services with at least 50 percent U.S. content on short, medium, and long terms of payment. Ex-Im Bank provides:

- guarantees of working capital loans for U.S. exporters to cover pre-export costs,
- export credit insurance that protects U.S. exporters or their lenders against commercial or political risks of nonpayment by foreign buyers,
- guarantees of commercial loans to creditworthy foreign buyers of U.S. goods and services,
- direct loans to these foreign buyers when private financing is unavailable,
- special programs to promote U.S. exports of environmentally beneficial goods and services,
- asset-based financing for large commercial aircraft and other appropriate exports, and
- project financing to support U.S. exports to international infrastructure projects.

Ex-Im Bank does not compete with private capital lenders and must have reasonable assurance of repayment on every transaction financed. Ex-Im Bank is committed to prudent management of its assets and delivering value for U.S. taxpayers.

## *FY 1999 AT A GLANCE*

### TOTAL FINANCING

- Ex-Im Bank financing helped more than 2,200 U.S. export sales in FY 1999.
- Ex-Im Bank authorized \$13 billion in loans, guarantees, and export credit insurance, supporting \$16.7 billion of U.S. exports to markets worldwide.
- Filling the gap in export credit caused by the Asian financial crisis, Ex-Im Bank continued to support U.S. exports under a \$1 billion program for short-term letters of credit to Korea. Under its \$2 billion medium-term facility, the Bank authorized financing to support U.S. goods and services sold to Korea, including financing for the export of six Boeing aircraft to Korean Airlines.

### SMALL BUSINESS

- Ex-Im Bank authorized \$2.1 billion in financing to support exports by small businesses — more than 16 percent of total authorizations.
- Ex-Im Bank approved 1,918 small business transactions — more than 86 percent of the total number of Ex-Im Bank transactions.
- In FY 1999, 442 small businesses used Ex-Im Bank programs for the first time.
- Ex-Im Bank authorized nearly \$416 million in working capital guarantees — \$383 million of which benefited small businesses. Of the 330 working capital guarantee transactions authorized, 312 were for small businesses, representing 95 percent of the transaction volume.
- Small businesses were issued 1,531 export credit insurance (single and multibuyer) policies — 91 percent of the total number of Ex-Im Bank's policies. Small business insurance authorizations (including bank-held policies) totaled \$1.2 billion.

### EXPORT CREDIT INSURANCE

- In FY 1999, Ex-Im Bank authorized \$3.9 billion under the Export Credit Insurance Program. Small businesses were issued 91 percent of these policies, and received 31 percent of the total amount of insurance authorizations.

### AIRCRAFT

- In FY 1999, Ex-Im Bank authorized more than \$6.1 billion to finance the export of more than 120 U.S.-manufactured large commercial aircraft to 27 airlines located in 18 countries.

### AGRICULTURE

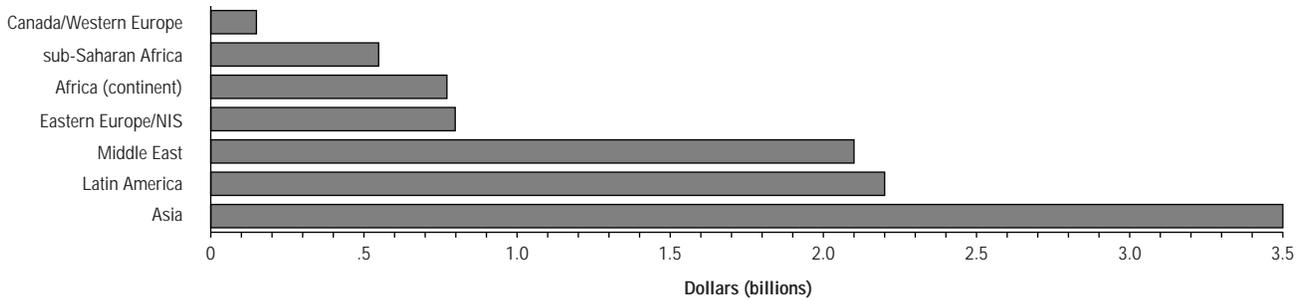
- Ex-Im Bank helped to finance the export of \$78 million of U.S. agricultural commodities, livestock, foodstuffs, and related products, and \$133 million of agricultural equipment, chemicals, supplies and services.

### SERVICES

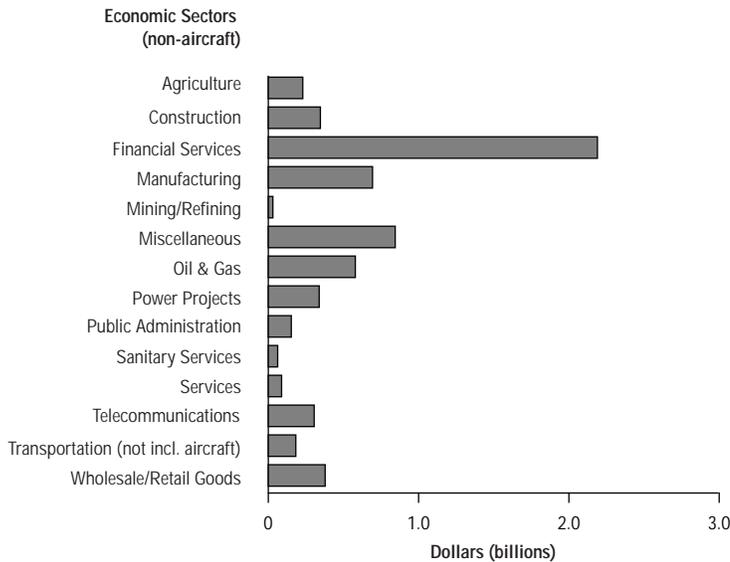
- Ex-Im Bank's loan, guarantee and export credit insurance authorizations assisted in the export of more than \$551 million of U.S. services, such as engineering design, consulting and training. Although many Ex-Im Bank transactions cover some component of services in addition to goods, Ex-Im Bank has identified at least \$532 million in services-related contracts supported by loans and guarantees authorized during FY 1999, and \$19 million in services-related contracts supported by insurance authorizations.

# FY 1999 OVERVIEW

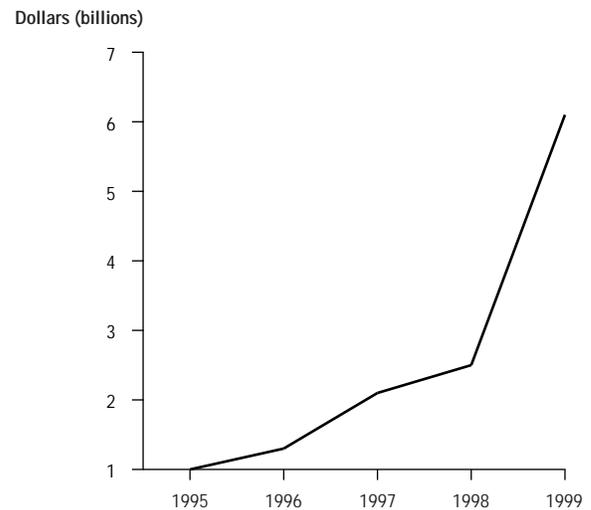
## AUTHORIZATIONS BY REGIONAL MARKET



## ECONOMIC SECTOR AUTHORIZATIONS



## AIRCRAFT AUTHORIZATIONS FIVE-YEAR PERIOD



## SMALL BUSINESS AUTHORIZATIONS

(\$ millions)

	Number		Amount	
	1999	1998	1999	1998
Export Credit Insurance	1,531	1,534	\$1,192	\$1,659
Working Capital Guarantees	312	265	383	369
Guarantees	71	63	514	192
Total Guarantees and Insurance	1,914	1,862	2,089	2,220
Loans	4	2	37	9
<b>Grand Total</b>	<b>1,918</b>	<b>1,864</b>	<b>\$2,126</b>	<b>\$2,229</b>

Note: A total of 442 small businesses receiving Ex-Im Bank's assistance during the year had not previously participated in the Bank's programs.

## CHAIRMAN'S LETTER

For 65 years, the Export-Import Bank of the United States has supported U.S. exports that have helped American companies and countries throughout the world to grow and prosper. In our country, working men and women can build homes, families and their future because of transactions supported by Ex-Im Bank.

Today, more than ever, Ex-Im Bank is in the vanguard of our nation's global trade promotion efforts. In our rapidly changing world, where technology has increased the speed of business, and economic shocks such as the global financial crisis provide new lessons about our world markets, we need both the commitment to stay the course and the ability to capitalize on new opportunities.

Ex-Im Bank's commitment is to support U.S. exports, jobs and economic growth. As the global economy becomes ever more integrated, we know that Ex-Im Bank can make the difference between success and failure for many U.S. exporters in the world's developing markets.

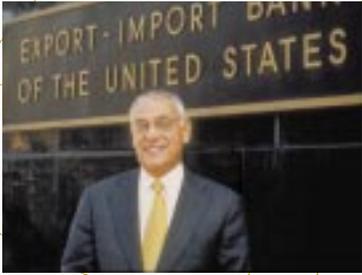
Ex-Im Bank is reaffirming its dedication to customer service and protecting the resources entrusted to us by Congress and the American taxpayers. The past year marked the beginning of many initiatives and new approaches to maximize support for U.S. exports, manage more effectively, and reach out to more customers at home and abroad.

### MAXIMIZING SUPPORT IN TODAY'S MARKETS

In the past seven years under the Clinton Administration, Ex-Im Bank has supported more than \$100 billion of U.S. exports that have directly created or sustained more than one million jobs in the United States. In the past fiscal year, Ex-Im Bank supported \$16.7 billion in U.S. exports — only two percent below the highest amount ever supported by the Bank. These results were achieved in a year that was very difficult for many developing world countries.

Recovery has commenced in many countries that were impacted by the global financial crisis. As recoveries continue, demand for Ex-Im Bank support in fiscal year 2000 will increase and challenge all of us to manage the Bank's operations effectively to meet anticipated exporter requirements.

## *CHAIRMAN'S LETTER—Continued*



Ex-Im Bank is actively working to increase U.S. exports worldwide. In Asia, we are bridging gaps in trade flows to markets affected by the global crisis. In Latin America, we are building on our nation's historically strong commercial relationships and developing new partnerships. In Africa, we launched first-ever marketing initiatives that have resulted in an 11-fold increase in support for U.S. exports during the last year, and we are laying the foundation for significant trade growth in the years ahead.

Specifically, in the past two years, Ex-Im Bank has stepped up with increased financing in countries such as South Korea, Thailand and Indonesia. Ex-Im Bank dramatically increased the number of transactions with South Korea in fiscal year 1999, helping to keep trade flowing with this key Asian market — a testament to Ex-Im Bank's ability to respond rapidly, creatively and dynamically. Ex-Im Bank authorized \$3.5 billion in U.S. exports to Asia in fiscal year 1999, making it the Bank's largest regional market last year.

In Latin America, Ex-Im Bank has pioneered new approaches that are helping countries engage in more trade with U.S. exporters. We opened in Brazil's public sector and launched an initiative with six Brazilian banks to provide up to \$1 billion in short- and medium-term export credit insurance. Ex-Im Bank signed a \$50 million, two-year agreement with the Central American Bank for Economic Integration that will help finance transactions for small and medium-sized businesses. We also signed a ground-breaking \$250 million, two-year agreement with the city of Buenos Aires — our first direct financing agreement with a municipality.

I am particularly proud of our work in sub-Saharan Africa, where we are making a significant difference. In August 1999, Ex-Im Bank launched a \$200 million, one-year Africa Pilot Program to make short-term export credit insurance available in 13 countries, including some markets where Ex-Im Bank financing was previously unavailable. Now, Ex-Im Bank financing is available in 32 countries in sub-Saharan Africa — twice the number from just one year ago.

For example, now Ex-Im Bank's short- and medium-term financing for private sector transactions is available in Tanzania and also in Nigeria for the first time since 1992. In Mozambique, Ex-Im Bank's short-, medium- and long-term financing for private sector transactions is available for the first time since 1969. We also initiated an innovative export credit facility with a South African small business organization to on-lend our financing to its members. For the first time, Ex-Im Bank is offering guarantees in South Africa's currency, the rand.

#### MEETING COMPETITIVE CHALLENGES AND PROMOTING INTERNATIONAL COOPERATION

Ex-Im Bank is also addressing transnational challenges to U.S. export growth. Some take the form of competitive challenges faced by U.S. exporters throughout the world. To address foreign competition, in fiscal year 1999, Ex-Im Bank implemented a new fee agreement with other countries of the Organization for Economic Cooperation and Development (OECD) to standardize minimum country risk exposure fees. Other challenges, such as promoting environmentally sustainable development, provide openings for greater cooperative action among nations.

Ex-Im Bank has taken the lead in gaining cooperation among export credit agencies on common environmental guidelines for evaluating projects. This has been a long effort, but this year, Ex-Im Bank successfully negotiated an agreement among members of the OECD Export Credit Group that encourages export credit agencies to share environmental information voluntarily on a case-by-case basis for large, multi-source projects in environmentally sensitive sectors. Ex-Im Bank has made significant strides in supporting environmental exports to Latin America — signing an environmental cooperation agreement with Colombia, an environmental credit initiative with the province of Buenos Aires, and an environmental exports memorandum of understanding with Venezuela. Ex-Im Bank also announced a \$100 million clean energy program with China.

In addition, we are spearheading new cooperative efforts to foster essential economic and legal reforms in developing countries. Ex-Im Bank has initiated successful efforts to share information with other major export credit agencies on a variety of credit issues, especially for markets in Asia and other nations affected by the global financial crisis.

**BUILDING THE EX-IM BANK OF TOMORROW: PRODUCTS, TECHNOLOGY AND EXPERTISE**

Ex-Im Bank's role in assisting U.S. exporters and helping to expand U.S. trade requires that we constantly analyze and assess how we can do things more efficiently and in ways that create greater value. Abandoning outdated procedures and replacing them with better ideas, new technologies and more streamlined processes to achieve our goals is an ongoing management effort.

During the past year, Ex-Im Bank introduced a number of new products to serve our customers better and improve our effectiveness. We are expanding outreach to small and new businesses to increase our customer base through new partnership programs with trade associations, private companies and individuals. We have launched a pilot program that offers 100 percent coverage on Ex-Im Bank-guaranteed working capital loans to traditionally underserved markets, such as women- and minority-owned companies, and small businesses in rural and economically depressed areas. Improvements include the introduction of short-term credit standards and insurance product changes aimed at providing greater transparency, predictability and Ex-Im Bank risk-taking to assist a wider spectrum of small business exporters.

Innovative products and projects also include a medium-term bank-to-bank insurance policy to cover multiple contracts, pre-completion comprehensive coverage for project financing, a project finance competitive letter of interest, an enhanced medium-term insurance lease policy, and an insurance program to support exports of Y2K-related goods and services. Ex-Im Bank is also working on a long-term insurance product and co-financing with other export credit agencies.

Through increased use of technology, we are leveraging our human resources for optimal performance, improved results and increased value. With the help of the Internet, Ex-Im Bank is now available to customers worldwide 24 hours a day, seven days a week. This past year, we introduced a secure, online Letter of Interest application, the first of a series of Internet-based applications that allow prospective customers to submit applications day or night. As we integrate more of our processes and applications with safe, secure and

## CHAIRMAN'S LETTER—Continued

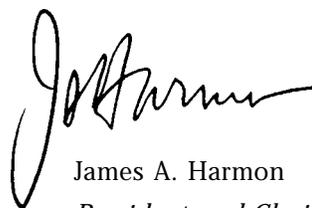
accessible Internet technology, we expect turnaround times to go down while customer service and satisfaction go up.

Ex-Im Bank is a significantly different institution than it was 10 years ago. The profile of the Bank's lending has shifted from 22 percent private sector or non-sovereign-based lending in 1990 to 55 percent this year, reflecting the transition of centralized economies to market economies in former communist and other nations. This shift to the private sector in the economies of many countries has required Ex-Im Bank to make significant changes that make better use of the experience and talents of our loan officers, legal advisors, policy and economic analysts, and asset managers.

Ex-Im Bank continues to build for the future by recruiting today's professionals for their expertise and marshaling the strength of a diverse workforce to benefit our customers in the United States and abroad. We are also cultivating tomorrow's professionals through management training, fellows programs, internships and work-study programs.

U.S. exporters are not the only ones facing tough competition in the world marketplace. As other countries restructure and strengthen their trade finance agencies, Ex-Im Bank, along with the Overseas Private Investment Corporation (OPIC) and the Trade and Development Agency (TDA), must look for ways to effectively coordinate our efforts to meet this competition. One of the major challenges ahead is determining how U.S. trade agencies can more effectively work together and provide even better support for U.S. exporters.

After 65 years of successful service to U.S. exporters, Ex-Im Bank is not resting on its laurels. Our commitment to working Americans, their families and the U.S. economy has never been stronger. In a rapidly changing and increasingly global world, Ex-Im Bank is ready to meet the challenges of the 21st century.



James A. Harmon  
*President and Chairman*

## *FY 1999 AUTHORIZATIONS SUMMARY*

(\$ Millions)

Program	Number of Authorizations		Amount Authorized		Export Value		Subsidy	
	1999	1998	1999	1998	1999	1998	1999	1998
<b>Loans</b>								
Long-Term Loans	9	1	\$839.5	\$68.8	\$1,001.8	\$79.5	\$36.3	\$6.2
Medium-Term Loans	4	3	8.6	17.2	10.1	20.0	0.3	2.0
Tied Aid	3	1	54.6	16.6	54.7	16.6	16.4	8.3
Total Loans	16	5	902.7	102.6	1,066.6	116.1	53.0	16.5
<b>Guarantees</b>								
Long-Term Guarantees	71	73	7,238.4	5,123.7	8,667.4	5,748.7	479.8	463.6
Medium-Term Guarantees	124	147	644.7	639.3	766.3	746.9	57.3	95.6
Working Capital Guarantees	330	275	415.9	387.7	2,239.0	1,903.5	12.3	11.2
Total Guarantees	525	495	8,299.0	6,150.7	11,672.7	8,399.1	549.4	570.4
<b>Export Credit Insurance</b>								
Short-Term	1,436	1,431	3,276.4	3,582.8	3,276.4	3,582.8	0.0	49.2
Medium-Term	246	261	589.5	713.5	692.9	769.7	53.4	80.6
Total Insurance	1,682	1,692	3,865.9	4,296.3	3,969.3	4,352.5	53.4	129.8
Modifications							20.7	11.8
Grand Total	2,223	2,192	\$13,067.6	\$10,549.6	\$16,708.6	\$12,867.7	\$676.5	\$728.5

## *FY 1999 AUTHORIZATIONS BY MARKET*

	Loans	Guarantees	Single Buyer Insurance	Total Actual Authorizations	Exposure 9/30/99
AFRICA MULTINATIONAL					3,846,559
ALGERIA		30,575		30,575	1,456,195,771
AMERICAS MULTINATIONAL FINANCIAL INST					15,869,063
ANDORRA					56
ANGOLA	64,151,962			64,151,962	154,806,819
ANGUILLAR					9,363
ANTIGUA					482,285
ARGENTINA		61,646,098	42,078,218	103,724,316	1,427,477,930
ARUBA					12,785,446
AUSTRALIA			810,000	810,000	585,577,338
AUSTRIA					50,845,869
BAHAMAS			60,750	60,750	10,438,179
BAHRAIN					19,496,032
BANGLADESH					6,277,645
BARBADOS			585,488	585,488	767,340
BELGIUM			225,000	225,000	3,684,755
BELIZE			15,899,698	15,899,698	23,972,937
BERMUDA					150,536
BOLIVIA		1,264,640	2,090,156	3,354,796	29,813,735
BOSNIA					36,766,120
BOTSWANA					2,814
BRAZIL	152,793,766	50,715,819	310,202,425	513,712,010	3,670,868,256
BRUNEI					22,041
BULGARIA		81,805,809		81,805,809	81,807,216
CAMEROON					50,712,187
CANADA			108,000	108,000	14,766,869
CANARY ISLANDS					18,188
CAYMAN ISLANDS					861,057
CENTRAL AFRICAN REPUBLIC					7,805,095
CHILE		177,433,985	10,724,743	188,158,728	418,624,468
CHINA					26,386,019
CHINA (MAINLAND)		866,604,684	315,051	866,919,735	6,262,074,913
CHINA (TAIWAN)		454,161,479	3,393,659	457,555,138	454,355,494
COLOMBIA		33,387,857	4,000,476	37,388,333	440,264,005
CONGO					22,864,759
COSTA RICA		609,083	5,242,134	5,851,217	23,293,221
COTE D'IVOIRE			914,515	914,515	160,893,074
CROATIA		328,945,867		328,945,867	467,356,193
CUBA					36,266,581
CYPRUS					915,406
CZECH REPUBLIC		52,960,408	346,923	53,307,331	517,649,490
DEBT IN FORMER YUGOSLAVIA					107,334,380
DEMOCRATIC REPUBLIC OF CONGO					921,830,192
DENMARK					1,353,466

## *FY 1999 AUTHORIZATIONS BY MARKET*

	Loans	Guarantees	Single Buyer Insurance	Total Actual Authorizations	Exposure 9/30/99
DOMINICA					3,444
DOMINICAN REPUBLIC		13,645,218	14,278,038	27,923,256	211,940,234
ECUADOR		341,560	23,178,428	23,519,988	120,188,962
EGYPT			4,760,020	4,760,020	41,396,128
EL SALVADOR		450,361	8,461,108	8,911,469	89,323,393
ESTONIA					13,389
FAROE ISLANDS					51
FIJI ISLANDS		3,810,859		3,810,859	103,115,694
FINLAND			200,175	200,175	904,775
FRANCE			360,000	360,000	6,941,264
FRENCH POLYNESIA					3,062
GABON					69,168,668
GEORGIA					16,764,839
GERMANY, FEDERAL REPUBLIC OF		2,797,869	513,000	3,310,869	12,758,071
GHANA	34,517,648	101,958,387	9,016,281	145,492,316	455,006,427
GREECE		0	408,000	408,000	74,170,781
GRENADA		369,715	5,116,857	5,486,572	10,521,975
GUATEMALA		969,757	9,603,702	10,573,459	80,060,913
GUINEA					7,676,634
GUYANA					4,236,373
HAITI					3,911,016
HONDURAS		1,850,020	13,787,000	15,637,020	25,882,734
HONG KONG			683,303	683,303	365,213,957
HUNGARY					64,682,304
ICELAND					177,252
INDIA		197,711,839		197,711,839	1,495,688,806
INDONESIA	160,724,513	140,390,798		301,115,311	2,959,584,524
IRELAND		133,922,146	90,000	134,012,146	135,767,724
ISRAEL			135,000	135,000	532,718,733
ITALY			557,685	557,685	294,776,843
JAMAICA			1,542,697	1,542,697	56,228,572
JAPAN		212,127,316	1,939,374	214,066,690	222,022,553
JORDAN					7,215,049
KAZAKHSTAN		668,918		668,918	85,973,182
KENYA		26,062,601	477,834	26,540,435	130,692,245
KOREA, REPUBLIC OF	431,912,689	450,429,237	117,544	882,459,470	2,357,286,355
KUWAIT			988,874	988,874	1,289,859
LATVIA		5,116,915		5,116,915	13,063,245
LEBANON					8,011,330
LIBERIA					5,980,110
LITHUANIA					22,322,277
LUXEMBOURG					115,832,075
MACAU					34,650
MACEDONIA					89,153,301

## *FY 1999 AUTHORIZATIONS BY MARKET*

	Loans	Guarantees	Single Buyer Insurance	Total Actual Authorizations	Exposure 9/30/99
MADAGASCAR					38,380,823
MALAYSIA, FEDERATION OF					241,701,058
MALTA					14,382,447
MAURITANIA					6,596,857
MAURITIUS					286,813
MEXICO		592,082,360	337,587,139	929,669,499	4,271,559,356
MICRONESIA, FEDERATED STATES OF					66,672
MONACO					3,070
MONTSERRAT					7,675
MOROCCO		56,223,022		56,223,022	592,333,075
MOZAMBIQUE					48,156,266
NAMIBIA		99,807,000		99,807,000	99,807,000
NAURU					40,773,147
NEPAL					20,764,193
NETHERLANDS			8,275,598	8,275,598	11,023,674
NETHERLANDS ANTILLES					437,575
NEW ZEALAND					1,092,189
NICARAGUA		3,684,698	2,692,028	6,376,726	70,121,115
NIGER					7,092,641
NIGERIA					646,079,283
NORWAY					51,162,150
OMAN					220,364,987
PAKISTAN					372,973,923
PALAU, REPUBLIC OF					12,689
PANAMA					57,462,488
PAPUA NEW GUINEA					3,888,929
PARAGUAY			299,788	299,788	1,153,281
PERU		10,895,557	537,846	11,433,403	199,082,651
PHILIPPINES		50,774,560		50,774,560	1,786,079,833
POLAND					596,715,066
PORTUGAL					935,702
QATAR					364,049,191
REUNION ISLAND					2,735
ROMANIA		67,688,020	4,305,642	71,993,662	287,599,907
RUSSIA					1,963,512,682
SAUDI ARABIA		2,084,694,640	1,127,999	2,085,822,639	2,091,056,311
SENEGAL					835,787
SEYCHELLES					234,173
SIERRA LEONE					3,481,965
SINGAPORE		100,682,500		100,682,500	111,313,329
SLOVAK REPUBLIC					5,690,337

## FY 1999 AUTHORIZATIONS BY MARKET

	Loans	Guarantees	Single Buyer Insurance	Total Actual Authorizations	Exposure 9/30/99
SLOVENIA					662,183
SOUTH AFRICA		185,266,146	54,000	185,320,146	284,399,298
SOUTH WEST AFRICA					31
SPAIN			607,500	607,500	5,999,252
SRI LANKA					8,663,196
ST. KITTS-NEVIS					626,373
ST. LUCIA			284,400	284,400	574,564
ST. VINCENT					132,626
SUDAN					28,246,331
SWEDEN			1,170,000	1,170,000	2,661,178
SWITZERLAND					2,030,812
TANZANIA			4,456,992	4,456,992	26,832,383
THAILAND			29,400,000	29,400,000	603,950,617
TOGO					2,820
TRINIDAD AND TOBAGO					530,242,326
TUNISIA		162,167,819		162,167,819	297,513,557
TURKEY		375,000,855	46,822,942	421,823,797	2,513,641,233
TURKMENISTAN					313,409,764
TURKS AND CAICOS ISLANDS			1,248,861	1,248,861	1,290,441
UGANDA		764,015	837,338	1,601,353	1,634,938
UKRAINE					222,106,336
UNITED ARAB EMIRATES					20,818,339
UNITED KINGDOM			255,000	255,000	20,728,171
UNITED STATES OF AMERICA		564,338,108		564,338,108	1,384,838,362
URUGUAY		337,155		337,155	11,340,293
UZBEKISTAN		256,246,812		256,246,812	969,170,042
VARIOUS COUNTRIES UNALLOCABLE					153,189,884
VATICAN CITY					4,473
VENEZUELA	44,259,500	286,144,009	4,508,048	334,911,557	1,801,059,793
VIRGIN ISLANDS - BRITISH					66,354
WEST INDIES - FRENCH					100,159
ZAMBIA			5,028,044	5,028,044	147,514,108
ZIMBABWE	14,388,516			14,388,516	36,580,616
<b>TOTAL</b>	<b>902,748,594</b>	<b>8,298,987,096</b>	<b>942,711,321</b>	<b>10,144,447,011</b>	<b>51,443,596,833</b>
INTERMEDIARY LOANS					11,132,912
MULTIBUYER INSURANCE - MEDIUM-TERM			2,500,000	2,500,000	7,396,500
MULTIBUYER INSURANCE - SHORT-TERM			2,920,639,293	2,920,639,293	4,541,268,241
OTHER					2,414,339,714
<b>TOTAL AUTHORIZATIONS</b>	<b>\$902,748,594</b>	<b>\$8,298,987,096</b>	<b>\$3,865,850,614</b>	<b>\$13,067,586,304</b>	<b>\$58,417,734,200</b>

## FY 1999 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
<b>ALGERIA</b>						
01-Oct-98	Sonatrach Minst. De L'Economie U.S. Sofregaz Inc.	063679	Engineering Services			\$30,575
Total for ALGERIA						\$30,575
<b>ANGOLA</b>						
10-Jun-99	Soc Nacional De Combustiveis De Angola None Brown & Root, Inc.	068828	Turbine Generator Sets, Compressors	5.540%	\$64,151,962	
Total for ANGOLA					\$64,151,962	
<b>ARGENTINA</b>						
19-Nov-98	Servoil International Ltd. Chase Manhattan Bank N.A. The National-Oilwell Inc.	073417	Oil and Gas Well Drilling Equipment			\$14,896,886
10-Dec-98	Arte Grafico Editorial Argentino S.A. None Goss Graphic Systems Inc.	073706	Printing Press			\$20,869,838
Total for ARGENTINA						\$35,766,724
<b>BRAZIL</b>						
09-Feb-99	Banco Santander Noroeste S.A. Brazil None General Electric Co.	074387	(50) Locomotives	5.450%	\$87,741,778	
20-Jul-99	Empresa Brasileira De Telecomunicacoes None Hughes Space Communications Co.	073763	Satellite/Integration	6.640%	\$65,051,988	
Total for BRAZIL					\$152,793,766	
<b>BULGARIA</b>						
13-Aug-99	Natsionalna Elektricheska Kompania Ministry of Finance Westinghouse Electric Corp.	071875	Instrumentation and Controls			\$81,805,809
Total for BULGARIA						\$81,805,809
<b>CHILE</b>						
07-Jan-99	Linea Aerea Nacional Chile S.A. None Boeing Co.	073743	(2) B767-300ER Aircraft			\$129,574,000
06-May-99	Empresa Nacional De Electricidad S.A. None Turbo Power Overseas Ltd.	074524	Gas Turbine Generator Sets			\$20,455,018
13-May-99	Empresa Nacional De Electricidad S.A. None General Electric International	074309	Gas Turbine Generator Sets			\$27,404,967
Total for CHILE						\$177,433,985

## FY 1999 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
<b>CHINA (MAINLAND)</b>						
21-Oct-98	Air China Industrial & Commercial Bank of China Boeing Co.	073802	(1) B777-200 Aircraft			\$3,164,748
03-Dec-98	China Construction Bank None General Electric Co.	071448	Steam Turbine Generator Sets			\$76,000,000
10-Dec-98	Bank of China None U.S.-China Industrial Exchange	072838	Medical and Hospital Equipment			\$11,685,844
18-Feb-99	China Northern Airlines Industrial & Commercial Bank of China Boeing Co.	073032	(2) MD-90 Aircraft			\$65,800,000
17-Mar-99	China Construction Bank None Pollution Research and Control Corp.	071956	(55) Ambient Air Monitoring Systems			\$4,348,241
18-Mar-99	Zhongyuan Airlines Bank of China Boeing Co.	074488	(2) B737-300 Aircraft			\$55,288,149
22-Apr-99	Wuhan Airlines China Construction Bank Boeing Co.	074658	(1) B737-300 Aircraft			\$22,600,000
22-Apr-99	Air China Industrial & Commercial Bank of China Boeing Co.	074765	(1) B777-200 Aircraft			\$69,775,259
13-May-99	China Xinjiang Airlines Industrial & Commercial Bank of China Boeing Co.	074729	(1) B757-200 Aircraft			\$35,176,901
19-Aug-99	Shanghai Airlines Bank of China Boeing Co.	075209	(1) B767-300 Aircraft			\$61,712,415
26-Aug-99	China Southwest Airlines China Construction Bank Boeing Co.	073589	(3) B737-800 Aircraft			\$113,319,222
30-Sep-99	Air China Industrial & Commercial Bank of China Boeing Co.	075125	(4) B737-800 Aircraft			\$140,586,127
30-Sep-99	Air China Industrial & Commercial Bank of China Boeing Co.	075230	(1) B777-200 and (1) B747-400 Aircraft			\$197,698,507
Total for CHINA (MAINLAND)						\$857,155,413

## FY 1999 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
<b>CHINA (TAIWAN)</b>						
10-Nov-98	Eva Airways Corp. None Boeing Co.	074028	(1) MD-11 Freighter Aircraft			\$86,365,824
26-Jun-99	Eva Airways Corp. None Boeing Co.	074941	(2) MD-11 Freighter Aircraft			\$185,691,655
13-Aug-99	China Airlines Ltd. None Boeing Co.	074923	(1) B747-400 and (2) B737-800 Aircraft			\$182,104,000
Total for CHINA (TAIWAN)						\$454,161,479
<b>COLOMBIA</b>						
23-Sep-99	Special Purpose Entity None General Electric Co.	074456	Steam Turbine and Generator			\$26,281,177
Total for COLOMBIA						\$26,281,177
<b>CROATIA</b>						
21-Oct-98	Ministry of Finance None Bechtel International Inc.	072021	Highway Design and Construction			\$228,712,647
21-May-99	Ministry of Finance None Metric Systems Corp.	074581	(4) Peregrine Coastal Surveillance Radar			\$14,588,410
20-Jul-99	Ministry of Finance None Lockheed Martin Overseas Corp.	073528	Antenna Arrays and Amplifiers			\$85,644,810
Total for CROATIA						\$328,945,867
<b>CZECH REPUBLIC</b>						
27-Jan-99	Czech Airlines None Boeing Co.	070350	(1) B737-400 and (1) B737-500 Aircraft			\$52,960,408
Total for CZECH REPUBLIC						\$52,960,408
<b>FIJI ISLANDS</b>						
26-Jul-99	Air Pacific Ltd. None Boeing Co.	073567	(1) B737-700 and (2) B737-800 Aircraft			\$3,810,859
Total for FIJI ISLANDS						\$3,810,859

## FY 1999 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
<b>GHANA</b>						
20-Jan-99	Ministry of Finance None Wanan International	073068	Electrical Distribution Equipment	6.580%	\$21,088,100	
10-Feb-99	Ministry of Finance None Great Lakes Dredge Dock Corp.	071627	Construction Services			\$93,867,006
27-May-99	Ministry of Interior Ministry of Finance W.S. Darley & Company	073472	(39) Fire Trucks, Spares and Services	5.620%	\$13,429,548	
Total for GHANA					\$34,517,648	\$93,867,006
<b>GRENADA</b>						
21-May-99	Ministry of Comm. Works & Public Utilities Ministry of Finance of Grenada American Engineering Services	072102	Engineering, Procurement and Construction Services			\$369,715
Total for GRENADA						\$369,715
<b>INDIA</b>						
17-Dec-98	Jet Airways None Boeing Co.	071809	(6) B737-800 Aircraft			\$197,711,839
Total for INDIA						\$197,711,839
<b>INDONESIA</b>						
21-Dec-98	Ministry of Finance None International Business Machines Corp.	071105	Computer Hardware and Software	3.940%	\$20,134,102	
25-Mar-99	Ministry of Finance None Detroit Diesel Corp.	072865	Marine Diesel Engine and Spare Parts	5.610%	\$2,740,625	
30-Sep-99	Republic of Indonesia None Boeing Co.	070435	(6) B737-300 and (5) B737-500 Aircraft	7.100%	\$137,849,786	\$140,390,798
Total for INDONESIA					\$160,724,513	\$140,390,798
<b>IRELAND</b>						
10-Mar-99	Ryanair Ltd. None Boeing Co.	072813	(5) B737-800 Aircraft			\$133,922,146
Total for IRELAND						\$133,922,146

## FY 1999 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
<b>JAPAN</b>						
13-Aug-99	Japan Airlines Co. Ltd. None Boeing Co.	074493	(3) B747-400 and (1) B767-300 Aircraft			\$212,127,316
Total for JAPAN						\$212,127,316
<b>KENYA</b>						
25-Feb-99	Kenya Airways Ltd. None Boeing Co.	074453	(1) B737-300 Aircraft			\$26,062,601
Total for KENYA						\$26,062,601
<b>KOREA, REPUBLIC OF</b>						
24-Nov-98	Korea Development Bank Ministry of Finance of Korea Motorola Inc.	073613	Communications Equipment	5.180%	\$60,710,017	
14-Jan-99	Korea Development Bank Ministry of Finance of Korea Cincinnati Milacron Inc.	073448	Milling Machinery	5.570%	\$19,831,279	
08-Feb-99	Korea Development Bank Ministry of Finance of Korea Fuller International Inc.	074391	Cement Making Machinery and Equipment	5.480%	\$3,124,300	
11-Mar-99	Korea Development Bank Ministry of Finance of Korea Pan Metal Corporation	074420	Computer-Controlled Shaft Furnace	5.610%	\$1,804,811	
01-Apr-99	Korea Development Bank Ministry of Finance of Korea ABB Industrial Systems Inc.	074651	(5) One-Ton Furnaces	5.900%	\$925,778	
24-Jun-99	Korean Air Lines Ministry of Finance of Korea Boeing Co.	072643	(3) B747-400 and (3) B777-300 Aircraft	7.050%	\$345,516,504	\$450,429,237
Total for KOREA, REPUBLIC OF					\$431,912,689	\$450,429,237
<b>MEXICO</b>						
29-Apr-99	Almexa Aluminio S.A. de C.V. Indus Nacobre S.A. de C.V. Fata Hunter Inc.	073835	Rolling Mill, Furnaces and Equipment			\$12,544,839
03-Jun-99	Fevisa Industrial S.A. None Pennsylvania Crusher Corp.	074285	Glass Container Manufacturing Equipment			\$17,698,160
03-Jun-99	Compania Mexicana de Aviación S.A. de C.V. None Federal Express Corp.	074845	Aircraft Hush Kits and Spare Engines			\$14,760,914

## FY 1999 LOANS AND LONG-TERM GUARANTEES

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
10-Jun-99	Delta Comunicaciones Digitales, S.A. de C.V. Soriano, Javier Motorola Inc.	074641	Base Station and Mobile Switching Equipment			\$11,498,315
30-Sep-99	Pemopro S.A. de C.V. None Siemens Corp.	074398	Instrumentation and Control Equipment			\$181,881,272
30-Sep-99	Ferrocarril Mexicano, S.A. de C.V. None General Electric Co.	074805	(50) 4,400 Horsepower Locomotives			\$84,652,095
Total for MEXICO						\$323,035,595
<b>MOROCCO</b>						
15-Apr-99	Royal Air Maroc None Boeing Co.	073085	(2) B737-700 Aircraft			\$56,223,022
Total for MOROCCO						\$56,223,022
<b>NAMIBIA</b>						
20-Jul-99	Air Namibia Ministry of Finance Boeing Co.	075104	(1) B747-400 Aircraft			\$99,807,000
Total for NAMIBIA						\$99,807,000
<b>PHILIPPINES</b>						
21-Dec-98	Dept. of Finance of Philippines None Telemobile Inc.	072204	Fixed Cellular Equipment and Radio Equipment			\$46,175,694
Total for PHILIPPINES						\$46,175,694
<b>ROMANIA</b>						
12-Nov-98	Regia Autonoma A, Imbunatatiril Funciaro Ministry of Finance Transchem Finance and Trade	072540	Irrigation Equipment			\$67,557,249
28-Jun-99	Romarm, R.A. Ministry of Finance Intergrated Industrial Systems	072552	Metal Rolling Mill Machinery			\$130,771
Total for ROMANIA						\$67,688,020
<b>SAUDI ARABIA</b>						
24-Jun-99	Saudi Oger Ltd. None Boeing Co.	073621	(1) B777-200 and (2) B737-600 Aircraft			\$143,058,046
30-Sep-99	Air Finance Corp. (No. 2) Ltd. Ministry of Finance of Saudi Arabia Boeing Co.	075302	(9) MD-90, (5) B777-200 and (1) B747-400 Aircraft			\$902,950,153

## FY 1999 LOANS AND LONG-TERM GUARANTEES

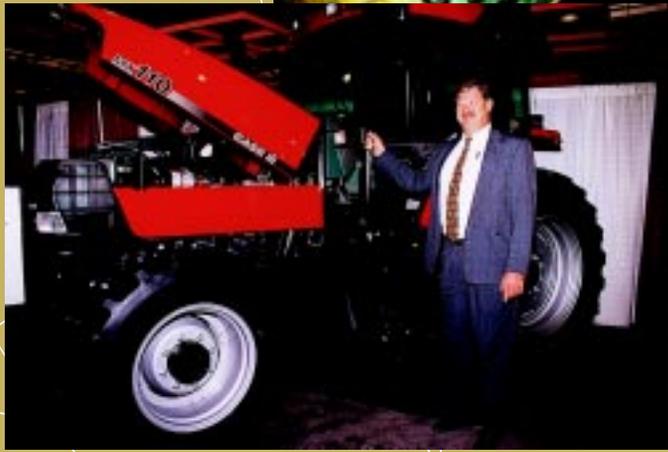
Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
30-Sep-99	Air Finance Corp. (No.2) Ltd. Ministry of Finance of Saudi Arabia Boeing Co.	075320	(13) MD-90, (6) B777-200 and (1) B747-400 Aircraft			\$1,036,847,355
Total for SAUDI ARABIA						\$2,082,855,554
<b>SINGAPORE</b>						
18-Mar-99	Singapore Aircraft Leasing Enterprises None Boeing Co.	074337	(1) B777-200 Aircraft			\$100,682,500
Total for SINGAPORE						\$100,682,500
<b>SOUTH AFRICA</b>						
01-Sep-99	South African Airways Transnet Ltd. Boeing Co.	074659	(1) B747-400 Aircraft			\$92,633,073
01-Sep-99	South African Airways Transnet Ltd. Boeing Co.	074862	(1) B747-400 Aircraft			\$92,633,073
Total for SOUTH AFRICA						\$185,266,146
<b>TUNISIA</b>						
30-Sep-99	Societe Tunisienne De L'Air None Boeing Co.	074534	(6) B737-600 Aircraft			\$162,167,819
Total for TUNISIA						\$162,167,819
<b>TURKEY</b>						
13-Oct-98	Undersecretariat of Treasury None AV Technology LLC	073094	(101) Specialized Vehicles			\$22,146,648
21-Dec-98	Zorlu Enerji Elektrik Uretim Otoprodukt Zorlu, Ahmet Nazif GE Packaged Power Inc.	073401	(2) Gas Turbine Sets and Air Pollution Control Equipment			\$20,862,263
10-Mar-99	Pegasus Airlines Cukurova Holding AS Boeing Co.	074214	(1) B737-800 Aircraft			\$30,337,980
18-Mar-99	Turk Hava Yollari Tao Undersecretariat of Treasury Boeing Co.	073136	(9) B737-800 Aircraft			\$273,160,442
Total for TURKEY						\$346,507,333
<b>UZBEKISTAN</b>						
22-Apr-99	Natl. Bank for Foreign Economic Activity Ministry of Finance Case Corp.	074849	Tractors			\$81,955,548

## *FY 1999 LOANS AND LONG-TERM GUARANTEES*

Auth Date	Obligor Guarantor Principal Supplier	Credit	Product	Interest Rate	Loans	Guarantees
03-Jun-99	Natl. Bank for Foreign Economic Activity Ministry of Finance American Technology Group Ltd.	074763	Transfer of Technology			\$53,626,548
20-Jul-99	Natl. Bank for Foreign Economic Activity Ministry of Finance Caterpillar Inc.	074949	Mining Machinery and Equipment			\$26,177,620
20-Jul-99	Uzbekistan Airways Ministry of Finance Boeing Co.	075153	(2) B757-200 Aircraft and Spare Parts			\$94,487,096
Total for UZBEKISTAN						\$256,246,812
<b>VENEZUELA</b>						
24-Nov-98	Ministry of Finance of Venezuela None Moving Water Industries Corp.	069599	Tractors	6.240%	\$44,259,500	
18-Feb-99	Ministry of Finance of Venezuela None Harza Engineering Co.	073412	Sewage Treatment Pipes, Valves			\$17,481,954
18-Feb-99	Ministry of Finance of Venezuela None Harza Engineering Co.	074012	Engineering and Construction Services			\$26,222,931
22-Apr-99	Ministry of Finance of Venezuela None SNC-Lavalin America Inc.	074019	Equipment and Procurement Services			\$9,299,999
10-Jun-99	C.A. La Electricidad Caracas Saca Saica None Siemens Westinghouse Power Corp.	074130	Combustion Turbine and Tech Advice			\$21,630,352
30-Sep-99	Ministry of Finance of Venezuela None ATN Industries	074919	Engineering and Procurement Services			\$15,445,276
Total for VENEZUELA					\$44,259,500	\$90,080,512
<b>ZIMBABWE</b>						
30-Sep-99	Ministry of Finance of Zimbabwe None Datron World Communications	073884	Police Communication Systems	5.450%	\$14,388,516	
Total for ZIMBABWE					\$14,388,516	
<b>MISCELLANEOUS</b>						
09-Sep-99	Private Export Funding Corp. (PEFCO)	03048	Interest on PEFCO's Own Debt			\$148,425,000
Total for MISCELLANEOUS						\$148,425,000
<b>GRAND TOTAL</b>					<b>\$902,748,594</b>	<b>\$7,238,393,961</b>



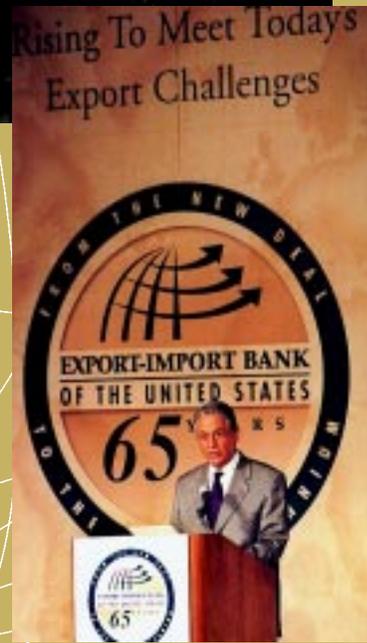
Boeing aircraft exported to Royal Air Maroc of Morocco, 1999.



Ray Bowerman of the Case Corporation with Case tractor at Ex-Im Bank's 1999 Annual Conference in Washington, D.C.



Ex-Im Bank Chairman James Harmon conferred with African officials at the U.S.-Africa Transportation Ministerial in Atlanta, Ga., 1999.



ASSOCIATED PRESS

Brazilian President Fernando Cardoso addressed Ex-Im Bank's 1999 Annual Conference.

"The United States must continue to encourage American businesses to export to and invest in emerging markets. I believe in the mission of the Export-Import Bank of the United States, an agency that provides needed export financing to help U.S. companies develop trade relationships with customers in emerging markets throughout the world. The agency is a critical part of the U.S. government's effort to ensure that trade credit continues to flow during times of global economic stress and when capital markets are unable or unwilling to provide financing. The Export-Import Bank remains a very important part of America's economy."

President WILLIAM J. CLINTON

## *PERFORMING A VITAL ROLE IN U.S. TRADE GROWTH*

Ex-Im Bank's role in U.S. trade growth is to deliver critically needed export financing to support U.S. exports to foreign markets, especially to developing markets, and to level the playing field for U.S. exporters competing for international sales. Ex-Im Bank works in cooperation with other U.S. government trade agencies — including the U.S. Trade and Development Agency (TDA) and the Overseas Private Investment Corporation (OPIC) — to ensure that the business interests of U.S. companies in foreign markets are assisted at every stage of development.

Some of the ways that Ex-Im Bank worked with other U.S. agencies in fiscal year 1999:

- **CASPIAN FINANCE CENTER** - In June 1999, an Ex-Im Bank senior loan officer began working at the multi-agency Caspian Finance Center at the U.S. Embassy in Ankara, Turkey. Ex-Im Bank's representative is working with staff from OPIC and TDA to facilitate financing of U.S. exports to be used in the Trans-Caspian gas pipeline, the Baku-Ceyhan oil transport project, and other major projects in the Caspian region.
- **CHINA CLEAN ENERGY PROGRAM** - China and the United States are working together on a \$100 million clean energy program to implement projects in China utilizing U.S. technologies for cost-effective and environmentally sound energy production. In March 1999, Ex-Im Bank signed an agreement with the U.S. Department of Energy (DOE), the China Development Bank, and China's State Development Planning Commission. Ex-Im Bank's financing will expedite deployment of clean energy projects in China and provide numerous opportunities for U.S. clean energy companies to increase exports to China.
- **U.S. - AFRICA MINISTERIAL** - In March 1999, Ex-Im Bank Chairman James Harmon and staff promoted the availability of the Bank's export financing at the U.S. - Africa Ministerial — a cabinet-level, multi-agency forum held at the State Department in Washington, D.C. The Ministerial brought together U.S. government and business representatives with African leaders from 46 sub-Saharan African countries to discuss development of African partnerships with the United States.

- **SAFE SKIES FOR AFRICA INITIATIVE** - In September 1999, Chairman James Harmon and Ex-Im Bank staff participated in a two-day U.S. - Africa Transportation Ministerial in Atlanta, Ga., that was hosted by the Department of Transportation (DOT). Ex-Im Bank signed an agreement with the DOT and representatives of the governments of Angola, Cameroon, Cape Verde, Côte d'Ivoire, Kenya, Mali, Tanzania, and Zimbabwe to promote improvements in aviation safety and security in Africa.
- **PRESIDENTIAL BUSINESS DEVELOPMENT MISSION TO AFRICA** - In December 1998, Vice Chair Jackie Clegg and Ex-Im Bank's coordinator-counselor for Africa participated in a Presidential Business Development Mission to Africa led by Commerce Secretary William Daley and accompanied by representatives from 15 U.S. businesses.



In Kenya in December 1998 while participating in a Presidential Business Development Mission to Africa, Ex-Im Bank Vice Chair Jackie Clegg signed a financing agreement to support aircraft exports to Kenya Airways. Foreground (from left): Commerce Secretary William Daley, Ex-Im Bank Vice Chair Jackie Clegg, and Brian Davies, (former) managing director of Kenya Airways. Background (from left): Robert Aman, Boeing Field Service, Nairobi; Rep. William Jefferson (D-LA); and Rep. Eddie Bernice Johnson (D-TX).

# ENERGY AND ENVIRONMENTAL EXPORTS SUPPORT

## ENERGY

In fiscal year 1999, Ex-Im Bank supported 16 transactions involving U.S. exports to foreign energy-related projects (electric power production, coal mining, and oil and gas production) with a total export value of \$686.5 million.

## ENVIRONMENT

Ex-Im Bank authorized financing to support more than \$214 million of U.S. exports of environmentally beneficial goods and services in fiscal year 1999.

## GREENHOUSE GAS EMISSIONS

In 1999, Ex-Im Bank began to track the estimated amount of greenhouse gas emissions produced by projects that the Bank supports through its export financing. This environmental initiative is designed to assist in the management of global greenhouse gas production. While most of the projects supported by Ex-Im Bank will emit some greenhouse gases, the most significant amount of these emissions are in the form of carbon dioxide produced by fossil fuel power plants.

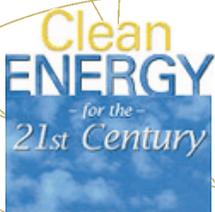
During 1999, Ex-Im Bank provided long-term financing for \$183.7 million of U.S. exports to five new fossil fuel power plants. Ex-Im Bank estimates that the aggregate amount of carbon dioxide emissions from these plants will total approximately 10.1 million metric tons per year.

In addition, Ex-Im Bank provides financial incentives for power generation exports that produce low levels of carbon dioxide.

## RENEWABLE ENERGY

Ex-Im Bank continues to promote the sale of clean U.S. renewable energy exports that produce virtually no greenhouse gases. In 1999, Ex-Im Bank, the U.S. Department of Energy (DOE), and the government of China signed a memorandum of understanding to support up to \$100 million of renewable and energy-efficient U.S. exports to clean energy projects in China.

Under the initiative, Ex-Im Bank and the DOE will work together to encourage U.S. private industry to work with Chinese authorities to identify, assess, and implement projects using technologies for wind, solar, and geothermal energy production, industrial cogeneration, energy efficient buildings, and reduction of nitrous and sulfur dioxide emissions.



## KEY INDUSTRIES REPORT

Section 8(d)(1) of the Export-Import Bank Act of 1945, as amended, directs Ex-Im Bank to include in its annual report a detailed description of its actions to:

- maintain the competitive position of key linkage industries in the United States,
- support industries that are engaged in the export of high value-added products,
- support industries that are engaged in the development of new capital goods technology,
- preserve and create highly skilled jobs in the U.S. economy, and
- enhance the opportunity for growth and expansion of small businesses and entrepreneurial enterprises in the United States.

Ex-Im Bank's fiscal year 1999 activity (financial support for shipments and disbursements) included support for approximately \$4.9 billion in exports from 34 industry groups that fall into the first four of these "key" industries. Although many products could fit into more than one category, products are only allocated to one category.

*Key linkage industries* are those critically linked to the cost competitiveness of many businesses, and are often referred to as "forward linkage" industries. These industries produce inputs necessary for the production of durable goods. This category also includes certain industries that are key to national defense. In fiscal year 1999, Ex-Im Bank assisted \$499.5 million in exports from four key linkage industries: mining, petroleum, steel products and metal working equipment.

*High value-added* products are those in which the value of output generated per unit of resource input is above average. This number is derived by dividing the value added by an industry by the total value shipped by that industry. For this report, "high value-added" is defined as a value-added to value-shipped ratio greater than 50 percent. Ex-Im Bank activity assisted \$273.3 million in exports from eight industry groups that produce high value-added products.

The *new capital goods* technology category consists of certain typically high technology export industries that produce innovative-type capital goods. These industries typically have research and development expenditures of 50 percent or higher than general industry standards. Industries meeting this description include computers and accessories, electronic equipment, specialized machinery, telecommunication equipment, aircraft and parts, and automotive. Ex-Im Bank activity assisted \$3.3 billion in exports from eight of these industries.

The *highly skilled jobs* category includes those industries that employ a high concentration of scientists, engineers and technicians. Such industries take advantage of the U.S. comparative advantage in relatively expensive skilled labor. Sectors that demonstrate a high concentration of skilled jobs, but which are not key linkage industries and do not produce new capital goods technology or high valued-added exports, include services, chemicals, construction, metal products, engines and railways. Ex-Im Bank activity assisted \$813.1 million in exports from 14 industries in the highly skilled jobs category.

ADVISORY COMMITTEE STATEMENT FOR THE 1999 EX-IM BANK ANNUAL REPORT:

The 1999 Export-Import Bank Advisory Committee approves the Lundine Report of Key Industries without change.

## 65 YEARS OF SUPPORTING AMERICA'S EXPORTS



President Franklin D. Roosevelt with the founder and first president of the Export-Import Bank of Washington, Jesse H. Jones.



President Dwight D. Eisenhower joined Ex-Im Bank's President Samuel C. Waugh at Ex-Im Bank's 25th anniversary celebration in 1959.

- 1934** The Export-Import Bank of Washington is established to lend to the Soviet Union but does not because of unpaid war debts. The second Ex-Im Bank of Washington is established to lend to Cuba.
- 1935** First transaction: \$3.8 million is approved for Cuba to purchase U.S. silver ingots.
- 1938** First development loan: \$5.5 million is approved for U.S. exports to Haiti; \$22 million is approved for U.S. exports to China for the building of the Burma Road.
- 1941** Financing is approved for U.S. exports for the building of the Pan-American Highway in Central America.
- 1945** The Export-Import Bank Act of 1945 establishes the Bank as an independent agency. Lending authority is increased to \$3.5 billion.
- 1946** Ex-Im Bank authorizes \$2 billion for U.S. exports used in the reconstruction of Europe.
- 1948** Ex-Im Bank administers funds for economic cooperation under the Marshall Plan.
- 1948** Ex-Im Bank authorizes \$100 million for exports to the newly recognized state of Israel.
- 1961** Authority to commit guarantees and insure U.S. exporters against political and commercial risks is increased up to \$1 billion. The Foreign Credit Insurance Association (FCIA) is formed.
- 1968** Congress changes the Bank's name to Export-Import Bank of the United States.
- 1978** Ex-Im Bank provides tied aid financing to counter foreign government subsidies.
- 1983** Ex-Im Bank assumes all insurance risk underwritten by FCIA, which acts as insurance agent for the Bank.
- 1983** Congress directs Ex-Im Bank to support U.S. exports of services as well as products.
- 1983** Congress directs Ex-Im Bank to set aside six percent of financing for small businesses in fiscal year 1984, to be increased to 10 percent in fiscal year 1986.
- 1984** Ex-Im Bank permits approved lenders to commit its guarantee for working capital loans.



President George Bush visited with Ex-Im Bank's President and Chairman William H. Draper, III, in 1984.



President Bill Clinton addressed Ex-Im Bank's 1993 Annual Conference in Washington, D.C.

- 1987 Programs are redesigned to increase support for small and medium-sized exporters.
- 1988 The City/State Partners Program is introduced to help state and local agencies assist small and medium-sized U.S. businesses in obtaining Ex-Im Bank financing.
- 1990 Ex-Im Bank reopens in Poland and Czechoslovakia for the first time since WWII, and prepares for reopening in the Soviet Union in fiscal year 1991.
- 1992 The Federal Credit Reform Act (enacted in 1990) requires that all U.S. government credit programs, including Ex-Im Bank, receive appropriations based on the estimated cost of providing credit.
- 1992 The Export Enhancement Act directs Ex-Im Bank to consider environmental effects.
- 1992 Ex-Im Bank assumes administration of insurance programs. Regional offices open in New York, Miami, Chicago, Houston, and Long Beach, California.
- 1993 The Oil and Gas Framework Agreement with Russia is signed, providing for \$2 billion to finance U.S. exports to be used in the rehabilitation of Russia's energy sector.
- 1994 Project Finance and Aircraft divisions are created. Ex-Im Bank authorizes \$3.5 billion in project financing in first 14 months of operation of the Project Finance Division.
- 1995 Ex-Im Bank's Environmental Procedures and Guidelines are approved and implemented.
- 1996 Ex-Im Bank launches its Web site — [www.exim.gov](http://www.exim.gov) — on the World Wide Web.
- 1998 Ex-Im Bank steps in with critically needed financing for U.S. exports to South Korea, Thailand and Indonesia during the Asian financial crisis.
- 1998 Ex-Im Bank opens a sixth regional office in Washington, D.C., and two West Coast satellite offices in Orange County and San José, California.
- 1999 The Bank expands availability of financing in sub-Saharan Africa and reaches record level of support for U.S. exports to these markets.
- 1999 Ex-Im Bank begins accepting letter of interest (LI) applications over the Internet.

Los Angeles Mayor Tom Bradley and Ex-Im Bank officials at the signing of an agreement with the Los Angeles Local Development Corporation, among the first of Ex-Im Bank's City/State Partners, 1988.



PEMEX's Nohuch production facility, Campeche, Mexico, 1991.



Construction on the Shammalon Canal in Afghanistan, 1952.



Ex-Im Bank's board of directors and staff meet with Chinese officials in Washington, D.C., late 1970s.



Steam turbine rotors in production at the Westinghouse plant in Charlotte, N.C.



Building of the Pan-American Highway through Mexico, 1940s.



President John F. Kennedy and Ex-Im Bank President and Chairman Harold F. Linder announced the formation of the Foreign Credit Insurance Association, 1961.

*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 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.

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

Ex-Im Bank's computer systems correctly recognize and process dates occurring subsequent to December 31, 1999 (referred to generally as the Y2K bug, or year 2000 computer problem). Since April 1999, all of Ex-Im Bank's mission-critical computer systems have been operating Y2K ready, and as of September 30, 1999, all systems, both mission and non-mission critical, are Y2K compliant.

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

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 28, 1999

## STATEMENT OF FINANCIAL POSITION

(in \$ Millions)

	September 30, 1999	September 30, 1998
<b>ASSETS</b>		
Cash and Cash Equivalents	\$1,306.2	\$555.6
Restricted Funds:		
Investments	5,862.0	4,457.9
Unexpended Appropriations	2,217.3	2,147.9
Loans Receivable, Net	5,830.7	4,525.5
Receivables from Subrogated Claims, Net	2,316.9	1,658.6
Accrued Interest and Fees Receivable	161.8	147.0
Other Assets	2.6	5.7
<b>Total Assets</b>	<b>\$17,697.5</b>	<b>\$13,498.2</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Borrowings	\$7,824.8	\$4,462.5
Claims Payable	63.1	32.7
Accrued Interest Payable	438.5	271.0
Allowance for Off-Balance Sheet Risk	6,335.1	6,430.7
Amounts Payable to Treasury	2,027.5	-
Other Liabilities	824.4	728.4
<b>Total Liabilities</b>	<b>17,513.4</b>	<b>11,925.3</b>
Capital Stock held by U.S. Treasury	1,000.0	1,000.0
Tied Aid Appropriations	412.2	417.3
Credit Appropriations	176.1	9.5
(Accumulated Deficit)/Retained Earnings	(1,404.2)	146.1
<b>Total Stockholder's Equity</b>	<b>184.1</b>	<b>1,572.9</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$17,697.5</b>	<b>\$13,498.2</b>

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

## STATEMENT OF OPERATIONS

(in \$ Millions)	For the Year Ended September 30, 1999	For the Year Ended September 30, 1998
<b>INTEREST INCOME</b>		
Interest on Loans	\$736.3	\$654.1
Interest on Investments	442.5	295.3
Total Interest Income	1,178.8	949.4
<b>INTEREST EXPENSE</b>		
Interest on Borrowings	486.5	327.6
Other Interest Expense	1.9	2.8
Total Interest Expense	488.4	330.4
Net Interest Income	690.4	619.0
Provision for Credit Losses	707.2	2,540.3
Net Loss After Provision for Losses	16.8	1,921.3
<b>NON-INTEREST INCOME</b>		
Commitment Fees	48.4	53.0
Exposure Fees	190.7	181.1
Guarantee Fees and Insurance Premiums	29.4	28.4
Other Income	25.9	33.7
Total Non-Interest Income	294.4	296.2
<b>NON-INTEREST EXPENSE</b>		
Administrative Expense	48.8	46.3
FFB Prepayment Penalty	0.0	50.6
Other Expense	14.4	8.4
Total Non-Interest Expense	63.2	105.3
Net Income/(Loss)	\$214.4	(\$1,730.4)

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

## STATEMENT OF CHANGES IN CAPITAL AND ACCUMULATED DEFICIT

(in \$ Millions)	Capital Stock	Tied Aid	<u>Appropriated Capital</u>		Retained	Total
			Pre-Fiscal 1992 Credits	Post-Fiscal 1991 Credits	Earnings/ (Accumulated Deficit)	
<b>BALANCE AT SEPTEMBER 30, 1997</b>	\$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 Excluding Tied Aid			(7.5)	(766.6)	774.1	0.0
Appropriations Obligated and Transferred to Tied Aid		8.2		(8.2)		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 U.S. Treasury		(8.8)		(1.3)	(254.2)	(264.3)
Tied Aid Appropriations Disbursed		(1.5)				(1.5)
<b>BALANCE AT SEPTEMBER 30, 1998</b>	\$1,000.0	\$417.3	\$0.0	\$9.5	\$146.1	\$1,572.9
Appropriations Received			18.3	825.3		843.6
Appropriations Obligated Excluding Tied Aid			(18.3)	(710.3)	728.6	0.0
Net Income					214.4	214.4
Appropriations Deobligated and Reavailable, Net				48.7	(48.7)	0.0
Appropriations Deobligated and Unavailable				2.9	(2.9)	0.0
Expired or Transferred to the U.S. Treasury		(2.6)			(414.2)	(416.8)
Tied Aid Appropriations Disbursed		(2.5)				(2.5)
Amounts Payable to Treasury					(2,027.5)	(2,027.5)
<b>BALANCE AT SEPTEMBER 30, 1999</b>	\$1,000.0	\$412.2	\$0.0	\$176.1	(\$1,404.2)	\$184.1

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

## STATEMENT OF CASH FLOWS

(in \$ Millions)	For the Year Ended September 30, 1999	For the Year Ended September 30, 1998
<b>CASH FLOWS FROM OPERATIONS</b>		
Net Income/(Loss)	\$214.4	(\$1,730.4)
Adjustments To Reconcile Net Income to Net Cash from Operations:		
Collections Subject to Credit Reform Restrictions	(827.1)	(624.0)
Amortization of Discount on Loan Disbursements, Net	(6.8)	(6.8)
Amortization of Loan Exposure Fees, Net	64.5	28.0
Provision for Loan Losses	293.5	353.0
Increase in Claims Receivable, Net	(658.3)	(32.0)
(Increase) Decrease in Accrued Interest and Fees Receivable	(14.8)	7.2
Decrease in Other Assets	3.1	0.1
Increase (Decrease) in Claims Payable	30.4	(180.2)
Increase in Accrued Interest Payable	167.5	39.9
(Decrease) Increase in Allowance for Off-Balance Sheet Risk	(95.6)	2,234.0
Increase in Other Liabilities	96.0	15.0
Net Cash (Used in)/from Operations	(733.2)	103.8
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan Disbursements	(2,321.0)	(1,330.9)
Repayment of Loans Receivable	664.5	690.5
Net Cash Used in Investing Activities	(1,656.5)	(640.4)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Federal Financing Bank Borrowings	0.0	(1,294.5)
Borrowings from the U.S. Treasury	2,876.6	824.4
Repayment of Borrowings from the U.S. Treasury	(229.6)	(9.1)
Claim Payment Certificates Issued	864.0	295.0
Claim Payment Certificates Paid	(148.7)	(97.8)
Credit Appropriations (Returned)/Used	(222.0)	392.7
Net Cash from Financing Activities	3,140.3	110.7
Net Increase (Decrease) in Cash and Cash Equivalents	750.6	(425.9)
Cash and Cash Equivalents - Beginning of Year	555.6	981.5
Cash and Cash Equivalents - End of Year	\$1,306.2	\$555.6
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for Interest	\$320.8	\$341.2

*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 operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act of 1990 (P.L. 101-508).

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.

### 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. At that time 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 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 increased by provisions charged to expense and decreased by write-offs, net of recoveries. The provision for credit losses of \$707.2 million for fiscal year 1999 is comprised of a charge of \$293.5 million for loan losses, a charge of \$509.3 million for claim losses, and a credit of \$95.6 million for off-balance sheet risk.

### Commitment and Exposure Fees

Commitment fees on direct loans and guarantees, which are generally nonrefundable, 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 a claim filing.

### Discount on Loans Receivable

In fulfilling its mission to aid in financing and facilitating exports of U.S. goods and services to foreign countries and to provide U.S. exporters with financing that is competitive with that provided by foreign governments to their exporters, Ex-Im Bank, at times, lends money at interest rates lower than its cost of 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.

### Reclassifications

Certain fiscal year 1998 balances have been reclassified to conform with the fiscal year 1999 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 \$825.3 million in fiscal year 1999 and \$731.6 million in fiscal year 1998, 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 1999 and 1998 (in \$ millions):

	1999	1998
Received and Available:		
For Credit Subsidies	\$ 775.0	\$ 683.0
For Credit-related Administrative Costs	50.3	48.6
<b>Total Received</b>	<b>825.3</b>	<b>731.6</b>
Carryover from Prior Fiscal Year	333.2	331.5
Cancellations of Prior Year Obligations	48.7	53.0
<b>Total Available</b>	<b>\$1,207.2</b>	<b>\$1,116.1</b>
Obligated:		
For Credit Subsidies Excluding Tied Aid	660.1	720.4
For Credit-related Administrative Costs	50.2	46.2
<b>Subtotal</b>	<b>710.3</b>	<b>766.6</b>
For Tied Aid	16.4	8.2
<b>Total Obligated</b>	<b>\$726.7</b>	<b>\$774.8</b>
Unobligated Balance:		
Unobligated Balance	480.5	341.3
Unobligated Balance Lapsed	0.1	8.1
<b>Remaining Balance</b>	<b>\$ 480.4</b>	<b>\$ 333.2</b>

Of the remaining balance of \$480.4 million at September 30, 1999, \$10.0 million is available until September 30, 2000; \$4.3 million is available until September 30, 2001; \$149.9 million is available until September 30, 2002; and \$316.2 million is available until expended and may be used for tied aid (see Note 3).

The cost of credit risk (credit subsidy) shown above, is the present value of expected inflows and outflows associated with loans, guarantees and insurance. Inflows typically include fees or premiums and loan principal and interest, and outflows typically include claim payments and loan disbursements. 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 \$13.3 and \$13.6 million of negative subsidies to the Department of the Treasury in fiscal years 1999 and 1998, 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. It is obligated at the time administrative expenses are accrued. The credit subsidy appropriations are obligated to cover the estimated subsidy costs at the time loans, guarantees and insurance are committed. As the loans are disbursed or when the insured or guaranteed event has taken place (generally when the related goods are shipped) the obligated amounts are used to cover the estimated costs of the subsidies related to the disbursements and shipments. The portion of the appropriation related to Ex-Im Bank's lending programs is used to partially finance the loan disbursements while the portions related to Ex-Im Bank's guarantee and insurance programs are invested in an interest-bearing account with the 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.

OMB Circular A-11 requires that unobligated funds relating to credits authorized prior to October 1, 1991, are to be returned to the Department of the Treasury. At the end of fiscal year 1999, Ex-Im Bank returned \$400 million of these funds. No funds were returned in fiscal year 1998.

Financial and economic factors affecting the repayment prospects change over time, and therefore 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 excess funds to the Department of the Treasury. A re-estimate of the subsidy costs of the outstanding balance of fiscal year 1992 through 1998 commitments indicated that of the fees, interest and appropriations in the financing accounts, the net amount of \$1,607.2 million was no longer needed to cover commitments and is due to the U.S. Treasury. This amount has been reported as a liability as of September 30, 1999, in the Statement of Financial Position.

Also included in amounts payable to the U.S. Treasury are \$420.3 million of expired appropriations. These amounts were obligated in prior fiscal years and the obligation was subsequently canceled. These funds are no longer available for obligation.

The manner in which Ex-Im Bank uses its credit appropriations differs from the way in which it calculates its credit-related loss allowances and net income under GAAP. Both GAAP and the 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 effectively 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.

Effective in fiscal year 1999, OMB issued new risk premia to calculate estimated subsidy costs for new loans, guarantees and insurance obligated in fiscal year 1999. The new risk premia were also used to calculate the credit-related loss allowances as of September 30, 1999. The net impact of the new risk premia alone was to lower loss reserves.

### 3. TIED AID APPROPRIATIONS

Ex-Im Bank provides assistance for transactions, referred to as "Tied Aid," that helps 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. Appropriations that may be used for Tied Aid are available until expended.

Changes in the appropriations that may be used for Tied Aid in fiscal years 1998 and 1999 are as follows (in \$ millions):

	Unobligated Balance	Obligated Undisbursed		Total Undisbursed Balance	
		Undisbursed Grants	Interest Equalization Program		Undisbursed Int. Rate Subsidy
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		(0.1)		(1.4)	(1.5)
<b>Balance 9/30/98</b>	<b>\$332.6</b>	<b>\$67.5</b>	<b>\$2.0</b>	<b>\$15.2</b>	<b>\$417.3</b>
Tied Aid Obligations from No-Year Appropriation	(16.4)	16.4			0.0
Unobligated Balance Lapsed		(2.6)			(2.6)
Disbursements		(1.3)		(1.2)	(2.5)
<b>Balance 9/30/99</b>	<b>\$316.2</b>	<b>\$80.0</b>	<b>\$2.0</b>	<b>\$14.0</b>	<b>\$412.2</b>

#### 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, 1999 and 1998, the allowance for loan losses equaled 26.8 percent and 29.0 percent, respectively, of the outstanding loans receivable balance, excluding uncollected capitalized interest and unamortized exposure fees and discounts. The net balance of loans receivable at September 30, 1999 and 1998 consists of the following (in \$ millions):

	1999	1998
Asia	\$5,189.0	\$4,060.2
Latin America	2,737.7	2,038.1
Africa/Middle East	1,752.1	1,964.5
New Independent States (NIS)	0.9	25.9
Eastern Europe - Non-NIS	442.2	461.8
United States/Other	3.5	13.0
Western Europe/Canada	0.3	2.6
	10,125.7	8,566.1
Less:		
Capitalized Interest	1,926.0	2,013.7
Unamortized Discount and Exposure Fees	234.0	176.3
	7,965.7	6,376.1
Less: Allowance for Loan Losses	2,135.0	1,850.6
<b>Net Balance</b>	<b>\$5,830.7</b>	<b>\$4,525.5</b>

Changes in the allowance for loan losses for fiscal years 1999 and 1998 are as follows (in \$ millions):

	1999	1998
Balance at Beginning of Year	\$1,850.6	\$1,531.2
Net Write-offs	(9.1)	(33.6)
Provision Charged to Operations	293.5	353.0
<b>Balance at End of Year</b>	<b>\$2,135.0</b>	<b>\$1,850.6</b>

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, 1999, the largest concentrations of gross loans outstanding were in the following countries and industries (in \$ millions):

Country		Industry	
China	\$1,303.9	Power Generation	\$3,410.1
Indonesia	1,153.5	Manufacturing	1,168.6
Brazil	1,078.8	Telecommunications	649.9
Philippines	808.1	Infrastructure Projects	475.9

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, 1999 and 1998 were \$2,873.7 million and \$3,166.5 million, respectively. Rescheduled loan installments of principal and interest were \$83.8 million and \$67.7 million, respectively, in fiscal year 1999, and \$38.6 million and \$62.8 million, respectively, in fiscal year 1998. The interest rate on rescheduled loans is generally a floating rate of interest that 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 that were submitted to Ex-Im Bank in its capacity as guarantor or insurer under Ex-Im Bank's export guarantee or insurance programs. Under the subrogation clauses in its 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, 1999 and 1998 consists of the following (in \$ millions):

	1999	1998
Claims Previously Paid and Unrecovered:		
Rescheduled	\$2,096.7	\$2,186.4
Non-rescheduled	2,351.2	1,123.4
Claims Filed Pending Payment	63.1	32.8
	4,511.0	3,342.6
Less: Capitalized Interest	433.4	426.0
	4,077.6	2,916.6
Less: Allowance for Claim Losses	1,760.7	1,258.0
<b>Net Balance</b>	<b>\$2,316.9</b>	<b>\$1,658.6</b>

Changes in the allowance for claim losses for fiscal years 1999 and 1998 are as follows (in \$ millions):

	1999	1998
Balance at Beginning of Year	\$1,258.0	\$1,313.2
Net Write-offs	(6.6)	( 8.5)
Provision Credited to Operations	509.3	(46.7)
<b>Balance at End of Year</b>	<b>\$1,760.7</b>	<b>\$1,258.0</b>

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 that were previously written off. At September 30, 1999 and 1998, the allowance for claim losses equaled 43.2 percent and 43.1 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, 1999, equaled 4.46 percent (6.63 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 \$2,872.7 million and \$1,128.5 million of loans and rescheduled claims, respectively, in non-accrual status at September 30, 1999, and \$2,900.7 million and \$1,138.2 million at September 30, 1998. Had these credits been in accrual status, interest income would have been \$146.7 million higher in fiscal year 1999 (amount is net of interest received of \$114.9 million) and \$145.4 million higher in fiscal year 1998 (amount is net of interest received of \$118.7 million).

## 7. BORROWINGS

Ex-Im Bank's outstanding borrowings come from two sources: 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.

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, 1999 and 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, 1999, \$1,222.0 million was outstanding under Claim Payment Certificates. Maturities of Claim Payment Certificates are as follows (in \$ millions):

Fiscal Year	Amount
2000	\$176.2
2001	161.9
2002	169.2
2003	163.7
2004	157.1
	828.1
2005-2017	393.9
	<u>\$1,222.0</u>

The weighted average interest rate on Ex-Im Bank's outstanding Claim Payment Certificates at September 30, 1999, equaled 6.46 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, 1999, Ex-Im Bank had \$6,602.8 million of borrowings outstanding with Department of the Treasury at a weighted average interest rate of 6.26 percent.

The 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 \$17.3 million in fiscal year 1999 and \$13.7 million in fiscal year 1998, 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 \$3,520.1 million at September 30, 1999, and \$3,988.0 million at September 30, 1998, are reported by Ex-Im Bank as off-balance sheet risk and the exposure is included in its allowance for off-balance sheet risk calculation.

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 both 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 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, CSRS and FERS for all employees, included in administrative expenses, were approximately \$3.3 million and \$3.1 million for the fiscal years ended September 30, 1999 and 1998, respectively.

Although Ex-Im Bank funds a portion of pension benefits under 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 CSRS and FERS, nor does it have actuarial data with respect to accumulated plan benefits or the unfunded pension liability relative to its employees. These amounts are reported by the Office of Personnel Management (OPM) for the Retirement Systems and are not allocated to the individual employers. OPM also accounts for the health and life insurance programs for current and retired civilian federal employees. Similar to the accounting treatment afforded the retirement programs, the actuarial data related to the health and life insurance programs is maintained by OPM and is not available on an individual employer basis.

Ex-Im Bank's liability to employees for accrued annual leave, included in other liabilities, was \$2.3 million at September 30, 1999 and 1998.

## 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, 1999 and 1998, Ex-Im Bank's outstanding commitments and statutory authority used were as follows (in \$ millions):

	1999	1998
Outstanding Loans	\$10,125.7	\$ 8,566.1
Undisbursed Loans	2,901.9	3,611.8
Outstanding Claims	4,511.0	3,342.5
Guarantees	34,063.1	33,352.9
Insurance	6,816.0	5,712.1
<b>Total</b>	<b>\$58,417.7</b>	<b>\$54,585.4</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 years 1999 and 1998, Congress placed no limit on the total amount of loans, guarantees and insurance that 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 \$775.0 million and \$683.0 million for fiscal years 1999 and 1998, respectively. During fiscal year 1999, Ex-Im Bank entered into commitments for loans of \$902.7 million using \$53.0 million of the appropriation (\$16.4 million for tied aid) and commitments for guarantees and insurance of \$12,164.9 million using \$623.5 million of the appropriation. 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.

## 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 that provide repayment protection against political and commercial risks and (2) guarantees of letters of credit underlying future loan disbursements. Political risks covered by Ex-Im Bank involve nonpayment as a result of 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 nonpayment for reasons such as deterioration of markets, unanticipated competition and buyer insolvency. Ex-Im Bank generally does not hold collateral or other security to support its medium- and short-term financial instruments with off-balance sheet risk, 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's short-term insurance bear a portion of losses resulting from nonpayment.

Following is a summary of Ex-Im Bank's off-balance sheet risk at September 30, 1999 and 1998 (in \$ millions):

	FY 1999		
	Total	Commitments Unused	Outstanding*
Guarantees	\$34,063.1	\$10,084.1	\$23,979.0
Insurance	6,816.0	5,430.0	1,386.0
Guarantees of Letters of Credit	2,901.9	2,901.9	-
<b>Total</b>	<b>\$43,781.0</b>	<b>\$18,416.0</b>	<b>\$25,365.0</b>

	FY 1998		
	Total	Commitments 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	-
<b>Total</b>	<b>\$42,676.8</b>	<b>\$18,258.0</b>	<b>\$24,418.8</b>

\*Shipment of goods has taken place.

Ex-Im Bank is exposed to credit loss with respect to the amount at risk in the event of nonpayment by other parties in the agreements. The commitments shown above are agreements to lend monies and issue guarantees and insurance so long as there is no violation of 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, 1999, by major geographic area (in \$ millions):

	Guarantees	Insurance	Guarantees of Letters of Credit	Total
Asia	\$10,554.9	\$256.6	\$1,406.9	\$12,218.4
Latin America	8,252.8	1,727.7	1,337.6	11,318.1
New Independent States (NIS)	3,558.7	11.3	-	3,570.0
Africa/Middle East	5,459.4	93.1	120.0	5,672.5
United States/Other	1,538.0	-	7.7	1,545.7
Eastern Europe - Non-NIS	1,784.9	17.9	1.0	1,803.8
Western Europe/Canada	2,914.4	160.7	28.7	3,103.8
S/T Insurance (unshipped)	-	4,548.7	-	4,548.7
<b>Total</b>	<b>\$34,063.1</b>	<b>\$6,816.0</b>	<b>\$ 2,901.9</b>	<b>\$43,781.0</b>

At September 30, 1999, Ex-Im Bank's largest commitments at risk were in the following countries and industries (in \$ millions):

Country	Industry	
China	Air Transportation	\$15,073.6
Mexico	Power Generation	4,919.7
Brazil	Financial Services	4,723.9
Turkey	Oil and Gas	4,621.1

Changes in the allowance for off-balance sheet risk for fiscal years 1999 and 1998 are as follows (in \$ millions):

	1999	1998
Balance at Beginning of Year	\$6,430.7	\$4,196.7
Provision (Credited)/Charged to Operations	(95.6)	2,234.0
Balance at End of Year	\$6,335.1	\$6,430.7

#### Leasing Activities

Ex-Im Bank has no capital leases. Operating lease arrangements are renewable annually. These leases consist primarily of rental of office space. 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 \$4.7 million for fiscal years 1999 and 1998, respectively.

#### Pending Litigation

As of the end of fiscal year 1999, 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, 1999, Ex-Im Bank had \$1,309.2 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)	1999		1998	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Cash Equivalents	\$1,306.2	\$1,306.2	\$555.6	\$555.6
Loans Receivable, Net	5,830.7	7,389.9	4,525.5	5,965.1
Receivable From Subrogated Claims, Net	2,316.9	2,536.7	1,658.6	1,864.0
Financial Liabilities:				
Off-balance Sheet Financial Instruments	6,335.1	6,335.1	6,430.7	6,430.7
Borrowings From Treasury	6,602.8	6,602.8	3,955.8	3,955.8
Claim Payment Certificates	1,222.0	1,188.6	506.7	480.1
Claims Payable	63.1	57.7	32.7	30.0

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 statement of financial position and the related statements of operations, changes in capital and retained earnings/accumulated deficit, and cash flows present fairly, in all material respects, the financial position of the Export-Import Bank of the United States (Ex-Im Bank) at September 30, 1999 and 1998, and the results of its operations and its 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 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 the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 1999, on our consideration of Ex-Im Bank's internal control over financial reporting and our testing of its compliance with laws, regulations, contracts and grants.

PRICEWATERHOUSECOOPERS LLP

October 28, 1999

# 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, 1999, and have issued our report thereon dated October 28, 1999. 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 the 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, maintainance, and separation
- Budget preparation and execution
- Debt authorization 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 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, 1999.

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

*PRICEWATERHOUSECOOPERS LLP*

October 28, 1999

*NOTES*

## *A TRIBUTE*

An Ex-Im Bank director's term is limited but the impact of his or her work is long-lasting. Three outstanding members of Ex-Im Bank's board of directors stepped down in fiscal year 1999 — Dr. Rita M. Rodriguez, Julie Belaga, and Maria Luisa M. Haley. Each one left a legacy of accomplishment.



DR. RITA M. RODRIGUEZ, an international trade economist who served on the board for 17 years, worked to establish fair trading practices and open developing markets. She headed Ex-Im Bank's Policy Group, and led negotiations with the OECD, the Berne Union, and the Paris Club, as well as interagency efforts within the U.S. government.



JULIE BELAGA, a long-time state and federal official whose four-year term ended this year, helped establish Ex-Im Bank's Environmental Exports Program and its Internet Web site. As Ex-Im Bank's chief operating officer, she provided strong organizational management and promoted ongoing quality improvement.



MARIA LUISA M. HALEY, an international business specialist who served four-and-a-half years, led efforts to help more U.S. small businesses gain access to global markets through Ex-Im Bank financing. She also was instrumental in developing the Bank's Africa initiatives.

## FY 1999 DIRECTORS, OFFICERS AND ADVISORY COMMITTEES

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