

their exporters against the credit and political risks of overseas sales.

The charter of Eximbank lays down three basic principles: (1) Eximbank should supplement and encourage — not compete with — private capital; (2) Eximbank loans should generally be for specific purposes and should offer reasonable assurance of repayment; and (3) Eximbank fees and premiums charged for guarantees and insurance should be commensurate with the risks covered.

Eximbank derives its funds from capital stock, from borrowing either from the United States Treasury or the private capital market, and from retained earnings. All of the Bank's \$1 billion of capital stock is held by the Treasury and the Bank may borrow from the Treasury up to \$6 billion. The Bank has raised funds in the private market through the sale of participations in its loan portfolio and the Attorney General of the United States has ruled that Eximbank guarantee of such participations, as well as other undertakings of the Bank, constitute general obligations of the United States Government backed by its full faith and credit. The retained earnings of the Bank, which constitute a reserve for possible losses, are slightly in excess of \$1 billion. This reserve has been accumulated by the Bank after payment of all its operating expenses, including interest on funds borrowed, and payment of dividends over