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(French and Spanish also)

LIST OF CONTRACTING AND OTHER SIGNATORY STATES (Document ICSID/3), revised periodically.

(French also)

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Prepared June 1974

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NOTE TO CATALOGUERS: International Bank for Reconstruction and Development Reports, numbered by annual year through the 18th (1962-63); beginning with the 10th (1954-55) also imprinted WORLD BANK; annual numbering dropped on cover title when WORLD BANK AND IDA Annual Reports combined; used 1963-64 through 1966-67; then 1968, 1969, etc. With 9th Annual Report (1964-65) IFC dropped annual number on cover title, using 1964-65, 1965-66, 1966-67, then 1968, 1969, etc.

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A selection of the contents has been published annually since 1966 in Portuguese, in cooperation with the United Nations Information Center, Caixa Postal 1750, Rio de Janeiro, Brazil, to whom those interested could apply.

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(Note: No edition was published in 1972)

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Brief descriptions of studies currently in progress. 2nd annual compilation. August 1973 ... 44 pages.

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Bank ... Established December 27, 1945; Began operations June 25, 1946 (amended Dec. 17, 1965)

IFC ... Established July 20, 1956 (amended Sept. 21, 1961 and Sept. 1, 1965)

IDA ... Established September 24, 1960

(All also in French and Spanish)

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International Bank for Reconstruction and Development. March 15, 1974.

(French and Spanish in preparation)

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International Development Association. March 15, 1974. (French and Spanish in preparation)

The above replace General Conditions dated January 31, 1969, and Loan Regulations Nos. 3 and 4 of the Bank and Development Credit Regulations No. 1 of the Association, respectively, which were revised from time to time. (Loan Regulations No. 1 and No. 2 are obsolete except for loans approved prior to August 15, 1950.) The General Conditions remove from the basic Loan and Credit Agreements many purely technical and procedural provisions. Their incorporation in the respective Loan and Credit Agreements is made by reference to the relevant General Conditions.

Agreements *any for Algeria 1974-5, is available*

Loan Agreements and Development Credit Agreements are printed for each Bank loan or IDA credit. Guarantee Agreements are printed for loans made to Borrowers other than Member Governments. Issued in some instances are Project Agreements between the Bank or IDA and the entity which, though not a direct borrower, receives the proceeds of a Bank or IDA loan or credit and is responsible for carrying out the financial project.

Copies of agreements are mailed regularly to many Libraries and other Organizations, and an annual check-list prepared. IFC Investment Agreements are not public documents.

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January 1974 ... 67 pages.

(Spanish September 1971; French January 1972)

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\$250,000,000

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\$250,000,000

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Interest payable January 1 and July 1

The Notes may not be redeemed prior to maturity.

The Bonds are not redeemable prior to January 1, 1989. On and after that date, the Bonds will be redeemable (a) at the option of the Bank as a whole or in part at any time to and including June 30, 1992 at 102.75% and at decreasing prices thereafter and (b) through operation of the sinking fund at 100%, together in each case with accrued interest.

As a mandatory sinking fund, the Bank will retire \$10,000,000 of the Bonds on or within 90 days before July 1, 1989 and \$20,000,000 on or within 90 days before July 1 in each of the years 1990 through 2000. The sinking fund is calculated to retire 92% of the Bonds prior to maturity. The Bank has the non-cumulative option to increase any sinking fund retirement by an amount not exceeding the mandatory sinking fund obligation.

Application will be made to list the Securities on the New York Stock Exchange.

The Underwriters have agreed to purchase from the Bank all the Securities offered hereby, at 99.40% plus accrued interest in the case of the Five Year Notes, at 99.325% plus accrued interest in the case of the Ten Year Notes, and at 99.125% plus accrued interest in the case of all Bonds not subject to delayed delivery purchase contracts referred to below. The Securities are offered for sale subject to issuance and acceptance by the Underwriters and subject to prior sale. It is expected that delivery of the Securities to be purchased by the Underwriters will be made on or about July 15, 1976 against payment therefor in New York funds.

In addition, Bonds are being offered to certain institutions by the Bank through the several Underwriters for delivery on September 22, 1976, January 5, 1977 and such other dates as may be agreed to by the Bank, pursuant to delayed delivery purchase contracts with the Bank. The price of Bonds so offered for delivery after January 1, 1977 will be as set forth above plus accrued interest from the most recent interest payment date. See "Delayed Delivery Arrangements" herein.

The First Boston Corporation

Salomon Brothers

Morgan Stanley & Co.
Incorporated

The date of this Prospectus is June 29, 1976.

No person is authorized to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorized by the Bank or by any Underwriter. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy the Securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The issuance of this Prospectus and the offering and sale of the Securities is not a waiver by the Bank or by any of its members, Governors, Executive Directors, Alternates, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Articles of Agreement of the Bank or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved.

Except as otherwise indicated, all information in this Prospectus is given as of the date hereof and references to Articles and Sections are to Articles and Sections of the Articles of Agreement of the Bank (the Articles).

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES OFFERED HEREBY OR OF OTHER SECURITIES OF THE BANK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR IN THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The capital stock of the Bank and the subscriptions thereto of members are expressed, under the Articles, in terms of United States dollars of the weight and fineness in effect on July 1, 1944 (hereinafter called "1944 dollars"). Except as otherwise indicated, all amounts contained in this Prospectus and in the Financial Statements are stated in current United States dollars.

THE BANK

The International Bank for Reconstruction and Development (the Bank) is an international institution, often called the World Bank, the members of which are governments. It was established and is operating under the Articles signed by those governments. The Bank officially began operations on June 25, 1946. The principal office of the Bank is located in Washington, D.C.

One hundred and twenty-seven governments are now members of the Bank. A list of the members as of March 31, 1976 showing the voting power of each and the amount of subscription of each to capital stock is set forth in Appendix E.

The principal purposes of the Bank are as follows:

(a) to assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes, thereby promoting the long-range growth of international trade and the improvement of standards of living;

(b) to promote private foreign investment by guarantees of, or participations in, loans and other investments made by private investors; and

(c) when private capital is not available on reasonable terms, to supplement private investment by making loans for productive purposes out of its own resources or funds borrowed by it.

PURPOSE OF ISSUE

The net proceeds to the Bank of the sale of the Notes and Bonds (sometimes collectively referred to as the Securities), including the sale of the Bonds under delayed delivery purchase contracts, will be \$744,625,000 before deducting expenses estimated at \$400,000, and when received will be used in the general operations of the Bank.

MEMBERSHIP OF THE UNITED STATES OF AMERICA

The United States of America became a member of the Bank pursuant to the Bretton Woods Agreements Act of 1945. The United States has subscribed to 64,730 shares of the capital stock of the Bank and is entitled to cast 64,980 votes, or approximately 22.60% of the total votes of all present members.

The total United States subscription is \$7,808,694,000 in current dollars, of which the uncalled portion is \$7,027,825,000. Under the Bretton Woods Agreements Act, the Par Value Modification Act and other United States legislation, the Secretary of the Treasury is authorized to pay the \$7,027,825,000 uncalled portion of the subscription of the United States, from time to time when payments are required, without any requirement of further Congressional appropriation.

UNITED STATES APPROVAL OF BORROWING

As required by the Articles, the United States Government has approved the raising of funds by the Bank in the markets of the United States by the issue of the Securities and has agreed that the proceeds of sale of the Securities may be exchanged for the currency of any other member without restriction.

CAPITALIZATION

As of March 31, 1976, the borrowings of the Bank outstanding and adjusted to reflect (i) debt subsequently issued, matured or to be issued under contracts and (ii) the authorized amount of the Securities, and the capital stock of the Bank, were as follows:

	Outstanding	As adjusted
BORROWINGS: (1)		
Payable in U. S. dollars	\$ 7,162,784,000	\$ 7,912,784,000
Payable in Deutsche mark	3,033,040,000	3,246,568,000
Payable in Japanese yen	1,484,151,000	1,490,824,000
Payable in Swiss francs	1,070,612,000	1,247,935,000
Payable in other currencies	1,473,722,000	1,576,867,000
	\$14,224,309,000	\$15,474,978,000
Principal outstanding at face value	11,174,000	11,174,000
Less—Net unamortized discounts and premiums		
Totals	\$14,213,135,000	\$15,463,804,000
CAPITAL STOCK: (2)		
Subscribed	\$30,859,965,000	
Less—Uncalled portion of subscriptions	27,773,968,000	
Capital Stock Paid In	\$ 3,085,997,000	

- (1) Expressed in United States dollar equivalents. For the currency distribution and other details of borrowings as of March 31, 1976, see Appendix D. At March 31, 1976, the weighted average effective interest rate on borrowings outstanding was 7.36%.
- (2) The equivalent figures expressed in 1944 dollars are as follows: subscribed, \$25,581,300,000; uncalled portion of subscriptions, \$23,023,170,000; and capital stock paid in, \$2,558,130,000. The subscriptions of the members as of March 31, 1976 are set forth in Appendix E.

Of the Bank's aggregate subscribed capital, \$19,251,996,000 (or about 62%) (\$15,958,900,000 in 1944 dollars) had at March 31, 1976 been subscribed by the following member countries of the Bank comprising the Group of Ten (listed in order of size of subscription): United States, United Kingdom, Federal Republic of Germany, France, Japan, Canada, Italy, Netherlands, Belgium and Sweden. The uncalled portion of their subscriptions was \$17,326,796,000 (\$14,363,010,000 in 1944 dollars).

From time to time the Bank has made purchases of its outstanding securities for application toward sinking and purchase fund requirements. The Bank may continue making such purchases both during the period of distribution of the Securities and thereafter.

Capital Stock

The authorized capital of the Bank is \$32,571,411,000 (\$27,000,000,000 divided into 270,000 shares of the par value of \$100,000 each, in terms of 1944 dollars). At March 31, 1976, the total subscribed capital stock was \$30,859,965,000 (\$25,581,300,000 in 1944 dollars). The capital stock and the subscriptions thereto, which are expressed under the Articles in terms of 1944 dollars, have been valued on the basis of the par value of the United States dollar notified to the International Monetary Fund (the Fund) in October 1973. On April 30, 1976, the Board of Governors of the Fund approved proposed amendments to the Fund's Articles of Agreement under which, when they become effective, currencies will no longer have par values, gold will be abolished as a common denominator of the monetary system and all calculations for the purposes of the Fund's Articles will be made on the basis of the Special Drawing Right (SDR). The value of an SDR expressed in United States dollars is based upon the weighted relative values of a number of leading currencies, including the United States dollar. The Bank has under consideration the effect of these amendments on the valuation of the Bank's capital and the rights and obligations of members with respect thereto. If it is

determined that references to the 1944 dollar in the Articles are to be interpreted as meaning the SDR, it is not expected that this will have a material effect on the financial position or results of operations of the Bank.

Of the subscribed capital at March 31, 1976:

(1) \$432,935,000, which was initially paid in gold or United States dollars, or converted by the subscribing members into United States dollars; may, under the Articles, be freely used by the Bank in any of its operations.

(2) The equivalent of \$2,653,062,000, which was paid in the currencies of the subscribing members, may, under the Articles, be lent only with the consent of the member whose currency is involved. As at March 31, 1976, the equivalent of \$2,280,000,000 had with such consent been used for lending purposes or allocated for such use. Under the Articles, these amounts are subject to maintenance of value obligations. (See Note B, Appendix F.)

(3) The equivalent of \$24,687,971,000 may, under the Articles, be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount is thus not available for use by the Bank in making loans. Payment on any such call may be made, at the option of the particular member, either in gold, in United States dollars or in the currency required to discharge the obligations of the Bank for which the call is made. No calls have been made on this portion of the subscribed capital.

(4) Pursuant to resolutions of the Board of Governors of the Bank, an additional amount equivalent to \$3,085,997,000 is to be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. Of this amount, 10% would be payable in gold or United States dollars and 90% in the currencies of the subscribing members. While these resolutions are not legally binding on future Boards of Governors, they do record an understanding among members that such amount shall not be called for use by the Bank in its lending activities or for administrative purposes.

The uncalled amount of the subscribed capital referred to in (3) and (4) above, totaling the equivalent of \$27,773,968,000 (\$23,023,170,000 in 1944 dollars), is a part of the assets of the Bank of which it is bound to avail itself when and to the extent necessary to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. Calls on unpaid subscriptions are required to be uniform, but the obligations of the members of the Bank to make payment on calls on this amount are independent of each other. A failure of one or more members to make payment on such a call would not excuse any other member from its obligation to make payment; and if on a call the amount received is insufficient to meet the obligations of the Bank for which the call is made the Bank has the right and is bound to make further successive calls until the aggregate amount received by it is sufficient to meet such obligations. However, no member may be required on any such call or calls to pay more than the unpaid balance of its capital subscription.

The Board of Governors of the Fund, on March 22, 1976, approved a resolution which proposes, subject to certain conditions, increases in the quotas of its members. It has been the practice of the Bank to authorize selective increases in the subscriptions of members to the capital stock of the Bank in amounts parallel to special increases in their quotas in the Fund. In accordance with this practice, on May 4, 1976 the Executive Directors of the Bank submitted to its Board of Governors draft resolutions which would authorize (a) an increase of \$8,444,440,000 (\$7,000,000,000 in 1944 dollars) in the authorized capital stock of the Bank and (b) selective increases in the total amount of \$8,339,970,000 (\$6,913,400,000 in 1944 dollars) in the subscriptions of certain members. Implementation of the increase in capital would depend upon subscriptions by members following approval of the draft resolutions.

**STATEMENTS OF INCOME AND EXPENSES,
OF ACCUMULATED NET INCOME AND
OF CHANGES IN GENERAL RESERVE**

The following statements of income and expenses, of accumulated net income and of changes in general reserve relating to the operations of the Bank for the five years ended June 30, 1971 through June 30, 1975, have been examined by Price Waterhouse & Co., independent accountants, whose report thereon is included elsewhere in this Prospectus. The statements relating to the operations for the nine months ended March 31, 1975 and March 31, 1976, not examined by Price Waterhouse & Co., reflect in the opinion of the management all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of operations for the periods. The statements should be read in conjunction with the other Financial Statements and related notes appearing in Appendices A-F.

Statement of Income and Expenses
(Expressed in United States Dollars)
(in thousands)

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
INCOME							
Income from loans:							
Interest and commissions ..	\$359,265	\$421,094	\$499,827	\$610,483	\$ 709,749	\$518,271	\$606,234
Commitment charges	24,310	31,239	37,250	43,851	55,913	39,989	50,922
Income from investments (1) ..	187,246	187,159	214,615	267,387	382,712	280,008	321,491
Other income (2)	7,015	6,319	6,309	7,622	9,093	7,046	5,250
Total Income	<u>\$577,836</u>	<u>\$645,811</u>	<u>\$758,001</u>	<u>\$929,343</u>	<u>\$1,157,467</u>	<u>\$845,314</u>	<u>\$983,897</u>
Less—Amount equivalent to commissions appropriated to special reserve—Note D ...	286	195	109	53	9	9	—
Total Income Less Reserve Deduction	<u>\$577,550</u>	<u>\$645,616</u>	<u>\$757,892</u>	<u>\$929,290</u>	<u>\$1,157,458</u>	<u>\$845,305</u>	<u>\$983,897</u>
EXPENSES							
Interest on borrowings	\$306,242	\$392,272	\$487,188	\$614,710	\$ 764,988	\$548,546	\$710,805
Administrative expenses (3) ..	56,394	66,320	78,567	91,020	109,937	74,646	85,817
Bond issuance and other finan- cial expenses	2,852	4,353	6,509	7,795	7,562	5,696	7,141
Discount on sales of loans	315	25	19	—	—	—	8
Total Expenses	<u>\$365,803</u>	<u>\$462,970</u>	<u>\$572,283</u>	<u>\$713,525</u>	<u>\$ 882,487</u>	<u>\$628,888</u>	<u>\$803,771</u>
NET INCOME	<u>\$211,747</u>	<u>\$182,646</u>	<u>\$185,609</u>	<u>\$215,765</u>	<u>\$ 274,971</u>	<u>\$216,417</u>	<u>\$180,126(4)</u>

- (1) Includes the following net capital gains or (losses) resulting from sales of investments: \$7,990,000—June 30, 1971, \$1,097,000—June 30, 1972, (\$3,234,000)—June 30, 1973, (\$23,181,000)—June 30, 1974, \$5,194,000—June 30, 1975, (\$4,026,000)—March 31, 1975 and \$32,235,000—March 31, 1976. The annualized rate of return, including capital gains and losses, earned on the average investments held during each period was: 8.0%—June 30, 1971, 6.5%—June 30, 1972, 6.2%—June 30, 1973, 6.9%—June 30, 1974, 8.4%—June 30, 1975, 8.5%—March 31, 1975 and 7.5%—March 31, 1976.
- (2) Includes the following capital gains resulting from repurchases of obligations of the Bank pursuant to the terms of the respective borrowing agreements: \$6,990,000—June 30, 1971, \$5,904,000—June 30, 1972, \$5,528,000—June 30, 1973, \$7,402,000—June 30, 1974, \$8,953,000—June 30, 1975, \$6,914,000—March 31, 1975 and \$5,093,000—March 31, 1976.

- (3) The administrative expenses shown are net of the management fee charged to the International Development Association and of the service and support fee charged to the International Finance Corporation as follows (in thousands) :

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
Management fee	\$ 20,100	\$ 29,087	\$ 30,884	\$ 43,180	\$ 47,602	\$ 35,701	\$ 48,739
Service and support fee	\$ 1,749	\$ 1,398	\$ 1,460	\$ 1,534	\$ 1,455	\$ 1,091	\$ 1,114

- (4) As of June 25, 1976 a principal instalment of \$8,000 and interest and other charges of \$292,000 payable to the Bank on loans were overdue by more than 60 days as follows:

	Principal	Interest and other charges
between 60 and 90 days	\$ 8,000	\$ 25,000
more than 90 days	—	\$267,000

The principal disbursed and outstanding on these loans amounts to \$19,028,000. It is not anticipated that these delays will result in any loss to the Bank.

Statement of Accumulated Net Income

(Expressed in United States Dollars)
(in thousands)

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
Accumulated net income—beginning of period	\$ 212,869	\$ 211,747	\$ 182,646	\$ 185,609	\$ 215,765	\$ 215,765	\$ 274,971
Allocation to general reserve	(112,869)	(101,747)	(72,646)	(75,609)	(115,765)	(115,765)	(164,971)
Transfer to the International Development Association—Note E	(100,000)	(110,000)	(110,000)	(110,000)	(100,000)	(100,000)	(110,000)
Net income	211,747	182,646	185,609	215,765	274,971	216,417	180,126
Accumulated net income—end of period	\$ 211,747	\$ 182,646	\$ 185,609	\$ 215,765	\$ 274,971	\$ 216,417	\$ 180,126

Statement of Changes in General Reserve

(Expressed in United States Dollars)
(in thousands)

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
Balance at beginning of period	\$1,036,859	\$1,151,983	\$1,304,353	\$1,457,817	\$1,479,650	\$1,479,650	\$1,609,324
Allocation of portion of accumulated net income	112,869	101,747	72,646	75,609	115,765	115,765	164,971
Adjustment as a result of currency devaluations and revaluations during period—Notes A and D	2,255	50,623	80,818	(53,776)	13,909	49,802	(124,061)
Balance at end of period	\$1,151,983	\$1,304,353	\$1,457,817	\$1,479,650	\$1,609,324	\$1,645,217	\$1,650,234

OPERATIONS OF THE BANK

Loan Policies

The Bank's lending operations have conformed generally to five principles derived from the provisions of the Articles. They are:

(a) The Bank makes loans either to member governments or governmental authorities or agencies or private enterprises in the territories of member governments. A loan which is not made directly to the government in whose territories the project being financed is located must be guaranteed as to principal, interest and other charges by the government or its central bank or a comparable agency of the government acceptable to the Bank. A guarantee by the government itself has been required in all such cases to date. (See, however, "Affiliated Institutions—IFC".)

(b) Loans must be for productive purposes. Loans which, in the Bank's opinion, cannot be justified on economic grounds are excluded.

(c) In making loans, the Bank must act prudently and pay due regard to the prospects of repayment, taking into account the necessity of the borrowers' obtaining the foreign exchange required for service of the loans.

(d) The Bank does not make loans which are obtainable in the private market on reasonable terms. The Bank is intended to promote private investment, not to compete with it, and does not undertake business which private investors are willing to transact on a reasonable basis.

(e) The use of loan proceeds is supervised. The Bank makes arrangements to ensure that funds loaned are used only for authorized purposes, with due attention to considerations of economy and efficiency.

Within the scope permitted by the Articles, these policies must necessarily be developed and adjusted in the light of experience and changing conditions.

Under the Articles, the total amount outstanding of guarantees, participations in loans and direct loans made by the Bank may not be increased at any time to an amount in excess of the total unimpaired subscribed capital, reserves and surplus of the Bank as at that time.

Loan Operations

From its establishment to March 31, 1976, the Bank had approved loan commitments in an aggregate principal amount equivalent to \$31,136,924,000 to finance programs or projects in 95 countries, including loans to the International Finance Corporation. (See "Affiliated Institutions—IFC".) The loan commitments effective and held by the Bank as of March 31, 1976 totaled \$21,705,019,000 of which the undisbursed balance was \$8,563,028,000.

A summary statement of the loans held by the Bank as of March 31, 1976 is set forth in Appendix C. Such loans were made for the following purposes, expressed in broad categories: electric power, transportation and communications, industry, agriculture and forestry, urban development, water supply, education, family planning, tourism, general development and reconstruction.

Funds for disbursements under loans made by the Bank have been obtained from the Bank's paid-in capital, from funds derived from the Bank's operations, from the issuance of its own obligations, from principal repayments on loans and from sales of portions of loans. (See Appendix B.)

The non-oil-producing developing countries have been subjected to serious strains as the result of the recent recession in the industrial countries, which has affected the exports of those developing countries, and the sharp rise in the price of their imports. The Bank keeps

the creditworthiness of its member countries which have obligations to the Bank as borrowers or guarantors under continuous review and adjusts its lending operations to reflect the results of these reviews. The poorer countries, which have the least flexibility to adapt to adverse conditions, have been the most seriously affected. They borrow mainly from the International Development Association. (See "Affiliated Institutions—IDA".) IDA was established in 1960, as a separate and distinct entity for whose obligations the Bank is not liable, to provide funds on highly concessionary terms to these countries.

The Bank has suffered no losses on its loans and follows a policy of not taking part in debt rescheduling agreements.

Loan Charges

The interest rate charged on loans approved by, or submitted to, the Executive Directors from June 1 through June 30, 1976 is 8.85% per annum. For loans submitted to the Executive Directors after June 30, 1976 an interest rate will be set quarterly at $\frac{1}{2}$ of 1% per annum above a rate calculated in accordance with a formula related to the cost to the Bank of borrowing money. Interest is charged only from the time of disbursement and remains at a fixed rate throughout the term of the loan. The Bank normally imposes a commitment charge (at present $\frac{3}{4}$ of 1% per annum) on undisbursed portions of loans.

Intermediate Financing Facility

On July 29, 1975, the Executive Directors of the Bank authorized the establishment of an intermediate financing facility (Third Window) which enables the Bank to make loans at an effective interest rate to borrowers intermediate between the standard terms of the Bank and the International Development Association. (See "Affiliated Institutions—IDA".) Such loans are made to poorer developing countries meeting creditworthiness and performance standards. Lending through this facility is additional to the Bank's present lending operations and is subsidized by an interest subsidy fund, administered by the Bank, that supplements interest payments due to the Bank from borrowers. The resources of the fund are supplied on a voluntary basis by contributions from governments. The Interest Subsidy Fund became effective on December 23, 1975. The Fund will pay the Bank semi-annually an amount equal to 4% per annum on the outstanding principal of loans under this facility. The difference between the 4% paid by the Fund and the Bank's standard interest rate will be paid by the borrowers. As of June 15, 1976, contributions and notifications of contributions were sufficient to subsidize approximately \$600,000,000 of loans.

Other Activities

In addition to its financial operations, the Bank has furnished technical assistance to its member countries, both in connection with and independently of loan applications. Such assistance has taken a variety of forms, including the assignment of qualified technicians to survey development possibilities of member countries, to analyze their fiscal and economic problems, to appraise projects suitable for investment and to assist member countries in drawing up development programs. To assist the developing countries, the Bank has also established an Economic Development Institute which provides for selected groups of key government officials an intensive course in economic policy and administration. Furthermore,

the Bank has on a number of occasions, at the request of member governments concerned, lent its good offices in connection with the settlement of international economic and financial problems.

AFFILIATED INSTITUTIONS

The activities of the Bank are supplemented by those of two affiliated international institutions, the International Finance Corporation (IFC) and the International Development Association (IDA). Membership in these institutions is open only to member governments of the Bank. Executive Directors of the Bank serve *ex officio* on the Board of Directors of IFC and as Executive Directors of IDA if they represent at least one government which is a member of these institutions. The President of the Bank is also the President of IFC and IDA. IDA and the Bank have the same staff, and IFC, although employing its own staff, shares some staff members with the Bank. However, IFC and IDA are each legal entities which are separate and distinct from the Bank.

IFC

IFC's purpose is to encourage the growth of productive private enterprises in its member countries and make investments in such enterprises without government guarantee. As of March 31, 1976, 104 governments were members of IFC with subscriptions totaling \$107,611,000.

Under the Articles the Bank is permitted to make loans to IFC without government guarantees, subject to the limitation that the Bank may not lend IFC any amount which would increase IFC's total outstanding debt incurred from any source to an amount exceeding four times the total of IFC's unimpaired subscribed capital and surplus, such total at March 31, 1976 being \$185,370,000. At March 31, 1976, IFC had borrowings of \$442,179,000 of which \$436,517,000 was loaned by the Bank. Of the latter amount, \$308,316,000 had been drawn down. The Board of Directors of IFC recommended to the Board of Governors of IFC on May 4, 1976 an increase in authorized capital of \$480,000,000.

IDA

IDA's purpose is to promote economic development in the less developed areas of the world included within IDA's membership by providing finance on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans. IDA currently requires only a $\frac{3}{4}$ of 1% per annum service charge on its credits. As of March 31, 1976, 116 governments were members of IDA. Their subscriptions and supplementary contributions totaled the equivalent of \$10,593,113,000 of which \$2,021,532,000 is payable on various dates through fiscal year 1979. Transfers to IDA by the Bank have been made as indicated below. In addition, Switzerland has made loans to IDA in the amount of SwF 182,000,000 repayable over 50 years without interest.

For each of the fiscal years 1964 through 1975, the Bank decided that its financial position made it unnecessary to retain in the business all the earnings for such fiscal year, and that it would transfer a portion thereof as a grant to IDA. Such grants have aggregated the equivalent of \$1,025,000,000 for those fiscal years. These grants were made in accordance with the following statement of policy which was adopted by the Bank in September 1964:

"Any transfers to the Association will be made only out of net income which (i) accrued during the fiscal year in respect of which the transfer is made and (ii) is not needed for allocation to reserves or otherwise required to be retained in the Bank's business and, accordingly, could prudently be distributed as dividends."

ADMINISTRATION OF THE BANK

The Bank's administration is composed of the Board of Governors, the Executive Directors and the President, other officers and staff.

All the powers of the Bank are vested in the Board of Governors which consists of a Governor and an Alternate Governor appointed by each member of the Bank, who exercise the voting power to which that member is entitled. Each member is entitled to 250 votes plus one vote for each share held. The Board holds regular annual meetings.

There are, at present, twenty Executive Directors. Five are appointed, one by each of the five members having the largest number of shares of capital stock (United States, United Kingdom, Federal Republic of Germany, France and Japan), and the remaining fifteen are elected by the Governors representing the other members. The Board of Governors has delegated to the Executive Directors authority to exercise all the powers of the Bank except those reserved to the Governors under the Articles. The Executive Directors function as a board, and each Executive Director is entitled to cast the number of votes of the member or members by which he was appointed or elected.

The President is selected by the Executive Directors. Subject to their direction on questions of policy, he is responsible for the conduct of the ordinary business of the Bank and for the organization, appointment and dismissal of its officers and staff.

Executive Directors

The following is a list as at June 15, 1976 of the Executive Directors of the Bank and the member governments by which they were appointed or elected:

<u>Executive Directors</u>	<u>Member Governments</u>
Charles A. Cooper	United States
William S. Ryrie	United Kingdom
Hans Janssen	Federal Republic of Germany
Jacques Henri Wahl	France
Taro Hori	Japan
Giorgio Rota (Italy)	Italy, Portugal, Spain
Earl G. Drake (Canada)	Bahamas, Barbados, Canada, Guyana, Ireland, Jamaica
S. R. Sen (India)	Bangladesh, India, Sri Lanka
Peter C. Witte (Netherlands)	Cyprus, Israel, Netherlands, Romania, Yugoslavia

Executive Directors

Member Governments

Jacques de Groot (Belgium)	Austria, Belgium, Luxembourg, Turkey
Thavil Khutrakul (Thailand)	Burma, Cambodia, Fiji, Indonesia, Korea, Laos, Malaysia, Nepal, Singapore, South Viet-Nam, Thailand
Muhammad Al-Atrash (Syrian Arab Republic)	Bahrain, Arab Republic of Egypt, Iraq, Jordan, Kuwait, Lebanon, Pakistan, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen Arab Republic
Jon Sigurdsson (Iceland)	Denmark, Finland, Iceland, Norway, Sweden
Ismael El Misbah Mekki (Sudan)	Botswana, Burundi, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Nigeria, Sierra Leone, Sudan, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia
Yahia Khelif (Algeria)	Afghanistan, Algeria, Ghana, Greece, Iran, Libyan Arab Republic, Morocco, Oman, Tunisia, People's Democratic Republic of Yemen
V. Amado Gavidia H. (El Salvador)	Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela
Armand Razafindrabe (Madagascar)	Benin, Cameroon, Central African Republic, Chad, People's Republic of Congo, Gabon, Ivory Coast, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta, Zaire
W. A. E. Green (New Zealand)	Australia, New Zealand, Western Samoa
Ernesto Franco Holguin (Colombia)	Brazil, Colombia, Dominican Republic, Ecuador, Philippines
Luis Barrios Tassano (Uruguay) . . .	Argentina, Bolivia, Chile, Paraguay, Uruguay

Principal Officers

The following is a list as at June 15, 1976 of the principal officers of the Bank:

Robert S. McNamara	President
J. Burke Knapp	Senior Vice President, Operations
A. Broches	Vice President and General Counsel
I. P. M. Cargill	Vice President, Finance
Bernard Chadenet	Vice President, Administration, Organization, Personnel Management
Hollis B. Chenery	Vice President, Development Policy
William Clark	Vice President, External Relations
Mervyn L. Weiner	Director-General, Operations Evaluation
Warren C. Baum	Vice President, Projects Staff
Bernard R. Bell	Regional Vice President, East Asia and Pacific
Roger Chaufoournier	Regional Vice President, Western Africa

S. S. Husain	Regional Vice President, Eastern Africa (on leave of absence)
Adalbert Krieger	Regional Vice President, Latin America and the Caribbean
Ernest Stern	Regional Vice President, South Asia
Willi A. Wapenhans	Regional Vice President, Europe, Middle East and North Africa
Munir P. Benjenk	Regional Vice President (on sabbatical leave)
John H. Adler	Director, Programming and Budgeting Department
P. N. Damry	Secretary
K. Georg Gabriel	Controller
Eugene H. Rotberg	Treasurer

THE ARTICLES OF AGREEMENT

The Articles constitute the Bank's governing charter. They establish the status, privileges and immunities of the Bank, prescribe the Bank's purposes, capital structure and organization, authorize the operations in which it may engage and prescribe limitations on the carrying on of those operations. The Articles also contain, among other things, provisions with respect to the admission of additional members, the increase of the authorized capital stock of the Bank, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by the Bank, the distribution of the net income of the Bank to its members, the withdrawal and suspension of members and the suspension of operations of the Bank.

The Articles provide that they may be amended (except for certain provisions the amendment of which requires acceptance by all members) by consent of three-fifths of the members having four-fifths of the total voting power. The Articles further provide that questions of interpretation of provisions of the Articles arising between any member and the Bank or between members of the Bank shall be decided by the Executive Directors. Their decisions may be referred by any member to the Board of Governors, whose decision is final. Pending the result of such reference the Bank may act on the basis of the decision of the Executive Directors.

For the full text of the provisions of the Articles and the decisions made by the Executive Directors on questions of interpretation, reference is made to the copies thereof available for inspection and distribution at the Bank's office in Washington, D.C.

LEGAL STATUS, PRIVILEGES AND IMMUNITIES

The Articles contain provisions which accord to the Bank, in the territories of each of its members, legal status and certain immunities and privileges. The following is a summary of the more important of these provisions.

The Bank has full juridical personality with capacity to make contracts, to acquire and dispose of property and to sue and be sued. Actions may be brought against the Bank in the territories of any member in which the Bank has an office, has appointed an agent for accepting service or notice of process, or has issued or guaranteed securities, but no actions against the Bank may be brought by its members or persons acting for or deriving claims from its members.

The Governors and Executive Directors, and their Alternates, and the officers and employees of the Bank are immune from legal process for acts performed by them in their official capacity, except when the Bank waives such immunity.

The archives of the Bank are inviolable. The assets of the Bank are immune from seizure, attachment or execution prior to delivery of final judgment against the Bank.

The Bank, its assets, property and income, and its operations and transactions authorized by the Articles, are immune from all taxation and from all customs duties. The Bank is also immune from liability for the collection or payment of any tax or duty.

Although not a member of the Bank, Switzerland has entered into an agreement with the Bank which recognizes the Bank's international personality and legal capacity (including status in respect of suits by and against the Bank) and grants privileges and immunities which correspond in large part to those which the Bank enjoys in the territories of its members.

DESCRIPTION OF THE SECURITIES

The Five Year Notes of 1976, due July 1, 1981 (the Five Year Notes), the Ten Year Notes of 1976, due July 1, 1986 (the Ten Year Notes) and the Twenty-Five Year Bonds of 1976, due July 1, 2001 (the Bonds) will be direct unsecured obligations of the Bank and will each be limited to an aggregate principal amount of \$250,000,000. The Five Year Notes and the Ten Year Notes are sometimes collectively referred to as the Notes, and the Notes and the Bonds are sometimes collectively referred to as the Securities.

Interest on the Securities will be payable semi-annually on January 1 and July 1. The Securities will state that they are not obligations of any government.

The principal of and premium, if any, and interest on the Securities will be payable at the office or agency of the Bank in New York City in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. The Federal Reserve Bank of New York will be appointed the Bank's Fiscal Agent for the purposes of payment of principal of and premium, if any, and interest on the Securities and of handling exchanges, registration and transfers of the Securities.

The Five Year Notes will be issuable in the form of bearer coupon notes (transferable by delivery) in denominations of \$1,000, \$5,000, \$10,000, \$25,000 and \$100,000, and of registered notes without coupons in denominations of \$1,000 and any multiple thereof. The Five Year Notes will be delivered initially in the form of registered notes without coupons, except that, on request, such Notes will be delivered in the form of coupon notes. The coupon notes and registered notes without coupons will be interchangeable in like aggregate principal amounts, and registered notes without coupons will be transferable without charge for such exchange or transfer.

The Ten Year Notes and the Bonds will be issuable only in the form of registered notes and bonds, respectively, without coupons, in denominations of \$1,000 and any multiple thereof. The Ten Year Notes and the Bonds will be interchangeable for like aggregate principal amounts of notes and bonds, respectively, and transferable without charge for such exchange or transfer.

The statements under this heading are subject to the detailed provisions of the Securities and the resolution of the Executive Directors of the Bank creating the Securities, copies of which are available at the Bank's office in Washington, D.C.

Redemption Provisions

The Notes will not be redeemable prior to maturity.

The Bonds will be redeemable, at the election of the Bank, as a whole or in part at any time on and after January 1, 1989 at the following redemption prices (expressed in percentages of principal amount) for the following respective periods:

<u>Period</u>	<u>Optional Redemption Price</u>
On and after January 1, 1989 to and including June 30, 1992	102.75%
Thereafter to and including June 30, 1996	101.375
Thereafter	100

together in each case with accrued interest to the redemption date. The Bonds will also be subject to redemption for the sinking fund as shown below. Each redemption (whether at the election of the Bank or for the sinking fund) will be on at least 30 days' notice by first class mail, and, in the event of redemption in part, Bonds to be redeemed will be selected by lot.

Sinking Fund

No sinking fund will be provided for the Notes.

As a mandatory sinking fund for the Bonds, the Bank will redeem \$10,000,000 principal amount of the Bonds on or within 90 days before July 1, 1989 and \$20,000,000 principal amount of the Bonds on or within 90 days before July 1 in each of the years 1990 through 2000, in each case at 100% of the principal amount together with accrued interest to the redemption date. At its option, the Bank may, on or within 90 days before each such date, redeem, at 100% of the principal amount plus interest accrued and unpaid to the redemption date, an additional principal amount of the Bonds not exceeding the amount of the mandatory sinking fund obligation in respect of such date. The right to redeem such additional principal amount of the Bonds shall not be cumulative, and the exercise of any such option shall not operate to reduce the amount of any subsequent mandatory sinking fund obligation. The Bank may credit against the principal amount of the Bonds to be redeemed pursuant to any mandatory sinking fund obligation the principal amount of any Bonds which shall have been redeemed otherwise than pursuant to a mandatory or optional sinking fund redemption, or which shall have been purchased or otherwise acquired and retired by the Bank prior to the redemption date, and not previously credited against any mandatory sinking fund obligation.

Negative Pledge Covenant

As long as any of the Securities shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Securities shall be secured by such mortgage, pledge or other lien or charge equally and ratably with such other bonds, notes or evidences of indebtedness.

Remedy on Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds or notes (including the Securities) or similar obligations which have been issued, assumed or guaranteed by the Bank, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Securities may deliver or cause to be delivered to the Bank at its principal office in the City of Washington, District of Columbia, United States of America, written notice that such holder

elects to declare the principal of all Securities held by him (the serial numbers and denominations of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Securities shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Tax Status

The Securities and the interest thereon will not be exempt from taxation generally.

Under the Articles, the Securities and the interest thereon are not subject to any tax by a member (a) which tax discriminates against the Securities solely because they are issued by the Bank or (b) if the sole jurisdictional basis for the tax is the place or currency in which the Securities are issued, made payable or paid, or the location of any office or place of business maintained by the Bank. Also, under the Articles, the Bank is not under any obligation to withhold or pay any tax on the interest on the Securities.

As regards United States taxation, the United States Treasury Department has ruled that interest on securities issued by the Bank is not subject to United States income taxes, including withholding taxes, if paid to a non-resident alien individual (or foreign partnership, estate or trust) or to a foreign corporation, whether or not such person is engaged in trade or business in the United States, except that absent any special statutory or treaty exemption, such interest is subject to United States income tax in the following cases: (1) such interest is derived by such person in the active conduct of a banking, financing or similar business within the United States or is received by a corporation the principal business of which is trading in stock or securities for its own account, and in either case such interest is attributable to an office or other fixed place of business of such person within the United States; or (2) such person is a foreign corporation taxable as a life insurance company carrying on a United States insurance business and such interest is attributable to its United States business.

The ruling provides that interest paid by the Bank on its obligations constitutes income from sources without the United States.

The ruling also provides that, unless a death tax convention provides otherwise, debt obligations of the Bank are deemed to be situated outside the United States for purposes of the United States federal estate tax and are not includable in the gross estate for purposes of such tax in the case of a decedent who was a non-resident of the United States and not a citizen of the United States.

Legal Opinions

The legality of the Securities will be passed upon by the Vice President and General Counsel or the Associate General Counsel of the Bank and by Messrs. Sullivan & Cromwell, counsel for the Underwriters, who, with respect to certain matters, will rely upon the opinion of the counsel of the Bank.

General

The Securities will not contain any limitation on the right of the Bank to issue any other bonds, notes or obligations. The Securities will not be issued under an indenture, and no trustee is provided for in the Securities.

Under the provisions of Section 15(a) of the Bretton Woods Agreements Act, as amended, the Securities are exempted securities within the meaning of Section 3(a) (2) of the Securities Act of 1933, as amended, and Section 3(a) (12) of the Securities Exchange Act of 1934, as amended.

Application will be made to list the Securities on the New York Stock Exchange.

UNDERWRITING AND DISTRIBUTION

Under the terms and subject to the conditions contained in the Underwriting Agreement dated June 29, 1976, the Underwriters named below have severally agreed to purchase, and the Bank has agreed to sell to them severally, the respective principal amounts of Five Year Notes, Ten Year Notes and Bonds set forth below opposite their names, less amounts of Bonds to be sold under delayed delivery purchase contracts referred to below.

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
The First Boston Corporation	\$ 23,000,000	\$ 23,000,000	\$ 23,000,000
Salomon Brothers	23,000,000	23,000,000	23,000,000
Morgan Stanley & Co. Incorporated	23,000,000	23,000,000	23,000,000
ABD Securities Corporation	1,500,000	1,500,000	1,500,000
Adams & Peck	800,000	800,000	800,000
Advest Co.	800,000	800,000	800,000
Almstedt Brothers, Inc.	100,000	100,000	100,000
American Securities Corporation	800,000	800,000	800,000
A. E. Ames & Co. Incorporated	800,000	800,000	800,000
Anderson & Strudwick Incorporated	100,000	100,000	100,000
Arnhold and S. Bleichroeder, Inc.	800,000	800,000	800,000
Arthurs, Lestrangle & Short	100,000	100,000	100,000
Bache Halsey Stuart Inc.	3,800,000	3,800,000	3,800,000
Bacon, Whipple & Co.	800,000	800,000	800,000
Robert W. Baird & Co. Incorporated	800,000	800,000	800,000
Baker, Watts & Co.	200,000	200,000	200,000
Basle Securities Corporation	1,500,000	1,500,000	1,500,000
Bateman Eichler, Hill Richards, Incorporated	800,000	800,000	800,000
George K. Baum & Company, Incorporated	100,000	100,000	100,000
Bear, Stearns & Co.	3,000,000	3,000,000	3,000,000
Birr, Wilson & Co., Inc.	100,000	100,000	100,000
William Blair & Company	800,000	800,000	800,000
Blunt Ellis & Simmons Incorporated	800,000	800,000	800,000
Blyth Eastman Dillon & Co. Incorporated	3,800,000	3,800,000	3,800,000
Boettcher & Company	500,000	500,000	500,000
Bosworth, Sullivan & Company, Incorporated	500,000	500,000	500,000
J. C. Bradford & Co., Incorporated	800,000	800,000	800,000
Briggs, Schaedle & Co., Inc.	800,000	800,000	800,000
Alex. Brown & Sons	1,500,000	1,500,000	1,500,000
Bruns, Nordeman, Rea & Co.	100,000	100,000	100,000
Burgess & Leith	100,000	100,000	100,000
Butcher & Singer	800,000	800,000	800,000
Buys, MacGregor & Company	100,000	100,000	100,000
The Chicago Corporation	500,000	500,000	500,000
B. C. Christopher & Co.	100,000	100,000	100,000
Julien Collins & Company	100,000	100,000	100,000
Craigie, Mason-Hagan, Inc.	800,000	800,000	800,000
Crowell, Weedon & Co.	500,000	500,000	500,000
Cunningham, Schmertz & Co., Inc.	100,000	100,000	100,000
Dain, Kalman & Quail, Incorporated	800,000	800,000	800,000
Daiwa Securities America Inc.	800,000	800,000	800,000
Daniels & Bell, Inc.	100,000	100,000	100,000
Davenport & Co. of Virginia, Inc.	100,000	100,000	100,000
Shelby Cullom Davis & Co.	200,000	200,000	200,000
Davis, Skaggs & Co., Inc.	100,000	100,000	100,000
DeHaven & Townsend, Crouter & Bodine Incorporated	100,000	100,000	100,000
R. G. Dickinson & Co.	100,000	100,000	100,000
Dillon, Read & Co. Inc.	3,800,000	3,800,000	3,800,000
Discount Corporation of New York	3,000,000	3,000,000	3,000,000

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
Doft & Co., Inc.	\$ 200,000	\$ 200,000	\$ 200,000
Dominick & Dominick, Incorporated	800,000	800,000	800,000
Dominion Securities Harris & Partners Inc.	800,000	800,000	800,000
Donaldson, Lufkin & Jenrette Securities Corporation	3,800,000	3,800,000	3,800,000
A. Webster Dougherty & Co., Incorporated	800,000	800,000	800,000
Drexel Burnham & Co. Incorporated	3,800,000	3,800,000	3,800,000
A. G. Edwards & Sons, Inc.	800,000	800,000	800,000
Elkins, Stroud, Suplee & Co.	800,000	800,000	800,000
Eppler, Guerin & Turner, Inc.	200,000	200,000	200,000
Equitable Securities Corporation	100,000	100,000	100,000
Fahnestock & Co.	800,000	800,000	800,000
Faulkner, Dawkins & Sullivan, Inc.	800,000	800,000	800,000
Ferris & Company, Incorporated	100,000	100,000	100,000
First Equity Corporation of Florida	100,000	100,000	100,000
First Harlem Securities Corporation	100,000	100,000	100,000
First of Michigan Corporation	800,000	800,000	800,000
First Mid America Inc.	200,000	200,000	200,000
First Southwest Company	100,000	100,000	100,000
Robert Fleming Incorporated	800,000	800,000	800,000
Folger Nolan Fleming Douglas Incorporated	500,000	500,000	500,000
Freehling & Co.	100,000	100,000	100,000
Freeman Securities Company, Inc.	200,000	200,000	200,000
Fulton, Reid & Staples, Inc.	200,000	200,000	200,000
Goldman, Sachs & Co.	4,650,000	4,650,000	4,650,000
Gradison & Company Incorporated	100,000	100,000	100,000
Greenshields & Co Inc	200,000	200,000	200,000
Gruntal & Co.	100,000	100,000	100,000
Hambrecht & Quist	100,000	100,000	100,000
Herzfeld & Stern	200,000	200,000	200,000
J. J. B. Hilliard, W. L. Lyons, Inc.	500,000	500,000	500,000
Hoppin, Watson Inc.	200,000	200,000	200,000
Hornblower & Weeks-Hemphill, Noyes Incorporated	3,800,000	3,800,000	3,800,000
Howard, Weil, Labouisse, Friedrichs Incorporated	500,000	500,000	500,000
E. F. Hutton & Company Inc.	3,800,000	3,800,000	3,800,000
The Illinois Company/McCormick Incorporated	200,000	200,000	200,000
Interstate Securities Corporation	200,000	200,000	200,000
Investment Corporation of Virginia	200,000	200,000	200,000
Janney Montgomery Scott Inc.	500,000	500,000	500,000
Johnson, Lane, Space, Smith & Co., Inc.	100,000	100,000	100,000
Johnston, Lemon & Co. Incorporated	500,000	500,000	500,000
Edward D. Jones & Co.	100,000	100,000	100,000
Joseph, Miller & Russell, Inc.	100,000	100,000	100,000
Josephthal & Co.	200,000	200,000	200,000
Keefe, Bruyette & Woods, Inc.	800,000	800,000	800,000
Paul Kendrick & Co., Inc.	100,000	100,000	100,000
Kidder, Peabody & Co. Incorporated	3,800,000	3,800,000	3,800,000
Kirkpatrick, Pettis, Smith, Polian Inc.	100,000	100,000	100,000
Kleinwort, Benson Incorporated	800,000	800,000	800,000
Kormendi, Byrd Brothers, Inc.	100,000	100,000	100,000
Kuhn, Loeb & Co.	3,800,000	3,800,000	3,800,000
Ladenburg, Thalmann & Co. Inc.	800,000	800,000	800,000
Laidlaw-Coggeshall Inc.	100,000	100,000	100,000
Aubrey G. Lanston & Co. Inc.	3,000,000	3,000,000	3,000,000
Lazard Freres & Co.	3,800,000	3,800,000	3,800,000
Legg Mason/Wood Walker Div. of First Regional Securities, Inc.	800,000	800,000	800,000
Lehman Brothers Incorporated	3,800,000	3,800,000	3,800,000

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
Lepercq, deNeuflize & Co., Incorporated	\$ 200,000	\$ 200,000	\$ 200,000
Loeb, Rhoades & Co.	3,800,000	3,800,000	3,800,000
Loewi & Co. Incorporated	800,000	800,000	800,000
Manley, Bennett, McDonald & Co.	100,000	100,000	100,000
A. E. Masten & Co., Incorporated	100,000	100,000	100,000
McDonald & Company	800,000	800,000	800,000
McLeod, Young, Weir, Incorporated	200,000	200,000	200,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,650,000	4,650,000	4,650,000
Mesirow & Company	100,000	100,000	100,000
The Milwaukee Company	100,000	100,000	100,000
Mitchell, Hutchins Inc.	800,000	800,000	800,000
Moore, Leonard & Lynch, Incorporated	800,000	800,000	800,000
Moore & Schley, Cameron & Co.	200,000	200,000	200,000
Morgan, Keegan & Company, Inc.	100,000	100,000	100,000
Moseley, Hallgarten & Estabrook Inc.	1,500,000	1,500,000	1,500,000
Nesbitt Thomson Securities, Inc.	100,000	100,000	100,000
New Japan Securities International Inc.	100,000	100,000	100,000
New York Hanseatic (Division of Stuart Brothers)	1,500,000	1,500,000	1,500,000
Newhard, Cook & Co. Incorporated	200,000	200,000	200,000
The Nikko Securities Co. International, Inc.	800,000	800,000	800,000
Nomura Securities International, Inc.	800,000	800,000	800,000
The Ohio Company	800,000	800,000	800,000
Oppenheimer & Co., Inc.	1,500,000	1,500,000	1,500,000
Paine, Webber, Jackson & Curtis Incorporated	3,800,000	3,800,000	3,800,000
Parker/Hunter Incorporated	800,000	800,000	800,000
H. O. Peet & Co. Inc.	100,000	100,000	100,000
Piper, Jaffray & Hopwood Incorporated	800,000	800,000	800,000
Wm. E. Pollock & Co., Inc.	1,500,000	1,500,000	1,500,000
Prescott, Ball & Turben	800,000	800,000	800,000
Pressman, Frohlich Securities Division of Phillips, Appel & Walden, Inc.	100,000	100,000	100,000
R. W. Pressprich & Co. Incorporated	1,500,000	1,500,000	1,500,000
Printon, Kane & Co.	500,000	500,000	500,000
Chas. E. Quincey & Co.	800,000	800,000	800,000
Quinn & Co., Inc.	100,000	100,000	100,000
Rand & Co., Inc.	200,000	200,000	200,000
Rauscher Pierce Securities Corporation	800,000	800,000	800,000
Reinholdt & Gardner	800,000	800,000	800,000
Reynolds Securities Inc.	3,800,000	3,800,000	3,800,000
Richardson Securities, Inc.	100,000	100,000	100,000
The Robinson-Humphrey Company, Inc.	800,000	800,000	800,000
Rodman & Renshaw, Inc.	100,000	100,000	100,000
R. Rowland & Co. Incorporated	200,000	200,000	200,000
Wm. C. Roney & Co.	100,000	100,000	100,000
Roose, Wade & Company	100,000	100,000	100,000
Rotan Mosle Inc.	800,000	800,000	800,000
L. F. Rothschild & Co.	3,000,000	3,000,000	3,000,000
Scharff & Jones, Inc.	100,000	100,000	100,000
Scott & Stringfellow, Inc.	100,000	100,000	100,000
Shearson Hayden Stone Inc.	3,000,000	3,000,000	3,000,000
Shields Model Roland Securities Incorporated	3,000,000	3,000,000	3,000,000
Shuman, Agnew & Co., Inc.	800,000	800,000	800,000
Smith Barney, Harris Upham & Co. Incorporated	3,800,000	3,800,000	3,800,000
SoGen-Swiss International Corporation	1,500,000	1,500,000	1,500,000
Stern, Frank, Meyer & Fox, Incorporated	200,000	200,000	200,000
Sterne, Agee & Leach, Inc.	100,000	100,000	100,000
Stifel, Nicolaus & Company Incorporated	200,000	200,000	200,000
Stix & Co. Inc.	100,000	100,000	100,000

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
Stone & Youngberg	\$ 800,000	\$ 800,000	\$ 800,000
Sutro & Co. Incorporated	800,000	800,000	800,000
Thomas & Company, Inc.	100,000	100,000	100,000
Thomson & McKinnon Auchincloss Kohlmeyer Inc.	1,500,000	1,500,000	1,500,000
Spencer Trask & Co. Incorporated	1,500,000	1,500,000	1,500,000
Traub and Company, Inc.	100,000	100,000	100,000
Tucker, Anthony & R. L. Day, Inc.	1,500,000	1,500,000	1,500,000
UBS-DB Corporation	1,500,000	1,500,000	1,500,000
Ultrafin International Corporation	200,000	200,000	200,000
Underwood, Neuhaus & Co., Incorporated	500,000	500,000	500,000
C. E. Unterberg, Towbin Co.	500,000	500,000	500,000
Burton J. Vincent, Chesley & Co.	500,000	500,000	500,000
Wagenseller & Durst, Inc.	200,000	200,000	200,000
Warburg Paribas Becker Inc.	3,800,000	3,800,000	3,800,000
Watling, Lerchen & Co. Incorporated	100,000	100,000	100,000
Weeden & Co. Incorporated	3,000,000	3,000,000	3,000,000
Weinrich-Zitzmann-Whitehead Inc.	100,000	100,000	100,000
Wertheim & Co., Inc.	3,800,000	3,800,000	3,800,000
Wheat, First Securities, Inc.	800,000	800,000	800,000
White, Weld & Co. Incorporated	3,800,000	3,800,000	3,800,000
Dean Witter & Co. Incorporated	3,800,000	3,800,000	3,800,000
William D. Witter, Inc.	800,000	800,000	800,000
Wood Gundy Incorporated	800,000	800,000	800,000
Wood, Struthers & Winthrop Inc.	1,500,000	1,500,000	1,500,000
Yamaichi International (America), Inc.	800,000	800,000	800,000
Totals	<u>\$250,000,000</u>	<u>\$250,000,000</u>	<u>\$250,000,000</u>

The Underwriting Agreement provides that the obligations of the several Underwriters are subject to certain conditions, including approval of certain legal matters by counsel and receipt by The First Boston Corporation, Salomon Brothers and Morgan Stanley & Co. Incorporated of a certificate of a principal officer of the Bank to the effect that prior to the closing date there has been no material adverse change (not in the ordinary course of business) in the condition of the Bank from that set forth in this Prospectus.

The Underwriters propose to offer part of the Securities to be sold by them directly to the public at the public offering prices set forth on the cover page hereof and part to dealers at prices which represent concessions of .35% of the principal amount under the public offering price in the case of the Five Year Notes, .40% of the principal amount under the public offering price in the case of the Ten Year Notes and .475% of the principal amount under the public offering price in the case of the Bonds. Any Underwriter may offer Securities to certain dealers who are either a parent or a subsidiary of such Underwriter at not less than such prices to dealers. The Underwriters may allow and such dealers may reallow concessions, not in excess of .15% of the principal amount of the Five Year Notes, .25% of the principal amount of the Ten Year Notes and .25% of the principal amount of the Bonds, to certain brokers or dealers.

DELAYED DELIVERY ARRANGEMENTS

The Bank has authorized the Underwriters to endeavor to make arrangements for sales of Bonds by the Bank to certain institutional investors pursuant to delayed delivery purchase contracts providing for delivery on September 22, 1976, January 5, 1977 and such other dates as may be agreed to by the Bank. Such purchase contracts are to be entered into by the respective purchasers and the Bank, in a form prescribed by the Bank, on or before July 8, 1976, and are to be conditioned upon the sale to the Underwriters of the Bonds to be purchased by them. The Bank and the Representatives reserve the right to reject in whole or in part applications for Bonds on the delayed delivery basis and to allot amounts smaller than applied for.

Institutional investors with whom such purchase contracts may be made include certain savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, commercial banks purchasing for their own account or for accounts of certain others of the foregoing types and others as may be approved by the Bank.

The Underwriters will receive from the Bank a fee of .875% of the principal amount of Bonds for which such purchase contracts are made. The Underwriters may allow a commission of .475% to dealers in respect of Bonds for which such purchase contracts directed and allocated to them are arranged through the Representatives and entered into in accordance with the applicable conditions.

FINANCIAL STATEMENTS

(Audited only as to June 30, 1975 and the five years then ended)

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REPORT OF INDEPENDENT ACCOUNTANTS

To International Bank for Reconstruction and Development
Washington, D. C.

We have examined the financial statements of International Bank for Reconstruction and Development listed in the index on page 22 as of June 30, 1975 and for the five years then ended. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Consistent with past practice the Bank records currency translation adjustments except those pertaining to the 9 percent portion of its capital stock as charges against or credits to the General Reserve. Statement 8 of the Financial Accounting Standards Board requires that these adjustments, which are set forth in the Statement of Changes in the General Reserve, be included in the determination of net income; however, in view of the Bank's character as an international institution and its related financial policies, which are described in the Summary of Significant Accounting and Related Policies (Translation of Currencies) and in Note A, the Bank does not deem the application of this accounting principle to be appropriate in the circumstances.

The Special Reserve and the General Reserve have been restated for presentation in the balance sheet under the heading "Capital and Reserves" as described in Note D.

In our opinion, the financial statements examined by us present fairly, in terms of United States currency, the financial position of International Bank for Reconstruction and Development at June 30, 1975, and the results of its operations and changes in financial position for the five years then ended in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, described in the preceding paragraph.

PRICE WATERHOUSE & Co.

Washington, D.C.

July 25, 1975 except as to the Summary of Significant Accounting and Related Policies (Translation of Currencies), Note A, and Note D for which the date is May 5, 1976.

Appendix A

BALANCE SHEET
 June 30, 1975 and March 31, 1976
 Expressed in United States Dollars (in thousands)
 See Notes to Financial Statements, Appendix F

	June 30, 1975	March 31, 1976
		(Unaudited)
ASSETS		
DUE FROM BANKS		
Unrestricted currencies (including interest-bearing demand deposits \$17,369—June 30, 1975, \$15,768—March 31, 1976)	\$ 85,423	\$ 89,279
Currencies subject to restrictions—Note B	67,783	69,041
	\$ 153,206	\$ 158,320
INVESTMENTS—Note C		
Obligations of governments and their instrumentalities (at cost or amortized cost; face amount \$2,231,013—June 30, 1975, \$4,442,202—March 31, 1976)	\$ 2,197,938	\$ 4,362,605
Certificates of deposit and other time deposits (at cost or amortized cost; face amount \$2,592,572—June 30, 1975, \$1,800,244—March 31, 1976)	2,592,674	1,800,297
	4,790,612	6,162,902
RECEIVABLE ON ACCOUNT OF SUBSCRIBED CAPITAL—SUBJECT TO RESTRICTIONS—Note B		
Non-negotiable, non-interest-bearing demand obligations	\$ 382,626	\$ 354,741
Amounts required to maintain value of currency holdings	10,847	3,767
	393,473	358,508
RECEIVABLES—OTHER		
Sales of investment securities	\$ 6,401	\$ 76,885
Purchasers, on account of effective loans agreed to be sold (including undisbursed balance \$24,215—June 30, 1975, \$31,151—March 31, 1976)	32,011	36,563
Accrued income on loans	211,336	246,376
Accrued interest on investments	75,738	47,680
	325,486	407,504
LOANS (See Appendix C)		
Less—Loans approved but not yet effective ..	\$22,322,491	\$24,043,280
Effective loans (including undisbursed balance \$7,674,979—June 30, 1975, \$8,563,028—March 31, 1976)	2,459,208	2,338,261
	19,863,283	21,705,019
OTHER ASSETS		
Land and buildings—Less accumulated depreciation (\$8,416—June 30, 1975, \$9,313—March 31, 1976)	\$ 57,644	\$ 56,747
Unamortized issuance costs of borrowings	45,729	59,001
Translation adjustments on capital subscriptions—Note B	87,775	249,314
Miscellaneous	16,080	19,427
	207,228	384,489
SPECIAL RESERVE FUND ASSETS—Note D		
Investment securities—obligations of United States Government and its Instrumentalities (at cost or amortized cost; face amount \$288,107—June 30, 1975, \$292,462—March 31, 1976)	292,538	292,538
TOTAL ASSETS	\$26,025,826	\$29,469,280

BALANCE SHEET

June 30, 1975 and March 31, 1976

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

LIABILITIES, CAPITAL AND RESERVES

	June 30, 1975	March 31, 1976 (Unaudited)
LIABILITIES		
Accrued charges on borrowings	\$ 293,697	\$ 277,034
Amounts required to maintain value of currency holdings—Note B	20,149	18,615
Accounts payable and other liabilities	23,413	22,561
Payable for investment securities purchased ..	774	576,323
Due to the International Development Associa- tion—Note E	454,433	558,443
Undisbursed balance of effective loans (See Ap- pendix C)		
Held by Bank	\$ 7,674,979	\$ 8,563,028
Agreed to be sold	24,215	31,151
	<u>7,699,194</u>	<u>8,594,179</u>
BORROWINGS (See Appendix D)	\$12,542,831	\$14,442,689
Less—Receivable under contracts	255,868	218,380
	<u>\$12,286,963</u>	<u>\$14,224,309</u>
Principal outstanding	11,942	11,174
Less—Net unamortized discounts and premiums		
	<u>12,275,021</u>	<u>14,213,135</u>
CAPITAL AND RESERVES		
Capital stock (See Appendix E)—Note B		
Authorized capital (\$27,000,000—United States dollars of 1944)		
Subscribed capital (United States dollars of 1944 \$25,548,900—June 30, 1975, \$25,581,300—March 31, 1976)	\$30,820,879	\$30,859,965
Less—Uncalled portion of subscriptions (United States dollars of 1944 \$22,994,010—June 30, 1975, \$23,023,170 —March 31, 1976)	<u>27,738,791</u>	<u>27,773,968</u>
	3,082,088	3,085,997
Payments on account of pending subscriptions (See Appendix E)	224	95
Special reserve—Note D	292,538	292,538
General reserve—Note D	1,609,324	1,650,234
Accumulated net income	274,971	180,126
TOTAL LIABILITIES, CAPITAL AND RESERVES	<u>\$26,025,826</u>	<u>\$29,469,250</u>

Appendix B

STATEMENT OF CHANGES IN FINANCIAL POSITION

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

	For fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
FUNDS PROVIDED						(Unaudited)	
Operations:							
Net income	\$ 211,747	\$ 182,646	\$ 185,609	\$ 215,765	\$ 274,971	\$ 216,417	\$ 180,126
Items not requiring or providing cash:							
Accruals of income on loans and investments	(6,622)	(33,665)	(40,527)	(17,547)	(31,151)	(48,435)	(6,982)
Accruals of charges on borrowings and administrative expenses	28,001	45,535	51,678	25,104	59,007	(10,963)	(18,639)
Depreciation	930	944	1,017	1,379	1,379	1,034	1,071
Amortization of discounts, premiums and bond issuance expenses	3,817	5,226	6,467	7,659	7,935	5,927	7,353
Cash provided by operations ...	\$ 237,873	\$ 200,686	\$ 204,244	\$ 232,360	\$ 312,141	\$ 163,980	\$ 162,929
Borrowings	1,394,088	1,750,330	1,694,289	1,908,485	3,387,192	3,144,954	3,437,606
Adjustment of borrowings as a result of currency devaluations and revaluations	10,057	384,750	1,004,573	(276,805)	276,449	300,525	(272,928)
Repayments of loans to the Bank .	318,675	384,580	455,269	486,746	568,659	422,783	445,420
Sales of loans	26,862	28,634	24,759	27,245	47,734	25,473	12,294
Decrease (increase) in amounts receivable for investment securities sold	—	—	—	(121,733)	115,332	102,380	(70,484)
Capital subscriptions and maintenance of value adjustments ...	45,233	68,950	100,446	58,649	55,682	50,383	36,082
Increase in capital subscriptions as a result of the United States dollar devaluations	—	170,701	257,539	—	—	—	—
Translation adjustments as a result of currency devaluations and revaluations—Note D	2,255	50,623	80,819	(53,776)	13,909	49,802	(124,061)
Other	8,746	12,280	109	36,658	8,294	45,133	996
Total Funds Provided .	\$2,043,789	\$3,051,534	\$3,822,047	\$2,297,829	\$4,785,392	\$4,305,413	\$3,627,854
FUNDS USED							
Disbursements on loans	\$ 954,904	\$1,202,030	\$1,208,947	\$1,608,496	\$2,096,260	\$1,480,041	\$1,897,725
Adjustment of loans outstanding as a result of currency devaluations and revaluations	7,554	483,854	1,101,054	(266,687)	194,723	296,045	(488,708)
Retirement of borrowings	548,288	608,437	767,911	863,431	1,026,683	960,715	1,227,322
Decrease (increase) in amounts payable for investment securities purchased	—	—	—	(354,267)	353,493	346,469	(575,549)
Payments on transfers to the International Development Association	23,125	60,900	56,739	93,893	3,549	3,524	5,990
Other	10,297	25,572	171,580	11,362	17,938	12,633	184,918
Total Funds Used	\$1,544,168	\$2,380,793	\$3,306,231	\$1,956,228	\$3,692,646	\$3,099,427	\$2,251,708
INCREASE IN UNRESTRICTED CURRENCIES AND INVESTMENTS	\$ 499,621	\$ 670,741	\$ 515,816	\$ 341,601	\$1,092,746	\$1,205,986	\$1,376,146

SUMMARY STATEMENT OF LOANS
 June 30, 1975 and March 31, 1976 (Unaudited)
 Expressed in United States Dollars (in thousands)
 See Notes to Financial Statements, Appendix F

March 31, 1976

Members liable as borrower or guarantor(1)	Effective loans held by Bank			Loans approved but not yet effective(3)	Percent of total effective and non-effective loans
	Disbursed portion	Undisbursed portion(2)	Total		
Algeria	\$ 49,241	\$ 181,908	\$ 231,149	\$ 93,000	1.36
Argentina	374,724	54,625	429,349	—	1.80
Australia	115,083	9,934	125,017	—	.52
Austria	36,007	—	36,007	—	.15
Bahamas, Barbados, Grenada, Guyana, Jamaica, Trinidad and Tobago, and United Kingdom(4)	—	—	—	20,000	.08
Bangladesh	53,551	—	53,551	—	.22
Belgium	1,027	—	1,027	—	.01
Bolivia(5)	23,455	25,851	49,306	9,500	.25
Botswana	34,806	12,231	47,037	—	.20
Brazil	1,175,733	902,940	2,078,673	245,385	9.72
Burma	2,558	—	2,558	—	.01
Cameroon	53,340	44,949	98,289	—	.41
Chile	157,656	21,165	174,821	33,000	.87
China	255,582	7,683	263,265	—	1.10
Colombia	703,152	226,714	929,866	99,500	4.30
Congo, People's Republic of	29,605	—	29,605	38,000	.28
Costa Rica	94,317	73,086	167,403	39,000	.86
Cyprus	39,666	21,172	60,838	—	.25
Denmark	15,776	—	15,776	—	.07
Dominican Republic	23,359	27,743	51,102	—	.21
Ecuador	44,906	35,311	80,217	17,500	.41
Egypt, Arab Republic of	18,441	142,331	160,772	—	.67
El Salvador	46,184	32,150	78,334	—	.33
Ethiopia	80,305	4,327	84,632	—	.35
Fiji	15,243	7,641	22,884	12,000	.15
Finland	102,256	20,627	122,883	—	.51
Gabon	21,851	9,449	31,300	—	.13
Ghana	43,312	62,126	105,438	—	.44
Greece	72,650	96,742	169,392	84,900	1.06
Guatemala	44,788	31,015	75,803	14,500	.38
Guinea	82,690	—	82,690	—	.35
Guyana	16,203	23,186	39,389	—	.17
Honduras	65,439	52,246	117,685	—	.49
Iceland	37,865	4,536	42,401	—	.18
India	470,368	274,638	745,006	—	3.12
Indonesia	94,226	354,197	448,423	13,000	1.93
Iran	607,542	320,258	927,800	—	3.88
Iraq	41,043	97,304	138,347	—	.58
Ireland	76,700	74,200	150,900	—	.63
Israel	119,205	89,933	209,138	—	.87
Italy	72,803	—	72,803	—	.30
Ivory Coast	77,877	167,406	245,283	8,000	1.06
Jamaica	53,808	59,201	113,009	14,878	.53
Japan	475,075	—	475,075	—	1.99
Kenya	132,041	338,475	320,516	—	1.34
Kenya, Tanzania and Uganda(6)	160,317	38,693	199,010	15,000	.89
Korea	442,766	423,943	866,709	240,000	4.63

Appendix C

SUMMARY STATEMENT OF LOANS—(Continued)

June 30, 1975 and March 31, 1976 (Unaudited)
Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

March 31, 1976

Members liable as borrower or guarantor(1)	Effective loans held by Bank			Loans approved but not yet effective(3)	Percent of total effective and non-effective loans
	Disbursed portion	Undisbursed portion(2)	Total		
Lebanon	\$ 13,930	\$ 32,009	\$ 45,939	\$ —	.19
Liberia	25,145	33,801	58,946	—	.25
Madagascar	27,132	6,750	33,882	—	.14
Malaysia	309,858	306,131	615,989	47,500	2.77
Mauritius	4,847	21,151	25,998	—	.11
Mexico	1,000,490	688,211	1,919,701	314,200	9.34
Morocco	266,220	138,384	404,604	75,950	2.01
New Zealand	59,038	—	59,038	—	.25
Nicaragua	59,445	27,552	86,997	—	.36
Nigeria	356,956	224,340	581,296	125,000	2.95
Norway	48,035	—	48,035	—	.20
Oman	66	8,074	8,140	—	.03
Pakistan	351,583	87,140	438,723	50,000	2.04
Panama	73,010	53,681	126,691	—	.53
Paraguay	20,515	21,576	42,091	—	.18
Peru	157,652	74,079	231,731	112,500	1.44
Philippines	267,868	349,141	617,009	170,500	3.29
Portugal	48,468	—	48,468	—	.20
Romania	38,591	310,602	349,193	—	1.46
Senegal	11,867	16,832	28,699	21,600	.21
Sierra Leone	13,067	5,000	18,067	—	.08
Singapore	101,229	50,675	151,904	—	.64
South Africa	1,860	—	1,860	—	.01
Spain	282,112	81,658	363,770	—	1.52
Sri Lanka	37,601	10,208	47,809	—	.20
Sudan	75,664	—	75,664	—	.32
Swaziland	146	10,354	10,500	—	.04
Syrian Arab Republic	5,644	161,908	167,552	—	.70
Tanzania	83,887	55,227	139,114	—	.58
Thailand	294,837	271,464	566,301	26,000	2.48
Trinidad and Tobago	37,294	36,009	73,303	7,000	.34
Tunisia	116,951	133,915	250,866	47,898	1.25
Turkey	325,453	322,398	647,851	244,000	3.73
United Kingdom	40,624	—	40,624	—	.17
Uruguay	75,332	19,340	94,672	35,000	.54
Venezuela	245,446	25,199	270,645	—	1.13
Yugoslavia	640,679	384,579	1,025,258	48,950	4.49
Zaire	16,096	84,282	100,378	—	.42
Zambia	189,622	163,221	352,843	15,000	1.54
Sub-totals members(1)	\$12,705,802	\$ 8,434,827	\$21,140,629	\$ 2,338,261	
International Finance Corporation	308,316	128,201	436,517	—	1.83
Net amount that will be due from members for maintenance of value of currencies on loan— Note B	127,873	—	127,873	—	
Totals March 31, 1976	\$13,141,991	\$ 8,563,028	\$21,705,019	\$ 2,338,261	100.00
Totals June 30, 1975	\$12,188,304	\$ 7,674,979	\$19,863,283	\$ 2,459,208	

SUMMARY STATEMENT OF LOANS—(Concluded)

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars

See Notes to Financial Statements, Appendix F

Summary of Currencies Repayable on Effective Loans

Currencies	Amounts(2)	
	June 30, 1975	March 31, 1976
	(in thousands)	
Argentine pesos	\$ 31	\$ 3
Australian dollars	118,197	117,055
Austrian schillings	55,640	53,028
Belgian francs	227,227	209,833
Brazilian cruzeiros	28,387	22,913
Burmese kyats	1,408	1,339
Canadian dollars	336,632	319,113
Danish kroner	39,132	34,930
Deutsche mark	2,929,445	3,045,196
Finnish markkaa	29,125	27,850
French francs	214,967	177,022
Ghanaian cedis	3,034	3,034
Greek drachmas	2,718	2,354
Indian rupees	44,894	47,071
Iranian rials	27,582	27,154
Iraqi dinars	2,948	3,035
Irish pounds	12,251	10,936
Italian lire	131,253	59,943
Japanese yen	1,551,426	1,463,590
Kuwaiti dinars	447,179	437,401
Lebanese pounds	35,155	32,143
Libyan dinars	140,936	133,031
Luxembourg francs	5,378	4,991
Malaysian dollars	29,342	27,466
Mexican pesos	40,914	42,437
Netherlands guilders	235,559	297,395
Norwegian kroner	45,555	39,635
Portuguese escudos	13,011	11,255
Pounds sterling	218,891	193,952
Rials Omani	651	651
Saudi Arabian riyals	150,616	155,963
Singapore dollars	4,912	4,729
South African rand	54,069	46,230
Spanish pesetas	58,220	50,754
Sri Lanka rupees	198	175
Sudanese pounds	2,786	2,535
Swedish kroner	106,734	98,682
Swiss francs	712,094	1,135,388
New Taiwan dollars	19,786	20,669
United Arab Emirates dirhams	80,701	82,753
United States dollars	3,725,509	4,395,986
Venezuelan bolivares	127,762	134,198
Disbursed portion of effective loans held by Bank	\$12,053,255	\$13,014,118
Add—Net amounts that will be due from members for maintenance of value of currencies on loan—Note B	135,049	127,873
	\$12,188,304	\$13,141,991
Add—Undisbursed portion of effective loans held by Bank	7,674,979	8,563,028
Effective loans held by Bank	\$19,863,283	\$21,705,019

(1) In some instances loans were made, with the guarantee of a member, in territories which at the time were included in that member's membership but which subsequently became independent and members of the Bank in their own right (except Malta which although independent is not a member of the Bank). In all these instances (except in the case of a loan to the Public Utilities Board of Singapore guaranteed by Malaysia) these territories have assumed liability as a borrower or

guarantor. In order to avoid double counting, liabilities for these loans are shown under the name of the original member (whose guarantee continues unaffected). These loans are shown below together with an indication of the member under whose name they are listed.

GUARANTORS Borrowers	Amounts	
	June 30, 1975	March 31, 1976
	(in thousands)	
AUSTRALIA		
Papua New Guinea	\$ —	\$49,982
BELGIUM		
*Burundi and Rwanda	68	27
Zaire	2,954	1,000
FRANCE		
Algeria	43	—
Mauritania	374	—
MALAYSIA		
Singapore (Public Utilities Board)	5,230	4,757
UNITED KINGDOM		
Kenya	1,788	1,450
Malta	21	14
Mauritius	1,969	1,850
Nigeria	7,448	5,759
*Southern Rhodesia and Zambia	19,683	17,846
Singapore	9,989	8,661
Swaziland	4,308	3,403
Trinidad and Tobago	725	725
Uganda	34	31
Zambia	918	361

* Loans made for joint benefit of territories listed (Southern Rhodesia is included in the membership of the United Kingdom).

Eight loans have also been made to the International Finance Corporation through March 31, 1976 (six through June 30, 1975).

(2) These amounts do not include \$16,332,000 (\$14,122,000 at June 30, 1975) of effective loans, which the Bank has agreed to sell, and \$14,819,000 (\$10,093,000 at June 30, 1975) of grant participations. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$32,192,000 (\$36,405,000 at June 30, 1975).

(3) Agreements providing for these loans have been approved by the Bank, but the loans do not become effective and disbursements thereunder do not start until the loans and related agreements have been signed and the borrowers and guarantors, if any, take certain action and furnish certain documents to the Bank. This amount is net of \$2,839,000 (\$9,742,000 at June 30, 1975) of loans not yet effective which the Bank has agreed to sell.

(4) Loans made to the Caribbean Development Bank for the benefit of the territories of the members listed (in the case of the United Kingdom the territories are those of its Associated States and Dependencies in the Caribbean region). The members will be severally liable as guarantors to the extent of sub-loans made in their territories.

(5) One loan equivalent to \$23,250,000 is shown under Bolivia (Guarantor) but is also guaranteed by Argentina.

(6) Members jointly and severally liable.

Appendix D

SUMMARY STATEMENT OF BORROWINGS

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

Currencies payable	Principal outstanding at June 30, 1975	Operations during the nine months ended March 31, 1976			Principal outstanding(1) at March 31, 1976	Weighted average effective interest rates(2)		Due dates at March 31, 1976
		Borrowings	Repayments and sinking fund and purchase fund purchases	Translation adjustments		at March 31, 1976	at June 30, 1975	
Belgian francs	\$ 80,851	\$ —	\$ (413)	\$ (7,874)	\$ 72,564	7.14%	7.14%	1977-1986
Canadian dollars ...	145,289	—	(537)	6,769	151,521	6.63	6.63	1976-1993
Deutsche mark	2,858,678	738,674	(268,680)	(190,444)	3,138,228(3)(4)	7.36	7.32	1976-1988
French francs	37,129	—	—	(5,002)	32,127	7.16	7.16	1977-1987
Italian lire	95,174	—	—	(23,769)	71,405	6.67	6.67	1976-1988
Japanese yen	1,636,916	60,560	(180,537)	(18,107)	1,498,832(3)	7.38	7.37	1976-1988
Kuwaiti dinars	422,733	—	(11,276)	(10,757)	400,700	7.09	7.10	1976-1992
Lebanese pounds ...	33,685	—	—	(3,166)	30,519	6.76	6.76	1978
Libyan dinars	135,113	—	(33,778)	—	101,335	7.63	7.72	1983
Netherlands guilders	195,883	55,793	(25,488)	(17,839)	208,519(4)	7.16	6.94	1976-1988
Pounds sterling ...	34,879	—	(662)	(4,432)	29,785	7.04	7.00	1976-1982
Saudi Arabian riyals	143,267	—	—	(1,624)	141,643	8.00	8.00	1984
Swedish kronor	38,076	—	—	(3,989)	34,087	6.58	6.58	1979-1992
Swiss francs	792,987	394,833	(24,671)	5,974	1,559,123(3)(4)	6.70	6.23	1977-1991
United Arab Emirates dirhams	75,999	—	—	1	76,000	8.00	8.00	1980-1989
United States dollars	5,692,485	2,151,589	(681,290)	—	7,162,784(5)	7.48	7.09	1976-2001
Venezuelan bolivares	123,687	—	—	—	123,687	7.91	7.91	1977-1989
Principal at face value	\$12,542,831	\$3,401,449	\$(1,227,332)	\$(274,259)	\$14,442,689			
Less—Receivable under contracts ..	255,868	(36,157)	—	(1,331)	218,380(3)			
Principal outstanding at face value	\$12,286,963	\$3,437,606	\$(1,227,332)	\$(272,928)	\$14,224,309			
Less—Net unamortized discounts and premiums ..	11,942	(768)	—	—	11,174			
Totals	\$12,275,021	\$3,438,374	\$(1,227,332)	\$(272,928)	\$14,213,135			

(1) The following table shows the aggregate principal amount of maturities, sinking fund requirements, and in the cases of certain Canadian issues, non-cumulative purchase fund requirements, each year for the five years following the date of this statement:

Twelve-month period	Amounts	
	June 30, 1975	March 31, 1976
	(in thousands)	
First	\$1,252,063	\$1,372,628
Second	1,316,890	1,209,646
Third	600,440	745,849
Fourth	849,427	1,391,568
Fifth	1,293,507	1,776,026
Totals	\$5,312,327	\$6,495,717

SUMMARY STATEMENT OF BORROWINGS—(Concluded)

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

(2) The effective interest rates are computed at the dates of issue, and include interest and discounts or premiums. For consistency, annual effective interest rates have been converted into semi-annual equivalents. The discounts or premiums are being amortized over the life of the issues by the "bonds outstanding method."

(3) Includes the following contracts to borrow for settlement on the dates indicated:

<u>Issues</u>	<u>Amounts</u> (in thousands)	<u>Settlement dates</u>
<u>Deutsche mark</u>		
8% Notes of 1976, due 1982-86 (DM 134 million)	\$ 52,791	April 26, 1976
(DM 133 million)	52,397	May 26, 1976
	<u>\$105,188</u>	
<u>Japanese yen</u>		
Serial Obligations of 1976, due 1982-83 (¥ 2,400 million) .	\$ 8,008	June 11, 1976
(¥ 2,000 million) .	6,673	September 29, 1976
	<u>\$ 14,681</u>	
<u>Swiss francs</u>		
7% Notes of 1976, due 1982-83 (SwF 250 million)	\$ 98,511	April 26, 1976
Total	<u>\$218,380</u>	

- (4) In addition, the Bank has subsequently borrowed or entered into agreements to borrow as follows:
 f. 150 million (US equivalent \$55.8 million) from the Algemene Bank Nederland N.V., the Amsterdam-Rotterdam Bank N.V. and the Bank Mees & Hope NV; f. 100 million (US equivalent \$37.2 million) from the public in The Netherlands through a syndicate headed by the Algemene Bank Nederland N.V.; f. 50 million (US equivalent \$18.6 million) from Pierson, Heldring & Pierson N.V.; SwF 100 million (US equivalent \$39.4 million) as a private placement in Switzerland; SwF 100 million (US equivalent \$39.4 million) from the public in Switzerland through a syndicate headed by the Swiss Bank Corporation and DM 300 million (US equivalent \$118.2 million) from the public in the Federal Republic of Germany through a syndicate of German banks headed by the Deutsche Bank AG.
- (5) Includes \$127 million borrowed from the Interest Subsidy Fund which is administered by the Bank. The Fund, which obtained its resources from voluntary contributions from member governments, was established to subsidize the interest payments to the Bank on loans made to poorer developing countries.

Appendix E

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

March 31, 1976 (Unaudited)

Expressed in Thousands of Units of Currency
See Notes to Financial Statements, Appendix F

Members	Subscriptions		Amounts paid in (Note B)			Amounts subject to call (Note B)		Voting power	
	Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Number of votes	Percent of total
Afghanistan	300	.12	\$ 30,000	\$ 3,000	\$ 3,619	\$ 27,000	\$ 32,571	550	.19
Algeria	1,109	.43	110,900	11,090	13,378	99,810	120,405	1,359	.47
Argentina	3,733	1.46	373,300	37,330	45,033	335,970	405,297	3,933	1.39
Australia	5,671	2.22	567,100	56,710	68,412	510,390	615,708	5,921	2.06
Austria	2,304	.90	230,400	23,040	27,794	207,360	250,148	2,554	.89
Bahamas	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Bahrain	85	.03	8,500	850	1,025	7,650	9,229	335	.12
Bangladesh	1,067	.42	106,700	10,670	12,872	96,030	115,846	1,317	.46
Barbados	111	.04	11,100	1,110	1,339	9,990	12,051	361	.13
Belgium	5,545	2.17	554,500	55,450	66,892	499,050	602,028	5,795	2.02
Benin	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Bolivia	210	.08	21,000	2,100	2,533	18,900	22,800	460	.16
Botswana	43	.02	4,300	430	519	3,870	4,669	293	.10
Brazil	3,733	1.46	373,300	37,330	45,033	335,970	405,297	3,933	1.39
Burma	507	.20	50,700	5,070	6,116	45,630	55,046	757	.26
Burundi	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Cambodia	214	.08	21,400	2,140	2,582	19,260	23,234	464	.16
Cameroon	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Canada	9,418	3.68	941,800	94,180	113,614	847,620	1,022,525	9,668	3.36
Central African Republic	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chad	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chile	943	.37	94,300	9,430	11,376	84,870	102,383	1,193	.41
China	7,500	2.93	750,000	75,000	90,476	675,000	814,285	7,750	2.70
Colombia	933	.36	93,300	9,330	11,255	83,970	101,297	1,183	.41
Congo, People's Republic of	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Costa Rica	107	.04	10,700	1,070	1,291	9,630	11,617	357	.12
Cyprus	222	.09	22,200	2,220	2,678	19,980	24,103	472	.16
Denmark	2,211	.86	221,100	22,110	26,672	198,990	240,051	2,461	.86
Dominican Republic ..	143	.06	14,300	1,430	1,725	12,870	15,526	393	.14
Ecuador	181	.07	18,100	1,810	2,183	16,290	19,651	431	.15
Egypt, Arab Republic of	1,421	.56	142,100	14,210	17,142	127,890	154,280	1,671	.58
El Salvador	120	.05	12,000	1,200	1,448	10,800	13,029	370	.13
Equatorial Guinea ...	64	.03	6,400	640	772	5,760	6,949	314	.11
Ethiopia	114	.04	11,400	1,140	1,375	10,260	12,377	364	.13
Fiji	111	.04	11,100	1,110	1,339	9,990	12,051	361	.13
Finland	1,621	.63	162,100	16,210	19,555	145,890	175,994	1,871	.65
France	12,792	5.00	1,279,200	127,920	154,316	1,151,280	1,388,845	13,042	4.54
Gabon	120	.05	12,000	1,200	1,448	10,800	13,029	370	.13
Gambia, The	53	.02	5,300	530	639	4,770	5,754	303	.11
Germany, Federal Republic of	13,653	5.34	1,365,300	136,530	164,703	1,228,770	1,482,325	13,903	4.83
Ghana	734	.29	73,400	7,340	8,855	66,060	79,691	984	.34
Greece	736	.29	73,600	7,360	8,879	66,240	79,909	986	.34
Grenada	17	.01	1,700	170	205	1,530	1,846	267	.09
Guatemala	123	.05	12,300	1,230	1,484	11,070	13,354	373	.13
Guinea	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Guyana	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Haiti	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Honduras	84	.03	8,400	840	1,013	7,560	9,120	334	.12
Iceland	184	.07	18,400	1,840	2,220	16,560	19,977	434	.15
India	9,000	3.52	900,000	90,000	108,571	810,000	977,142	9,250	3.22

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER—(Continued)

March 31, 1976 (Unaudited)

Expressed in Thousands of Units of Currency
See Notes to Financial Statements, Appendix F

Members	Subscriptions		Amounts paid in (Note B)			Amounts subject to call (Note B)		Voting power	
	Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Number of votes	Percent of total
Indonesia	2,200	.86	\$ 220,000	\$ 22,000	\$ 26,540	\$ 198,000	\$ 238,857	2,450	.85
Iran	1,580	.62	158,000	15,800	19,060	142,200	171,543	1,830	.64
Iraq	698	.27	69,800	6,980	8,420	62,820	75,783	948	.33
Ireland	1,032	.40	103,200	10,320	12,450	92,880	112,046	1,282	.45
Israel	1,108	.43	110,800	11,080	13,366	99,720	120,297	1,358	.47
Italy	8,525	3.33	852,500	85,250	102,841	767,250	925,571	8,775	3.05
Ivory Coast	365	.14	36,500	3,650	4,403	32,850	39,629	615	.21
Jamaica	446	.17	44,600	4,460	5,380	40,120	48,423	696	.24
Japan	10,230	4.00	1,023,000	102,300	123,409	920,700	1,110,685	10,480	3.64
Jordan	187	.07	18,700	1,870	2,256	16,830	20,303	437	.15
Kenya	400	.16	40,000	4,000	4,825	36,000	43,429	650	.23
Korea	682	.27	68,200	6,820	8,227	61,380	74,046	932	.32
Kuwait	694	.27	69,400	6,940	8,372	62,460	75,348	944	.33
Laos	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Lebanon	90	.04	9,000	900	1,086	8,100	9,771	340	.12
Lesotho	43	.02	4,300	430	519	3,870	4,669	293	.10
Liberia	213	.08	21,300	2,130	2,570	19,170	23,126	463	.16
Libyan Arab Republic	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Luxembourg	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Madagascar	219	.09	21,900	2,190	2,642	19,710	23,777	469	.16
Malawi	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Malaysia	1,587	.62	158,700	15,870	19,145	142,830	172,303	1,837	.64
Mali	173	.07	17,300	1,730	2,087	15,570	18,783	423	.15
Mauritania	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Mauritius	188	.07	18,800	1,880	2,268	16,920	20,411	438	.15
Mexico	2,280	.89	228,000	22,800	27,505	205,200	247,543	2,530	.88
Morocco	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	.42
Nepal	112	.04	11,200	1,120	1,351	10,080	12,160	362	.13
Netherlands	5,923	2.32	592,300	59,230	71,452	533,070	643,068	6,173	2.15
New Zealand	1,716	.67	171,600	17,160	20,701	154,440	186,308	1,966	.68
Nicaragua	91	.04	9,100	910	1,098	8,190	9,880	341	.12
Niger	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Nigeria	1,152	.45	115,200	11,520	13,897	103,680	125,074	1,402	.49
Norway	2,048	.80	204,800	20,480	24,706	184,320	222,354	2,298	.80
Oman	60	.02	6,000	600	724	5,400	6,514	310	.11
Pakistan	2,000	.78	200,000	20,000	24,127	180,000	217,143	2,250	.78
Panama (1)	176	.07	17,600	1,760	2,123	15,840	19,108	426	.15
Papua New Guinea ..	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Paraguay	60	.02	6,000	600	724	5,400	6,514	310	.11
Peru	735	.29	73,500	7,350	8,867	66,150	79,800	985	.34
Philippines	1,322	.52	132,200	13,220	15,948	118,980	143,531	1,572	.55
Portugal	800	.31	80,000	8,000	9,651	72,000	86,857	1,050	.37
Qatar	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Romania	1,621	.63	162,100	16,210	19,555	145,890	175,994	1,871	.65
Rwanda	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Saudi Arabia	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	.48
Senegal (1)	333	.13	33,300	3,330	4,017	29,970	36,154	583	.20
Sierra Leone	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Singapore	320	.13	32,000	3,200	3,860	28,800	34,743	570	.20
Somalia	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
South Africa	2,730	1.07	273,000	27,300	32,933	245,700	296,400	2,980	1.04
South Viet-Nam	543	.21	54,300	5,430	6,550	48,870	58,954	793	.28
Spain	3,371	1.32	337,100	33,710	40,666	303,390	365,994	3,621	1.26
Sri Lanka	827	.32	82,700	8,270	9,976	74,430	89,789	1,077	.37
Sudan	600	.23	60,000	6,000	7,238	54,000	65,143	850	.30

Appendix E

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER—(Concluded)

March 31, 1976 (Unaudited)

Expressed in Thousands of Units of Currency
See Notes to Financial Statements, Appendix F

Members	Subscriptions		Amounts paid in (Note B)			Amounts subject to call (Note B)		Voting Power	
	Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Number of votes	Percent of total
Swaziland	68	.03	\$ 6,800	\$ 680	\$ 820	\$ 6,120	\$ 7,383	318	.11
Sweden	2,773	1.08	277,300	27,730	33,452	249,570	301,068	3,023	1.05
Syrian Arab Republic	421	.16	42,100	4,210	5,079	37,890	45,709	671	.23
Tanzania	350	.14	35,000	3,500	4,222	31,500	38,000	600	.21
Thailand	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	.48
Togo	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Trinidad and Tobago .	535	.21	53,500	5,350	6,454	48,150	58,086	785	.27
Tunisia	373	.15	37,300	3,730	4,500	33,570	40,497	623	.22
Turkey	1,286	.50	128,600	12,860	15,514	115,740	139,623	1,536	.53
Uganda	333	.13	33,300	3,330	4,017	29,970	36,154	583	.20
United Arab Emirates	128	.05	12,800	1,280	1,544	11,520	13,897	378	.13
United Kingdom	26,000	10.17	2,600,000	260,000	313,651	2,340,000	2,822,856	26,250	9.13
United States	64,730	25.30	6,473,000	647,300	780,869	5,825,700	7,027,825	64,980	22.60
Upper Volta	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Uruguay	411	.16	41,100	4,110	4,958	36,990	44,623	661	.23
Venezuela	1,972	.77	197,200	19,720	23,789	177,480	214,103	2,222	.77
Western Samoa	17	.01	1,700	170	205	1,530	1,846	267	.09
Yemen Arab Republic	85	.03	8,500	850	1,025	7,650	9,229	335	.12
Yemen, People's Dem. Rep. of	248	.10	24,800	2,480	2,992	22,320	26,926	498	.17
Yugoslavia	1,178	.46	117,800	11,780	14,211	106,020	127,897	1,428	.50
Zaire	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	.42
Zambia	648	.25	64,800	6,480	7,817	58,320	70,355	898	.27
Totals	<u>255,813</u>	<u>100.00</u>	<u>\$25,581,300</u>	<u>\$2,558,130</u>	<u>\$3,085,997</u>	<u>\$23,023,170</u>	<u>\$27,773,968</u>	<u>287,563</u>	<u>100.00</u>

(1) The equivalent of \$95,000 in current United States dollars has been received from members on account of increases in subscriptions which are in process of completion: Panama \$60,000 and Senegal \$35,000.

NOTES TO FINANCIAL STATEMENTS

(Audited only as to June 30, 1975 and the five years then ended)

Summary of Significant Accounting and Related Policies

Translation of Currencies

The financial statements are expressed in terms of current United States dollar equivalents solely for the purpose of summarizing the Bank's financial position and the results of its operations for the convenience of its members and other interested parties.

The Bank is an international institution which conducts its operations in the currencies of all of its members. The Bank's resources are derived from its capital, borrowings and accumulated earnings in the various currencies of its members and are held, invested or lent in those same currencies. The Bank matches its borrowing obligations in any one currency with assets in the same currency, as prescribed by its Articles of Agreement, by holding, investing or lending the proceeds of its borrowings in the same currencies in which they were borrowed, and the Bank as far as possible maintains a neutral currency position by not converting one currency into another.

In general, the Bank translates its assets and liabilities in currencies other than United States dollars at market rates of exchange to the United States dollar at the statement's date, with the exception of buildings and deferred charges which are translated at exchange rates in effect when the buildings were acquired or the charges incurred. Prior to June 30, 1974 currencies were translated at the par values, central rates or at the capital subscription rates which approximated market rates of exchange. Income and expenses other than depreciation and amortization charges are translated at an average of the market rates of exchange in effect during the reporting period. The capital stock which is expressed in terms of the United States dollar of the weight and fineness in effect on July 1, 1944 is translated into current dollars at the rate of \$1.20635 per 1944 dollar.

Under the Bank's present policies, adjustments arising from the translation of currencies to the United States dollar equivalent would not now or in the future result in realized gains or losses such as would result from the conversion of the various currencies into United States dollars. Accordingly translation adjustments, with the exception of those relating to capital subscriptions described in Note B, are charged or credited to the General Reserve rather than Income (See Note A). In those few instances where currencies are converted from one currency to another, the resulting gain or loss, if any, is included in the determination of net income.

Investments

Investment securities are recorded at cost or amortized cost. Gains or losses on sales of investments, measured by the difference between average cost and proceeds of sales, are recorded at the trade date as an element of income from investments.

Loans

All of the Bank's loans are made to, or guaranteed by, member governments with the exception of loans to the International Finance Corporation. The principal amounts of loans are repayable in the currencies borrowed. Interest and other charges on loans are also payable in the currencies borrowed. The Bank has not suffered any losses on loan receivables and it has a policy of not participating in moratoria or reschedulings. No losses or receivables are anticipated and accordingly, no reserve for loan losses has been established; however, should such losses arise they would be included in the determination of net income.

Appendix F

NOTES TO FINANCIAL STATEMENTS—(Continued)

(Audited only as to June 30, 1975 and the five years then ended)

Administrative Expenses

A management fee is charged to the International Development Association and a service and support fee to the International Finance Corporation representing their respective shares of the administrative expenses of the Bank.

Disposition of Income and General Reserve

The Bank has not declared or paid any dividends to its members. Commencing in 1950, a portion or all of the accumulated net income has been allocated to the General Reserve, formerly called the Supplemental Reserve against Losses on Loans and from Currency Devaluations (See Note D).

Since 1964, it has been the Bank's policy to transfer to the International Development Association that part of the year's income which was not needed for allocation to reserves or otherwise required to be retained in the Bank's business and accordingly could have been prudently distributed as dividends. Such transfers are accounted for as a charge to accumulated net income.

Staff Retirement Plan

The Bank has a contributory retirement Plan for its staff, which also covers the staff of the International Finance Corporation. All contributions to the Plan and all other assets and income of the Plan are held by the Bank separately from the assets of the Bank and the Corporation and can be used only for the benefit of the participants in the Plan and their beneficiaries. The total cost of the Plan for the periods presented (See Note F) includes amortization of unfunded liabilities resulting from prior service costs over a period of 40 years. The Bank's policy is to fund pension costs accrued.

NOTE A—TRANSLATION OF CURRENCIES

A Statement issued in 1975 by the Financial Accounting Standards Board in the United States requires that foreign currency translation adjustments be included in the determination of net income for the period in which they occur; however, in view of its character as an international institution and its related financial policies described above, the Bank does not deem this Statement to be applicable in the circumstances. Had the Bank complied with this Statement net income for the five fiscal years ended June 30, 1971 through June 30, 1975 and for the nine months ended March 31, 1975 and March 31, 1976 would have increased (or decreased) by the following amounts: \$2,255,000—June 30, 1971, \$50,623,000—June 30, 1972, \$80,819,000—June 30, 1973, (\$53,776,000)—June 30, 1974, \$13,909,000—June 30, 1975, \$49,802,000—March 31, 1975 and (\$124,061,000)—March 31, 1976.

NOTE B—CAPITAL STOCK, RESTRICTED CURRENCIES AND MAINTENANCE OF VALUE

In the Articles of Agreement, the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on July 1, 1941, and comprises 270,000 authorized shares of the par value of \$100,000 each, of which 255,489 shares at June 30, 1975 and 255,813 shares at March 31, 1976, have been subscribed. Ten percent of the capital subscriptions has been called and paid in; the remaining ninety percent is subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or by guaranteeing loans. As to \$24,656,703,000 at June 30, 1975 and \$24,687,971,000 at March 31,

NOTES TO FINANCIAL STATEMENTS—(Continued)

(Audited only as to June 30, 1975 and the five years then ended)

1976, the restriction on calls is imposed by the Articles of Agreement and, as to \$3,082,088,000 at June 30, 1975 and \$3,085,997,000 at March 31, 1976, by resolutions of the Board of Governors.

The portion of capital subscriptions paid in to the Bank is divided into two parts: (1) \$308,209,000 at June 30, 1975 and \$308,600,000 at March 31, 1976 initially paid in gold or United States dollars, and (2) \$2,773,879,000 at June 30, 1975 and \$2,777,397,000 at March 31, 1976 paid in the currencies of the respective members. Of this latter portion an amount of \$121,527,000 at June 30, 1975 and \$124,335,000 at March 31, 1976 was subsequently converted by members into United States dollars, subject to the right of the Bank or the members to reverse the transactions. The amounts initially paid in gold or United States dollars or subsequently converted by members into United States dollars are freely usable by the Bank in any of its operations; however, the remaining amounts paid in the currencies of the members, hereinafter called restricted currencies, are usable by the Bank in its lending operations only with the consent of the respective members. The equivalent of \$1,968,486,000 at June 30, 1975 and \$1,844,224,000 at March 31, 1976 had been used with such consent.

Article II, Section 9 of the Articles of Agreement provides for maintenance, as of the time of subscription, of the value of such restricted currencies, requiring (1) the member to make additional payments to the Bank in the event that the par value of its currency is reduced or the foreign exchange value of its currency has, in the opinion of the Bank, depreciated to a significant extent in its territories, and (2) the Bank to reimburse the member in the event that the par value of its currency is increased. On March 16, 1973, the Executive Directors resolved that, for all members that established central rates for their respective currencies, pending establishment of new par values, maintenance of value obligations be settled on the basis of those central rates. These obligations of the members and of the Bank become effective immediately upon the happening of those events with respect to holdings of restricted currencies represented by currency balances and demand obligations. With respect to restricted currencies out on loan, these obligations become effective only as and when such currencies are recovered by the Bank, except that in several cases the Bank and the members concerned have agreed to make provisional settlements of such obligations, by means of one or more payments over periods not exceeding five years. The amounts thus receivable, \$1,246,000 at June 30, 1975 and \$744,000 at March 31, 1976, or payable, \$20,137,000 at June 30, 1975 and \$18,615,000 at March 31, 1976, by the Bank are included in Amounts Required to Maintain Value of Currency Holdings under the headings Receivable on Account of Subscribed Capital and under Liabilities, respectively.

Where market rates of exchange are not related to par values or central rates, as in the cases of a majority of members, and where there are differences between market rates of exchange and the rates at which capital subscriptions of members have been paid or are payable, such differences are shown as Translation Adjustments on Capital Subscriptions under the heading Other Assets. The amount thus established, \$87,775,000 at June 30, 1975 and \$249,314,000 at March 31, 1976, which consists of notional receivables, \$179,354,000 at June 30, 1975 and \$272,396,000 at March 31, 1976, and notional payables, \$91,579,000 at June 30, 1975 and \$23,082,000 at March 31, 1976, will become maintenance of value obligations if and when the provisions of Article II, Section 9 of the Articles of Agreement or the resolution of the Executive Directors described above become applicable.

Appendix F

NOTES TO FINANCIAL STATEMENTS—(Continued)

(Audited only as to June 30, 1975 and the five years then ended)

Under the present system of floating exchange rates and the absence of establishment of, or changes in, the par values or central rates by member countries, the timing of the establishment and settlement of maintenance of value obligations is uncertain.

The Bank has under consideration the effect of proposed amendments to the Articles of Agreement of the International Monetary Fund upon the method of valuation of the Bank's capital stock. See page 4.

For information concerning a proposed increase in capital stock, see page 5.

NOTE C—INVESTMENTS

The market value of investment securities was \$4,768,233,000 compared with a cost of \$4,790,612,000 at June 30, 1975 and \$6,151,930,000 compared with a cost of \$6,162,902,000 at March 31, 1976, including investments not traded in the market which were valued at their cost of \$1,047,909,000 (\$530,180,000 at March 31, 1976). The item Investments included securities purchased under agreements to resell amounting to \$600,000,000 at June 30, 1975 and \$175,700,000 at March 31, 1976.

NOTE D—RESERVES

In order to comply with the requirements of a Statement issued in 1975 by the Financial Accounting Standards Board in the United States, the Supplemental Reserve against Losses on Loans and from Currency Devaluations and the Special Reserve have been restated in the balance sheet under the heading Capital and Reserves. The Supplemental Reserve has been renamed General Reserve.

Consistent with past practice, the General Reserve (as renamed) is charged or credited with net translation adjustments resulting from currency devaluations and revaluations (See Statement of Changes in General Reserve).

In 1972 and 1973 such translation adjustments were net of \$28,705,000 and \$41,791,000, respectively, representing the effect of the devaluations of the United States dollar in terms of 1944 dollars on certain portions of the Bank's paid-in capital for which members had no maintenance of value obligation under the Articles of Agreement.

The Special Reserve consists of amounts of loan commissions set aside pursuant to Article IV, Section 6 of the Articles of Agreement, which are to be held in liquid form and to be used only for the purpose of meeting liabilities of the Bank on its borrowings and guarantees. As a result of a decision made in 1964, the allocation of such commissions to the Special Reserve was discontinued in respect of subsequent loans and no further additions are being made to it. The market value of investment securities set aside for this purpose was \$301,091,000 at June 30, 1975 and \$292,316,000 at March 31, 1976.

NOTE E—CONTRIBUTIONS TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

The Bank has authorized transfers by way of grants to the International Development Association totalling \$1,025,000,000 at March 31, 1976 (\$915,000,000 at June 30, 1975) from net income for the fiscal years ended June 30, 1964 through June 30, 1975. Of this amount \$558,443,000 was payable at March 31, 1976 and \$454,433,000 at June 30, 1975.

NOTES TO FINANCIAL STATEMENTS—(Concluded)
(Audited only as to June 30, 1975 and the five years then ended)

NOTE F—STAFF RETIREMENT PLAN

The cost of the Plan to the Bank for the fiscal years ended June 30, 1971 through June 30, 1975 and the nine months ended March 31, 1975 and March 31, 1976 were as follows:

\$4,738,000—June 30, 1971, \$5,859,000—June 30, 1972, \$7,117,000—June 30, 1973, \$11,316,000—June 30, 1974, \$16,670,000—June 30, 1975, \$12,121,000—March 31, 1975 and \$15,327,000—March 31, 1976.

Certain changes in the benefit provisions of the Plan became effective in 1973 and 1974 and changes in the funding arrangements were made during the fiscal year ended June 30, 1975. As a result of these changes the net cost to the Bank for the fiscal year ended June 30, 1974 included an additional cost of \$1,780,000 and for the fiscal year ended June 30, 1975 and the nine months ended March 31, 1975 and March 31, 1976 the net cost included the following amortization of unfunded liabilities over a period of 40 years: \$4,304,000—June 30, 1975, \$3,272,000—March 31, 1975 and \$3,208,000—March 31, 1976. The Bank's policy is to fund pension costs accrued.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By ROBERT S. MCNAMARA
President



#9:53

SCOMM

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

Institution: Inter-American Development Bank

Location: Headquartered in Washington, D.C., U.S.A.
Field offices in 23 South American locations

Size: 12/31/75

Assets: U. S. \$2.98 billion
Capital: Authorized Capital: U. S. \$6.3 billion
Paid-in-Capital: U. S. \$983 million

Purpose: Established 10/1/60 pursuant to Inter-American Development Bank Agreement of December, 1959. Membership consists of 24 North and South American Governments, plus Belgium, Denmark, Israel, Japan, Spain, Switzerland, U.K., West Germany and Yugoslavia.

Purpose of Bank is to further individual and collective economic and social development of regional developing member countries via: (1) promotion of public and private investment for development purposes; (2) financing, directly or through guarantees, of development and economic growth of members; (3) encouragement and/or supplement of private investment in development projects; (4) co-ordination of members' development, economic growth and foreign trade; (5) provision of technical assistance on development projects.

Source of Funds: Capital provided by members' subscriptions plus borrowings in U. S. and international capital markets, internally generated funds and sales of loan participations. See also "Special Funds" below.

Management Structure: Governed by Board of Governors, one from each member state; executive powers delegated to Executive Directors (11), one U. S., 2 non-regional and 8 regional. Administrative responsibility centered in President, appointed by Board, and Executive Vice President, appointed by Executive Directors. Operations organized by region and function.

Management of Funds: Internal. Loans made directly to or guaranteed by member governments (98%). Loans monitored with respect to country, industry and regional economic conditions. Since inception, defaults have occurred on 2 loans totalling \$11.2 million, resulting in net losses of \$1.8 million. The Bank does not take part in debt rescheduling agreements.

- Portfolio:** Loans made pursuant to 6 principles: (1) loans made only on basis of formal analysis presented to Executive Directors; (2) in evaluating loan or guarantee, Bank must take into account ability of borrower to obtain private financing on terms it believes reasonable; (3) Bank must consider ability of borrower or guarantor to meet loan obligations; (4) in opinion of Bank, interest rate and other loan charges plus amortization schedule must be appropriate for the project being financed; (5) the Bank must receive adequate compensation for risks assumed by guaranteeing loans made by others; (6) loans made for special projects only and directly, except when amounts too small to warrant bank supervision. Since inception, Bank has made or authorized 889 loans aggregating \$8.7 billion. Largest borrowers are Brazil, Mexico, Argentina, and Columbia. Loans made for terms of 10-25 years, including grace periods, at fixed rates. Current lending rate is 8%.
- Capital Structure:** Debt 53.6%, capital funds and reserves 46.4%. Capital subscriptions of member states available for general use unless specifically restricted.
- Income:** Income retained as reserve for loan losses.
- Special Funds:**
- Social Progress Trust Fund. Administered by Bank from grant provided by U. S. Government. Resources of Fund may be used to improve land use, land settlement, low income housing, water supplies, sanitation or education. Assets consist of 119 loans aggregating U. S. \$537.2 million.
- Special Operations Fund. Established by Bank from separate contributions by members to finance projects to which special circumstances apply, principally need for loan terms to be more liberal than those normally offered by Bank. Assets consist of 453 loans aggregating U. S. \$4.2 billion.
- Venezuelan Trust Fund. Administered by Bank from U. S. \$500 million grant provided by Venezuela in 1975. Purpose is to contribute to the financing of projects and programs that would have significant effect on development of Bank's smaller members. Approved loans aggregate U. S. \$83.7 million.

PROSPECTUS

\$100,000,000

Inter-American Development Bank

8³/₄% Twenty-Five Year Bonds of 1976, due July 15, 2001

Price 99.125%, plus accrued interest from July 15, 1976

Payable from the ordinary capital resources of the Bank as more fully set forth under "Description of the Bonds". Interest payable January 15 and July 15 in New York City.

Not redeemable prior to January 15, 1989. Redeemable (a) on or after January 15, 1989 at the option of the Bank, as a whole or in part at any time, at 103.15% to and including July 15, 1989 and at decreasing prices thereafter, and (b) through operation of the sinking fund at 100%, together in each case with accrued interest.

The Bank is to redeem, as a mandatory sinking fund, \$6,400,000 of the Bonds on or within 90 days before July 15, in each of the years 1989 through 1994 and \$8,800,000 on or within 90 days before July 15 in each of the years 1995 through 2000. The sinking fund is calculated to retire 91% of the issue prior to maturity. The Bank has the non-cumulative option to increase any sinking fund retirement by an amount not exceeding the mandatory sinking fund obligation.

Application will be made to list the Bonds on the New York Stock Exchange.

The Underwriters have agreed to purchase from the Bank, at 98.250% of their principal amount and accrued interest, all Bonds not subject to delayed delivery contracts referred to below. Such Bonds are offered for sale subject to issuance and acceptance by the Underwriters and subject to prior sale. It is expected that delivery of such Bonds will be made on or about July 29, 1976 against payment in New York funds.

Bonds are also being offered, through the Underwriters, for sale to certain institutions, at the public offering price stated above, under delayed delivery contracts between the Bank and such institutions providing for payment and delivery on October 12, 1976 and January 12, 1977, as more fully described herein under "Delayed Delivery Contracts". The Underwriters will receive from the Bank a fee of .875% of the principal amount of the Bonds for which delayed delivery contracts are made.

**Merrill Lynch, Pierce, Fenner & Smith
Incorporated**

**Lehman Brothers
Incorporated**

Lazard Frères & Co.

Goldman, Sachs & Co.

The date of this Prospectus is July 15, 1976.

No person is authorized to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorized by the Bank or by any Underwriter. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Except as otherwise specified, all amounts in this Prospectus are expressed in current United States dollars. Currencies other than United States dollars have been translated into United States dollars at current rates of exchange. See Note A to the Financial Statements.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS OR OF OTHER SECURITIES OF THE BANK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR IN THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BANK

The Inter-American Development Bank (the Bank) is an international institution, the members of which are governments, established and operating under an Agreement Establishing the Inter-American Development Bank (the Agreement) which became effective December 30, 1959. The Bank officially began operations on October 1, 1960. Its principal office is located at 808—17th Street, N.W., Washington, D.C. 20577.

Thirty-three governments are members of the Bank, including twenty-four American governments and the governments of nine nonregional countries. These members, and their respective subscriptions to the ordinary capital stock and inter-regional capital stock of the Bank and their voting power, are as follows:

Member	Total Subscribed Ordinary Capital	Total Subscribed Inter-Regional Capital	Number of Votes	Percent of Total Votes
Argentina	\$ 805,644,000		66,919	11.97
Barbados	9,639,000		934	.17
Belgium		\$ 12,498,000	1,171	.21
Bolivia	64,672,000		5,496	.98
Brazil	805,644,000		66,919	11.97
Canada	292,755,000		24,403	4.36
Chile	221,231,000		18,474	3.30
Colombia	221,038,000		18,458	3.30
Costa Rica	32,342,000		2,816	.50
Denmark		5,392,000	582	.10
Dominican Republic	43,151,000		3,712	.66
Ecuador	43,151,000		3,712	.66
El Salvador	32,342,000		2,816	.50
Germany, Federal Republic of		63,092,000	5,365	.96
Guatemala	38,024,000		3,287	.59
Haiti	32,342,000		2,816	.50
Honduras	32,342,000		2,816	.50
Israel		4,994,000	549	.10
Jamaica	43,151,000		3,712	.66
Japan		68,725,000	5,832	1.04
Mexico	517,895,000		43,066	7.70
Nicaragua	32,342,000		2,816	.50
Panama	22,342,000		2,816	.50
Paraguay	28,494,000		2,497	.45
Peru	107,956,000		9,084	1.63
Spain		61,596,000	5,241	.94
Switzerland		13,752,000	1,275	.23
Trinidad and Tobago	32,342,000		2,816	.50
United Kingdom		61,596,000	5,241	.94
United States	2,409,116,000		199,839	35.74
Uruguay	86,387,000		7,296	1.31
Venezuela	380,360,000	51,282,000	35,916	6.43
Yugoslavia		5,055,000	554	.10
Total	\$6,344,702,000	\$347,982,000	559,246	100.00%

The purpose of the Bank is to further the economic and social development of the regional developing member countries, individually and collectively. According to the Agreement, the Bank has the following functions:

- (a) to promote the investment of public and private capital for development purposes;

- (b) to utilize its own capital, funds raised by it in financial markets, and other available resources, for financing the development of the member countries, giving priority to those loans and guarantees that will contribute most effectively to their economic growth;
- (c) to encourage private investment in projects, enterprises, and activities contributing to economic development and to supplement private investment when private capital is not available on reasonable terms and conditions;
- (d) to cooperate with the member countries to orient their development policies toward a better utilization of their resources, in a manner consistent with the objectives of making their economies more complementary and of fostering the orderly growth of their foreign trade; and
- (e) to provide technical assistance for the preparation, financing, and implementation of development plans and projects, including the study of priorities and the formulation of specific project proposals.

The ordinary operations of the Bank (see "Ordinary and Inter-regional Operations of the Bank") are financed from its ordinary capital resources, which include the subscribed ordinary capital stock of the Bank plus funds derived from borrowings for inclusion in such resources and funds derived from the Bank's ordinary operations. The subscribed ordinary capital stock totals \$6,344,702,000, which is composed of \$983,037,000 in paid-in shares, usable for ordinary operations, and \$5,361,665,000 in callable shares subject to call only when required to meet the obligations of the Bank on borrowings of funds for inclusion in the Bank's ordinary capital resources or guarantees chargeable to such resources (see "Ordinary Capital").

The inter-regional resources operations of the Bank (see "Inter-regional Capital") are to be financed from its inter-regional capital resources, which include the subscribed inter-regional capital stock of the Bank plus funds derived from borrowings for inclusion in such resources and funds derived from the Bank's inter-regional resources operations. The subscribed inter-regional capital stock totals \$347,982,000, which is composed of \$48,941,000 in paid-in shares, usable for inter-regional resources operations, and \$299,041,000 in callable shares subject to call when required to meet the obligations of the Bank on borrowings of funds for inclusion in the Bank's inter-regional capital resources or guarantees chargeable to such resources. The inter-regional capital resources are held, obligated and otherwise disposed of entirely separate from the ordinary capital resources; however, the Agreement provides for the ultimate merger of the inter-regional and ordinary capital resources (see "Inter-regional Capital").

In addition, the Bank administers the Fund for Special Operations, established by the Agreement, with total subscribed contribution quotas equivalent to \$4,691,983,000 (see "Fund for Special Operations"), and, under agreements with the United States and Venezuela, respectively, the Social Progress Trust Fund with authorized resources of \$525,000,000 (see "Social Progress Trust Fund") and the Venezuelan Trust Fund with authorized resources of the equivalent of \$500,000,000 (see "Venezuelan Trust Fund"). These three funds are entirely separate from the ordinary and inter-regional capital resources of the Bank.

USE OF PROCEEDS

The net proceeds to the Bank from the sale of the Bonds offered hereby will be \$98,250,000 (before deducting expenses estimated at \$160,000) and when received will be included in the ordinary capital resources of the Bank and used in its ordinary operations.

UNITED STATES APPROVAL OF BORROWING

As required by the Agreement, the United States Government has approved the raising of funds by the Bank in the capital markets of the United States by the issue of the Bonds and has agreed

that the proceeds of sale of the Bonds may be exchanged for the currency of any other country without restriction.

ORDINARY CAPITAL

The funded debt of the Bank outstanding as of May 31, 1976 and as adjusted to reflect the issuance of the Bonds offered hereby is as follows:

	<u>Outstanding</u>	<u>As Adjusted</u>
FUNDED DEBT		
Payable in United States dollars	\$ 932,117,000	\$1,032,117,000
Payable in Venezuelan bolivars ¹	23,256,000	23,256,000
Payable in Trinidad and Tobago dollars ¹	4,167,000	4,167,000
Payable in non-member currencies ¹	843,028,000	843,028,000
Total Funded Debt	<u>\$1,802,568,000</u>	<u>\$1,902,568,000</u>

The ordinary capital stock of the Bank (expressed in current United States dollars) is as follows:

ORDINARY CAPITAL STOCK

Authorized: 746,127 shares (par value \$10,000 per share in terms of United States dollars of 1959); subscribed 525,945 shares	\$6,344,702,000	\$6,344,702,000
Less callable portion of subscriptions	(5,361,665,000)	(5,361,665,000)
Total Paid-In Ordinary Capital Stock	<u>\$ 983,037,000</u>	<u>\$ 983,037,000</u>

¹ Translated into United States dollars on the basis of current rates of exchange. See Note A to the Financial statements.

More detailed information with respect to the Bank's funded debt is contained in Note G and Appendix 2 to the Financial Statements. The Bank will from time to time issue additional funded debt in the ordinary course of its operations. It is the Bank's policy to limit borrowings for inclusion in all categories of its capital resources, together with guarantees chargeable to such resources, to 80% of the callable portion of its subscribed capital stock. This policy applies to the aggregate of the Bank's capital resources of all categories, including the inter-regional capital resources (see "Inter-regional Capital").

Subscriptions to the ordinary capital stock of the Bank are divided into "paid-in" and "callable" shares, such subscriptions being payable as follows:

Paid-in Ordinary Capital. Each subscription to the paid-in ordinary capital has been or is to be paid 50% in gold and/or United States dollars and 50% in the currency of each respective member country, except for the subscription of Canada which has been paid entirely in Canadian dollars. Furthermore, the Bank has accepted, or will accept, non-negotiable, non-interest-bearing demand obligations in lieu of a part of the member's subscription to the paid-in ordinary capital. Under the Agreement such obligations shall be accepted where currencies are not required for the Bank's operations.

The gold or dollars received by the Bank in payment of the 50% portion of the member's subscription paid in gold or United States dollars may, under the Agreement, be freely used by the Bank in any of its ordinary operations. The balance of the paid-in ordinary capital paid in the currencies of the subscribing members may also be freely used by the Bank in its ordinary operations unless the pertinent member notifies the Bank of its desire to restrict the use of such funds

to making payments for goods and services produced in the territory of such member. The equivalent of \$39,990,000 of the paid-in ordinary capital has been so restricted.

Callable Ordinary Capital. The callable portion of the ordinary capital subscriptions is subject to call only when required to meet the obligations of the Bank on borrowings of funds for inclusion in the Bank's ordinary capital resources or guarantees chargeable to such resources, and, accordingly, may not be called to make loans. In the event of a call, payment may be made at the option of the member either in gold, in United States dollars, or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made. No calls have been made on the callable portion of the subscriptions.

Calls on the callable portion of the ordinary capital subscriptions are required to be uniform in percentage on all shares, but obligations of the members of the Bank to make payment upon such calls are independent of each other. Failure of one or more members to make payments on any such call would not excuse any other member from its obligation to make payment, and successive calls could be made on non-defaulting members if necessary to meet the Bank's obligations. However, no member could be required on any such call to pay more than the unpaid balance of its ordinary capital subscription.

The following table shows in summary form the subscribed ordinary capital stock of the Bank, showing separately the subscription of the United States of America and the total subscriptions of the other members.

<u>Paid-in Ordinary Capital Stock</u>	<u>United States Subscription</u>	<u>Subscriptions of Other Members</u>	<u>Total</u>
In gold or United States dollars	\$ 361,903,000	\$ 286,410,000	\$ 648,313,000
In the currencies of other subscribing members ..		334,694,000	334,694,000
Total Paid-In Ordinary Capital Stock ..	361,903,000	621,134,000	983,037,000
 <u>Ordinary Capital Stock Subject to Call</u>			
Payable in gold, United States dollars or the currency required to meet obligations for which call is made	2,017,213,000	3,314,452,000	5,361,665,000
Total Subscribed Ordinary Capital Stock	\$2,409,116,000	\$3,935,586,000	\$6,344,702,000

Under the Agreement each member is obligated to maintain in terms of United States dollars on January 1, 1959 the value of all its currency constituting part of the ordinary capital resources of the Bank other than currencies derived from borrowings by the Bank. See Note B to the Financial Statements.

INTER-REGIONAL CAPITAL

On July 9, 1976, a group of nine nonregional countries comprising (in order of size of subscription) Japan, Federal Republic of Germany, Spain, United Kingdom, Switzerland, Belgium, Denmark, Yugoslavia and Israel became members of the Bank.

In order to permit the use of the capital subscribed by nonregional member countries to support borrowings independent of the Bank's borrowings for inclusion in its ordinary capital resources, the Agreement Establishing the Bank was amended June 1, 1976 to create the inter-regional capital resources which are completely separate from the ordinary capital resources. The inter-regional capital

stock available for subscription by nonregional members consists of 42,000 shares, each having a par value of \$10,000 (in terms of 1959 dollars) and divided into 7,000 paid-in shares and 35,000 callable shares. The nine original nonregional members have subscribed to 24,595 shares, reflecting subscriptions in terms of current United States dollars of \$48.9 million in paid-in shares and \$247.8 million in callable shares, or a total of \$296.7 million. In addition, Austria, France, Italy, and the Netherlands have initiated steps to become nonregional members of the Bank with aggregate subscriptions of 11,407 shares of inter-regional capital totalling \$137.6 million, including \$22.7 million in paid-in shares and \$114.9 million in callable shares. The balance of such available authorized inter-regional capital stock will be available for subscription by other nonregional countries for a period of two years, after which it could be subscribed on a pro rata basis by the existing nonregional members.

The amendments to the Agreement also permit subscriptions to inter-regional capital by regional members and subscriptions to ordinary capital by nonregional members. (See "Increase of Capital".)

Subscriptions to the inter-regional capital stock of the Bank are divided into "paid-in" and "callable" shares, such subscriptions being payable as follows:

Paid-in Inter-regional Capital. Each subscription to the paid-in inter-regional capital is to be paid entirely in the currency of the respective member country.

Callable Inter-regional Capital. The callable portion of the inter-regional capital subscriptions is subject to call only when required to meet the obligations of the Bank on borrowings of funds for inclusion in the Bank's inter-regional capital resources or guarantees chargeable to such resources, and, accordingly, may not be called to make loans, provided, however, that the callable inter-regional capital subscriptions are also subject to call to meet any of the Bank's obligations in respect of its ordinary capital borrowings which were outstanding at December 31, 1974. In the event of a call, payment may be made at the option of the member either in fully convertible currency of a member country or in the currency required to discharge the obligations of the Bank for the purpose for which the call is made.

The inter-regional capital resources, which are to be used to finance the inter-regional resources operations independent of the ordinary operations are required to be held, obligated and otherwise disposed of entirely separate from the ordinary capital resources. The ordinary capital resources are not liable for any obligations or losses chargeable to the inter-regional capital resources and the inter-regional capital resources are not liable for any obligations or losses chargeable to the ordinary capital resources, except the inter-regional capital resources are liable to meet any of the Bank's obligations in respect of the Bank's ordinary capital borrowings which were outstanding at December 31, 1974.

The Agreement also provides for the merger of the inter-regional and ordinary capital stock, but not before the Bank shall have discharged its liabilities on all its ordinary capital borrowings which were outstanding at December 31, 1974. The final maturity of such liabilities is 1995 and such liabilities may not be discharged prior to 1983.

Subscriptions to the inter-regional capital stock carry the same voting rights as subscriptions to ordinary capital stock. Subscriptions to capital stock, either ordinary or inter-regional, will not become effective if the result would reduce the voting power of (i) the regional developing countries below 53.5%; (ii) the United States below 34.5%; or (iii) Canada below 4% of the total voting power. This permits nonregional members to have a voting power of up to 8%. The payments to paid-in inter-regional capital stock subscribed to by the nonregional members are to be effected over a three-year period (in special cases over a five-year period) starting in 1976. During the same period the nine nonregional members will contribute \$296.7 million to the Fund for Special Operations. Each nonregional member country appoints one Governor and one Alternate to the Bank's Board of Governors and the nonregional members elect two Executive Directors to the Bank's Board of Executive Directors.

INCREASE OF CAPITAL

On June 1, 1976, the Board of Governors approved an increase of approximately \$4 billion in the authorized capital stock of the Bank consisting of \$344,000,000 of authorized paid-in capital and \$3,656,000,000 of authorized callable capital. The subscriptions to the increase of the paid-in and callable capital are to be made, respectively, in three equal annual installments commencing in 1976. Only regional members are to subscribe to the increase. They have the right to subscribe in whole or in part to inter-regional capital rather than ordinary capital. Those regional members which have indicated their intention to subscribe to inter-regional capital and the amounts of their proposed subscriptions thereto are the United States (\$600,000,000), Venezuela (\$288,700,000), and Canada (\$195,800,000), representing subscriptions of \$168.5 million to paid-in inter-regional capital and \$916 million to callable inter-regional capital. Subscriptions to the increase totalling \$335,300,000 have entered into effect, including a \$51,282,000 subscription by Venezuela to inter-regional capital.

The resolution approved by the Board of Governors also contains provision for a further \$1.3 billion increase of authorized capital to become effective once the final quota of the first part of the increase has been paid. Such subsequent increase, however, would be contingent upon further approval by the Board of Governors after the final date for subscriptions of all installments of the callable capital to be authorized for the first part of the increase.

MEMBERSHIP AND SUBSCRIPTION OF THE UNITED STATES OF AMERICA

The United States of America became a member of the Bank pursuant to the Inter-American Development Bank Act of August 7, 1959. The United States has subscribed to 199,704 shares of the ordinary capital stock of the Bank and has 199,839 votes, constituting 35.74% of the total votes of all members. The United States has paid its entire \$361,903,000 subscription to the paid-in ordinary capital stock of the Bank. The Inter-American Development Bank Act, as amended, and other United States legislation authorize and the Congress has also appropriated, without fiscal year limitation, the remaining \$2,047,213,000 representing the callable portion of the United States ordinary capital subscription. No further appropriation is necessary to enable the Secretary of the Treasury to pay this \$2,047,213,000 if any part of it is ultimately needed to meet obligations of the Bank.

The United States share of the increase of capital (See "Increase of Capital") is \$120,000,000 of paid-in capital and \$1,080,000,000 of callable capital. The United States Congress has authorized the U.S. subscription to the capital increase and the United States has agreed, subject to Congressional appropriation of the requisite amounts, to subscribe to \$600,000,000 of callable ordinary capital and \$480,000,000 of callable inter-regional capital of the Bank (See "Inter-regional Capital"). The entire \$120,000,000 of paid-in capital is to be subscribed to inter-regional capital.

STATEMENT OF INCOME AND GENERAL RESERVE — ORDINARY CAPITAL

The following statement has been examined by Price Waterhouse & Co., independent accountants, whose report thereon appears on page 23 in this Prospectus. As described in Note H to the Financial Statements, the method of accounting for the income and expenses relating to the special supervision and inspection of loans was changed in 1973. The statement should be read in conjunction with the other financial statements and notes thereto included on pages 24 through 35 in this Prospectus.

(Expressed in thousands of United States Dollars — Note A)					
Years Ended December 31,					
	1971	1972	1973	1974	1975
Income					
From loans					
Interest	\$ 37,597	\$ 46,470	\$ 59,895	\$ 71,428	\$ 91,545
Credit commissions	7,352	8,885	9,668	11,144	15,002
Special commissions	6,875	7,973	9,785	11,242	13,747
Supervision and inspection fees (Note H)	—	—	2,446	2,367	3,227
	<u>51,824</u>	<u>63,328</u>	<u>81,794</u>	<u>96,181</u>	<u>123,521</u>
From investments, principally from time deposits and government obligations	46,236	41,260	57,953	73,690	78,781
From other sources, including gains on purchases of funded debt (Note G)	4,198	2,384	3,314	4,142	5,671
	<u>102,258</u>	<u>106,972</u>	<u>143,061</u>	<u>174,013</u>	<u>207,973</u>
Less — Commissions allocated to Special Reserve (Note F)	(6,875)	(7,973)	(9,785)	(11,242)	(13,747)
	<u>95,383</u>	<u>98,999</u>	<u>133,276</u>	<u>162,771</u>	<u>194,226</u>
Expenses					
Funded debt expenses	60,461	67,911	81,991	86,573	108,926
Administrative expenses (Note A)					
Salaries	6,028	6,463	8,428	10,198	11,923
Other compensation and benefits (Note J)	2,097	2,243	2,829	3,574	5,118
Office occupancy (Note L)	941	902	1,582	1,709	2,022
Other	2,799	2,612	3,719	4,636	5,495
	<u>11,865</u>	<u>12,220</u>	<u>16,558</u>	<u>20,117</u>	<u>24,558</u>
Less — amounts charged to Trust Funds for indirect and overhead expenses by Bank as Administrator	(198)	(173)	(143)	(221)	(436)
	<u>11,667</u>	<u>12,047</u>	<u>16,415</u>	<u>19,896</u>	<u>24,122</u>
Exchange adjustments (Note A)	(316)	(20)	929	1,206	2,912
	<u>71,812</u>	<u>79,938</u>	<u>99,335</u>	<u>107,675</u>	<u>135,960</u>
Income before cumulative effect of change in accounting method	23,571	10,061	33,941	55,096	58,266
Cumulative effect on prior years of changing the method of accounting for supervision and inspection of loans (Note H)	—	—	3,914	—	—
	<u>23,571</u>	<u>10,061</u>	<u>37,855</u>	<u>55,096</u>	<u>58,266</u>
Net income*	23,571	19,061	37,855	55,096	58,266
General Reserve beginning of period	98,534	122,105	142,302	182,691	237,787
Special credit arising from maintaining value of currency holdings (Note B)	—	1,136	2,534	—	—
	<u>\$122,105</u>	<u>\$142,302</u>	<u>\$182,691</u>	<u>\$237,787</u>	<u>\$296,053</u>
General Reserve end of period					

* Pro forma net income assuming the retroactive application of the new method of accounting for supervision and inspection of loans is \$24,493,000 in 1971, \$20,163,000 in 1972 and \$33,941,000 in 1973.

Net income for the five months ended May 31, 1976, as indicated by the Bank's unaudited financial statements, was \$20.6 million as compared with \$26.4 million for the corresponding five-month period of 1975. Approximately \$3.9 million of this decline was due to fluctuations in market rates of exchange affecting the United States dollar equivalents of accumulated net income in borrowed currencies, principally Italian Lire (see Note A to the Financial Statements). The exchange adjustments for the respective five-month periods were a \$2.8 million loss in 1976 and a \$1.1 million gain in 1975. Lower yields earned on short term investments also adversely affected net income for the first five months of 1976. The net income for this period is not necessarily indicative of results for the full year.

The Bank has not distributed any part of the net income from its ordinary capital resources as dividends to its members, but has pursuant to actions of the Board of Governors allocated such net income to a general reserve for possible future losses and, until further action by the Board of Governors, the net income of each year will be allocated automatically to such reserve.

The Agreement Establishing the Bank permits, subject to certain conditions, the Board of Governors to transfer part of the net income from its ordinary capital resources and from its inter-regional capital resources in respect of a particular fiscal year to the Fund for Special Operations.

ORDINARY AND INTER-REGIONAL OPERATIONS OF THE BANK

General

The Bank's ordinary operations are those financed from the Bank's ordinary capital resources (see "Ordinary Capital") and its inter-regional resources operations are those financed from the Bank's inter-regional capital resources (see "Inter-Regional Capital").

Loans from the Bank's ordinary and inter-regional capital resources are required under the Agreement to be repayable in the respective currency or currencies in which they were made. It is the policy of the Bank not to convert borrowed currencies into other currencies for lending purposes. Under the Agreement the use by the Bank of gold or a currency to purchase other currencies requires a two-thirds majority of the total voting power of the member countries.

In the case of loans to borrowers other than national governments, the Bank may, but is not obligated to, require that the government or an agency thereof guarantee the loan.

Under the Agreement, the total amount outstanding of loans and guarantees made by the Bank in its ordinary operations may not at any time exceed the total amount of the unimpaired subscribed ordinary capital of the Bank, plus the unimpaired reserves and surplus included in its ordinary capital resources, exclusive of income assigned to the special reserve (see "Loan Terms and Special Reserve") and other income of the ordinary capital resources assigned by decision of the Board of Governors to reserves not available for loans or guarantees.

Under the Agreement, the total amount outstanding of loans and guarantees made by the Bank in its inter-regional resources operations may not at any time exceed the total amount of the unimpaired subscribed inter-regional capital of the Bank, plus the unimpaired reserves and surplus included in the inter-regional capital resources, exclusive of income of the inter-regional capital resources assigned by the Board of Governors to reserves not available for loans or guarantees.

Loans from Ordinary Capital Resources

At May 31, 1976, the Bank's 295 approved loans from its ordinary capital resources aggregated the equivalent of \$1,079,910,000 and related to the financing of programs or projects in 21 countries. After eliminating participations of others and principal repayments on loans held by the Bank, approved loans totalled the equivalent of \$3,307,717,000, of which the undischursed balance was the equivalent of \$1,713,590,000.

A summary statement of the loans approved by the Bank at December 31, 1975 is set forth in Appendix 1. At May 31, 1976 loans were approved in the following amounts for the following purposes: the equivalents of \$1,284,795,000 for electric power, \$1,052,403,000 for industrial and mining enterprises, \$685,430,000 for agriculture, \$655,527,000 for transportation and communications, \$139,148,000 for revolving lines of credit for medium-term financing of capital goods exports, \$120,457,000 for water and sewage, \$75,328,000 for tourism, \$26,200,000 for education, \$19,522,000 for urban development and \$1,130,000 for preinvestment.

Approximately 80% of the aforementioned approved loans from its ordinary capital were made to or guaranteed by national governments or central banks, while an additional 18% were made to or guaranteed by other governmental entities. There have been no defaults on such loans to or guaranteed by governments, central banks or other governmental entities. Since the establishment of the Bank there have been defaults aggregating \$11.2 million on loans to two borrowers. The total amount of loan write-offs has aggregated \$1.8 million and the Bank expects to recover in full on the other defaults. See Note E to the Financial Statements. Delays in the payment of loan service charges have been insignificant. The Bank follows a policy of not taking part in debt rescheduling agreements.

Funds for disbursement under the above loans authorized by the Bank have been obtained from the Bank's paid-in ordinary capital, from funds derived from the Bank's ordinary operations, from the issuance of its own obligations, and from the sale of 574 loan participations to commercial banks in the United States, Europe, Canada and Japan, and an international organization. All participations in loans have been without the guarantee of the Bank except for one in the original amount of \$400,000 extended to a participant under a special agreement.

Loan Policy

The Bank's lending operations are subject to the following rules and conditions set forth in the Agreement:

- (i) the applicant for the loan shall have submitted a detailed proposal and the staff of the Bank shall have presented a written report recommending the proposal after a study of its merits. In special circumstances, the Board of Executive Directors, by a majority of the total voting power of the member countries, may require that a proposal be submitted to the Board for decision in the absence of such a report;
- (ii) in considering a request for a loan or a guarantee, the Bank shall take into account the ability of the borrower to obtain the loan from private sources of financing on terms which, in the opinion of the Bank, are reasonable for the borrower, taking into account all pertinent factors;
- (iii) in making or guaranteeing a loan, the Bank shall pay due regard to prospects that the borrower and its guarantor, if any, will be in a position to meet their obligations under the loan contract;
- (iv) in the opinion of the Bank, the rate of interest, other charges and the schedule for repayment of principal are appropriate for the project in question;
- (v) in guaranteeing a loan made by other investors, the Bank shall receive suitable compensation for its risk; and
- (vi) loans made or guaranteed by the Bank shall be principally for financing specific projects, including those forming part of a national or regional development program. However, the Bank may make or guarantee over-all loans to development institutions or similar agencies of the members in order that the latter may facilitate the financing of specific development projects whose individual financing requirements are not, in the opinion of the Bank, large enough to warrant the direct supervision of the Bank."

It is the policy of the Board of Executive Directors to consider loans only on the basis of written reports prepared by the staff. These reports set forth in detail information regarding the technical feasibility of the project and relevant financial and legal matters, as well as the economic situation of the country of the borrower.

The Bank generally will not lend more than 50% of the total cost of the project to be financed, and loans have been made only for the acquisition or expansion of capital assets and, in certain cases, for technical services.

The Bank has not undertaken to guarantee any loans made by others.

Loan Terms and Special Reserve

The interest rate charged on loans presently being made by the Bank from its ordinary capital resources is 8% per annum. The interest rate charged on such loans includes the 1% per annum commission for the Bank's special reserve. In addition to the interest rate, a credit commission normally at the rate of 1¼% per annum is currently charged on the undisbursed portion of loans.

The Agreement requires that the 1% commission received by the Bank be set aside as a special reserve to be held in liquid form and to be retained for meeting liabilities of the Bank on its borrowings and guarantees chargeable to its ordinary capital resources.

The amortization periods for most of the loans granted by the Bank have run between 10 and 25 years, including grace periods.

Technical Cooperation

In addition to its financial operations, the Bank has furnished technical cooperation both in connection with and independently of its loan operations. In accordance with the Agreement, this cooperation is being extended for the preparation, financing, and execution of development plans and projects, the formulation of loan proposals on specific national and regional development projects, and the development and advanced training, through seminars and other forms of instruction, of personnel specializing in the formulation and implementation of development plans and projects. The Bank has also become increasingly active in the preinvestment field, particularly through extending loans for preinvestment purposes to national development institutions to help in the identification and formulation of high priority development projects.

Under the Agreement the Bank may arrange with member countries or firms receiving technical cooperation for reimbursement of its expenses in furnishing such assistance. Expenses not so reimbursed are to be met from the net income of the ordinary capital resources, of the inter-regional capital resources, or of the Fund for Special Operations. Pursuant to resolutions of the Board of Executive Directors, all nonreimbursable technical cooperation expenditures have been charged to the net income of the Fund for Special Operations.

FUND FOR SPECIAL OPERATIONS

The member countries of the Bank have subscribed a total equivalent to \$4,691,983,000 to the Fund for Special Operations, which was established under the Agreement for making loans "on terms and conditions appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects." The amortization periods for loans from the Fund have usually been longer and the interest rates lower than for loans from the Bank's ordinary capital resources. Loans presently being made from the Fund are repayable in the respective currencies in which they were disbursed, although in most cases loans made prior to 1973 are repayable in the currency of the borrower. The Board of Governors in March 1965 directed the Bank to include in future operations of the Fund financing for social development purposes, including fields previously financed with the resources of the Social Progress Trust Fund, thus in effect combining under one fund activities formerly carried out through two funds.

The Fund is completely separate from the Bank's ordinary capital resources and from the inter-regional capital resources. Under the Agreement the ordinary capital resources and the inter-regional capital resources of the Bank are required at all times and in all respects to be held, used, obligated, invested and otherwise disposed of entirely separate from the resources of the Fund. Separate financial statements for the ordinary operations, the inter-regional resources operations and the operations of the Fund are required. The ordinary capital resources and the inter-regional capital

resources are under no circumstances to be used to discharge losses or liabilities arising from the Fund's operations. Expenses pertaining to the operations of the Fund are charged to the Fund. (See Note A to the Financial Statements.)

At May 31, 1976, the Bank's 453 approved loans from the Fund for Special Operations aggregated the equivalent of \$4,151,445,000.

Included in the subscribed contribution quotas of the Fund is an increase of \$1,500,000,000 payable in the currencies of the respective members which became effective in December, 1972 and fully subscribed at December 31, 1973. The member countries' payment to the increase totals \$1,450,000,000. The United States has agreed to contribute \$1,000,000,000 of the increase and, has paid \$950,000,000, with the balance subject to further action.

On June 1, 1976 the Board of Governors approved a further increase of \$1 billion in the Fund for Special Operations to be effected in the 1976-1978 period. The contributions of each member will become payable in three equal annual installments. The United States share of the increase is \$600,000,000.

SOCIAL PROGRESS TRUST FUND

The Social Progress Trust Fund with authorized resources of \$525,000,000 is administered by the Bank, as Administrator, under the Social Progress Trust Fund Agreement executed by the United States Government and the Bank. The resources of the Trust Fund are held by the Bank entirely separate from its own resources.

The Trust Fund may be used to improve conditions in the fields of land settlement and improved land use, housing for low income groups, community water supply and sanitation facilities, and supplementary financing of facilities for advanced education and training related to economic and social development. At May 31, 1976, the Bank's 119 approved loans from the Social Progress Trust Fund aggregated the equivalent of \$537,191,000.

VENEZUELAN TRUST FUND

The Venezuelan Trust Fund, with authorized resources of the equivalent of \$500 million (\$400 million in United States dollars and the equivalent of \$100 million in Venezuelan bolivars) is administered by the Bank pursuant to an Agreement between it and the Government of Venezuela signed February 27, 1975. The resources of the Fund are held by the Bank entirely separate from its own resources.

The purpose of the Fund is to contribute to the financing of projects and programs that would have a significant effect on the development of those members of the Bank which are relatively less developed, of limited market or of intermediate size. At May 31, 1976, the Bank as Administrator of the Venezuelan Trust Fund, had approved loans aggregating the equivalent of \$83,700,000.

ADMINISTRATION OF THE BANK

The affairs of the Bank are conducted by the Board of Governors, the Board of Executive Directors, the President, the Executive Vice President, other officers, and the staff.

All the powers of the Bank are vested in the Board of Governors, which consists of one Governor and one Alternate appointed by each member country. The Governor or Alternate Governor from each member exercises the voting power to which that member is entitled, each member having 135 votes plus one vote for each share of capital stock of the Bank held (see page 3). The Board of Governors holds regular annual meetings.

The Board of Executive Directors presently consists of eleven Directors, one appointed by the United States, two elected by the Governors of the nonregional member countries, and the remaining eight elected by the Governors of the other members of the Bank. The Board of Governors has delegated to the Board of Executive Directors all its powers except certain powers reserved to the Governors under the Agreement. Each Executive Director is entitled to cast the number of votes of the member country which appointed him or, if elected, the number of votes that counted toward his election.

All matters before the Board of Governors or the Board of Executive Directors are decided by a majority of the total voting power of the Bank, except in certain cases provided in the Agreement in which a higher percentage is required.

The President is elected by the Board of Governors. Under the direction of the Board of Executive Directors, he conducts the ordinary business of the Bank and is chief of its staff. The Executive Vice President is appointed by the Board of Executive Directors. Under the direction of that Board and the President of the Bank, the Executive Vice President exercises such authority and performs such functions in the administration of the Bank as may be determined by that Board.

The Board of Executive Directors

The following is a list of the Board of Executive Directors of the Bank and the member countries by which they were appointed or elected:

Armando Prugue (Peru)	Elected by: Colombia Peru
Augusto Ramírez Ocampo (Alternate) (Colombia)	
Jesús Rodríguez y Rodríguez (Mexico)	Elected by: Dominican Republic Jamaica Mexico Panama
Dorel M. Callender (Alternate) (Jamaica)	
John M. Porges (United States of America)	Appointed by: United States of America
Yan M. Ross (Alternate) (United States of America)	
Juan Pablo Pérez Cabello (Venezuela)	Elected by: Barbados Trinidad and Tobago Venezuela
Charles A. T. Skeete (Alternate) (Barbados)	
Hernán Aldabe (Argentina)	Elected by: Argentina Chile
Benjamín Mira (Alternate) (Chile)	
José Carlos Fonseca (Brazil)	Elected by: Brazil Ecuador
Pedro Aguayo Cubillo (Alternate) (Ecuador)	
Edmundo Valencia Ibáñez (Bolivia)	Elected by: Bolivia Paraguay Uruguay
Carlos Schroeder (Alternate) (Uruguay)	
David B. Loughton (Canada)	Elected by: Canada
William A. Kilfoyle (Alternate) (Canada)	
Rodolfo Martínez Ferraté (Guatemala)	Elected by: Costa Rica El Salvador Guatemala Haiti Honduras Nicaragua
Mario Rietti Mathieu (Alternate) (Honduras)	
Günther Schultz (Federal Republic of Germany)	Elected by: Belgium Denmark Germany, Federal Republic of United Kingdom
Torao Aoki (Japan)	Elected by: Israel Japan Spain Switzerland Yugoslavia

Principal Officers

The principal officers of the Bank are as follows:

Antonio Ortiz Mena	.....	President
Reuben Sternfeld	.....	Executive Vice President
Norman Marques Jones	.....	Operations Manager
James A. Lynn	.....	Senior Deputy Manager
Jorge D. Ferraris	.....	Deputy Manager, Region I
Sidney Schmukler	.....	Deputy Manager, Region II
Pedro Abelardo Delgado	.....	Deputy Manager, Region III
Henry J. Costanzo	.....	Financial Manager
Pedro Irañeta	.....	Deputy Financial Manager-Treasurer
Cecilio J. Morales	.....	Economic and Social Development Manager
Jorge Ruiz Lara	.....	Deputy Manager for Economic and Social Studies
Martha Ramos	.....	Deputy Manager for Technical Cooperation
Joaquín O. González	.....	Deputy Manager for Integration
Guillermo Moore	.....	Project Analysis Manager
Juan A. Prado	.....	Deputy Manager
Arnold H. Weiss	.....	General Counsel
José R. Chiriboga	.....	Deputy General Counsel
Frederic G. Jewett, Jr.	.....	Deputy General Counsel
José D. Epstein	.....	Administrative Manager
William Lee Taylor	.....	Deputy Manager
Jorge Hazera	.....	Secretary of the Bank
Alfred C. Wolf	.....	Program Advisor

THE AGREEMENT ESTABLISHING THE BANK

The Agreement Establishing the Bank, which constitutes the Bank's basic charter, sets forth the Bank's purpose and functions, and its capital structure and organization. The Agreement outlines the operations in which the Bank may engage and prescribes limitations on these operations. The Agreement also establishes the status, immunities and privileges of the Bank, and provides for the disposition of the currencies available to the Bank, the withdrawal and suspension of members, and the suspension and termination of the Bank's operations.

The Agreement provides that it may be amended only by decision of the Board of Governors by a majority of the total number of Governors, including two-thirds of the Governors of regional members, representing not less than three-fourths of the total voting power of the member countries. The unanimous agreement of the Board of Governors is required for the approval of any amendment modifying the right to withdraw from the Bank, the right to purchase capital stock of the Bank and to contribute to the Fund for Special Operations, and the limitation on liability. The Agreement provides that any question of interpretation of its provisions arising between any member and the Bank or between members of the Bank shall be submitted to the Board of Executive Directors for decision. Such decision may then be submitted to the Board of Governors, whose decision shall be final. Although any member may withdraw from the Bank by delivering written notice, any such member remains liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of the notice.

For the full text of the Agreement, reference is made to the copies available for inspection and distribution at the Bank's office in Washington, D.C.

LEGAL STATUS, IMMUNITIES AND PRIVILEGES

The following is a summary of the principal provisions of the Agreement relating to the legal status, immunities and privileges of the Bank in the territories of its members.

The Bank possesses juridical personality and has full capacity to contract, to acquire and dispose of immovable and movable property, and to institute legal proceedings. Actions may be brought against the Bank only in a court of competent jurisdiction in the territories of a member in which the Bank has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No action shall be brought against the Bank by members or persons acting for or deriving claims from members.

The property and assets of the Bank are immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank. Such property and assets are also immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action. The archives of the Bank are inviolable. The Governors, Executive Directors, Alternates, officers and employees of the Bank are immune from legal process with respect to acts performed by them in their official capacity, except when the Bank waives this immunity.

The Bank, its property, other assets, income and the operations and transactions it carries out pursuant to the Agreement are immune from all taxation and from all customs duties in its member countries. The Bank is also immune from any other obligation relating to the payment, withholding or collection of any tax or duty. Certain other provisions of the Agreement with regard to taxation of the Bank's securities and interest thereon are summarized below in "Description of the Bonds" under "Tax Status".

DESCRIPTION OF THE BONDS

The Twenty-Five Year Bonds of 1976, due July 15, 2001 (the Bonds) will be direct unsecured obligations of the Bank and will be limited to the aggregate principal amount of \$100,000,000. Interest at the rate per annum set forth on the cover page will be payable semi-annually on January 15 and July 15. The Bonds will state that they are not the obligation of any government.

The Bonds are payable from the ordinary capital resources of the Bank provided that, in the event the ordinary capital stock and the inter-regional capital stock are merged (see "Inter-regional Capital"), the Bonds will be payable from the merged capital resources.

The principal of, and premium, if any, and interest on, the Bonds will be payable, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, at the office or agency of the Bank in New York City. The Federal Reserve Bank of New York will be appointed the Bank's Fiscal Agent for the purposes of paying principal of, and premium, if any, and interest on the Bonds and of handling exchanges, registration and transfers of Bonds.

The Bonds are issuable only in the form of registered Bonds without coupons in denominations of \$1,000 and any multiple thereof. Bonds will be interchangeable in like aggregate principal amounts and transferable without charge for such exchange or transfer.

The statements under this heading are subject to the detailed provisions of the Bonds and the Resolution of the Board of Executive Directors of the Bank creating the Bonds, copies of which are available at the Bank's office in Washington, D. C.

Optional Redemption

The Bonds will be redeemable, at the election of the Bank, as a whole or in part at any time on and after January 15, 1989 at the following redemption prices (expressed in percentages of principal

amount): if redeemed on or before July 15, 1989, 103.15%; if redeemed during the twelve-month periods ending on July 15 in each of the following years:

1990	102.75%	1994	101.15%
1991	102.35%	1995	100.75%
1992	101.95%	1996	100.55%
1993	101.55%		

and if redeemed thereafter at 100% of the principal amount thereof; plus in each case interest accrued and unpaid to the redemption date.

Sinking Fund

As a mandatory sinking fund for the Bonds, the Bank is to redeem \$6,400,000 principal amount of the Bonds on or within 90 days before July 15 in each of the years 1989 through 1994 and \$8,800,000 principal amount of the Bonds on or within 90 days before July 15 in each of the years 1995 through 2000, in each case at 100% of the principal amount, together with accrued interest to the redemption date. At its option, the Bank may, on or within 90 days before each such date, redeem, at 100% of the principal amount plus interest accrued and unpaid to the redemption date, an additional principal amount of the Bonds not exceeding the amount of the mandatory sinking fund obligation in respect of such date. The right to redeem such additional principal amount of the Bonds shall not be cumulative, and the exercise of any such option shall not operate to reduce the amount of any subsequent mandatory sinking fund obligation. The Bank may credit against the principal amount of the Bonds to be redeemed pursuant to any mandatory sinking fund obligation the principal amount of any Bonds which shall have been redeemed otherwise than pursuant to a mandatory or optional sinking fund redemption, or which shall have been purchased or otherwise acquired and retired by the Bank prior to the redemption date, and not previously credited against any mandatory sinking fund obligation.

Negative Pledge Covenant

So long as any of the Bonds shall be outstanding, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Bonds shall be secured by such mortgage, pledge or other lien or charge equally and ratably with such other bonds, notes or evidences of indebtedness.

Remedy on Default

If the Bank shall default in the payment of the principal of, or premium, if any, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds (including the Bonds), notes or similar obligations which shall have been issued, assumed, or guaranteed by the Bank, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Bonds may deliver or cause to be delivered to the Bank at its principal office in the City of Washington, District of Columbia, United States of America, written notice that such holder elects to declare the principal of all Bonds held by him (the serial numbers and denominations of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Bonds shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Tax Status

The Bonds and the interest thereon will not be exempt from taxation generally.

Under the Agreement, the Bonds and the interest thereon are not subject to any tax by a member (a) which discriminates against the Bonds solely because they are issued by the Bank, or (b) if the

sole jurisdictional basis for such taxation is the place or currency in which the Bonds are issued, made payable or paid, or the location of any office or place of business maintained by the Bank. Also, under the Agreement, the Bank is not under any obligation to withhold or pay any tax on the interest on the Bonds.

As regards United States taxation, the United States Treasury Department has ruled that interest on securities issued by the Bank is not subject to United States income taxes, including withholding taxes, if paid to a non-resident alien individual (or foreign partnership, estate or trust) or to a foreign corporation, whether or not such person is engaged in trade or business in the United States, except that, absent any special statutory or treaty exemption, such interest is subject to United States income tax in the following cases: (i) such interest is derived by such person in the active conduct of a banking, financing or similar business within the United States or is received by a corporation the principal business of which is trading in stock or securities for its own account, and in either case such interest is attributable to an office or other fixed place of business of such person within the United States; (ii) such person is a foreign corporation taxable as a life insurance company carrying on a United States insurance business and such interest is attributable to its United States business.

The ruling provides that interest paid by the Bank on its obligations constitutes income from sources without the United States.

The ruling also provides that, unless a death tax convention provides otherwise, debt obligations of the Bank are deemed to be situated outside the United States for purposes of the United States federal estate tax and are not includable in the gross estate for purposes of such tax in the case of a decedent who was a non-resident of the United States and not a citizen of the United States.

Legal Opinions

The legality of the Bonds offered hereby will be passed upon by the General Counsel or the Assistant General Counsel of the Bank and by Messrs. Sullivan & Cromwell, counsel for the Underwriters, who, with respect to certain matters, will rely upon the opinion of the counsel of the Bank.

General

The Bonds will not contain any limitation on the right of the Bank to issue any other bonds, notes or obligations. It is the Bank's policy to limit borrowings for inclusion in all categories of its capital resources, together with guarantees chargeable to such resources, to 80% of the callable portion of its subscribed capital stock. The Bank's debt issues in the United States market prior to 1975 contain provisions limiting the Bank's borrowings of funds for inclusion in its ordinary capital resources, together with guarantees chargeable to such resources, to the amount of the subscription of the United States of America to the Bank's callable shares. The final maturity of such debt issues is October 1, 1995, but all such debt will have become redeemable by April 1, 1983.

The Bonds will not be issued under an indenture, and no trustee is provided for in the Bonds.

Under the provisions of Section 11(a) of the Inter-American Development Bank Act, the Bonds are exempted securities within the meaning of Paragraph (a)(2) of Section 3 of the Securities Act of 1933, as amended, and Paragraph (a)(12) of Section 3 of the Securities Exchange Act of 1934, as amended.

Application will be made to list the Bonds on the New York Stock Exchange.

The issuance of this Prospectus and the offering and sale of the Bonds are not a waiver by the Bank or by any of its members, Governors, Executive Directors, Alternates, officers or employees of any of the rights, immunities, privileges, or exemptions conferred upon any of them by the Agreement Establishing the Inter-American Development Bank or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved.

UNDERWRITING AND DISTRIBUTION

Under the terms and subject to the conditions contained in the Underwriting Agreement, dated July 15, 1976, the Underwriters named below have severally agreed to purchase, and the Bank has agreed to sell to them severally, the principal amount of Bonds set forth below opposite their names less the principal amount of Bonds to be sold pursuant to delayed delivery contracts referred to below:

<u>Name</u>	<u>Principal Amount</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 7,350,000
Lehman Brothers Incorporated	7,350,000
Lazard Frères & Co.	7,350,000
Goldman, Sachs & Co.	7,350,000
The First Boston Corporation	2,000,000
Morgan Stanley & Co. Incorporated	2,000,000
Salomon Brothers	2,000,000
Bache Halsey Stuart Inc.	1,350,000
Blyth Eastman Dillon & Co. Incorporated	1,350,000
Dillon, Read & Co. Inc.	1,350,000
Discount Corporation of New York	1,350,000
Drexel Burnham & Co. Incorporated	1,350,000
Hornblower & Weeks-Hemphill, Noyes Incorporated	1,350,000
E. F. Hutton & Company Inc.	1,350,000
Kidder Peabody & Co. Incorporated	1,350,000
Kuhn, Loeb & Co.	1,350,000
Loeb, Rhoades & Co.	1,350,000
Paine, Webber, Jackson & Curtis Incorporated	1,350,000
Reynolds Securities Inc.	1,350,000
Smith Barney, Harris Upham & Co. Incorporated	1,350,000
Warburg Paribas Becker Inc.	1,350,000
Wertheim & Co., Inc.	1,350,000
White, Weld & Co. Incorporated	1,350,000
Dean Witter & Co. Incorporated	1,350,000
Bear, Stearns & Co.	1,350,000
L. F. Rothschild & Co.	1,350,000
Shearson Hayden Stone Inc.	1,350,000
Weeden & Co. Incorporated	1,350,000
A. E. Ames & Co. Incorporated	1,000,000
Alex. Brown & Sons	1,000,000
Dominion Securities Harris & Partners Inc.	1,000,000
EuroPartners Securities Corporation	1,000,000
Shields Model Roland Securities Incorporated	1,000,000
Thomson & McKinnon Auchincloss Kohlmeier Inc.	1,000,000
UBS-DB Corporation	1,000,000
Wood Gundy Incorporated	1,000,000
ABD Securities Corporation	600,000
Arnhold and S. Bleichroeder, Inc.	600,000
Robert W. Baird & Co. Incorporated	600,000
Basle Securities Corporation	600,000
Bateman Eichler, Hill Richards, Incorporated	600,000
William Blair & Company	600,000
Dain, Kalman & Quail, Incorporated	600,000
Daiwa Securities America Inc.	600,000
F. Eberstadt & Co., Inc.	600,000
Eppler, Guerin & Turner, Inc.	600,000
Faulkner, Dawkins & Sullivan, Inc.	600,000
Keefe, Bruyette & Woods, Inc.	600,000
Kleinwort, Benson Incorporated	600,000
Ladenburg, Thalmann & Co. Inc.	600,000
McDonald & Company	600,000
Moseley, Hallgarten & Estabrook Inc.	600,000
New Court Securities Corporation	600,000

<u>Name</u>	<u>Principal Amount</u>
The Nikko Securities Co. International, Inc.	\$ 600,000
Nomura Securities International, Inc.	600,000
Oppenheimer & Co., Inc.	600,000
Piper, Jaffray & Hopwood Incorporated	600,000
Wm. E. Pollock & Co., Inc.	600,000
Prescott, Ball & Turben	600,000
R. W. Pressprich & Co. Incorporated	600,000
The Robinson-Humphrey Company, Inc.	600,000
SoGen-Swiss International Corporation	600,000
Stuart Brothers	600,000
Suez American Corporation	600,000
Spencer Trask & Co. Incorporated	600,000
Tucker, Anthony & R. L. Day, Inc.	600,000
Ultrafin International Corporation	600,000
Wood, Struthers & Winthrop Inc.	600,000
Yamaichi International (America), Inc.	600,000
Advest Co.	250,000
American Securities Corporation	250,000
Bacon, Whipple & Co.	250,000
Blunt Ellis & Simmons Incorporated	250,000
Boettcher & Company	250,000
Bosworth, Sullivan & Company, Inc.	250,000
J. C. Bradford & Co.	250,000
Butcher & Singer	250,000
Elkins, Stroud, Suplee & Co.	250,000
First of Michigan Corporation	250,000
Greenshields & Co Inc	250,000
Johnston, Lemon & Co. Incorporated	250,000
Legg Mason/Wood Walker Div. of First Regional Securities, Inc.	250,000
Loewi & Co. Incorporated	250,000
Moore, Leonard & Lynch Incorporated	250,000
Nesbitt Thomson Securities, Inc.	250,000
Newhard, Cook & Co. Incorporated	250,000
The Ohio Company	250,000
Parker/Hunter Incorporated	250,000
Reinholdt & Gardner	250,000
Rotan Mosle Inc.	250,000
Shuman, Agnew & Co., Inc.	250,000
Sutro & Co. Incorporated	250,000
C. E. Upterberg, Towbin Co.	250,000
Watling, Lerchen & Co. Incorporated	250,000
Craigie, Mason-Hagan, Inc.	200,000
Daniels & Bell, Inc.	200,000
First Harlem Securities Corporation	200,000
First Southwest Company	200,000
Folger Nolan Fleming Douglas Incorporated	200,000
Freeman Securities Company, Inc.	200,000
Hinkle Northwest, Inc.	200,000
The Milwaukee Company	200,000
Raffensperger, Hughes & Co., Inc.	200,000
Scherck, Stein & Fraue, Inc.	200,000
Thomas & Company, Inc.	200,000
Total	\$100,000,000

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Lehman Brothers Incorporated, Lazard Frères & Co. and Goldman, Sachs & Co., as Representatives of the Underwriters, have advised the Bank as follows: The Underwriters propose to offer part of the Bonds to be sold by them directly to

the public at the public offering prices set forth on the cover page hereof and part to dealers at a price which represents a concession of .475% of the principal amount under the public offering price. The Underwriters may allow, and such dealers may reallow, a discount not in excess of .250% of the principal amount to certain brokers or dealers. After the initial public offering of the Bonds the public offering prices and the selling terms may be varied by the Representatives.

DELAYED DELIVERY CONTRACTS

The Bank has authorized the Underwriters to solicit from certain types of institutional investors offers to purchase Bonds in an aggregate amount not to exceed \$20,000,000 pursuant to delayed delivery contracts in minimum amounts of \$500,000 providing for payment and delivery on October 12, 1976 and January 12, 1977.

The delayed delivery contracts are to be entered into by the respective purchasers and the Bank, in a form prescribed by the Bank, at or before the delivery to the Underwriters of the Bonds to be purchased by them, and are to be conditioned upon the sale to the Underwriters of the Bonds to be purchased by them.

Institutional investors with whom such delayed delivery contracts may be made include savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, commercial banks purchasing for their own account or for accounts of others of the foregoing types, and such others as may be approved by the Bank.

A fee of .875% of the principal amount of Bonds for which delayed delivery contracts are made will be paid to the Underwriters. The Underwriters may allow a commission of .475% to dealers, including Underwriters acting as dealers, in respect of Bonds for which delayed delivery contracts are arranged through them by the Representatives of the Underwriters.

The Bank reserves the right to reject in whole or in part applications for the Bonds on the delayed delivery basis and to allot amounts smaller than applied for.

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REPORT OF INDEPENDENT ACCOUNTANTS
ORDINARY CAPITAL

Board of Governors
Inter-American Development Bank

We have examined the financial statements of the Inter-American Development Bank — Ordinary Capital listed in the index on page 22 as of December 31, 1975 and for the five years then ended. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The method of accounting for the income and expenses relating to the special supervision and inspection of loans was changed in 1973, as described in Note H to the financial statements.

In our opinion, the financial statements examined by us present fairly the financial position of Inter-American Development Bank — Ordinary Capital at December 31, 1975, and the results of its operations and the changes in its financial position for the five years then ended, in conformity with generally accepted accounting principles. These principles have been consistently applied during the periods except for the change, with which we concur, referred to in the preceding paragraph.

PRICE WATERHOUSE & CO.

Washington, D.C.
February 13, 1976

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

BALANCE SHEET

December 31, 1975

(Expressed in thousands of United States Dollars — Note A)

ASSETS

Cash			
Unrestricted			
Member currencies	\$ 106,936		
Non-member currencies	2,553		
Restricted (Note C)			
Member currencies	17,367	\$ 126,850	
Investments			
Obligations issued or guaranteed by governments or issued by United States agencies, at amortized cost (face amount \$69,763)	69,563		
Time deposits			
Member currencies	689,631		
Non-member currencies	78,774	837,968	
Loans outstanding held by Bank (Note D) (Appendix 1)			
Total loans approved by Bank since inception, less cancellations	3,923,518		
Less undisbursed balance of approved loans held by Bank	(1,726,267)		
Less principal collected by Bank and loans sold or agreed to be sold	(701,084)	1,496,167	
Accrued interest and other charges			
On investments	26,181		
On loans	30,896	57,077	
Due from members in member currencies (Note I)			
Capital subscriptions (Appendix 3)	167		
Non-negotiable, non-interest bearing demand obligations (Appendix 3)	331,478		
Amounts required to maintain value of currency holdings (Note B)	13,628	345,273	
Other assets			
Land, building and improvements, at cost less accumulated depreciation of \$2,194	11,840		
Unamortized funded debt issue costs	11,613		
Miscellaneous, including interfund receivables (Note E)	10,532	33,985	
Special Reserve assets (Note F)		83,466	
Total assets		<u>\$2,980,792</u>	

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

BALANCE SHEET

December 31, 1975

(Expressed in thousands of United States Dollars — Note A)

LIABILITIES, SPECIAL RESERVE AND CAPITAL

Liabilities

Funded debt, less unamortized debt discount (Note G) (Appendix 2) \$1,573,097

Other liabilities and credits

Accrued interest on borrowings	\$ 32,596	
Accounts payable and accrued expenses	4,865	
Mortgage payable	2,902	
Deferred credits (Note E)	4,776	45,139
	<hr/>	

Special Reserve (Note F) 83,466

Capital

Capital Stock (Note I) (Appendix 3)

Authorized 515,000 shares of \$10,000 par value in terms of 1959 U.S. dollars

Subscribed 494,466 shares 5,964,957

Less callable portion (4,981,920)

983,037

General Reserve (Note K) 296,053 1,279,090

Commitments (Note L)

Total liabilities, Special Reserve and Capital \$2,980,792

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Expressed in thousands of United States Dollars — Note A)

	Years Ended December 31,				
	1971	1972	1973	1974	1975
Source of funds					
Provided from operations					
Net income	\$ 23,571	\$ 19,061	\$ 37,855	\$ 55,096	\$ 58,266
Items not (providing) requiring cash funds, net	1,756	304	(8,402)	(7,545)	14,976
Cash funds provided from operations	25,327	19,365	29,453	47,551	73,242
Special addition to General Reserve	—	1,136	2,534	—	—
Loan principal collections	73,948	80,420	88,690	89,890	102,190
Sales of loans to participants	11,278	2,672	3,539	11,550	503
Borrowings	137,621	176,105	130,432	106,315	369,874
Proceeds from delivery of bonds sold in 1970	4,962	—	—	—	—
Increase (decrease) in funded debt resulting from exchange rate fluctuations	45,793	—	73,046	51,292	(26,052)
Subscriptions to "paid-in" capital	83,646	202,178	97,914	33,836	8,836
Increase in "paid-in" capital resulting from maintenance of value adjustments	—	57,795	101,547	6,982	1,823
Collection of amounts due from members	40,451	59,993	58,974	51,941	53,991
Other	922	1,134	631	4,954	312
Total source of funds	<u>\$423,948</u>	<u>\$600,798</u>	<u>\$586,760</u>	<u>\$404,311</u>	<u>\$584,719</u>
Application of funds					
Loan disbursements	\$179,964	\$185,813	\$224,241	\$291,206	\$327,719
Payment of loan principal collections to participants ..	6,118	6,565	4,833	3,355	5,631
Increase (decrease) in loans outstanding resulting from exchange rate fluctuations	18,360	—	34,657	41,443	(22,585)
Retirement of funded debt	77,413	55,293	81,195	70,589	110,131
Subscriptions to "paid-in" capital and maintenance of value adjustments billed to members	83,646	261,109	201,995	40,818	10,659
Increase (decrease) in cash funds, including \$27,063 in 1971, \$40,332 in 1973, \$8,750 in 1974 and \$(6,130) in 1975, resulting from exchange rate fluctuations ..	55,542	88,890	35,483	(46,355)	147,962
Other	2,905	3,128	4,356	3,455	5,202
Total application of funds	<u>\$423,948</u>	<u>\$600,798</u>	<u>\$586,760</u>	<u>\$404,311</u>	<u>\$584,719</u>

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

NOTES TO FINANCIAL STATEMENTS

Five Years Ended December 31, 1975

Note A — Summary of Accounting Policies

Basis of Accounting

The Bank (Ordinary Capital) maintains its accounting records on the accrual basis of accounting. Furniture and equipment purchases are charged directly to expense.

Translation of Currencies

The accounting records are maintained and the financial statements are expressed in United States dollars. Assets and liabilities denominated in currencies other than United States dollars are translated generally at approximate market rates of exchange prevailing at the dates of the financial statements. Income and expenses in such currencies are translated generally at the approximate market rates of exchange prevailing during each month. Fluctuations of rates of exchange of currencies received from capital subscriptions do not have any effect on the United States dollar equivalents of such currencies because of the maintenance of value provisions described in Note B. Gains or losses relating to fluctuations in market rates of exchange of borrowed currencies are recorded as exchange adjustments when incurred. Although such fluctuations in borrowed currencies result in significant adjustments to the Bank's assets and liabilities, their effect on net income is significantly less because of the Bank's policy of lending borrowed currencies under loan contracts denominated in such currencies and making temporary investments in the same currencies prior to their disbursement under loans. Exchange gains and losses may occur whenever the Bank has an excess of assets or liabilities denominated in borrowed currencies as a result of accumulated net operating income or loss in such currencies or by conversions of one borrowed currency into another for purposes of debt servicing.

No representation is made that any currency held by the Bank is convertible into any other currency at any rate or rates.

Investments

Investments in obligations issued or guaranteed by governments or issued by United States Agencies are stated at cost adjusted for the amortization of premium or discount.

Land, Building and Improvements

Land, building and improvements are stated at cost. Major improvements are capitalized while routine replacements, maintenance and repairs are charged to expense. Depreciation is computed on the straight-line method over estimated useful lives of 47 years for the building and 10 to 12 years for the improvements.

Debt Issue Costs and Discount

Costs and discount relating to the issuance of the funded debt are being amortized over the life of each issue in proportion to principal amounts outstanding.

Administrative Expenses

Substantially all administrative expenses of the Bank are allocated between the Ordinary Capital and the Fund for Special Operations pursuant to an allocation method approved by the Board of Executive Directors. During the five years ended December 31, 1975 such expenses were charged to the Ordinary Capital and to the Fund for Special Operations as follows:

	Ordinary Capital	Fund for Special Operations
1975	47%	53%
1974	44%	56%
1973	42%	58%
1972	40%	60%
1971	40%	60%

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

NOTES TO FINANCIAL STATEMENTS (Continued)

Five Years Ended December 31, 1975

Staff Retirement Plan

The Bank, as provided for by the Staff Retirement Plan, absorbs all operating expenses of the Plan and contributes that part of the actuarial cost not provided by the contributions of employees. Accrued costs under the Plan are charged to administrative expenses when incurred.

Note B — Maintenance of Value

In accordance with the Agreement Establishing the Bank (Agreement), each member is required to maintain the value of its currency held by the Bank, except for currency derived from borrowings by the Bank. Likewise, the Bank (Ordinary Capital) is required to return to a member an amount of its currency equal to any significant increase in value of such member's currency which is held by the Bank, except for currency derived from borrowings by the Bank. The standard of value for these purposes is the United States dollar of the weight and fineness in effect on January 1, 1959. The Agreement also provides that these maintenance of value provisions may be waived by the Bank when a uniform proportionate change in the par value of the currencies of all the Bank's members is made by the International Monetary Fund. Payments by member countries on account of maintenance of value adjustments may be made in the form of cash or non-negotiable, non-interest bearing demand obligations.

On October 18, 1973 and May 8, 1972, the United States dollar was officially devalued by approximately 11.11% and 8.57% respectively. As a result of these actions and similar actions by other member countries, the Bank requested the member countries to pay \$104,081,000 in 1973 and \$58,931,000 in 1972 to maintain the value of their respective currencies held by the Bank, except for currencies held which were derived from borrowings. The portions of these amounts required to adjust the "paid-in" capital by the same percentages (\$101,547,000 in 1973 and \$57,795,000 in 1972) were credited to individual members on a proportional basis in order to reflect the value of the "paid-in" capital in terms of current United States dollars. The differences of \$2,534,000 in 1973 and \$1,136,000 in 1972 were credited to the General Reserve. Amounts still due from members are shown in the accompanying Balance Sheet as "amounts required to maintain value of currency holdings".

Note C — Restricted Currencies

In accordance with the provisions of the Agreement, the use of these currencies by the Bank or any recipient from the Bank has been restricted by a member to making payments for goods and services produced in its territory.

Note D — Loans Outstanding Held by Bank

The Bank makes loans to its members or political subdivisions of its members or to private enterprises located in the territories of its members. For loans to borrowers other than members and central banks, the Bank in almost all instances has received either the member's guarantee or other security deemed appropriate by the Bank.

Under the loan contracts with the borrowers, the Bank may sell participations in the loans to commercial banks or other public or private organizations, but it reserves to itself the administration of the loans.

Loans approved by the Bank are disbursed to borrowers in accordance with the requirements of the project being financed under the loans; however, disbursements do not begin until the borrower and guarantor, if any, take certain actions and furnish certain documents to the Bank. Of the

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

NOTES TO FINANCIAL STATEMENTS (Continued)

Five Years Ended December 31, 1975

undisbursed balances, the Bank has entered into irrevocable commitments to disburse approximately \$36,262,000 at December 31, 1975.

Note E — Miscellaneous Assets and Deferred Credits

Miscellaneous assets include the amount of \$4,776,000 representing the balance of principal, accrued interest and reimbursable expenses due from a private enterprise in Brazil which in 1966 defaulted in the payment of two loans. Part of the borrower's properties were sold in 1973 by the Bank to recover the amount of the indebtedness, under a contract providing for the payment of the proceeds in monthly installments through 1977. Interest accrued since November 1966 and reimbursable expenses incurred in years prior to 1973 have been recorded as Deferred Credits and are being taken into income starting in 1975; \$1,370,000 representing such income is included under income from other sources. The Bank expects to fully recover the total indebtedness.

Note F — Special Reserve

Under a provision of the Agreement, the amount of special commissions earned by the Bank on loans made out of the Ordinary Capital resources is required to be segregated as a special reserve for meeting the Bank's obligations created by borrowing or by guaranteeing loans. On all loans granted to date the rate of commission is 1% per annum.

The Special Reserve assets at December 31, 1975 consist of the following:

	(Thousands of United States dollars)
Cash	\$ 601
Investments	
United States Government and Agencies obligations, at amortized cost (face amount \$13,000)	12,876
Time deposits in U.S. dollars	57,600
Accrued loan commissions	4,201
Due from member countries	
Non-negotiable, non-interest bearing demand obligations	8,188
	<u>\$83,466</u>

Note G — Funded Debt

Funded debt of the Bank consists of borrowings in United States dollars, including short-term borrowings principally from central banks of Latin American members, in Venezuelan bolivars, Trinidad and Tobago dollars and in non-member currencies, at interest rates ranging from 4% to 8%.

Sinking fund requirements and funded debt maturities subsequent to December 31, 1975 are approximately equivalent to the following:

Year	Amount (in thousands)
1976	\$ 92,773
1977	128,767
1978	91,040
1979	93,134
1980	91,312
1981/85	778,842
1986/90	193,298
1991/95	111,214
	<u>\$1,580,380</u>

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

NOTES TO FINANCIAL STATEMENTS (Continued)

Five Years Ended December 31, 1975

The Bank has entered into an agreement with the Export-Import Bank of Japan which provides that the Bank may borrow up to an additional \$10,000,000 in Japanese Yen, not included above. Since December 31, 1975, the Bank has borrowed the equivalent of approximately \$91,000,000 (unaudited) in Europe and entered into an agreement for the borrowing of approximately \$16,000,000 (unaudited) in Japan. On February 10, 1976 the Bank issued in the U.S. capital market \$75,000,000 of 8 $\frac{3}{8}$ % ten year notes and \$75,000,000 of 9% twenty-five year bonds.

The weighted average face value interest rate on the outstanding principal of the Bank's funded debt at December 31, 1975 approximates 6.89%. The weighted average effective interest rate on the outstanding principal of the funded debt, after deducting discount, approximates 7.00% at December 31, 1975. The amortization of discount amounted to \$1,112,000 in 1975, \$884,000 in 1974, \$844,000 in 1973, \$709,000 in 1972 and \$636,000 in 1971.

Gains on purchases of funded debt pursuant to sinking fund requirements amounting to \$3,943,000 in 1975, \$3,957,000 in 1974, \$2,921,000 in 1973, \$2,259,000 in 1972 and \$3,999,000 in 1971, are included under income from other sources.

Note H — Supervision and Inspection of Loans

In accordance with the provisions of the loan contracts, borrowers are charged a special fee to cover the costs of supervision and inspection services performed in connection with projects financed under the loans. In years prior to 1973 the income and expenses associated with supervision and inspection of loans were recorded in a special fund called "Fund for Special Supervision and Inspection of Loans".

During 1973, the Board of Executive Directors decided that the functions of the Bank's field offices should be expanded to include, among other responsibilities, an increased participation in economic planning, preinvestment studies and technical cooperation projects in the member countries. In this connection, the Board of Executive Directors determined that the fees charged the borrowers for supervision and inspection services together with other income of the Bank, will be available to cover expenses of supervision and inspection of loans and expenses of the field offices, including those expenses relating to the expanded activities. Consequently, the Board of Executive Directors decided to transfer the January 1, 1973 balance of \$3,914,000 of the "Fund for Special Supervision and Inspection of Loans" to the regular income of the Bank and from that date to consider the charges to borrowers and the expenses of supervision and inspection of loans as part of the regular income and expenses of the Bank. The effect of the above was to increase net income for 1973 by \$378,000 in addition to the cumulative effect of the change in accounting method of \$3,914,000. If this method had been in effect during the prior two years, net income for those years would have been the pro forma amounts shown in the footnote to the Statement of Income and General Reserve on page 9.

Note I — Capital Stock

In the Agreement Establishing the Bank, the authorized capital is expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1959. Because of the devaluations of the United States dollar mentioned in Note B, the \$10,000 par value of each share in terms of the 1959 United States dollar has increased to \$12,063 in terms of the current United States dollar. In these terms, the authorized Ordinary Capital at December 31, 1975 was \$6,212,668,000 (515,000

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

NOTES TO FINANCIAL STATEMENTS (Continued)

Five Years Ended December 31, 1975

shares of \$12,063 each), comprised of \$1,055,550,000 (87,500 shares) of "paid-in" capital and \$5,157,118,000 (427,500 shares) of "callable" capital. The subscribed "paid-in" capital has been or is to be paid 50% in gold and/or United States dollars and 50% in the currency of the respective member, except for the subscription of Canada which has been paid 100% in Canadian dollars; as permitted under the Agreement, non-negotiable, non-interest bearing demand obligations have been or will be accepted in lieu of part of the member's subscription to the "paid-in" capital. The subscribed "callable" portion of the authorized Ordinary Capital shall be called only when required to meet the obligations of the Bank created by borrowings of funds for inclusion in the Bank's Ordinary Capital resources or guarantees chargeable to such resources and is payable at the option of the member either in gold, United States dollars or the currency required to discharge the obligations of the Bank for the purpose for which the call is made. Final installments under a "paid-in" capital increase approved in 1971 were subscribed by members in 1975.

On July 9, 1975, the Board of Governors approved a resolution recommending an increase in the authorized capital stock in the amount of \$4,000,000,000, to become effective only upon agreement of at least 16 members to subscribe to at least \$3,015,000,000 of the increase. Such increase would consist of \$344,000,000 of authorized "paid-in" capital and \$3,656,000,000 of authorized "callable" capital. Subscriptions to the increase would be made in three equal annual installments beginning in 1976. Part of the increase may be subscribed by certain members in the stock of a new fund, the Inter-Regional Capital, which would be created by the approval of certain amendments to the Agreement Establishing the Bank which have been submitted to the Board of Governors for its consideration.

The following table summarizes the changes in the subscribed capital for the year ended December 31, 1975:

	Subscribed Capital			Total
	Shares	Amount (Thousands of United States dollars)		
		"Paid-in"	"Callable"	
Balance at December 31, 1974	493,582.4	\$972,378	\$1,981,920	\$5,954,295
Capital subscribed by members during 1975 (in 1959 U.S. dollars)	883.6	8,836	—	8,836
Increase of 1975 capital subscription as a result of 1973 and 1972 maintenance of value adjustments	—	1,823	—	1,823
Balance at December 31, 1975	494,466.0	\$983,037	\$1,981,920	\$5,964,957

Note J — Staff Retirement Plan

The Bank has a Staff Retirement Plan for the benefit of its employees. Every staff member under age 62 becomes a participant as a condition of service and contributes a percentage of his remuneration to the Plan. Bank contributions to the Plan (1975 — \$4,693,000, 1974 — \$3,049,000, 1973 — \$2,534,000, 1972 — \$2,292,000, and 1971 — \$2,106,000) were charged to administrative expenses and allocated between funds as indicated in Note A. The 1975 contributions increased by approximately \$1,000,000 as a result of amendments to the Plan, including certain amendments that created an unfunded liability which is being amortized over a ten year period.

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

NOTES TO FINANCIAL STATEMENTS (Continued)

Five Years Ended December 31, 1975

Note K — General Reserve

Pursuant to actions of the Board of Governors the net income from the Ordinary Capital resources of the Bank has been allocated to a general reserve for possible future losses and, until further action by the Board of Governors, the net income of each year is to be allocated automatically to such reserve.

Note L — Leases

The Bank rents certain of its office facilities under lease agreements which expire at various dates through 1980. The estimated annual rentals through 1980, under leases in effect at December 31, 1975 (net of amounts under sublease agreements), are as follows:

1976	\$2,107,000
1977	1,889,000
1978	602,000
1979	150,000
1980	102,000

The Bank has an option to renew for three additional five-year periods its principal lease which expires in 1978.

Office rental expense (net of amounts received under subleases) was \$2,199,000 in 1975 and was allocated between funds as set forth in Note A.

Note M — Events Subsequent to Date of Opinion of Independent Accountants (February 13, 1976)
(Unaudited)

For changes in the Bank's capital stock which became effective subsequent to December 31, 1975, see table on page 3 and "Inter-regional Capital" and "Increase of Capital".

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

SUMMARY STATEMENT OF LOANS — NOTE D

December 31, 1975

Expressed in thousands of United States dollars — Note A

Member in whose territory loans have been made	Total loans approved by Bank since inception, less cancellations	Principal collected by Bank	Loan sold or agreed to be sold	Approved loans held by Bank			Currency in which outstanding portion of approved loans held by Bank is collectible		
				Total	Undisbursed	Outstanding	United States dollars	Other "paid-in" currencies	Other borrowed currencies
Argentina	\$ 580,913	\$116,655	\$21,640	\$ 442,618	\$ 184,088	\$ 258,530	\$ 88,206	\$ 21,811	\$148,513
Barbados	9,100	—	—	9,100	9,100	—	—	—	—
Bolivia	68,360	762	—	67,598	37,496	30,102	19,847	300	9,955
Brazil	1,245,808	155,222	15,879	1,074,707	591,713	482,994	270,585	40,374	172,035
Chile	229,160	59,51	6,312	163,697	109,133	54,564	31,111	3,734	19,719
Colombia	354,187	55,606	4,257	294,324	155,717	138,607	44,407	8,044	86,156
Costa Rica	71,040	9,501	1,520	60,019	50,435	9,581	4,613	74	4,894
Dominican Republic	6,713	6,513	200	—	—	—	—	—	—
Ecuador	70,409	4,424	257	65,728	47,056	18,672	12,209	386	6,077
El Salvador	7,029	4,573	251	2,205	—	2,205	1,881	104	220
Guatemala	35,819	6,928	15,725	13,166	10,000	3,166	3,022	—	144
Honduras	460	400	60	—	—	—	—	—	—
Jamaica	13,308	69	—	13,239	8,458	4,781	3,177	105	1,499
Mexico	722,011	93,283	12,637	616,091	278,986	337,105	132,318	27,572	177,215
Nicaragua	16,900	6,973	1,794	8,133	—	8,133	5,355	652	2,126
Panama	1,536	542	—	994	—	994	604	324	66
Paraguay	6,322	3,612	429	2,291	—	2,291	1,558	375	358
Peru	80,550	18,681	7,834	54,035	33,469	20,566	10,197	2,715	7,654
Trinidad and Tobago	710	—	—	710	557	153	13	—	140
Uruguay	81,692	15,360	952	65,380	43,098	22,282	15,034	2,014	5,234
Venezuela	129,403	40,276	5,768	83,359	23,635	59,724	15,125	9,062	35,537
Regional	192,078	6,038	1,000	185,040	143,323	41,717	31,436	—	10,281
Total	\$3,923,518	\$604,569	\$96,515	\$3,222,434	\$1,726,267	\$1,496,167	\$690,698	\$117,646	\$687,823

The following table summarizes the borrowed currencies other than United States dollars, in which the outstanding portion of approved loans held by the Bank is collectible:

Currencies	Amount
Austrian Schilling	\$ 21,459
Belgian Franc	6,004
Pound Sterling	2,609
French Franc	29,554
Deutsche Mark	215,244
Italian Lira	54,122
Japanese Yen	121,650
Netherlands Guilder	19,966
Spanish Peseta	13,591
Swedish Kronor	25,165
Swiss Franc	155,474
Trinidad and Tobago dollar	1,875
Venezuelan Bolivar	21,110
	\$687,823

INTER-AMERICAN DEVELOPMENT BANK — ORDINARY CAPITAL

STATEMENT OF FUNDED DEBT — NOTE C

December 31, 1975

Expressed in thousands of United States dollars — Note A

<u>Payable in</u>	<u>Face Value interest rate range</u>	<u>Due Date</u>	<u>Principal outstanding</u>
Austrian Schillings	6¾% - 7%	1980-1983	\$ 18,535
Belgian Francs	7% - 7½%	1982-1986	15,762
Deutsche Marks	5½% - 8½%	1976-1987	253,007
French Francs	8% - 8½%	1989-1992	43,509
Italian Lira	5% - 0%	1982-1989	58,538
Japanese Yen	5% - 8%	1978-1990	135,267
Netherlands Guilders	7% - 8%	1986-1988	24,627
Pounds Sterling	5½% - 8¾%	1984-1989	4,822
Spanish Pesetas	6%	1985	13,949
Swiss Francs	5½% - 8%	1981-1989	162,264
Swedish Kronor	7½% - 8¼%	1979-1984	22,824
Trinidad and Tobago dollars	8%	1984	4,167
United States dollars	4% - 8¾%	1976-1995	799,853
Venezuela Bolivars	7%	1987	23,256
			1,580,380
Less — Unamortized debt discount			(7,283)
Total			\$1,573,097

INTER-AMERICAN DEVELOPMENT BANK—ORDINARY CAPITAL

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER—NOTE I

December 31, 1975

Expressed in thousands of United States dollars—Note A

Member	Shares	Percent of total shares	Total subscribed capital	Paid-in portion of subscribed capital		Callable portion of subscribed capital	Number of votes	Percent of total number of votes	Due from Members	
				United States dollars	Other member currencies				Paid-in capital subscriptions	Non-negotiable, non-interest bearing, demand obligations
Argentina	58,850	11.90	\$ 709,933	\$ 62,211	\$ 62,211	\$ 585,511	58,985	11.85	\$ 41,568	
Barbados	704	.14	8,493	1,249	1,249	5,995	839	.17	1,204	
Bolivia	4,724	.95	56,989	4,995	4,994	47,000	4,859	.98	5,142	
Brazil	58,850	11.90	709,933	62,211	62,211	585,511	58,985	11.85	—	
Canada	24,268	4.91	292,755	—	48,254	244,501	24,403	4.91	20,857	
Chile	16,160	3.27	194,945	17,082	17,082	160,781	16,295	3.28	13,396	
Colombia	16,146	3.26	194,776	17,070	17,070	160,636	16,281	3.27	4,852	
Costa Rica	2,362	.48	28,494	2,497	2,497	23,500	2,497	.50	920	
Dominican Republic	3,152	.64	38,024	3,329	3,330	31,365	3,287	.66	—	
Ecuador	3,152	.64	38,024	3,330	3,329	31,365	3,287	.66	—	
El Salvador	2,362	.48	28,494	2,497	2,497	23,500	2,497	.50	2,076	
Guatemala	3,152	.64	38,024	3,329	3,330	31,365	3,287	.66	—	
Haiti	2,362	.48	28,493	2,497	2,497	23,499	2,497	.50	2,348	
Honduras	2,362	.48	28,493	2,497	2,497	23,499	2,497	.50	998	
Jamaica	3,152	.64	38,024	3,330	3,329	31,365	3,287	.66	2,766	
Mexico	37,830	7.65	456,359	39,990	39,990	376,379	37,965	7.63	—	
Nicaragua	2,362	.48	28,494	2,497	2,497	23,500	2,497	.50	—	
Panama	2,362	.48	28,494	2,497	2,497	23,500	2,497	.50	2,334	
Paraguay	2,362	.48	28,494	2,497	2,497	23,500	2,497	.50	2,291	
Peru	7,886	1.59	95,132	8,336	8,336	78,460	8,021	1.61	\$ 167	5,709
Trinidad and Tobago	2,362	.48	28,494	2,497	2,497	23,500	2,497	.50	—	2,797
United States	199,704	40.39	2,409,116	361,903	—	2,047,213	199,830	40.15	—	189,024
Uruguay	6,310	1.27	76,120	6,671	6,671	62,778	6,445	1.30	—	2,450
Venezuela	31,530	6.37	380,360	33,331	33,332	313,697	31,665	6.36	—	30,746
Total	494,466	100.00	\$5,964,957	\$648,343	\$334,694	\$4,981,920	497,706	100.00	\$ 167	\$331,478