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Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Accounting and Financial Reporting (2800); International Economic and Military Programs: U.S. Balance of Trade (602).
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Congressional Relevance: HSE00700; SEN00700; CNG00001.
Authority: Export-Import Bank Act of 1945, as amended (12 U.S.C. 635 et seq.). Export-Import Bank Amendments of 1974 (P.L. 93-646).

An audit was made of the Export-Import Bank's financial statements for fiscal year 1976. Findings/Conclusions: During this fiscal year, the bank authorized new loans totaling $3.1 billion; authorized guarantees totaling $1.7 billion; and issued insurance policies totaling $3.5 billion. The bank has recognized that its expansion of reserves has not kept pace with its expansion of operations, and that this situation, if it continues, will lead to an undesirable ration of resources to potential losses. Consequently, it has taken steps to improve its income and the quality of its loan portfolio. In fiscal year 1976, the bank reversed the decline in net income, which had begun in fiscal year 1973, and reversed the decline in annual income as a percent of the increase in outstanding loans, guarantees, and insurance. While the reserve for potential losses continued to decline in relation to outstanding loans, guarantees, and insurance, the rate of decline was reduced considerably. (SC)

REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

Examination Of Financial Statements Of The Export-Import Bank Of The United States For The Fiscal Year Ended June 30, 1976

In commenting on the Bank's operations for fiscal year 1976, GAO has qualified its opinion on the Bank's financial statements because the adequacy of the amount reserved for contingencies and defaults cannot be determined. The qualification carries no adverse criticism of the Bank's management practices. GAO concludes that remaining items on the financial statements are fairly stated.

ID-77-23

APRIL 15, 1977

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114823

To the President of the Senate and the
Speaker of the House of Representatives

This report, which is required by the Government Corporation Control Act, discusses the financial condition of the Export-Import Bank of the United States at June 30, 1976. It shows that the Bank is taking steps to improve its financial condition.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of the Treasury; and the President and Chairman of the Export-Import Bank.

Elmer B. Staats

Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

EXAMINATION OF FINANCIAL STATEMENTS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR THE FISCAL YEAR ENDED JUNE 30, 1976

D I G E S T

The principal statutory responsibilities of the Export-Import Bank of the United States (Eximbank) are to help finance and to facilitate exports from the United States to foreign countries.

To this end, during fiscal year 1976, Eximbank authorized new loans totaling $3.1 billion, authorized guarantees totaling $1.7 billion, and issued insurance policies totaling $3.5 billion. (See pp. 4, 9, and 13.)

Eximbank increased its total loans, guarantees, and insurance to $14.6 billion at June 30, 1976.

GAO reported in 1975 that Eximbank's capacity to absorb potential losses had been reduced because its expansion of operations was not accompanied by a corresponding expansion of income. Retained income after dividends is earmarked as a reserve for losses that might later be incurred on loans, guarantees, and insurance. (See p. 16.)

Eximbank has recognized that its expansion of reserves has not kept pace with its expansion of operations and that this situation, if it continues, will lead to an undesirable ratio of resources to potential losses. Consequently, it has taken steps to improve its income and the quality of its loan portfolio. (See p. 18.)

In fiscal year 1976, Eximbank reversed the decline in net income, which had begun in fiscal year 1973, and reversed the decline in annual income as a percent of the increase in outstanding loans, guarantees, and insurance. While Eximbank's reserve for potential losses continued to decline in relation to outstanding loans, guarantees, and insurance, the rate of decline was reduced considerably. Eximbank has stated that this ratio may continue to decline moderately through 1981, after which it should level off or possibly improve. (See pp. 16 to 18.)

OPINION ON FINANCIAL STATEMENTS

Eximbank's net income has been stated before any provision for losses that may be sustained on loans, guarantees, and insurance. Although an increased amount was added to the reserve in fiscal year 1976, loan and loan interest delinquencies increased (see note 4 to the financial statements), the total risk of incurring possible losses continued to rise (see note 7), and future losses continued to be unpredictable (see note 6). Accordingly, GAO has been unable to express an opinion on the adequacy of Eximbank's reserve for contingencies and defaults. GAO has expressed a qualified opinion, however, on Eximbank's financial statements. (See p. 22.)

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ABBREVIATIONS

FCIA Foreign Credit Insurance Association

GAO General Accounting Office

PEFCO Private Export Funding Corporation

CHAPTER 1

INTRODUCTION

The Export-Import Bank of the United States (Eximbank) was created in 1934 and was made a wholly owned U.S. Government corporation by the Export-Import Bank Act of 1945 (12 U.S.C. 635 et seq. (1970)), as amended. Eximbank's principal responsibilities are to help finance and to facilitate exports from the United States to foreign countries.

Eximbank makes direct loans to foreign buyers, usually in conjunction with loans made by others, to finance the export of U.S. goods and services sold on credit terms. Under its discount loan program, Eximbank makes loans to domestic commercial banks that hold export debt obligations. It also guarantees the repayment of export loans made by domestic commercial banks and the Private Export Funding Corporation and participates with the Foreign Credit Insurance Association to insure amounts owed by foreign buyers to U.S. exporters.

The Export-Import Bank Amendments of 1974 (Public Law 93-646 (Jan. 4, 1975)) extended the life of Eximbank until June 30, 1978. Eximbank's commitment authority for loans, guarantees, and insurance is $25 billion. Contractual commitments, however, can reach $40 billion outstanding at any one time since, under the act, up to $20 billion in guarantees and insurance can be charged against the commitment authority at not less than 25 percent. At June 30, 1976, Eximbank's contractual commitments totaled $28.4 billion, $20.6 billion of it chargeable against the $25 billion limitation.

The scope of our audit of Eximbank's financial statements is described on page 22. In addition, we have included comments on certain operations of Eximbank which we believe to be of interest to the Congress. Eximbank officials have had an opportunity to informally review and comment on this report, and their views have been incorporated where appropriate.

MANAGEMENT OF EXIMBANK

Eximbank's management is vested in a Board of Directors, composed of Eximbank's President and First Vice President serving as the Chairman and Vice Chairman, respectively, and three additional members. All members are appointed by the President of the United States by and with the advice and consent of the Senate. The Board adopts bylaws as necessary for the proper management and functioning of Eximbank and designates the vice presidents and other officers and prescribes their duties.

Eximbank also has an advisory committee of nine members appointed by the Board of Directors to advise the Board on Eximbank operations.

Eximbank's activities are conducted through its office in Washington, D.C. At June 30, 1976, Eximbank had 434 employees in permanent positions. (See app. I for a list of the principal officials.)

EXIMBANK'S EFFECT ON THE U.S. BUDGET

We have maintained the position that effective congressional control requires that Eximbank operations be included in the U.S. budget; they were excluded from the budget beginning August 17, 1971. The Export-Import Bank Amendments of 1974 repealed the exclusion beginning October 1, 1976. Had Eximbank been in the budget for that period, the net effect would have been an increase in the budget deficit of $4.6 billion. This increase was a result of Eximbank's disbursements on loans exceeding repayments by $5.1 billion during that period. Other operational activities resulted in receipts exceeding disbursements by $0.5 billion.

Table 1 shows the total disbursements and receipts for that period.

Table 1

Time period	Disbursements		Receipts		Increased deficit
	Loans	Other	Loan repayments	Other	
	(millions)				
Aug. 17, 1971 to June 30, 1972	$ 1,204.4	$ 386.2	$ 905.0	$ 540.4	$ 145.2
FY 1973	1,882.6	297.3	1,145.4	486.6	547.9
FY 1974	2,537.0	387.5	1,216.9	479.0	1,228.6
FY 1975	2,816.9	526.2	1,296.2	543.4	1,503.5
FY 1976	2,205.9	556.0	1,275.9	630.3	855.7
July 1 to Sept. 30, 1976	522.3	195.5	261.2	183.7	272.9
Total	$11,169.1	$2,348.7	$6,100.6	$2,863.4	$4,553.8

CHAPTER 2

LOAN OPERATIONS

During fiscal year 1976, Eximbank authorized new loans, less cancellations in current year authorizations, totaling $3,146.0 million as shown below.

Type of credit	Number of authorizations	Amount: Authorized	Amount: Less cancellations	Amount: Total
		(millions)		
Capital loans	845	$2,235.1	$ 64.8	$2,170.3
Commodity loans (note a)	1	50.0	-	50.0
Discount loans	1,226	1,203.7	278.0	925.7
Total	2,072	$3,488.8	$342.8	$3,146.0

a/A 1-year credit for $50 million made annually to support the export of U.S. cotton to Japan.

In addition, $734.8 million in loan authorizations of prior years was canceled during fiscal year 1976.

Eximbank had outstanding loans of $10.8 billion, including $10.6 billion for direct loans and $246 million for discount loans, and $7.2 billion in authorized but undisbursed loans at June 30, 1976.

CAPITAL LOANS

Capital loans are dollar credits extended directly to borrowers outside the United States for purchases of U.S. goods and services. Repayment terms extend from 1 year upward but are generally 5 years or longer. Payment of interest is normally made in semiannual installments beginning 6 months after delivery of purchase or completion of the project financed. Payment of the principal is normally made in semiannual installments after commercial banks and other institutions which shared in financing the export sale have been paid. During fiscal year 1976, the interest rate charged on direct loans ranged from 8.25 to 9.5 percent per annum. This range was revised to 8 to 9 percent on January 5, 1977, because of money market conditions. Eximbank also charges the borrower a commitment fee equal to at least 1/2 percent per annum on the undisbursed balance of a loan.

To insure that Eximbank's financial resources supplement, rather than compete with, private sources of export financing and to maximize the effectiveness of its resources, it has adopted a policy of seeking, at all times, private financial participation in any transaction requiring Eximbank direct lending. This policy, termed participation financing, combines Eximbank's direct lending with loans by private sources.

Under its Cooperative Financing Facility loans, Eximbank arranges for overseas financial institutions to extend loans at their own risk to purchasers of U.S. exports that, because of their size, inexperience, or other reasons, are unable to obtain financing through other Eximbank exporter credit programs. Eximbank, in turn, lends the institution half the funds and, if the institution borrows the other half, may guarantee repayment to the other lender.

Cooperative Financing Facility loans primarily are granted as a means of introducing foreign buyers to U.S. export financing and U.S. exports. Once these buyers have developed financing experience, Eximbank anticipates that normal financial arrangements will be made by parties to export sales without its assistance. In fiscal year 1976, the number of Cooperative Financing Facility loans decreased for the second consecutive year. During fiscal year 1976, 696 such loans for $144 million were authorized, compared with 978 loans for $167 million in 1975 and 1,563 loans for $213 million in 1974.

Table 2 shows capital loan operations during fiscal years 1976 and 1975.

Table 2

	1976	1975
	(000 omitted)	
Income:		
Interest and fees	$612,933	$502,127
Other	143	-
	$613,076	$502,127
Expense:		
Interest	493,992	413,198
Administrative	6,629	6,712
Other expenses and losses	2,244	4,290
	$502,865	$424,199
Net gain	$110,212	$ 77,927

Losses are accounted for on a cash basis and net gain is computed with no provision for anticipated losses. Eximbank did not write off any loans during fiscal year 1976 but did reschedule $48.3 million in principal installments on loans totaling $53.4 million. Delinquent installments (principal and interest past due 90 days) at June 30, 1976, on loans of $281.1 million totaled $134.4 million, including $63.9 million in interest.

DISCOUNT LOANS

Eximbank's medium-term (181 days to 5 years) discount loan program assists commercial banks in their financing of U.S. exports and services. The program is intended to enable Eximbank to overcome limitations in the private market's ability to provide fixed interest rate financing. Under this program, Eximbank will assure that commercial banks, which have purchased a fixed rate export obligation and received an advance commitment from Eximbank, can receive a discount from Eximbank for the remaining value at a fixed rate anytime during the life of the obligation.

Loans guaranteed or insured under other Eximbank programs are also eligible for the discount loan program. During fiscal year 1976, Eximbank funded up to 90 percent (85 percent after June 30, 1976) of the contract value at a minimum discount loan rate of 8 percent. The discount rates are limited to 1 percent less than the interest yield on the export debt obligation or 8 percent, whichever is greater.

In November 1975 Eximbank made floating rate obligations and reborrowing after prepayment of loans ineligible under the program. It also incorporated a 1/4 of 1 percent commitment fee. Advance commitments are canceled after 120 days if the commitment fee is not paid or 12 months after the stated final shipment date if shipment is not made.

Table 3 shows discount loan operations for fiscal years 1976 and 1975.

Table 3

	1976	1975
	(000 omitted)	
Interest and fee income	$21,055	$32,018
Expense:		
Interest	22,147	35,950
Administrative	430	254
Other expenses and losses	1	-
	22,578	36,204
Net loss	$ 1,523	$ 4,186

Discount loan program operations decreased in fiscal year 1976 as a result of program changes made in November 1975.

CHAPTER 3

GUARANTEE AND INSURANCE OPERATIONS

Section 2(c) of the Export-Import Bank Act of 1945, as amended, authorizes Eximbank to guarantee, insure, coinsure, and reinsure U.S. exporters, financial institutions, and foreign exporters doing business in the United States against commercial-credit and political risks of loss due to nonpayment arising in connection with U.S. exports. Commercial-credit risks include the insolvency of a buyer and the protracted default of payment by a buyer. Political risks include the actions taken by a foreign government--such as currency convertibility restrictions, export and import restrictions, war, revolution, civil commotion, and expropriation--which prevent consummation of payments for sales.

Eximbank does not insure or guarantee the full amount or contract price of items exported; it requires a downpayment of at least 15 percent and underwrites a percent of the remainder, based on various risk markets.

The principal distinction between Eximbank guarantee and insurance programs involves the recipients of the payments. Commercial banks are generally the recipients in the guarantee program, whereas exporters are usually the recipients in the insurance program. Under the insurance programs, the exporter seeks the insurance from the Foreign Credit Insurance Association (FCIA), which is a primary commercial risk taker and acts as an agent for Eximbank and follows through with the necessary paperwork. If the exporter desires immediate payment, he obtains payment from his bank and assigns the proceeds of the insurance policy to it. Under the guarantee programs, the commercial bank extends credit to an importer and then obtains a guarantee from Eximbank for the credit. Before submitting an application to Eximbank, the commercial bank must make a judgment as to the soundness of the transaction and do the necessary paperwork.

GUARANTEES

Basically, there are three guarantee programs: commercial bank guarantees, financial guarantees, and exporter guarantees. Under commercial bank guarantees, Eximbank guarantees the payment of export debt obligations acquired by U.S. banking institutions from U.S. exporters. These guarantees generally cover repayments of medium-term (6 months to 5 years) financing of U.S. export sales.

Financial guarantees assure the repayment of direct loans made by financial institutions, including the Private Export Funding Corporation, to foreign purchasers of U.S. goods and services or to foreign cooperative financing facilities for relending to foreign importers of U.S. goods and services.

In certain instances, Eximbank also extends its guarantees directly to exporters of U.S. goods and services. These exporters usually require guarantees to discount exporter paper with a commercial bank or to reduce their risk.

During fiscal year 1976, Eximbank authorized 1,154 new guarantees and authorized increases in existing guarantees for a total of about $1,661.2 million. At June 30, 1976, its contingent liability for guarantees was $5,986.3 million.

As shown in the following summary, the dollar value of the guarantees authorized over the past 3 years has been relatively constant.

Fiscal year	Guarantees: Financial	Commercial bank	Exporter	Total
	(millions)			
1974	$1,191.0	$323.9	$78.7	$1,593.6
1975	1,144.2	422.7	6.7	1,573.5
1976	1,084.7	564.0	12.5	1,661.2

Under the financial guarantee program, Eximbank makes a direct loan at its current rate of interest for part of the financing and guarantees the repayment of credit extended by private lenders at the commercial rate of interest for the remaining part of the financing. Of the 410 financial guarantees authorized by Eximbank during fiscal year 1976, 408 were issued in combination with Eximbank loans. Of these, 60 guarantees totaling $973 million were related to direct loans and 348 totaling $47 million were related to cooperative financing facility loans.

Eximbank authorizes financial guarantees through its cooperative financing facility program to cover loans made to foreign financial institutions for relending to foreign importers for the purchase of U.S. goods and services. Generally, a financial guarantee will not be extended for a foreign financial institution whenever private U.S. sources of funds are willing and able to finance the transaction on reasonable terms.

As shown in Table 4, Eximbank recorded a net gain from guarantee operations of about $11.5 million in fiscal year 1976, compared with $8.9 million in fiscal year 1975.

Table 4

	1976	1975
	(000 omitted)	
Income:		
Guarantee fees	$12,764	$ 8,931
Commitment fees	266	6
Claims recovered (net of loss expenses)	5,133	4,274
	18,163	13,211
Expense:		
Administrative	2,614	1,749
Nonadministrative	12	1
Other	5	-
Claims paid	4,053	2,551
	6,684	4,301
Net gain	$11,479	$ 8,910

Accumulated net income from inception of the program in 1965 to June 30, 1976, totaled $27.3 million. Since claims and recoveries of claims are accounted on a cash basis, this amount does not consider any provision for estimated future claims or recoveries resulting from program activity through fiscal year 1976. Since inception of the program, Eximbank has paid claims of $28.2 million and recovered, net of loss expense, $12.3 million.

During fiscal years 1975 and 1976, Eximbank continued a shift from loans to guarantees, as shown below.

	Authorizations			Percent of authorizations	
	Loans	Guarantees	Total	Loans	Guarantees
	(millions)				
1974	$4,904.6	$1,593.6	$6,498.2	75.5	24.5
1975	3,812.6	1,573.5	5,386.1	70.8	29.2
1976	3,488.9	1,661.2	5,150.0	67.7	32.3

Private capital is used in guarantee transactions and Eximbank capital is used to fund loan transactions, so the shift from loans to guarantees creates a larger percentage of private capital participation in Eximbank export financing.

Private Export Funding Corporation

Under the financial guarantee program, Eximbank guarantees loans made by the Private Export Funding Corporation (PEFCO). PEFCO was formed in 1971, primarily by U.S. commercial banks, to provide medium-term financing to purchasers of U.S. exports.

PEFCO is designed to attract resources not already involved in financing exports to fill a financial gap which might exist on large export transactions. Under this concept, PEFCO is to mobilize previously untapped private market financial resources, such as pension funds, savings and loan associations, and life insurance companies.

PEFCO shares the financing of U.S. export sales with Eximbank and commercial banks. In a typical export transaction involving PEFCO, a commercial bank will finance that portion of the credit for the first several years, Eximbank for the last several years, and PEFCO for the middle years, which may range from 3 to 7 years after the sale takes place.

Eximbank guarantees the principal and interest on all PEFCO loans and the payment of interest on PEFCO obligations. It has extended a $50 million revolving line of short-term credit to PEFCO. During fiscal year 1976, PEFCO extended 17 loans totaling $286 million, all fully guaranteed by Eximbank.

At December 31, 1975, PEFCO reported loans outstanding of $317.7 million bearing interest rates of about 8.6 to 8.8 percent. Loan commitments at December 31, 1976, totaled $766 million bearing interest rates of about 8.9 percent.

From inception through March 31, 1976, PEFCO has experienced no losses on loans; consequently, Eximbank has received no claims on guaranteed PEFCO loans.

INSURANCE

To provide exporters with insurance for commercial credit and political risks, Eximbank entered into an agreement with FCIA in 1961. Under the terms of the agreement, FCIA, an association of over 50 U.S. insurance companies, insures exporters against normal commercial risks of export sales which are later reinsured in part by Eximbank. Eximbank provides political and certain commercial risk coverage, with FCIA serving as its agent for writing and administering the policies.

Basically, four different policies are offered.

--Short-term policies, FCIA's major dollar value activity, provide an exporter with blanket coverage for all his foreign buyers of consumable items normally sold on terms of 180 days or less. They normally cover up to 90 percent of commercial risks and 95 percent of political risks, have an aggregate dollar limit and a discretionary credit limit per buyer, and include a deductible amount related to the credit limit. Short-term policies for political risk only are available and usually cover up to 90 percent of losses.

--Medium-term policies are offered to exporters on an individual buyer basis to cover capital equipment exports. They can extend up to 5 years and normally cover 90 percent (85 percent after July 1, 1976) of losses on single or repetitive sales. Most policies cover commercial and political risks but political risk only policies are available with the same percentage coverage.

--Combination short- and medium-term policies are offered to exporters of capital equipment and related parts and accessories to overseas distributors.

--Master policies provide comprehensive or political coverage. The comprehensive policy usually provides 90 percent coverage for political and commercial risks for exporter's eligible short- and medium-term credit sales ranging up to 5 years. It includes a deductible provision for commercial risks so that, in effect, the exporter is self-insured for that amount. The political policy usually provides 70 percent coverage for losses from political risks for all of the exporter's eligible medium-term credit sales.

On January 1, 1975, a new Eximbank-FCIA agreement became effective which superseded the prior agreement and amendments. This new agreement was amended in 1976.

Eximbank reinsures FCIA for amounts by which FCIA's net loss on commercial coverage exceeds specific amounts on a per annum, country, buyer, policy, or 10-year cumulative basis. Thus Eximbank is twice removed from actual commercial losses (1) by the exporters deductible and (2) by specified amounts first covered by FCIA. FCIA pays Eximbank a fee of 25 percent of the premium for commercial risk reinsurance. However, in certain instances where FCIA does not insure its usual maximum, Eximbank will insure the remainder of commercial risks and will pay FCIA a fee of 25 percent of such premiums net of related commissions for services. FCIA issues political policies, but Eximbank assumes all risks; for this service, as an agent for Eximbank, FCIA receives a fee of 25 percent of political premiums net of related commissions.

The new agreement provided for a 50-percent increase in most insurance premiums and increased the share of commercial risk assumed by FCIA. It also provided that FCIA pay its own operating expenses, whereas under the prior agreement Eximbank had shared FCIA's operating expenses.

During fiscal year 1976, FCIA authorized the issuance of new and renewed policies totaling $3,469.9 million. At June 30, 1976, Eximbank's contingent liability for insurance was $4,035.7 million. A summary of policies issued during fiscal years 1976 and 1975 follows.

Policy	1976 Number	1976 Amount	1975 Number	1975 Amount
		(millions)		(millions)
Short term	1,046	$2,185.9	1,007	$1,831.6
Medium term (note a)	1,080	707.4	1,093	472.5
Master	31	576.6	38	624.7
Total	2,157	$3,469.9	2,138	$2,928.8

a/Includes repayment increases on revolving or repetitive-type policies.

Eximbank experienced a loss of $4,626,000 in the insurance program for the fiscal year ended June 30, 1976, compared with $2,106,000 reported for fiscal year 1975, as shown below.

	1976	1975
	(000 omitted)	
Premium income	$3,537	$2,722
Less:		
Administrative expenses	$1,379	$1,354
Claims and other losses (net of recoveries)	6,984	3,474
	8,363	4,828
Net loss	$4,826	$2,106

Claims and recoveries are accounted for on a cash basis and net loss does not give consideration to any provision for future claims or recoveries resulting from program activity in fiscal year 1976.

The increase in claims and other losses from fiscal year 1975 to 1976, which accounted for most of the increase in net loss, was largely due to claims on commercial coverage.

Eximbank's records showed that during the 6 months following the end of fiscal year 1976, insurance claims paid, net of recoveries, was $4.7 million. Eximbank shows a $15.9 million cumulative net loss since inception of the insurance program in 1961. It has paid claims of $34.0 million from 1961 through June 30, 1976, and recovered, net of loss expenses, $13.1 million.

CHAPTER 4

CAPACITY TO ABSORB POTENTIAL LOSSES

Eximbank increased its exposure on its loans, guarantees, and insurance from $13.5 billion at June 30, 1975, to $14.6 billion at June 30, 1976. Eximbank, which earmarks all its retained income as a reserve for losses that might be subsequently incurred, earned $115.4 million in net income during fiscal year 1976, declared dividends of $20 million, and added $95.4 million to retained income.

During the 6 years ending June 30, 1975, Eximbank doubled its exposure on loans, guarantees, and insurance from $6.9 billion to $13.5 billion. Our 1975 report 1/ noted that Eximbank's capacity to absorb potential losses had been reduced because its expansion of operations was not accompanied by a corresponding expansion of income. Eximbank earned income during each of the 6 years ending June 30, 1975, but, in relation to the increase in exposure, income declined from a high of 41.2 percent of increased exposure in 1971 to 4.3 percent in 1975. Income declined also in absolute terms during fiscal years 1973-75. In fiscal year 1976, Eximbank reversed the declines in absolute income and income as a percent of increased exposure. Net income increased by $34.9 million over the prior fiscal year while income as a percent of increased exposure rose nearly 7 percent to 11.2 percent.

While net income has increased, Eximbank's reserve for potential losses has continued to decline in relation to exposure, although at a slower rate than in prior years. This ratio which declined from 17.2 percent at June 30, 1971, to 12.0 percent at June 30, 1975, declined further to 11.8 percent at June 30, 1976, as shown in table 5.

1/"Weakened Financial Condition of the Export-Import Bank of the United States" (ID-76-17), Oct. 17, 1975.

Table 5

At June 30	Outstanding exposure: Loans outstanding (note a)	Guarantees and insurance in force	Total	Retained income reserve	Ratio of reserve to outstanding exposure
	(millions)				
1971	$ 6,204.7	$1,460.6	$ 7,665.3	$1,315.1	$17.2
1972	6,371.2	2,015.5	8,386.7	1,412.9	16.9
1973	7,103.8	2,664.0	9,767.8	1,502.7	15.4
1974	8,414.5	3,296.8	11,711.3	1,563.0	13.4
1975	9,880.0	3,655.3	13,535.3	1,623.5	12.0
1976	10,830.5	3,739.0	14,569.5	1,718.9	11.8

a/Includes loan maturities accounted for prior to fiscal year 1976 as having been sold in connection with the sale of certificates of beneficial interest (see note 1 to the financial statements).

To prevent a decline, the ratio of increase in reserve to increase in exposure during a given period must equal or exceed the ratio of reserve to exposure at the beginning of the period. In fiscal year 1976, Eximbank's reserves increased by $95.4 million while its exposure increased by $1,034.2 million, a ratio of 9.2 percent. Consequently, its ratio of reserve to exposure at June 30, 1976, declined.

Eximbank has pointed out that, when the decision was made to more rapidly expand operations following the deterioration of the U.S. balance of trade in the late 1960s, it was recognized that Eximbank's exposure would increase faster than additions to its reserves. Eximbank's exposure will continue to increase over the next several years because at June 30, 1976, it had authorized $13.5 billion in financing that had not yet been disbursed or used--$7.2 billion in undisbursed loan authorizations and $6.3 billion in authorized guarantees and insurance not yet in force. In addition, Eximbank's revised fiscal year 1977 budget includes authorizations of $9.7 billion for new loans, guarantees, and insurance. Eximbank has stated that its ratio of reserve for potential losses to outstanding exposure may continue to decline moderately through 1981, after which the ratio should level off or possibly improve.

The size of the reserve needed to cover future losses on loans, guarantees, and insurance cannot be predicted. Eximbank stated in 1975 that its retained income reserve was substantial in relation to its loss experience. It has not experienced large losses on the financing authorized during its earlier years, but it continues to have some loan collection problems, as evidenced by the need to reschedule $48.3 million in delinquent loans in three countries during fiscal year 1976. At June 30, 1976, loans totaling $950.2 million, or 9 percent of loans receivable, had been rescheduled or were delinquent. However, Eximbank is receiving payments due on most rescheduled loans. Delinquent loans totaled $281.1 million, of which 11 loans totaling $29.7 million in principal and interest were rescheduled loans.

Eximbank has recognized that its expansion of reserves has not kept pace with its expansion of operations and that this situation, if it continues, will eventually lead to an undesirable ratio of reserves to exposure. Consequently, it has taken steps to improve its income and to improve the quality of its portfolio of loans.

ACTIONS TO IMPROVE INCOME

To improve income, Eximbank has taken steps to (1) bring interest rates on direct loans more in line with borrowing rates and commercial rates on similar transactions, (2) minimize fluctuations in interest expense, and (3) increase fee and commitment rates.

Eximbank maintained lending interest rates for a prolonged period at 6 percent even after borrowing rates began to rise, causing an interest deficit betweeen interest on loans and interest on borrowings. In February 1974 it increased interest rates on its loan authorizations from 6 percent to 7 percent, and in September 1975 increased the rates to a range of 8.25 to 9.5 percent. This range was revised to 8 to 9 percent on January 5, 1977, to reflect rates of commercial lenders on similar transactions. Eximbank now establishes its rates at least 3/4 of 1 percent above the projected cost of funds for a similar maturity. Because a typical credit is not fully disbursed until 3 years after authorization or fully repaid until 11 years after authorization, the higher interest rates Eximbank has already introduced will not be fully reflected in earnings for several more years.

At June 30, 1976, however, the average rates on Eximbank's outstanding loans had risen to 6.15 percent. The increased rates on its loan disbursements helped to increase Eximbank's net income. However, the increase in net income of $34.9 million resulted primarily from a drop in the interest rate on the bulk of Eximbank's borrowings from the U.S. Government. During most of fiscal year 1975, Eximbank obtained short-term borrowings from the U.S. Treasury at rates averaging between 7.9 and 8.3 percent. In May 1975, Eximbank paid all its outstanding short-term borrowings from the U.S. Treasury with medium-term borrowings obtained from the Federal Financing Bank. The interest rates charged by the Federal Financing Bank resulted in a $30 million reduction in interest expense for fiscal year 1976 compared with rates charged by the Treasury in the prior year.

Interest rates on borrowings have a significant impact on Eximbank's net income because Eximbank's Government borrowings at June 30, 1976, were $5 billion.

Eximbank has been borrowing on repayment periods which are relatively short compared with repayment periods of loans made with the borrowed funds. This insures that reborrowing will be necessary prior to loan maturity dates. Because Eximbank has no direct control over future borrowing interest rates, it cannot predict the ultimate cost of funds already borrowed and disbursed on loans earning interest at fixed rates. We expressed the view in our 1975 report that, by correlating borrowing and lending repayment periods, Eximbank could develop a firmer basis for establishing lending rates needed to produce a desired level of income.

As stated above, a typical direct loan obligation is not fully repaid until 11 years after authorization. At the end of fiscal year 1974, about 50 percent of outstanding Treasury borrowings were repayable in 1 year and about 50 percent within 5 years. In fiscal year 1975, Eximbank shifted its Treasury borrowings to the Federal Financing Bank, making the debt repayable in 12 equal quarterly installments, the equivalent of borrowing the entire amount for 1.6 years. In fiscal year 1976, Eximbank borrowed $2.3 billion from the Federal Financing Bank for periods ranging generally from 2 to 4 years, with one borrowing of $97 million for 8 years.

Eximbank does not believe it is necessary to relate maturity on its borrowings to those on its loans and commitments. However, it seeks to minimize fluctuations in its interest expense as an objective of its funding policy. As a result, by fiscal year 1979, Eximbank's goal is to have no more that 15 percent of its outstanding borrowings maturing in any 18-month period. This will provide an average maturity of about 6 years. Eximbank has taken steps to meet its goal. In December 1976 it borrowed $777 million for 11-3/4 years, and in February 1977 it borrowed $2.5 billion to be repaid between 1980 and 1987.

ACTIONS TO IMPROVE LOAN PORTFOLIO QUALITY

Eximbank's efforts to improve the quality of its loan portfolio, thus reducing risk of loss on loans, are indicated in its recently revised credit evaluation and portfolio management policies. The credit evaluation policy requires that each loan request be subjected to thorough financial and technical analysis, review of legal and security arrangements, and assessment of relevant country conditions. The more stringent evaluation policy is manifested in the reduced number of loans approved recently.

Fiscal year	Loans approved Number	Amount
		(millions)
1974	3,694	$4,904.6
1975	2,892	3,812.6
1976	2,072	3,488.8

The rate of authorizations continued to decrease from July to December 1976, when 689 loans for $735.0 million were approved.

On July 1, 1976, Eximbank increased the requirement for cash downpayment by the buyer from 10 percent to between 15 to 20 percent. In some cases of limited competition, it is Eximbank's policy to provide guarantees but no direct financing. Eximbank officials believe that their more selective procedures have improved the quality of recently approved loans.

The portfolio management policy is aimed at keeping management informed of existing or prospective imbalances and problem loans. Portfolio analysis relies on statistical data concerning public and private shares of risk; exposure in each risk category; exposure concentration by country, geographical area, and economic sector; and exposure to economic and political problem areas. These analyses help

Eximbank in making sound judgments on permissible growth in exposure.

CONCLUSIONS

Eximbank's efforts to improve income resulted in increased net income in fiscal year 1976 and reversed the declining trend of income in relation to increased exposure. While the ratio of reserves to outstanding exposure continued to decline, the rate of decline slowed sharply in fiscal year 1976. Eximbank officials expect this ratio to decline moderately through 1981.

CHAPTER 5

SCOPE OF AUDIT AND

OPINION ON FINANCIAL STATEMENTS

We have examined the statement of financial condition of the Export-Import Bank of the United States as of June 30, 1976, and the related statements of income and reserve for contingencies and defaults and of changes in financial position for the year then ended. Our examination was made pursuant to the Government Corporation Control Act (31 U.S.C. 841, *et seq.*) and in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported on Eximbank's financial statements for fiscal year 1975.

Eximbank's reported net income, which had been declining in prior years, increased in fiscal year 1976. Reported net income has been stated before any provision for losses that may be sustained on loans, guarantees, and insurance, but all accumulated net income, after dividends, has been reserved as a provision for future losses. Although an increased amount was added to the reserve in fiscal year 1976, loan and loan interest delinquencies increased (see note 4 to the financial statements), the total risk of incurring possible losses continued to rise (see note 7), and future losses continued to be unpredictable (see note 6). We are therefore unable to express an opinion on the adequacy of Eximbank's reserve for contingencies and defaults.

In our opinion, except for the amount reserved for contingencies and defaults, the accompanying financial statements present fairly the financial position of Eximbank at June 30, 1976 and 1975, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, in the method of accounting for sales of Certificates of Beneficial Interest as described in note 1 to the financial statements.

FINANCIAL STATEMENTS

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

Assets	June 30, 1976		June 30, 1975	
Cash:				
U.S. Treasury	$ 500,000		$ 8,300,000	
Domestic Commercial Banks	- 0 -		12,500,000	
		$ 500,000		$ 20,800,000
Investment in U.S. Securities ...		9,600,000		- 0 -
Loans Receivable (Notes 4 and 5):				
Current Loans — includes rescheduled loans of $669.1 million at 6-30-76 and $794.6 million at 6-30-75	10,549,300,000		9,769,800,000	
Delinquent Loans	281,100,000		112,900,000	
		10,830,400,000		9,882,700,000
Accrued Interest and Fees Receivable (Note 4):				
Current Interest and Fees	172,500,000		143,000,000	
Delinquent Interest	29,300,000		16,600,000	
		201,800,000		159,600,000
Other Assets:				
Deferred Debenture and Participation Certificate Expenses	2,200,000		3,300,000	
Foreign Credit Insurance Association Receivable	1,500,000		1,800,000	
Other Receivables	300,000		500,000	
Miscellaneous Assets	200,000		400,000	
		4,200,000		6,000,000
Total Assets		$11,046,500,000		$10,069,100,000

 SCHEDULE I

Liabilities, Reserve, and Capital	June 30, 1976		June 30, 1975	
Borrowings (Notes 2 and 3):				
Notes Payable to U.S. Treasury ..	$ 10,800,000		$ 207,100,000	
Notes Payable to Federal Financing Bank	4,984,600,000		4,049,400,000	
Notes Payable to Private Export Funding Corporation	100,000,000		- 0 -	
Debentures Payable	2,343,100,000		2,343,100,000	
Certificates of Beneficial Interest Payable	480,600,000		471,100,000	
Participation Certificates Payable .	250,000,000		250,000,000	
		$ 8,169,100,000		$ 7,320,700,000
Other Liabilities:				
Guaranteed Letters of Credit Payable	23,100,000		16,500,000	
Accrued Interest Payable	94,000,000		76,600,000	
Dividend Payable to U.S. Treasury	20,000,000		20,000,000	
Other Credits	13,700,000		6,300,000	
		150,800,000		119,400,000
Deferred Fee Income		7,700,000		5,500,000
Reserve for Contingencies and Defaults (Notes 3, 4, 5 and 6): accumulated from income — includes delinquent interest and delinquent capitalized interest of $31.6 million at 6-30-76 and $18.6 million at 6-30-75		1,718,900,000		1,623,500,000
Capital Stock Held by U.S. Treasury (Note 3)		1,000,000,000		1,000,000,000
Total Liabilities, Reserve, and Capital		$11,046,500,000		$10,069,100,000

Notes to Financial Statements on pages 28 through 31 are an integral part of this statement.

COMPARATIVE STATEMENT OF INCOME AND RESERVE FOR CONTINGENCIES AND DEFAULTS

	Fiscal Year Ended June 30, 1976	Fiscal Year Ended June 30, 1975
Revenues:		
Interest on Loans	$ 609,000,000	$ 512,200,000
Insurance Premiums and Guarantee Fees	17,100,000	12,100,000
Commitment Fees and Other Income	24,700,000	21,500,000
Total Revenues	650,800,000	545,800,000
Expenses:		
Interest on U.S. Government Borrowings	342,800,000	267,900,000
Interest on Debenture and Participation Certificate Borrowings	170,700,000	180,000,000
Other Expense, principally Interest and Amortization of Financing Costs	5,000,000	5,500,000
Administrative Expenses	11,000,000	10,100,000
Claims Paid, net of recoveries (Note 6)	5,900,000	1,800,000
Total Expenses	535,400,000	465,300,000
Net Income	115,400,000	80,500,000
Less: Dividend to U.S. Treasury (Note 3)	20,000,000	20,000,000
Addition to Reserve for Contingencies and Defaults	95,400,000	60,500,000
Reserve for Contingencies and Defaults:		
Balance at Beginning of Fiscal Year	1,623,500,000	1,563,000,000
Balance at End of Fiscal Year	$1,718,900,000	$1,623,500,000

Notes to Financial Statements on pages 28 through 31 are an integral part of this statement.

SCHEDULE 3

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

	Fiscal Year Ended June 30, 1976	Fiscal Year Ended June 30, 1975
Funds Provided:		
Net Income	$ 115,500,000	$ 80,500,000
Borrowings from the Federal Financing Bank (Note 2)	2,285,000,000	4,049,400,000
Borrowings from the Private Export Funding Corporation	100,000,000	- 0 -
Repayments and Other Credits to Loans Receivable	1,363,200,000	1,359,300,000
Accrued Interest Payable	17,400,000	16,300,000
Sales of Certificates of Beneficial Interest	9,500,000	- 0 -
Other	38,200,000	(10,200,000)
Total Funds Provided	$3,928,800,000	$5,495,300,000
Funds Applied:		
Disbursements and Other Additions to Loans, includes Capitalized Interest — 1976, $7,490,291; 1975, $4,191,572	$2,310,900,000	$2,818,700,000
Investment in U.S. Securities	9,600,000	- 0 -
Accrued Interest and Fees Receivable	42,200,000	35,000,000
Repayments of Federal Financing Bank Borrowings	1,349,800,000	- 0 -
Net Reduction of Borrowings from U.S. Treasury	196,300,000	2,249,800,000
Redemptions of Certificates of Beneficial Interest	- 0 -	41,800,000
Redemptions of Debentures and Participation Certificates	- 0 -	300,000,000
Payment of Dividend to U.S. Treasury (FY 1975 and FY 1974)	20,000,000	50,000,000
Total Funds Applied	$3,928,800,000	$5,495,300,000

Notes to Financial Statements on pages 28 through 31 are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Note 1: Enabling Legislation and Basic Accounting Principles

Eximbank is an independent corporate agency of the United States. The primary legislation governing its operations consists of the Export-Import Bank Act of 1945, as amended through January 4, 1975, and the Government Corporation Control Act.

Eximbank's accounting records are maintained on an accrual basis with the exception of write-offs of loans and payment of claims on guarantees and insurance policies. Loans are written off and charged to income when Eximbank determines that the outstanding principal balance is uncollectable. Claims are charged to income in the year paid. Later recoveries of amounts written off or of amounts on which claims are paid are treated as income in the year received. Interest on delinquent loans receivable is accrued until such time as Eximbank determines on a case-by-case basis that a particular delinquent loan should be nonaccruing.

For several years Eximbank sold Certificates of Beneficial Interest (CBI's) in its loan portfolio. Until FY 1976, these transactions had been considered sales of assets, and the sale of a CBI resulted in a reduction of loans receivable. As of June 30, 1976, the Bank changed its accounting treatment of CBI's, so that these instruments are now treated as borrowings rather than asset sales. As a result, the loan maturities represented by outstanding guaranteed CBI's have been reinstated as loans receivable and the CBI's are now shown as borrowings payable. The statements for FY 1975 have been adjusted to conform to FY 1976 statement classifications.

The commitment authority of Eximbank under the Export-Import Bank Act to lend, guarantee, and insure is limited to $25 billion outstanding at any one time. Under the Act, loans are charged against the $25 billion limitation at 100 percent of their authorized amount. Guarantees and insurance are charged against the $25 billion limitation at not less than 25 percent of Eximbank's contractual liability, with the proviso that the aggregate amount of guarantees and insurance so charged may not exceed $20 billion outstanding at any one time. Thus, Eximbank's contractual commitments outstanding at any one time could reach $40 billion, consisting of $20 billion of guarantees and insurance outstanding, resulting in a $5 billion charge against the $25 billion limitation, and $20 billion additional commitments charged at 100 percent against the limitation.

At June 30, 1976, the committed and uncommitted authority to lend, guarantee, and insure was:

$25 billion limitation	($ Millions)	
Category		Charge
Loans		$18,061.5
Guarantees	$ 5,986.3	
Insurance	4,339.8	
	$10,326.1 @ 25%	2,581.5
Committed		20,643.0
Uncommitted		4,357.0
Total Statutory Authority		$25,000.0

The figure of $4,339.8 million includes a charge to lending authority of $2,400 million for short-term insurance. Exposure under such short-term insurance was $2,095.9 million at June 30, 1976.

Note 2: Borrowings from the U.S. Treasury and the Federal Financing Bank

Eximbank does not receive any appropriated funds. It has authority, under its Act, to borrow directly from the U.S. Treasury and to have outstanding at any one time up to $6 billion of such borrowings. Eximbank avails itself of this authority for its short-term needs on a daily basis at a 91-day Treasury bill rate. Excess cash is used to reduce these borrowings on a daily basis. The average rate for such short-term borrowings during FY 1976 was 5.76 percent.

In previous years, Eximbank borrowed to meet its medium-term needs through the issuance of debentures and participation certificates, of which $2.6 billion are still outstanding with maturities extending to 1982, at an average interest rate of 6.58 percent.

Eximbank is now borrowing from the Federal Financing Bank (FFB) for its medium-term needs. During FY 1976, Eximbank borrowed the following from the FFB:

($ Millions)			
Date	Amount	Rate	Maturity
9-1-75	$170	8.320%	3-1-79
9-1-75	500	8.375	9-1-79
12-1-75	550	7.905	12-1-79
3-1-76	568	7.515	6-1-79
6-1-76	400	7.480	6-1-78
6-1-76	97	8.125	6-1-84

As Eximbank is a net borrower of funds, it is planned that net short-term borrowings from the U.S. Treasury will be repaid quarterly by borrowing from the FFB on a medium-term basis at a U.S. Government agency borrowing rate appropriate to the term of the borrowing.

In addition to the Bank's regular short-term U.S. Treasury borrowings, Eximbank has certain borrowings ($10.8 million at June 30, 1976) from the U.S. Treasury at rates lower than the standard rate prevailing at the time the funds were borrowed. These borrowings were tied directly to the rate, term, and outstanding balances of certain concessionary loans that Eximbank made in the national interest. The last of these loans was authorized in 1970. Had the Treasury charged Eximbank interest at rates approximating the full cost of funds, Eximbank's interest expense would have been increased by about $1.5 million and $2.9 million in fiscal years 1976 and 1975, respectively, and the net income from operations for these years would have been correspondingly reduced.

Note 3: United States Government Investment in Eximbank

The investment of the U.S. Government in Eximbank consists of the following:

	($ Millions)	
	June 30, 1976	June 30, 1975
Capital stock held by U.S. Treasury	$1,000.0	$1,000.0
Reserve for Contingencies and Defaults	1,718.9	1,623.5
Dividend Payable to U.S. Treasury	20.0	20.0
Notes Payable to Federal Financing Bank	4,984.6	4,049.4
Notes Payable to U.S. Treasury	10.8	207.1
Total	$7,734.3	$6,900.0

A dividend to the U.S. Treasury of $20 million, as of June 30, 1976, was declared August 19, 1976.

Note 4: Delinquent Loans

Loans with any installments of principal or interest past due 90 days or more are classified as delinquent on the Statement of Financial Condition. The outstanding principal amount of delinquent loans is summarized on a comparative basis (see table below).

Only $29.3 million of delinquent interest has accrued and is carried as a receivable. The difference between this figure and the $63.9 million shown below represents mainly interest on loans which are non-accruing for financial statement purposes.

The government of the Republic of China, now located on Taiwan, is not at this time being called upon to make payments on the delinquent loans next to its name below, which were made prior to 1947 when the seat of that government was on the mainland and which relate to assets no longer under the control of that government. The delinquent loans to Cuba pertain to loans made before 1961, when a prior government existed.

Note 5: Rescheduled Loans

From time to time Eximbank must extend the repayment date of some or all principal installments of a loan to a new schedule because the obligor or country has encountered temporary financial difficulty and the Directors of Eximbank have determined that providing relief in this manner will aid collectability and enable the obligor ultimately to service the debt.

All loan maturities which were previously rescheduled in this manner are current at June 30, 1976, except for 11 loans with an aggregate outstanding principal balance of $23.5 million as to which principal and interest installments amounting to $6.2 million are 90 days or more past due. These 11 loans are included in the delinquent classification on the Statement of Financial Condition. In FY 1976 Eximbank rescheduled principal installments totalling $48.3 million on loans having an outstanding principal balance of $53.4 million.

Some reschedulings include capitalized interest, which has been previously credited to the Reserve for Contingencies and Defaults. At June 30, 1976, the Reserve of $1,718.9 million includes $65.2 million of such outstanding capitalized interest of which $2.3 million is 90 days or more past due. The Reserve also includes past due interest and interest on delinquent loans totalling $29.3 million.

($ Thousands)

Country	Total Outstanding Principal	Delinquent Installments June 30, 1976			Delinquent Installments June 30, 1975		
		Principal	Interest	Total	Principal	Interest	Total
China	$26,386.0	$26,386.0	$21,620.9	$ 48,006.9	$24,910.0	$20,632.3	$45,542.3
Cuba	36,266.6	36,266.6	32,470.3	68,736.9	34,693.7	30,224.5	64,918.2
Mexico	1,082.2	1,082.2	147.9	1,230.1	1,082.2	147.9	1,230.1
Nigeria	20,240.8	1,014.9	539.5	1,554.4	—	—	—
Thailand	15,632.2	727.6	1,301.5	2,029.1	485.1	867.2	1,352.3
Zaire	148,421.4	2,172.9	6,536.1	8,709.0	—	—	—
Other	33,052.2	2,842.7	1,326.3	4,169.0	1,275.5	1,180.7	2,456.2
Total	$281,081.4	$70,492.9	$63,942.5	$134,435.4	$62,446.5	$53,052.6	$115,499.1

Note 6: Losses, Claims and Reserve for Contingencies and Defaults

No loans were written off in FY 1976. Losses, claim payments and recoveries for the last two fiscal years are:

	($ Thousands)	
	FY 1976	FY 1975
Loans written off	$ -0-	$ 6.3
Guarantee claims paid	4,053.3	2,553.0
Guarantee recoveries	(5,133.3)	(4,275.7)
Insurance claims paid	9,133.6	5,516.3
Insurance recoveries	(2,150.0)	(2,042.6)
Claims Paid, net of recoveries	$5,903.6	$1,75[illegible]

The risk to Eximbank from potential losses and claims is not susceptible to accurate measurement because of the unpredictable nature of future worldwide economic and political conditions. Eximbank's entire Reserve is available to cover such losses, claims and contingencies. Eximbank has a Reserve for Contingencies and Defaults of $1.7 billion which is 15.9 percent of outstanding loans and 6.1 percent of world commitments. This Reserve, coupled with Eximbank's $1.0 billion Capital, amounts to 25 percent of outstanding loans and more than 9 percent of world commitments.

Note 7: Commitments and Contingent Liabilities

Eximbank's worldwide commitments, shown below, include contingent liabilities totaling $10,022.0 million at June 30, 1976, and $8,769.4 million at June 30, 1975.

	($ Millions)	
	June 30, 1976	June 30, 1975
Outstanding Loans	$10,830.4	$ 9,882.7
Undisbursed Loans	7,231.1	7,043.6
Guarantees Contingent Liability	5,986.3	5,260.6
FCIA Insurance Contingent Liability	4,035.7	3,508.8
Total	$28,083.5	$25,695.7

PRINCIPAL OFFICIALS OF

THE EXPORT-IMPORT BANK OF THE UNITED STATES

	Position	Date of appointment
BOARD MEMBERS:		
Stephen M. DuBrul, Jr.	President and Chairman	1-05-76
Delio E. Gianturco	First Vice President and Vice Chairman	8-16-76
R. Alex McCullough	Director	5-21-69
Margaret W. Kahliff	Director	10-08-76
John C. Clark	Director	a/6-03-69
Mitchell P. Kobelinski	Director	b/7-17-73
OFFICERS:		
David O. Beim	Executive Vice President	7-23-75
Warren W. Glick	General Counsel	7-12-75
Stephan M. Minikes	Senior Vice President Research and Communications	7-06-75
John D. Bierman	Senior Vice President Exporter Credits, Guarantees, and Insurance	10-12-76
William S. Smith	Treasurer Controller	10-06-76

a/Resigned on Aug. 31, 1976.

b/Resigned on Feb. 12, 1976.