
PROSPECTUS

\$50,000,000

International Bank for Reconstruction and Development

Twenty-Five Year Bonds of 1951

Due March 1, 1976

Interest Rate 3%

Price 100%

Plus accrued interest from March 1, 1951

The Bonds are offered by the several Sponsors named below, subject to acceptance by the Bank of subscriptions therefor and to the other terms set forth herein under "Arrangements for Distribution." It is expected that delivery of the Bonds in temporary form will be made by the Sponsors on or about March 8, 1951.

| | | | | |
|--|---------------------------------------|---|---------------------------------------|--------------------------------|
| The Chase National Bank | The First Boston Corporation | C. J. Devine & Co. | Salomon Bros. & Hutzler | |
| The First National Bank of Chicago | | Halsey, Stuart & Co. Inc. | | |
| Bankers Trust Company | | Morgan Stanley & Co. | | |
| The National City Bank of New York | | J. P. Morgan & Co. <small>Incorporated</small> | Kuhn, Loeb & Co. | |
| First National Bank New York | Manufacturers Trust Company | Chemical Bank & Trust Company | Guaranty Trust Company of New York | Bank of America N.T. & S.A. |
| Blyth & Co., Inc. | Dillon, Read & Co. Inc. | Drexel & Co. | Glore, Forgan & Co. | Goldman, Sachs & Co. |
| Harriman Ripley & Co. <small>Incorporated</small> | Kidder, Peabody & Co. | Ladenburg, Thalmann & Co. | Lazard Freres & Co. | |
| Lehman Brothers | Merrill Lynch, Pierce, Fenner & Beane | Shields & Company | Smith, Barney & Co. | |
| Stone & Webster Securities Corporation | Union Securities Corporation | White, Weld & Co. | | |

The date of this Prospectus is February 28, 1951

INTRODUCTORY

This Prospectus has been prepared by the International Bank for Reconstruction and Development (hereinafter sometimes called the Bank) in connection with the public offering of its Twenty-Five Year Bonds of 1951, due March 1, 1976 (hereinafter sometimes called the Bonds) in the aggregate principal amount of \$50,000,000.

This Prospectus is divided into four parts, as follows:

- Part I — containing a statement of the purpose of the issue, the approval of the United States of America (hereinafter sometimes called the United States) relating thereto and a description of the Bonds.
- Part II — containing a summary of certain principal features of the Bank's purposes, organization and operations.
- Part III — containing financial statements, schedules thereto and other information in table form.
- Part IV — containing information with respect to arrangements for distribution of the Bonds.

In addition to this Prospectus, copies of the following documents pertaining to the Bank and the Bonds are available for inspection at the Bank's offices at 1818 H Street, N. W., Washington 25, D. C., and 33 Liberty Street, New York 5, N. Y.:

The Articles of Agreement, the By-Laws and the Rules of Procedure for Meetings of the Executive Directors of the Bank.

The resolutions of the Executive Directors creating the Bonds and authorizing their sale, the forms of temporary and definitive Bonds, and the form of opinion to be rendered by the General Counsel, or in his absence the acting General Counsel, of the Bank relating to the validity of the Bonds.

The Loan Agreements and Guarantee Agreements entered into by the Bank.

The decisions interpreting provisions of the Articles of Agreement of the Bank rendered by the Executive Directors pursuant to Article IX of the Articles of Agreement.

Copies of the Articles of Agreement of the Bank are also available for distribution in reasonable quantities upon request to the Bank at either of its said offices.

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

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offering of these Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Bank or by the members of the Sponsoring Group. 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.

In connection with this offering, the Bank may buy or sell Bonds or any other bonds issued by the Bank for the purpose of stabilizing the market in the Bonds. This statement is not an assurance that the market in the Bonds will be stabilized or that the stabilizing, if commenced, may not be discontinued at any time.

PART I

PURPOSE OF ISSUE

The net proceeds of the sale of the Bonds will be used in the general operations of the Bank.

UNITED STATES APPROVAL OF THE BORROWING

Under the Articles of Agreement the Bank may borrow funds only with the approval of the member of the Bank in whose markets the funds are raised and only if such member agrees that such funds may be exchanged for the currency of any other member without restriction. The Chairman of the National Advisory Council on International Monetary and Financial Problems has confirmed to the Bank that the United States has approved the raising of funds by the Bank in the markets of the United States by the issuance of bonds, prior to January 1, 1952, in an aggregate principal amount not exceeding \$100,000,000, and has agreed that the proceeds of sale of such bonds may be exchanged without restriction for the currency of any other member.

DESCRIPTION OF THE BONDS

The Bonds will be known as the Twenty-Five Year Bonds of 1951, due March 1, 1976, of the Bank and will be direct unsecured obligations of the Bank. The Bonds will state on their face that they are not an obligation of any government.

The Bonds will be issued in the aggregate principal amount of \$50,000,000. They will be dated March 1, 1951, and will mature on March 1, 1976. The Bonds will bear interest at the rate of 3% per annum, payable semi-annually on March 1 and September 1 in each year, the first payment to be made on September 1, 1951. Principal and interest will be payable at the office or agency of the Bank in the Borough of Manhattan, in The City of New York, 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 Bank will appoint the Federal Reserve Bank of New York as its Fiscal Agent for the purpose of paying interest on and the principal of the Bonds, authenticating Bonds, registering and transferring registered Bonds and making exchanges of Bonds.

Denominations and Exchanges

The definitive Bonds will be in the form of bearer Bonds with interest coupons attached in the denominations of \$1,000, \$10,000 and such multiples of \$1,000 as may from time to time be authorized by the Bank and of fully registered Bonds without coupons in such denominations as may from time to time be authorized by the Bank. In the first instance temporary Bonds will be issued, exchangeable without charge to the holders, upon presentation and surrender thereof at the said office or agency of the Bank, for a like aggregate principal amount of definitive Bonds, when prepared and ready for delivery. The temporary coupon Bonds will be originally issued with coupons maturing September 1, 1951, and March 1, 1952, attached.

Upon payment, if the Bank shall so require, of a charge calculated to reimburse the Bank for the cost of the exchange, including any tax or other governmental charge connected therewith: (1) bearer Bonds with interest coupons attached (hereinafter called coupon Bonds), whether in temporary or in definitive form, together with all unmatured coupons thereto appertaining, may be exchanged upon presentation and surrender thereof at said office or agency in the Borough of Manhattan for coupon Bonds of other authorized denominations with all unmatured coupons thereto appertaining or for fully registered Bonds without coupons (hereinafter called registered Bonds) of any authorized denominations, or both, in the same aggregate principal amount; and (2) registered Bonds, whether in temporary or in definitive form, may be exchanged upon presentation and surrender at said office or agency, duly endorsed or accompanied by a

proper instrument or instruments of assignment and transfer, for registered Bonds of other authorized denominations or for coupon Bonds of any authorized denominations with all unmatured coupons thereto appertaining, or both, in the same aggregate principal amount.

Sinking Fund

The Bank will covenant in the Bonds that, as a sinking fund therefor and until all the Bonds shall have been purchased or paid and retired or shall have become due, the Bank will, on or before the respective dates hereinafter specified, purchase and retire or redeem Bonds in principal amounts equal to the respective percentages hereinafter specified of the total principal amount of the Bonds which shall have been issued, to wit: 2% on or before March 1, 1963, and 4% on or before March 1 of each year thereafter to and including March 1, 1975. The Bank will have the right to anticipate any instalment of the sinking fund by purchase or redemption of Bonds.

Negative Pledge Covenant

The Bank will covenant in the Bonds that, so long as any of the Bonds 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 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 or evidences of indebtedness.

Remedy on Default

The Bonds will provide that, if the Bank shall default in the payment of the principal of, or interest on, any of the Bonds or any other bonds or similar obligations which shall have been issued, assumed or guaranteed by the Bank, or in the performance of any covenant in any of the Bonds or in any other such bonds or obligations in respect of a sinking fund therefor, 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.

Redemption

The Bonds will be subject to redemption at the election of the Bank, as a whole at any time or in part (as selected by lot by the Bank) from time to time, on at least 45 days' notice by publication, at the principal amount of the Bonds so called for redemption and unpaid interest accrued thereon to the date of redemption, plus as premiums the following respective percentages of such principal amounts: $2\frac{1}{2}\%$, if the redemption date shall be on or before March 1, 1956; 2%, if the redemption date shall be thereafter and on or before March 1, 1961; $1\frac{1}{4}\%$, if the redemption date shall be thereafter and on or before March 1, 1966; $\frac{3}{4}$ of 1%, if the redemption date shall be thereafter and on or before March 1, 1971; and without premium if the redemption date shall be thereafter.

Tax Status

The United States Treasury Department has ruled that (a) bonds issued by the Bank are not subject to United States stamp taxes on the issuance or transfer thereof, and (b) interest on

bonds issued by the Bank is exempt from United States income taxes, including withholding taxes, if paid to an individual who is not a national or resident of the United States, or to a corporation organized under the laws of a country other than the United States, whether or not such corporation is engaged in trade or business in the United States, unless the corporation is a life insurance company and the interest is attributable, within the meaning of the United States Internal Revenue Code, to the company's life insurance business in the United States. Under the Articles of Agreement of the Bank, the Bank is not under any obligation to withhold or pay any tax on the interest on the Bonds. The Bonds and the interest thereon are not exempt from other taxation by reason of any provision of the Articles of Agreement, except that the Bonds and the interest thereon are not subject to any tax which discriminates against the Bonds solely because they are issued by the Bank or the sole jurisdictional basis for which 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.

Legal Opinion

The legality of the Bonds will be passed upon for the Bank by its General Counsel, Davidson Sommers, or in his absence by its acting General Counsel.

General

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

Under the provisions of Section 15(a) of the Bretton Woods Agreements Act, as amended (Section 2, Public Law 142, 81st Congress, 1st Session, June 29, 1949) the Bonds are exempted securities within the meaning of Section 3(a) (2) of the Securities Act of 1933, as amended (U.S.C., Title 15, Section 77c) and Section 3(a) (12) of the Securities Exchange Act of 1934, as amended (U.S.C., Title 15, Section 78c).

Application will be made within 3 months after the public offering date to list the Bonds on the New York Stock Exchange.

PART II

ESTABLISHMENT AND MEMBERSHIP

The Bank is an international institution, the members of which are governments. It was established and is operating under Articles of Agreement signed by those governments. The Bank officially began operations on June 25, 1946. Its principal office is at Washington, D. C.

On accepting membership in the Bank, each member subscribes to shares of the capital stock of the Bank. Accordingly, the Bank's members are its stockholders. Forty-nine governments are now members of the Bank. A list of the members, showing the voting power of each and the amount of the subscription of each to capital stock, is set forth in Schedule C to the December 31, 1950, Financial Statements in Part III of this Prospectus.

THE ARTICLES OF AGREEMENT

The Articles of Agreement of the Bank (hereinafter sometimes called the Articles), which constitute the Bank's governing charter, were drawn up by the United Nations Monetary and Financial Conference held in July, 1944. The Articles, among other things, 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 provisions with respect to the following matters, among others, which are not described, or described only in part, in this Prospectus: 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 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, reference is made to the copies available for inspection and distribution at the Bank's offices in Washington and New York.

PURPOSES AND PRINCIPAL OPERATIONS

The principal purposes of the Bank may be summarized 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 and participations in loans and other investments made by private investors; and
- (c) When private capital is not available on reasonable terms, to make loans for productive purposes out of its own resources or funds borrowed by it.

In carrying out those purposes, the Bank has engaged in two principal types of financing operations. First, it has made loans for productive purposes to finance, in whole or in part, the foreign exchange costs of programs and projects of reconstruction and development. Second, it has raised funds in the private market by issuing its own obligations and by selling, both with and without its guarantee, securities received under loans it has granted. In addition, the Bank has considered proposals that it participate in or guarantee loans or other investments made by private investors, but no transaction of this type has yet been consummated.

CAPITAL STRUCTURE OF THE BANK

Authorized and Subscribed Capital

The total authorized capital stock of the Bank is \$10,000,000,000, in terms of United States dollars of the weight and fineness in effect on July 1, 1944. It is divided into 100,000 shares of the par value of \$100,000 each. Total subscribed capital, as of December 31, 1950, was \$8,338,500,000.

From the standpoint of the manner and amount of payment of the subscriptions and the purposes for which subscribed capital can be used by the Bank, the subscription of each member is divided into three parts:

- (1) 2% of each subscription is payable in gold or United States dollars. These funds may be freely used by the Bank in any of its operations. With the minor exception noted below under the heading "Summary", each member has paid such 2% of its subscription.
- (2) 18% of each subscription is payable in the currency of the subscribing member. These funds may be loaned only with the consent of the member whose currency is loaned. Each member has paid such 18% of its subscription. See Notes B, I and J to the December 31, 1950, Financial Statements in Part III of this Prospectus.
- (3) The remaining 80% of each subscription is subject to call by the Bank only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. It is thus not available for use by the Bank in making loans. Payments 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.

The obligations of the members of the Bank to make payment of calls on the 80% portion of their subscriptions are independent of each other. The failure of one or more members to make payment of such a call does not excuse any other member from its obligation to make payment. If the Bank calls a part of the 80% and the amount received by it on the call is insufficient to meet the obligations for which the call is made, the Bank has the right to make further successive calls on the 80% until the total received by it is sufficient for that purpose. However, no member may be required on any such call to pay more than the unpaid balance of its capital subscription.

Calls need not be deferred until obligations have actually matured. If for any reason the Bank will not have available funds sufficient to meet any such obligation as it matures, the Bank may make calls sufficiently in advance of the maturity of the obligation in order to meet it as it matures. The 80% of the subscriptions 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.

Summary

The following table shows, in summary form, as of December 31, 1950, the capital structure of the Bank expressed in United States currency, showing separately the subscription of the United States of America and the subscriptions of other members:

Authorized capital: \$10,000,000,000

Subscribed capital: \$ 8,338,500,000

| <u>Paid-in</u> | <u>United States</u> <u>Subscription</u> | <u>Subscriptions of</u> <u>Other Members</u> | |
|----------------------------------|---|---|--|
| | <u>In gold or</u> <u>United States</u> <u>dollars</u> | <u>In gold or</u> <u>United States</u> <u>dollars</u> | <u>In currencies</u> <u>of such</u> <u>members</u> |
| 2%..... | \$ 63,500,000 | \$98,980,000* | \$ — |
| 18%..... | 571,500,000** | — | 929,430,000** |
| | <u>\$635,000,000</u> | <u>\$98,980,000</u> | <u>\$929,430,000</u> |
| <u>Subject</u> <u>to call</u> | <u>Payable in gold, United States dollars</u> <u>or the currency required to meet</u> <u>obligations for which call is made</u> | | |
| 80%..... | \$2,540,000,000 | \$4,130,800,000 | |

* Payment of an additional \$4,290,000 in this category postponed to June 25, 1951, under Article II, Section 8(a) (i).

** Loanable only with consent of member whose currency is to be loaned. The United States has consented to the use of its full 18% for lending purposes. The Bank has obtained the consent of the majority of its other members to the use of all or part of their 18% currencies but in most cases such consents are subject to conditions. See Notes B, I, J and K to December 31, 1950, Financial Statements in Part III of this Prospectus.

Schedule C to the December 31, 1950, Financial Statements in Part III of this Prospectus sets forth, as of that date, the total amount of the subscription of each member and the amount paid in and the amount subject to call on each subscription.

Limitation of Aggregate Amount of Loans and Guarantees

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.

FUNDED DEBT AND CONTINGENT OBLIGATIONS OF THE BANK

On December 31, 1950, the funded debt of the Bank totaled the equivalent of \$260,587,551 and the contingent obligations of the Bank arising from sales of securities guaranteed by it totaled \$25,600,000 (see Note C to the December 31, 1950, Financial Statements of the Bank in Part III of this Prospectus). No changes in said amounts have occurred since that date except that the amount of the contingent obligations of the Bank has increased by \$549,000 arising from the sale of securities guaranteed by the Bank and has been reduced by \$600,000 resulting from a repayment of principal on such guaranteed securities so that as of February 25, 1951, the contingent obligations totaled \$25,549,000.

A description of the bonds issued and the obligations guaranteed by the Bank, as of December 31, 1950, is set forth in Tables 1 and 2 in Part III of this Prospectus.

LOAN OPERATIONS

Loans Approved and Funds Available for Lending

As of December 31, 1950, the Bank had granted forty-one loans in the aggregate principal amount of \$1,023,375,000 or the equivalent in other currencies, to finance programs or projects in nineteen member countries. With the exception of one loan made partly in Swiss francs, the principal amounts of these loans have been expressed either in United States dollars alone or in United States dollars or the equivalent in other currencies. Disbursements on these loans have amounted, as of that date and exclusive of repayments, to the equivalent of \$641,917,026, repayable in several currencies, as follows:

| | |
|--|--------------------------------|
| \$622,186,851 in United States dollars | \$ 27,193 in Danish kroner |
| \$ 9,818,182 in Canadian dollars | \$ 37,948 in Italian lire |
| \$ 5,933,480 in Swiss francs | \$ 85,815 in French francs |
| \$ 2,005,835 in Belgian francs | \$1,821,722 in pounds sterling |

A description of these loans is set forth in Schedule B to the December 31, 1950, Financial Statements in Part III of this Prospectus.

As of December 31, 1950, the Bank had a total of approximately \$71,251,174 in uncommitted funds available for lending, without giving effect to the proposed issuance of the Bonds. Loan commitments, made by the Bank after December 31, 1950, to and including February 25, 1951, total \$66,500,000.

Loan Policies and Procedures

The basic outlines of the Bank's lending policies and procedures are prescribed by the Articles. Within the scope permitted under the Articles, the Bank's loan policies and procedures must necessarily be developed and adjusted in the light of experience and changing conditions. The policies and procedures indicated in this Prospectus are therefore subject to change, to the extent permitted under the Articles, as experience and changing conditions may require. The effect of such changes will not necessarily be limited to loans thereafter granted. The Bank may also relax or modify contract requirements, reduce charges or otherwise waive rights under existing loan agreements, as may be appropriate in relation to changing Bank policies or as may appear advisable because of the economic situations of particular borrowers or guarantors.

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 to 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 cases to date.

(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.

(d) The Bank does not make loans which are obtainable in the private market on reasonable terms. Since the Bank is intended to promote private investment, not to compete with it, it 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.

Amortization and Redemption

Normally the loan agreements of the Bank provide that the loan shall be amortized by periodic payments over its life. The amortization schedules have been fixed in the light of the nature of the project being financed and the estimated international balance of payments situation of the government borrowing the funds or guaranteeing the loan. Frequently, amortization payments are not required during the early years of the loan and thereafter begin at a relatively low rate, increasing toward the final maturity of the loan.

The Bank intends to encourage prepayment of the principal of loans made by it. Nevertheless, in order not to incur loss, the Bank normally reserves the right to require the borrower to pay a premium if the loan is prepaid substantially in advance of maturity. However, the Bank intends to waive the payment of the premium whenever in its judgment the proceeds of a prepayment can be used for purposes other than the redemption at a premium of the Bank's own securities.

Loan Charges and Special Reserve

Interest charges under the Bank's loans have been based on the estimated cost of money to the Bank. The Bank estimates the approximate interest rate which it would have to pay on bonds of comparable maturity issued at the time the loan in question is granted, and adds to that estimated rate a small margin.

In addition to interest at a rate determined as described above, the Bank has charged a commission on amounts disbursed and outstanding under its loans. The Articles require that during the first ten years of the Bank's operations such a commission be charged at a rate of not less than 1% per annum and not more than 1½% per annum on loans made by the Bank out of borrowed funds (as well as on loans guaranteed by it). In practice, however, the Bank has charged commission at the rate of 1% per annum on all loans made by it, although disbursements to date under the Bank's loans have been made almost entirely out of capital. Amounts received by the Bank as commission have been allocated to a special reserve which, under the Articles, must be held in liquid form and may be used only for the purpose of meeting liabilities of the Bank on its borrowings and guarantees.

Since interest and commission are normally charged only from the time of disbursement, the Bank has imposed a commitment charge on undisbursed portions of loans. The purpose of this charge is to require the borrower to bear, in part at least, the cost to the Bank of holding funds subject to commitment for the borrower's benefit.

Handling of Loan Proposals

In determining whether or not to make a loan, the Bank studies the economic situation of the country concerned. Since one of the principal obstacles to the prompt payment of foreign debts is the necessity of converting local currency into the foreign exchange required to discharge the debt, the Bank studies in particular the future availability of foreign exchange to meet the service on the proposed loan. The Bank also considers the anticipated effect of the project or program under consideration upon the country's economy and its technical soundness and financial prospects. In the usual case, the Bank sends its representatives to the country in question to investigate these several aspects. Often a general economic survey is concluded before any specific loan proposals are considered.

When a loan proposal is made to the Bank, it is referred for analysis and study to a working group of members of the staff of the Bank designated for that purpose. The group is headed by a loan officer and includes representatives of the Treasurer's Department, the Economic Department, and the Legal Department. It is assisted from time to time, as required, by engineers and other technicians regularly employed on the Bank's staff or specially retained for the particular job. Members of the working group participate in studies undertaken in the country where the particular project is located. If the preliminary examination leads to a decision that loan negotiations should be undertaken, the loan officer, assisted by other members of the working group, conducts the negotiations.

In the course of preliminary study and negotiations, the working group reports to and receives instructions from a staff loan committee composed of the Bank's Vice President, Loan Director, Economic Director, Treasurer, General Counsel and Assistant to the Vice President, acting under the general direction of the President. After considering the conclusions of the staff loan committee, the President makes his recommendations on the proposed loan to the Executive Directors, who have been kept informed through memoranda and informal reports of the status of the loan proposal and of any questions of policy arising in connection therewith. A loan is made by the Bank only after the amount, terms and conditions of the loan have been recommended by the President to the Executive Directors and his recommendations have been approved by them.

Application of Proceeds of Loans

When the Bank agrees to grant a loan, the amount of the loan is credited to a special account on the books of the Bank, and the borrower is permitted to draw on that account only to meet expenses in connection with the project as they are actually incurred. The Bank requires the borrower to present satisfactory evidence that the amount to be withdrawn has been or will be used for the purposes for which the loan was granted. Usually, the Bank requires the borrower to submit evidence of payment for, and delivery and shipment of, the goods financed by the loan.

The Bank's interest in the use of the loan proceeds continues even after it is satisfied that the proceeds have been employed to purchase goods and services authorized under the loan agreement. A special division of the Treasurer's Department supervises, by examination of records and engineering reports and by field inspections, the end-use of goods and services financed out of the loan proceeds.

TECHNICAL ASSISTANCE

To an increasing degree the Bank has received, and continues to receive, requests from its member countries for technical advice and assistance in connection with a variety of economic problems which confront them. The Bank has complied with a number of these requests and believes that the furnishing of services of this nature is likely to be a substantial element in its future relations with its members, particularly those with relatively less developed economies. These activities have been undertaken not only in connection with pending or anticipated loan applications, but also in cases where the member concerned has requested the Bank's general assistance independently of loan proposals. The services rendered by the Bank in this field have consisted primarily of sending qualified technicians regularly employed on its own staff, or specially recruited for the particular purpose, to make general surveys of development possibilities, and to assist member countries in analyzing their fiscal and economic problems, in framing development programs and in selecting and appraising projects suitable for investment.

RESULTS OF OPERATIONS

From June 25, 1946, when the Bank commenced operations, to December 31, 1950, the Bank's net income from operations amounted to the equivalent of \$34,572,901. The net income

has been allocated to a general reserve against losses on loans and guarantees, and until further action by the Bank's Executive Directors or Governors it will continue to be so allocated. At the same date, an additional \$16,851,907 had accumulated in the special reserve to which loan commissions are credited. The Bank has not distributed any part of its net income as dividends to its members.

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 fourteen Executive Directors, of whom five are appointed, one by each of the five members having the largest number of shares of capital stock (the United States, the United Kingdom, China, France and India), and the remaining nine 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 general direction on questions of policy, he is responsible for the conduct of the business of the Bank and for the organization, appointment and dismissal of its officers and staff. There are 26 nationalities represented on the staff of the Bank. The President, officers and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and to no other authority.

Tables 3 and 4 in Part III of this Prospectus show, respectively, (1) the Executive Directors and Alternate Executive Directors of the Bank and the member Governments by which they were appointed or elected and (2) the principal officers of the Bank.

Offices of the Bank

The principal office of the Bank is located at 1818 H Street, N.W., Washington 25, D.C. The Bank also has branch offices at the Federal Reserve Bank of New York Building, 33 Liberty Street, New York 5, New York, and at 67 rue de Lille, Paris, France. Other offices may be established if required.

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, 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.

Litigation

A suit has been commenced by an individual plaintiff against the Bank asking damages of approximately \$625,000 for alleged interference with plaintiff's contractual relationships (*Frank H. Redicker v. Warfield et al.*, U. S. District Court, Southern District of New York, Civil No. 61-210). The Bank has denied the substance of the charges contained in the complaint and has been advised by trial counsel that the suit is without merit. At the date of this Prospectus there is no other litigation pending against the Bank. The Bank has instituted a proceeding before the United States Federal Communications Commission against certain cable companies operating in the United States, in which the Bank has alleged, among other things, that under the Articles and the Bretton Woods Agreements Act such cable companies must charge the same rates for cables sent by the Bank as they charge for cables sent by members of the Bank and that the rates actually charged the Bank are excessive. The amount involved in this proceeding is not significant.

MEMBERSHIP OF UNITED STATES OF AMERICA IN THE BANK

The United States of America became a member of the Bank pursuant to the Bretton Woods Agreements Act (59 Stat. 512 et seq.; 22 U.S.C. §286 et seq.). The United States has subscribed to 31,750 shares of the capital stock of the Bank and is entitled to cast 32,000 votes, or approximately 33% of the total votes of all members. The amount of its subscription totals \$3,175,000,000, or approximately 38% of the total subscribed by all members. Of this amount, \$635,000,000 (20% of the subscription) has been paid in to the Bank and \$2,540,000,000 is subject to call to meet obligations of the Bank for funds borrowed or loans guaranteed by it. Section 7 of the Bretton Woods Agreements Act authorizes the Secretary of the Treasury of the United States to pay its subscription to the Bank from time to time when payments are required to be made to the Bank and for that purpose to use as a public-debt transaction the proceeds of securities issued after July 31, 1945, under the Second Liberty Bond Act, as amended.

No further appropriation or other Congressional action is necessary to enable the Secretary of the Treasury to pay the \$2,540,000,000 unpaid portion of the subscription of the United States.

National Advisory Council on International Monetary and Financial Problems

The National Advisory Council on International Monetary and Financial Problems (often referred to as the N. A. C.) was established by the Bretton Woods Agreements Act in order to coordinate the policies and operations of the representatives of the United States on the International Monetary Fund and the Bank and of all agencies of the United States which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions. The N. A. C. consists of the Secretary of the Treasury as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington and the Administrator for Economic Cooperation.

Section 4 of that Act provides among other things that, whenever under the Articles the approval, consent or agreement of the United States is required before an act may be done by the Bank, the decision as to whether such approval, consent or agreement shall be given or refused shall (except in certain cases in which specific authorization by Congress is necessary, as set forth below) be made by the N. A. C. under the general direction of the President of the United States.

Necessity for Authorization of Certain Acts by Congress

Section 5 of the Bretton Woods Agreements Act provides among other things, that, unless Congress by law authorizes such action, neither the President of the United States nor any person or agency on behalf of the United States shall (a) subscribe to additional shares of the capital stock of the Bank; (b) accept any amendment of the Articles; or (c) make any loan to the Bank. That Section further provides that no Governor or Alternate representing the United States shall vote for an increase of the capital stock of the Bank, unless Congress by law authorizes such action.

PART III
FINANCIAL STATEMENTS, SCHEDULES AND TABLES

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BALANCE SHEET

June 30, 1950

Expressed in United States Currency
(See Notes to Financial Statements)

ASSETS

| | | |
|--|----------------|------------------------|
| Due from Banks and Other Depositories—Note A | | |
| Member currency—United States | \$ 4,458,168 | |
| Member currency—other than United States..... | 113,836,979 | |
| Non-member currency | 6,170,061 | \$ 124,465,208 |
| | <hr/> | |
| Investment Securities | | |
| United States Government obligations (\$434,924,900 face amount at cost)..... | \$ 434,600,782 | |
| Accrued interest | 2,278,298 | 436,879,080 |
| | <hr/> | |
| Receivable on Account of Subscribed Capital—Note A | | |
| Payable in member currency—United States | | |
| Calls on subscription to capital stock—Payment deferred..... | \$ 4,915,000 | |
| Payable in member currency—other than United States | | |
| Non-negotiable, non-interest-bearing, demand notes | \$ 777,940,114 | |
| Amounts required to maintain value of currency holdings—Note B..... | 3,300,468 | 781,240,582 |
| | <hr/> | |
| Payable in non-member currency | | |
| Non-negotiable, non-interest-bearing, demand notes..... | 22,275,000 | 808,430,582 |
| | <hr/> | |
| Loans Outstanding Held by Bank—Notes C and D..... | | 711,409,847 |
| Accrued Interest, Commitment and Service Charges on Loans—Note D | | 5,422,147 |
| Miscellaneous Receivables and Other Assets..... | | 333,453 |
| Special Reserve Fund Assets—Note E | | |
| Due from banks—member currency—United States..... | \$ 47,052 | |
| Investment securities—United States Government obligations (\$12,210,900 face amount at cost)..... | 12,210,900 | |
| Accrued loan commissions—Note D..... | 1,479,253 | 13,737,205 |
| | <hr/> | |
| Staff Retirement Plan Assets | | |
| (Segregated and Held In Trust)..... | | 1,082,507 |
| | | <hr/> |
| Total Assets | | \$2,101,760,029 |
| | | <hr/> <hr/> |

BALANCE SHEET

June 30, 1950

Expressed in United States Currency

(See Notes to Financial Statements)

LIABILITIES, RESERVES AND CAPITAL

Liabilities

| | | | |
|---|-----------------|-----------------|-----------------|
| Accounts payable and accrued expenses, including \$2,900,063 bond interest | | | \$ 3,273,280 |
| Collections on loans in advance of due dates | | | 240,171 |
| Undisbursed balance of loans | | | |
| On loans held by Bank | \$ 120,172,757 | | |
| On loans represented by obligations of borrowers sold under guarantee | 5,627,066 | | 125,799,823 |
| | | | |
| Bonds outstanding | | | |
| Payable in United States Dollars—Note F: | | | |
| 2% Serial Bonds of 1950, due 1953-62..... | \$ 100,000,000 | | |
| Twenty-Five Year 3% Bonds, due July 15, 1972 | 150,000,000 | \$ 250,000,000 | |
| | | | |
| Payable in Swiss Francs | | | |
| 2½% Swiss Franc Serial Bonds of 1948, due 1953-54 (Swiss Francs 17,000,000) .. | \$ 3,955,788 | | |
| 2½% Swiss Franc Serial Bonds of 1950, due 1953-56 (Swiss Francs 28,500,000) .. | 6,631,763 | 10,587,551 | 260,587,551 |
| | | | |
| Bonds called for redemption not presented | \$ 260,692 | | |
| Less funds on deposit with Fiscal Agent therefor | 260,692 | | — |
| | | | |
| Special Reserve—Note E | | | 13,737,205 |
| Staff Retirement Plan Reserve | | | 1,082,507 |
| Capital—Note G | | | |
| Capital stock | | | |
| Authorized 100,000 shares of \$100,000 par value each | | | |
| Subscribed 83,485 shares—Note I | \$8,348,500,000 | | |
| Less—Uncalled portion of subscriptions—Note H | 6,678,800,000 | \$1,669,700,000 | |
| | | | |
| Accumulated net income—Note J | | | |
| At June 30, 1949—Allocated to surplus | \$ 13,641,094 | | |
| The twelve months ended June 30, 1950—Unallocated | 13,698,398 | 27,339,492 | 1,697,039,492 |
| | | | |
| Contingent Liability—Obligations of Borrowers Outstanding Sold Under Guarantee—Note C | \$20,572,934 | | |
| | | | |
| Total Liabilities, Reserves and Capital | | | \$2,101,760,029 |

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Fiscal Years Ended June 30, 1949 and June 30, 1950

Expressed in United States Currency

(See Notes to Financial Statements)

| | July 1-June 30 | |
|--|--|---------------------|
| | 1948-1949 | 1949-1950 |
| Income | | |
| Interest earned on investments | \$ 4,893,360 | \$ 5,152,517 |
| Income from loans: | | |
| Interest | 15,850,003 | 17,670,427 |
| Commitment charges | 757,110 | 2,491,707 |
| Commissions | 4,989,210 | 5,663,064 |
| Service charges | 73,323 | 141,281 |
| Other income | 4,617 | 8,133 |
| | Gross Income | \$26,567,623 |
| | \$26,567,623 | \$31,127,129 |
| Deduct—Amount equivalent to commission appropriated to Special Reserve (Note E)..... | 4,989,210 | 5,663,064 |
| | Gross Income Less Reserve Deduction | \$21,578,413 |
| | \$21,578,413 | \$25,464,065 |
| Expenses | | |
| Administrative expenses: | | |
| Personal services | \$ 2,667,476 | \$ 2,672,630 |
| Expense allowance—Executive Directors and Alternates..... | 12,504 | 12,194 |
| Fees and compensation..... | 160,542 | 334,958 |
| Representation | 31,187 | 46,713 |
| Travel | 332,670 | 437,257 |
| Supplies and material..... | 26,884 | 26,954 |
| Rents and utility services..... | 330,151 | 336,466 |
| Communication services | 80,030 | 89,522 |
| Furniture and equipment..... | 33,105 | 28,540 |
| Motor vehicles | 6,649 | 5,335 |
| Books and library services..... | 63,821 | 59,707 |
| Printing and binding..... | 34,115 | 36,764 |
| Contributions to staff benefits..... | 270,577 | 266,126 |
| Insurance | 11,312 | 14,644 |
| Handling and storage of gold..... | 7,046 | — |
| Other expenses | 538 | 2,201 |
| | Total Administrative Expenses | \$ 4,068,607 |
| | \$ 4,068,607 | \$ 4,370,011 |
| Interest on bonds..... | 6,848,895 | 6,811,798 |
| Bond registration, issuance and other financial expenses including redemption premium less premium on sale of bonds..... | 50,664 | 583,858 |
| | Gross Expenses | \$10,968,166 |
| | \$10,968,166 | \$11,765,667 |
| Net Income | \$10,610,247 | \$13,698,398 |

NOTES TO FINANCIAL STATEMENTS

June 30, 1950

NOTE A—

Amounts in currencies other than United States dollars have been translated into United States dollars:

- (i) In the cases of 38 members, at the par values established under the International Monetary Fund Agreement as specified in the June 1950 issue of "International Financial Statistics" published by the International Monetary Fund; and
- (ii) In the cases of the remaining 9 members (Austria, China, Finland, France, Greece, Italy, Peru, Thailand and Uruguay), the par value of whose currencies are not so specified, at the rates used by such members in making capital payments.
- (iii) In the cases of non-members, at the official rates announced by such governments.

No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates. *See also Note B.*

These currencies, except for the equivalent of \$9,945,163 reflected in the item "Due From Banks and Other Depositories," are derived from the 18% of the subscriptions to the capital stock of the Bank which is payable in the currencies of the respective members. Such 18% may be loaned by the Bank, and funds received by the Bank on account of principal of loans made by the Bank out of such currencies may be exchanged for other currencies or reloaned, only with the approval in each case of the member whose currency is involved; provided, however, that, if necessary, after the Bank's subscribed capital is entirely called, such currencies may, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings or to meet the Bank's liabilities with respect to contractual payments on loans guaranteed by it. The United States and El Salvador have consented to loans in respect of all their 18%. Belgium, Canada, Denmark, Mexico and the United Kingdom have so consented in respect to a portion of their 18%. Honduras has consented to loans in respect of all its 18% after January 1, 1951. Costa Rica, Finland, France, Italy and Netherlands have agreed in principle to loans in respect of all their 18% and Paraguay to a part of its 18%. (Article IV, Section 2(a) and (b))

The currencies of the several members and the notes substituted for any part of such currencies are held on deposit with designated depositories in the territories of the respective members.

NOTE B—

Payment due within a reasonable time under Article II, Section 9(a) from two members by reason of a reduction in the established par values of such members' currencies. These payments have since been received. This Section provides as follows:

- (a) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent within that member's territories, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscription, of the amount of the currency of such member which is held by the Bank and derived from currency originally paid in to the Bank by the member under Article II, Section 7(i), from currency referred to in Article IV, Section 2(b), or from any additional currency furnished under the provisions of the present paragraph, and which has not been repurchased by the member for gold or for the currency of any member which is acceptable to the Bank.
- (b) Whenever the par value of a member's currency is increased, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency described in (a) above.
- (c) The provisions of the preceding paragraphs may be waived by the Bank when a uniform proportionate change in the par values of the currencies of all its members is made by the International Monetary Fund.

NOTE C—

The Bank has sold under its guarantee \$12,000,000 of 2½% serial notes and \$16,000,000 of 3% sinking fund bonds received by the Bank in connection with its loan operations of which amounts a total of \$1,800,000 has been retired. Of the total of \$26,200,000 of obligations outstanding under guarantee \$5,627,066 is reflected in the balance sheet as a direct liability subject to withdrawal.

NOTE D—

The principal outstanding on loans disbursed, and the accrued charges for interest, commitment fee, service charge and loan commission are payable in United States dollars except the following amounts for which the dollar equivalent is shown:

| | Currency Payable | | | | |
|---|------------------|-------------------|---------------------|--------------------|--------------|
| | Swiss Francs | Belgian Francs | Canadian Dollars | Pounds Sterling | Total |
| Principal Outstanding | \$4,667,587 | \$1,997,769 | \$9,818,182 | \$1,363,617 | \$17,847,155 |
| Accrued Interest, Commitment and Service Charges | 33,993 | 19,867 | 118,411 | — | 172,271 |
| Accrued Loan Commissions..... | 10,484 | 6,113 | 37,116 | — | 53,713 |
| Totals | \$4,712,064 | \$2,023,749 | \$9,973,709 | \$1,363,617 | \$18,073,139 |

NOTES TO FINANCIAL STATEMENTS — (Continued)

June 30, 1950

The provisions referred to under Note B above are applicable to principal amounts outstanding on portions of loans disbursed in the currencies there mentioned. Payment by the member or the Bank of any amount required to be paid by reason of a change in par value or foreign exchange value will become due within a reasonable time after repayment of each installment of principal is received by the Bank.

NOTE E—

The amount of commissions received by the Bank on loans made or guaranteed by it is required under Article IV, Section 6 to be set aside as a special reserve to be kept available for meeting obligations of the Bank created by borrowing or by guaranteeing loans. On all loans granted to date the effective rate of commission is 1% per annum.

NOTE F—

As a sinking fund for the Twenty-Five Year Bonds, the Bank has agreed to purchase and retire or redeem bonds of said issue commencing July 15, 1958, in varying amounts calculated to retire 50% of the total issue by maturity.

NOTE G—

On March 14, 1950, Poland withdrew from membership in the Bank. Under Article VI, Section 4, the Bank was obligated, as part of the settlement of accounts with Poland, to repurchase the 1,250 shares of Poland at the value shown by the books of the Bank on the date of withdrawal. On September 14, 1950 the Bank paid Poland the equivalent of \$22,495,325 in Polish currency and the balance due, \$2,220,896, in gold.

NOTE H—

Subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or guaranteeing loans.

NOTE I—

In terms of United States dollars of the weight and fineness in effect on July 1, 1944.

NOTE J—

On July 27, 1950 the Executive Directors adopted the following resolution:

"RESOLVED, that the net income of the Bank for the fiscal year ended June 30, 1950, after making provision for any amount that shall be payable in respect thereof on account of the repurchase by the Bank of the shares of Poland, and the net income of the Bank accruing thereafter and until further action by the Executive Directors or the Board of Governors shall be allocated to a reserve against losses on loans or guarantees made by the Bank. Such reserve shall be established on the books of account of the Bank and shall be separate from the special reserve established under Section 6 of Article IV of the Articles of Agreement."

and further recommended to the Board of Governors that similar action be taken by the Board with respect to net income previously allocated to surplus account. The Board of Governors at its annual meeting in September 1950 approved the action taken by the Executive Directors and adopted a resolution transferring to the General Reserve all net income earned prior to June 30, 1949.

GENERAL—

Pakistan and Ceylon became members of the Bank on July 11 and August 29, 1950, respectively, with share subscriptions of \$100,000,000 and \$15,000,000 respectively. Haiti and Liberia had until September 30, 1950 to comply with the terms and conditions of the respective resolutions of the Board of Governors authorizing admission to membership in the Bank but prior to such date they advised the Bank they would be unable to complete the necessary action by that date. Formal applications for membership have been received from Burma, Indonesia, Jordan and Sweden but final action on these applications has not yet been taken by the Board of Governors.

OPINION OF INDEPENDENT AUDITOR

PRICE, WATERHOUSE & CO.

1000 Vermont Avenue, N. W.
Washington 5, D. C.
February 8, 1951

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

We have examined the balance sheet of International Bank for Reconstruction and Development as of June 30, 1950 and the comparative statement of income and expenses for the fiscal years ended June 30, 1949 and June 30, 1950. Our examination was 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.

In our opinion, such financial statements, with the notes thereto, present fairly the position of the Bank at June 30, 1950, expressed in United States currency, and the results of its operations for the fiscal years ended June 30, 1949 and June 30, 1950, in conformity with generally accepted accounting principles consistently applied.

PRICE, WATERHOUSE & CO.

The following Financial Statements are covered by the foregoing opinion:

- (a) Balance Sheet—June 30, 1950.
- (b) Comparative Statement of Income and Expenses for the Fiscal Years Ended June 30, 1949, and June 30, 1950.
- (c) Notes to Financial Statements—June 30, 1950.

BALANCE SHEET

December 31, 1950

Expressed in United States Currency

(See Notes to Financial Statements)

ASSETS

| | | | |
|---|----|-------------|------------------------|
| Due from Banks and Other Depositories (Schedule A)—Note A | | | |
| Member currency—United States..... | \$ | 4,876,507 | |
| Member currency—other than United States..... | | 116,550,551 | |
| Non-member currency | | 5,268,495 | \$ 126,695,553 |
| | | | <hr/> |
| Investment Securities | | | |
| United States Government obligations (\$417,658,900 face amount at cost plus accumulated discount and less amortized premium) | \$ | 417,509,548 | |
| Accrued interest | | 4,003,952 | 421,513,500 |
| | | | <hr/> |
| Receivable on Account of Subscribed Capital (Schedule C) | | | |
| Payable in member currency—United States | | | |
| Calls on subscription to capital stock—payment deferred..... | \$ | 4,290,000 | |
| Payable in member currency—other than United States | | | |
| Non-negotiable, non-interest-bearing, demand notes..... | \$ | 795,918,882 | |
| Amounts required to maintain value of currency holdings—Note B..... | | 2,926,248 | 798,845,130 |
| | | | <hr/> |
| | | | 803,135,130 |
| Loans Outstanding Held by Bank (Schedule B)—Notes C and D | | | |
| | | | 838,702,075 |
| Accrued Interest, Commitment and Service Charges on Loans—Note D | | | |
| | | | 5,418,676 |
| Miscellaneous Receivables and Other Assets | | | |
| | | | 578,749 |
| Special Reserve Fund Assets—Note E | | | |
| Due from banks—member currency—United States..... | \$ | 5,042 | |
| Investment securities—United States Government obligations (\$15,240,900 face amount at cost)..... | | 15,240,900 | |
| Accrued loan commissions—Note D..... | | 1,605,965 | 16,851,907 |
| | | | <hr/> |
| Staff Retirement Plan Assets | | | |
| (Segregated and held in trust)..... | | | 1,285,545 |
| Total Assets | | | <u>\$2,214,181,135</u> |

BALANCE SHEET

December 31, 1950

Expressed in United States Currency
(See Notes to Financial Statements)

LIABILITIES, RESERVES AND CAPITAL

Liabilities

| | | |
|--|-----------------|----------------|
| Accounts payable and accrued expenses, including \$2,901,593 bond interest | | |
| Collections on loans in advance of due dates..... | | |
| Undisbursed balance of Loans | | |
| On loans held by Bank..... | \$ | 225,607,409 |
| On loans represented by obligations of borrowers sold under guarantee | | 3,882,548 |
| | | <hr/> |
| Bonds outstanding | | |
| Payable in United States Dollars—Note F: | | |
| 2% Serial Bonds of 1950, due 1953-62..... | \$ | 100,000,000 |
| Twenty-Five Year 3% Bonds, due July 15, 1972 | 150,000,000 | \$ 250,000,000 |
| | | <hr/> |
| Payable in Swiss Francs | | |
| 2½% Swiss Franc Serial Bonds of 1948, due 1953-54 (Swiss Francs 17,000,000).. | \$ | 3,955,788 |
| 2½% Swiss Franc Serial Bonds of 1950, due 1953-56 (Swiss Francs 28,500,000).. | 6,631,763 | 10,587,551 |
| | | <hr/> |
| Bonds called for redemption not presented..... | \$ | 9,344 |
| Less funds on deposit with Fiscal Agent therefor..... | | 9,344 |
| | | <hr/> |
| Reserves for Losses | | |
| Special reserve—Note E..... | \$ | 16,851,907 |
| General (supplemental) reserve—Note G..... | | 34,572,901 |
| | | <hr/> |
| Staff Retirement Plan Reserve..... | | |
| Capital (Schedule C) | | |
| Capital stock | | |
| Authorized 100,000 shares of \$100,000 par value each | | |
| Subscribed 83,385 shares—Note K..... | \$8,338,500,000 | |
| Less—Uncalled portion of subscriptions—Note H..... | | 6,670,800,000 |
| | | <hr/> |
| Contingent Liability—Obligations of Borrowers | | |
| Outstanding Sold Under Guarantee—Note C | \$21,717,452 | |
| | | <hr/> |
| Total Liabilities, Reserves and Capital..... | | |

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Six Months Ended December 31, 1949 and December 31, 1950

Expressed in United States Currency

(See Notes to Financial Statements)

| | July 1—December 31 | |
|---|--|---|
| | 1949 | 1950 |
| Income | | |
| Interest earned on investments..... | \$ 2,551,884 | \$ 2,829,970 |
| Income from loans: | | |
| Interest | 8,461,249 | 9,706,788 |
| Commitment charges | 1,171,884 | 772,700 |
| Commissions | 2,709,416 | 3,114,702 |
| Service charges | 82,139 | 47,130 |
| Other income | 1,529 | 14,122 |
| | Gross Income | \$14,978,101 \$16,485,412 |
| Deduct—Amount equivalent to commissions appropriated to Special Reserve (Note E)..... | 2,709,416 | 3,114,702 |
| | Gross Income Less Reserve Deduction | \$12,268,685 \$13,370,710 |
| Expenses | | |
| Administrative expenses: | | |
| Personal services | \$ 1,307,643 | \$ 1,354,309 |
| Expense allowance—Executive Directors and Alternates..... | 8,424 | 4,017 |
| Fees and compensation..... | 162,954 | 169,277 |
| Representation | 24,799 | 31,539 |
| Travel | 237,982 | 362,822 |
| Supplies and material..... | 13,237 | 21,077 |
| Rents and utility services..... | 166,665 | 167,562 |
| Communication services | 48,061 | 55,819 |
| Furniture and equipment..... | 12,344 | 13,584 |
| Motor vehicles | 2,809 | 10,188 |
| Books and library services..... | 30,965 | 25,424 |
| Printing and binding..... | 20,176 | 39,781 |
| Contributions to staff benefits..... | 130,353 | 144,327 |
| Insurance | 3,418 | 8,540 |
| Other expenses | 1,676 | 641 |
| | Total Administrative Expenses | \$ 2,171,506 \$ 2,408,907 |
| Interest on bonds..... | 3,424,448 | 3,382,344 |
| Bond registration, issuance and other financial expenses..... | 64 | 4,828 |
| | Gross Expenses | \$ 5,596,018 \$ 5,796,079 |
| Net Income —Appropriated to General Reserve for Losses on Loans and Guarantees—Note G..... | \$ 6,672,667 | \$ 7,574,631 |

STATEMENT OF CURRENCIES HELD BY THE BANK

December 31, 1950

(See Notes to Financial Statements)

| Members' Currencies | Unit of Currency | Amount Expressed In Member Currency (Restricted) | Rate of Exchange (Note A) | Total Expressed in United States Dollars |
|-------------------------------------|---|--|---------------------------|--|
| Australia | Pound | 160,839 | \$ = 0.446429 | \$ 360,280 |
| Austria | Schilling | 1,288,458 | \$ = 14.40 | 89,476 |
| Belgium | Franc | 17,817,510 | \$ = 50.00 | 356,350 |
| Bolivia | Boliviano | 516,200 | \$ = 60.00 | 8,603 |
| Brazil | Cruzeiro | 349,481,214 | \$ = 18.50 | 18,890,876 |
| Canada | Dollar | 230,349 | \$ = 1.10 | 209,408 |
| Ceylon | Rupee | 12,857,130 | \$ = 4.7619 | 2,700,000 |
| Chile | Peso | 195,056,133 | \$ = 31.00 | 6,292,133 |
| China | Gold Yuan | 21,581,589 | \$ = 20.00 | 1,079,080 |
| Colombia | Peso | 12,273,782 | \$ = 1.94998 | 6,294,309 |
| Costa Rica | Colon | 2,013,801 | \$ = 5.615 | 358,647 |
| Cuba | Peso | 58,767 | \$ = 1.00 | 58,767 |
| Czechoslovakia | Koruna | 11,062,883 | \$ = 50.00 | 221,258 |
| Denmark | Krone | 751,715 | \$ = 6.90714 | 108,831 |
| Dominican Republic | Peso | 3,191 | \$ = 1.00 | 3,191 |
| Ecuador | Sucre | 7,759,986 | \$ = 13.50 | 574,814 |
| Egypt | Pound | 765,569 | \$ = 0.348242 | 2,198,378 |
| El Salvador | Colon | 438,161 | \$ = 2.50 | 175,265 |
| Ethiopia | Dollar | 1,300,122 | \$ = 2.48447 | 523,299 |
| Finland | Markka | 929,725,054 | \$ = 136.00 | 6,836,214 |
| France | Franc | 288,989,089 | \$ = 349.60 | 826,628 |
| Greece | Drachma | 22,500,000,000 | \$ = 5,000.00 | 4,500,000 |
| Guatemala | Quetzal | 354,093 | \$ = 1.00 | 354,093 |
| Honduras | Lempira | 2,600 | \$ = 2.00 | 1,300 |
| Iceland | Krona | 2,906,811 | \$ = 16.2857 | 178,489 |
| India | Rupee | 3,269,777 | \$ = 4.76190 | 686,653 |
| Iran | Rial | 1,756,439 | \$ = 32.250 | 54,463 |
| Iraq | Dinar | 1,313 | \$ = 0.357143 | 3,676 |
| Italy | Lira | 7,267,807,169 | \$ = 225.00 | 32,301,365 |
| Lebanon | Pound | 1,768,632 | \$ = 2.19148 | 807,049 |
| Luxembourg | Franc | 770,635 | \$ = 50.00 | 15,413 |
| Mexico | Peso | 101,122,957 | \$ = 8.65 | 11,690,515 |
| Netherlands | Guilder | 1,876,049 | \$ = 3.80 | 493,697 |
| Nicaragua | Cordoba | 719,919 | \$ = 5.00 | 143,984 |
| Norway | Krone | 624,840 | \$ = 7.14286 | 87,478 |
| Pakistan | Rupee | 569,858 | \$ = 3.308520 | 172,239 |
| Panama | Balboa | 35,995 | \$ = 1.00 | 35,995 |
| Paraguay | Guarani | 773,109 | \$ = 3.09 | 250,197 |
| Peru | Sol | 174,150 | \$ = 6.50 | 26,792 |
| Philippine Republic | Peso | 2,387,797 | \$ = 2.00 | 1,193,898 |
| Syria | Pound | 12,593 | \$ = 2.19148 | 5,746 |
| Thailand | Baht | 28,005,747 | \$ = 12.50 | 2,240,460 |
| Turkey | Lira | 152,365 | \$ = 2.80 | 54,416 |
| Union of South Africa | Pound | 61,714 | \$ = 0.357143 | 172,799 |
| United Kingdom | Pound | 756,607 | \$ = 0.357143 | 2,118,500 |
| United States | Dollar | 3,000,390 | None | 3,000,390 |
| Uruguay | Peso | 2,846,325 | \$ = 1.5190495 | 1,873,754 |
| Venezuela | Bolivar | 4,567,013 | \$ = 3.350 | 1,363,288 |
| Yugoslavia | Dinar | 359,490,127 | \$ = 50.00 | 7,189,803 |
| | Restricted Currency (Note I) | | | \$119,182,259 |
| | Unrestricted Currency (United States, Belgium and Canada) | | | 2,244,799 |
| | | | | \$121,427,058 |
| Non-Member's Currency (Switzerland) | | | | 5,268,495 |
| | Total (Note J) | | | \$126,695,553 |

STATEMENT OF LOANS — DECEMBER 31, 1950

Expressed in United States Currency
(See Notes to Financial Statements)

| <u>Borrower and Guarantor</u> | <u>Program or Project</u> | <u>Date of Loan Agreement</u> | <u>Maturity</u> |
|---|---|-------------------------------|------------------|
| Loans Granted and Effective: | | | |
| AUSTRALIA | Equipment and materials for development | Aug. 22, 1950 | 1955-1975 |
| BELGIUM | Equipment for steel and power industries | Mar. 1, 1949 | 1953-1969 |
| BRAZIL (Guarantor) | | | |
| Brazilian Traction | Electric power development and telephone equipment | Jan. 27, 1949 | 1953-1974 |
| Sao Francisco Hidro Elec. Co. | Electric power development | May 26, 1950 | 1954-1975 |
| CHILE (Guarantor) | | | |
| Fomento and Endesa | Electric power development | Mar. 25, 1948 | 1953-1968 |
| Fomento | Agricultural machinery | Mar. 25, 1948 | 1950-1955 |
| COLOMBIA (Guarantor) | | | |
| Caja de Credito | Agricultural machinery | Aug. 19, 1949 | 1952-1956 |
| DENMARK | Equipment and materials for reconstruction and development | Aug. 22, 1947 | 1953-1972 |
| EL SALVADOR (Guarantor) | | | |
| Comision del Rio Lempa | Electric power development | Dec. 14, 1949 | 1954-1975 |
| FINLAND | Equipment for timber production | Oct. 17, 1949 | 1950-1951 |
| FINLAND (Guarantor) | | | |
| Bank of Finland | Electric power development and equipment for woodworking industries and limestone powder production | Aug. 1, 1949 | 1953-1964 |
| FRANCE (Guarantor) | | | |
| Credit National | Equipment and materials for reconstruction and development | May 9, 1947 | 1952-1977 |
| INDIA | Railway rehabilitation | Aug. 18, 1949 | 1950-1964 |
| | Agricultural machinery | Sept. 29, 1949 | 1952-1956 |
| | Equipment for steel mill and railroads | Aug. 28, 1947 | 1949-1972 |
| LUXEMBOURG | | | |
| MEXICO (Guarantor) | | | |
| Financiera and Comision | Electric power development | Jan. 6, 1949 | 1953-1973 |
| Financiera and Comision | Electric power development | Jan. 6, 1949 | July 1, 195 |
| Mexican Light and Power Co., Ltd. | Electric power development | Apr. 28, 1950 | 1953-1975 |
| NETHERLANDS | Equipment and materials for reconstruction and development | Aug. 7, 1947 | 1954-1972 |
| | Equipment and materials for reconstruction and development (Supplemental Loan Agreement) | May 25, 1948 | 1953-1954 |
| NETHERLANDS (Guarantor) | | | |
| N.V. Stoomvaart Mij. "Nederland" | Purchase of S.S. Raki and S.S. Roebiah | July 15, 1948 | 1949-1958 |
| N.V. Vereenigde Ned. Schvrt. Mij. | Purchase of S.S. Almkerk | July 15, 1948 | 1949-1958 |
| N.V. Ned. Amer. Stoomvaart-Mij. | | | |
| "Holland-Amerika Lijn" | Purchase of S.S. Alblasserdijk | July 15, 1948 | 1949-1958 |
| N.V. Rotterdamsche Lloyd | Purchase of S.S. Friesland and S.S. Drente | July 15, 1948 | 1949-1958 |
| Herstelbank | Equipment for reconstruction and modernization of particular industrial plants | July 26, 1949 | 1952-1964 |
| TURKEY | Construction of grain storage facilities | July 7, 1950 | 1954-1968 |
| YUGOSLAVIA | Equipment for timber production | Oct. 17, 1949 | 1950-1951 |
| Sub-Totals—Effective Loans | | | |
| Loans Granted—Not Yet Effective: | | | |
| COLOMBIA (Guarantor) | | | |
| CHIDRAL | Electric power development | Nov. 2, 1950 | 1954-1970 |
| Caldas Hidro-Elec. Co. | Electric power development | Dec. 28, 1950 | 1952-1971 |
| ETHIOPIA | Rehabilitation of road system | Sept. 13, 1950 | 1956-1971 |
| | Foreign exchange for Development Bank | Sept. 13, 1950 | 1956-1971 |
| INDIA | Electric power development | Apr. 18, 1950 | 1955-1970 |
| IRAQ | Construction of a flood control project | June 15, 1950 | 1956-1965 |
| MEXICO (Guarantor) | | | |
| Consortium of Eight Mexican Banks and Nacional Financiera | Foreign exchange for small private enterprises | Oct. 18, 1950 | To be determined |
| THAILAND | Railway rehabilitation | Oct. 27, 1950 | 1954-1966 |
| | Irrigation | Oct. 27, 1950 | 1956-1971 |
| | Port construction and development | Oct. 27, 1950 | 1954-1966 |
| TURKEY | Port construction and development | July 7, 1950 | 1956-1975 |
| TURKEY (Guarantor) | | | |
| Industrial Development Bank of Turkey | Foreign exchange for development of private industry | Oct. 19, 1950 | 1957-1965 |
| URUGUAY (Guarantor) | | | |
| U. T. E. | Electric power development and telephone equipment | Aug. 25, 1950 | 1955-1974 |

Sub-Total—Loans Not Yet Effective

Total Loans Granted—Notes C and D

STATEMENT OF LOANS — DECEMBER 31, 1950

Schedule B

Expressed in United States Currency
(See Notes to Financial Statements)

| Interest Rate Including Commission | Original Principal Amount | Cancellations and Refundings | Principal Repayments To Bank | Obligations of Borrowers Sold by Bank | Loans Outstanding Held by Bank | Principal Amount Disbursed | Undisbursed Balance of Loans |
|--|---------------------------------|------------------------------------|------------------------------------|--|---|----------------------------------|------------------------------------|
| 4¼% | \$ 100,000,000 | \$ — | \$ — | \$ — | \$100,000,000 | \$ — | \$100,000,000 |
| 4¼% | 16,000,000 | — | — | 16,000,000 | — | 12,117,452 | 3,882,548 |
| 4½% | 75,000,000 | — | — | — | 75,000,000 | 44,404,356 | 30,595,644 |
| 4¼% | 15,000,000 | — | — | — | 15,000,000 | 2,462,430 | 12,537,570 |
| 4½% | 13,500,000 | — | — | — | 13,500,000 | 3,371,935 | 10,128,065 |
| 3¾% | 2,500,000 | — | 235,000 | — | 2,265,000 | 2,500,000 | — |
| 3½% | 5,000,000 | — | — | — | 5,000,000 | 4,762,735 | 237,265 |
| 4¼% | 40,000,000 | — | — | — | 40,000,000 | 40,000,000 | — |
| 4¼% | 12,545,000 | — | — | — | 12,545,000 | — | 12,545,000 |
| 3% | 2,300,000 | — | 1,055,545 | — | 1,244,455 | 1,055,545 | 1,244,455 |
| 4% | 12,500,000 | — | — | — | 12,500,000 | 5,342,786 | 7,157,214 |
| 4¼% | 250,000,000 | — | — | 50,000 | 249,950,000 | 250,000,000 | — |
| 4% | 34,000,000 | 1,200,000 | 845,082 | — | 31,954,918 | 30,790,281 | 2,009,719 |
| 3½% | 10,000,000 | — | — | — | 10,000,000 | 4,027,997 | 5,972,003 |
| 4¼% | 12,000,000 | 238,017 | 147,983 | 498,000 | 11,116,000 | 11,761,983 | — |
| 4½% | 24,100,000 | — | — | — | 24,100,000 | 9,876,900 | 14,223,100 |
| 4½% | 10,000,000 | 10,000,000 | (Refunding) | — | — | — | — |
| 4½% | 26,000,000 | — | — | — | 26,000,000 | 7,012,043 | 18,987,957 |
| 4¼% | 191,044,212 | — | — | 50,000 | 190,994,212 | 191,044,212 | — |
| 4¼% | 3,955,788 | — | — | — | 3,955,788 | 3,955,788 | — |
| 3-9/16% | 4,000,000 | — | — | 4,000,000 | — | 4,000,000 | — |
| 3-9/16% | 2,000,000 | — | — | 2,000,000 | — | 2,000,000 | — |
| 3-9/16% | 2,000,000 | — | — | 2,000,000 | — | 2,000,000 | — |
| 3-9/16% | 4,000,000 | — | — | 4,000,000 | — | 4,000,000 | — |
| 4% | 15,000,000 | 6,200,000 | — | 616,638 | 8,183,362 | 2,730,583 | 6,069,417 |
| 3¾% | 3,900,000 | — | — | — | 3,900,000 | — | 3,900,000 |
| 3% | 2,700,000 | — | 1,206,660 | — | 1,493,340 | 2,700,000 | — |
| | <u>\$ 889,045,000</u> | <u>\$17,638,017</u> | <u>\$3,490,270</u> | <u>\$29,214,638</u> | <u>\$838,702,075</u> | <u>\$641,917,026</u> | <u>\$229,489,957</u> |
| 4% | \$ 3,530,000 | | | | | | |
| 4% | 2,600,000 | | | | | | |
| 4% | 5,000,000 | | | | | | |
| 4% | 2,000,000 | | | | | | |
| 4% | 18,500,000 | | | | | | |
| 3¾% | 12,800,000 | | | | | | |
| 3½% | 10,000,000 | | | | | | |
| 3¾% | 3,000,000 | | | | | | |
| 4% | 18,000,000 | | | | | | |
| 3¾% | 4,400,000 | | | | | | |
| 4¼% | 12,500,000 | | | | | | |
| 3¾% | 9,000,000 | | | | | | |
| 4¼% | 33,000,000 | | | | | | |
| | <u>\$ 134,330,000</u> | | | | | | |
| | <u>\$1,023,375,000</u> | | | | | | |

STATEMENT OF SUBSCRIPTIONS THROUGH

Decemb.

Expressed in United States Currency
(See Notes to Financial Statements)

| | Member | Subscriptions | | Amounts Paid In (Note A) | |
|----|-----------------------------|---------------|------------------------|-----------------------------|---|
| | | Shares | Amount (Note K) | United States Dollars | In Currency of Member Other Than United States Dollars |
| 1 | Australia | 2,000 | \$ 200,000,000 | \$ 4,000,000 | \$ 360,368 |
| 2 | Austria | 500 | 50,000,000 | 1,000,000 | 90,000 |
| 3 | Belgium | 2,250 | 225,000,000 | 4,500,000 | 2,344,422 |
| 4 | Bolivia | 70 | 7,000,000 | 140,000 | 8,913 |
| 5 | Brazil | 1,050 | 105,000,000 | 2,100,000 | 18,900,000 |
| 6 | Canada | 3,250 | 325,000,000 | 6,500,000 | 9,857,727 |
| 7 | Ceylon | 150 | 15,000,000 | 300,000 | 2,700,000 |
| 8 | Chile | 350 | 35,000,000 | 700,000 | 6,300,000 |
| 9 | China | 6,000 | 600,000,000 | 9,000,000 | 1,080,000 |
| 10 | Colombia | 350 | 35,000,000 | 700,000 | 6,300,000 |
| 11 | Costa Rica | 20 | 2,000,000 | 40,000 | 360,000 |
| 12 | Cuba | 350 | 35,000,000 | 700,000 | 63,000 |
| 13 | Czechoslovakia | 1,250 | 125,000,000 | 1,875,000 | 225,000 |
| 14 | Denmark | 680 | 68,000,000 | 1,020,000 | 158,594 |
| 15 | Dominican Republic | 20 | 2,000,000 | 40,000 | 3,600 |
| 16 | Ecuador | 32 | 3,200,000 | 64,000 | 576,000 |
| 17 | Egypt | 533 | 53,300,000 | 1,066,000 | 2,228,963 |
| 18 | El Salvador | 10 | 1,000,000 | 20,000 | 180,000 |
| 19 | Ethiopia | 30 | 3,000,000 | 60,000 | 540,000 |
| 20 | Finland | 380 | 38,000,000 | 760,000 | 6,840,000 |
| 21 | France | 5,250 | 525,000,000 | 10,500,000 | 1,193,364 |
| 22 | Greece | 250 | 25,000,000 | 375,000 | 4,500,000 |
| 23 | Guatemala | 20 | 2,000,000 | 40,000 | 360,000 |
| 24 | Honduras | 10 | 1,000,000 | 20,000 | 3,600 |
| 25 | Iceland | 10 | 1,000,000 | 20,000 | 180,000 |
| 26 | India | 4,000 | 400,000,000 | 8,000,000 | 721,800 |
| 27 | Iran | 336 | 33,600,000 | 672,000 | 60,480 |
| 28 | Iraq | 60 | 6,000,000 | 120,000 | 10,800 |
| 29 | Italy | 1,800 | 180,000,000 | 3,600,000 | 32,400,000 |
| 30 | Lebanon | 45 | 4,500,000 | 90,000 | 810,000 |
| 31 | Luxembourg | 100 | 10,000,000 | 200,000 | 18,000 |
| 32 | Mexico | 650 | 65,000,000 | 1,300,000 | 11,700,000 |
| 33 | Netherlands | 2,750 | 275,000,000 | 5,500,000 | 552,631 |
| 34 | Nicaragua | 8 | 800,000 | 16,000 | 144,000 |
| 35 | Norway | 500 | 50,000,000 | 1,000,000 | 90,000 |
| 36 | Pakistan | 1,000 | 100,000,000 | 2,000,000 | 180,008 |
| 37 | Panama | 2 | 200,000 | 4,000 | 36,000 |
| 38 | Paraguay | 14 | 1,400,000 | 28,000 | 252,000 |
| 39 | Peru | 175 | 17,500,000 | 350,000 | 31,500 |
| 40 | Philippine Republic | 150 | 15,000,000 | 300,000 | 1,200,000 |
| 41 | Syria | 65 | 6,500,000 | 130,000 | 11,700 |
| 42 | Thailand | 125 | 12,500,000 | 250,000 | 2,250,000 |
| 43 | Turkey | 430 | 43,000,000 | 860,000 | 77,400 |
| 44 | Union of South Africa | 1,000 | 100,000,000 | 2,000,000 | 180,000 |
| 45 | United Kingdom | 13,000 | 1,300,000,000 | 26,000,000 | 4,050,000 |
| 46 | United States | 31,750 | 3,175,000,000 | 635,000,000 | — |
| 47 | Uruguay | 105 | 10,500,000 | 210,000 | 1,890,000 |
| 48 | Venezuela | 105 | 10,500,000 | 210,000 | 1,365,000 |
| 49 | Yugoslavia | 400 | 40,000,000 | 600,000 | 7,200,000 |
| | | <u>83,385</u> | <u>\$8,338,500,000</u> | <u>\$733,980,000</u> | <u>\$130,584,870</u> |

ITAL STOCK AND VOTING POWER

Schedule C

1950

Expressed in United States Currency
(See Notes to Financial Statements)

| Amounts Paid In (Note A) | Amounts Required to Maintain Value of Currency Holdings (Note B) | Amounts Payment of Which is Postponed Until June 1951 | Subject to Call to Meet Obligations of Bank (Note H) | Number of Votes |
|-----------------------------|--|--|--|-----------------------|
| \$ 35,639,632 | \$ — | \$ — | \$ 160,000,000 | 2,250 |
| 8,910,000 | — | — | 40,000,000 | 750 |
| 38,155,578 | — | — | 180,000,000 | 2,500 |
| 1,247,400 | 3,687 | — | 5,600,000 | 320 |
| — | — | — | 84,000,000 | 1,300 |
| 48,642,273 | — | — | 260,000,000 | 3,500 |
| — | — | — | 12,000,000 | 400 |
| — | — | — | 28,000,000 | 600 |
| 106,920,000 | — | 3,000,000 | 480,000,000 | 6,250 |
| — | — | — | 28,000,000 | 600 |
| — | — | — | 1,600,000 | 270 |
| 6,237,000 | — | — | 28,000,000 | 600 |
| 22,275,000 | — | 625,000 | 100,000,000 | 1,500 |
| 12,081,406 | — | 340,000 | 54,400,000 | 930 |
| 356,400 | — | — | 1,600,000 | 270 |
| — | — | — | 2,560,000 | 282 |
| 4,442,476 | 2,922,561 | — | 42,640,000 | 783 |
| — | — | — | 800,000 | 260 |
| — | — | — | 2,400,000 | 280 |
| — | — | — | 30,400,000 | 630 |
| 93,306,636 | — | — | 420,000,000 | 5,500 |
| — | — | 125,000 | 20,000,000 | 500 |
| — | — | — | 1,600,000 | 270 |
| 176,400 | — | — | 800,000 | 260 |
| — | — | — | 800,000 | 260 |
| 71,278,200 | — | — | 320,000,000 | 4,250 |
| 5,987,520 | — | — | 26,880,000 | 586 |
| 1,069,200 | — | — | 4,800,000 | 310 |
| — | — | — | 144,000,000 | 2,050 |
| — | — | — | 3,600,000 | 295 |
| 1,782,000 | — | — | 8,000,000 | 350 |
| — | — | — | 52,000,000 | 900 |
| 48,947,369 | — | — | 220,000,000 | 3,000 |
| — | — | — | 640,000 | 258 |
| 8,910,000 | — | — | 40,000,000 | 750 |
| 17,819,992 | — | — | 80,000,000 | 1,250 |
| — | — | — | 160,000 | 252 |
| — | — | — | 1,120,000 | 264 |
| 3,118,500 | — | — | 14,000,000 | 425 |
| 1,500,000 | — | — | 12,000,000 | 400 |
| 1,158,300 | — | — | 5,200,000 | 315 |
| — | — | — | 10,000,000 | 375 |
| 7,662,600 | — | — | 34,400,000 | 680 |
| 17,820,000 | — | — | 80,000,000 | 1,250 |
| 229,950,000 | — | — | 1,040,000,000 | 13,250 |
| — | — | — | 2,540,000,000 | 32,000 |
| — | — | — | 8,400,000 | 355 |
| 525,000 | — | — | 8,400,000 | 355 |
| — | — | 200,000 | 32,000,000 | 650 |
| <u>\$795,918,882</u> | <u>\$2,926,248</u> | <u>\$4,290,000</u> | <u>\$6,670,800,000</u> | <u>95,635</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 1950

NOTE A—

Amounts in currencies other than United States dollars have been translated into United States dollars:

- (i) In the cases of 37 members, at the par values established under the International Monetary Fund Agreement as specified in the "Schedule of Par Values" published by the International Monetary Fund; and
- (ii) In the cases of the remaining 12 members (Austria, Canada, Ceylon, China, Finland, France, Greece, Italy, Pakistan, Peru, Thailand and Uruguay), the par values of whose currencies are not so specified, at the rates used by such members in making capital payments.
- (iii) In the cases of non-members, at the official rates announced by such governments.

No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates. *See also Note B.*

NOTE B—

Payment due within a reasonable time under Article II, Section 9(a) from two members by reason of a reduction in the established par values of such members' currencies. These payments have since been received.

This Section provides as follows:

- (a) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent within that member's territories, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscription, of the amount of the currency of such member which is held by the Bank and derived from currency originally paid in to the Bank by the member under Article II, Section 7(1), from currency referred to in Article IV, Section 2(b), or from any additional currency furnished under the provisions of the present paragraph, and which has not been repurchased by the member for gold or for the currency of any member which is acceptable to the Bank.
- (b) Whenever the par value of a member's currency is increased, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency described in (a) above.
- (c) The provisions of the preceding paragraphs may be waived by the Bank when a uniform proportionate change in the par values of the currencies of all its members is made by the International Monetary Fund.

NOTE C—

The Bank has sold under its guarantee \$12,000,000 of 2½% serial notes and \$16,000,000 of 3% sinking fund bonds received by the Bank in connection with its loan operations of which amounts a total of \$2,400,000 has been retired. Of the total of \$25,600,000 of obligations outstanding under guarantee \$3,882,548 is reflected in the balance sheet as a direct liability subject to withdrawal.

NOTE D—

The principal outstanding on loans disbursed, and the accrued charges for interest, commitment fee, service charge and loan commission are payable in United States dollars except the following amounts for which the dollar equivalent is shown:

| <u>Currency Payable</u> | <u>Principal Outstanding</u> | <u>Accrued Interest, Commitment and Service Charges</u> | <u>Accrued Loan Commissions</u> | <u>Total</u> |
|-------------------------|----------------------------------|---|---|---------------------|
| Belgian Francs | \$ 1,993,872 | \$ 19,816 | \$ 6,097 | \$ 2,019,785 |
| Canadian Dollars | 9,648,319 | 74,442 | 39,217 | 9,761,978 |
| Danish Kroner | 27,193 | 320 | 106 | 27,619 |
| French Francs | 85,815 | 203 | 57 | 86,075 |
| Italian Lira | 37,948 | 300 | 86 | 38,334 |
| Pounds Sterling | 1,821,722 | 75 | 6,796 | 1,828,593 |
| Swiss Francs | 5,316,843 | 39,249 | 12,034 | 5,368,126 |
| Total | <u>\$18,931,712</u> | <u>\$134,405</u> | <u>\$64,393</u> | <u>\$19,130,510</u> |

NOTES TO FINANCIAL STATEMENTS — (Continued)

December 31, 1950

The provisions referred to under Note B above are applicable to principal amounts outstanding on portions of loans disbursed in the currencies there mentioned. Payment by the member or the Bank of any amount required to be paid by reason of a change in par value or foreign exchange value will become due within a reasonable time after repayment of each installment of principal is received by the Bank.

NOTE E—

The amount of commissions received by the Bank on loans made or guaranteed by it is required under Article IV, Section 6 to be set aside as a special reserve to be kept available for meeting obligations of the Bank created by borrowing or by guaranteeing loans. On all loans granted to date the effective rate of commission is 1% per annum.

NOTE F—

As a sinking fund for the Twenty-Five Year Bonds, the Bank has agreed to purchase and retire or redeem bonds of said issue commencing July 15, 1958, in varying amounts calculated to retire 50% of the total issue by maturity.

NOTE G—

By action of the Board of Governors and Executive Directors the net income of the Bank has been allocated to a General Reserve against losses on loans or guarantees made by the Bank. Also, the future net income of the Bank, until further action by the Executive Directors or the Board of Governors, will be allocated to this reserve.

NOTE H—

Subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or guaranteeing loans.

NOTE I—

These currencies are derived from the 18% of the subscriptions to the capital stock of the Bank which is payable in the currencies of the respective members. Such 18% may be loaned by the Bank, and funds received by the Bank on account of principal of loans made by the Bank out of such currencies may be exchanged for other currencies or reloaned, only with the approval in each case of the member whose currency is involved; provided, however, that if necessary, after the Bank's subscribed capital is entirely called, such currencies may, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings or to meet the Bank's liabilities with respect to contractual payments on loans guaranteed by it. The United States, Ecuador and El Salvador have consented to loans in respect of all their 18%. Belgium, Canada, Denmark, France, Guatemala, Italy, Mexico, Norway, Paraguay and the United Kingdom have so consented in respect of a portion of their 18%. Honduras has consented to loans in respect of all its 18% after January 1, 1951. Costa Rica, Finland, France, Iceland, Italy, Lebanon, Netherlands, Syria and Yugoslavia have agreed in principle to loans in respect of all their 18%, and Colombia, Greece, India, Pakistan, Philippines and South Africa to a part of their 18%.

(Article IV, Section 2(a) and (b))

NOTE J—

The currencies of the several members and the notes substituted for any part of such currencies are held on deposit with designated depositories in the territories of the respective members.

NOTE K—

In terms of United States dollars of the weight and fineness in effect on July 1, 1944.

GENERAL—

Formal applications for membership in the Bank have been received from the governments of Burma, Indonesia, Jordan and Sweden, but final action on these applications has not yet been taken by the Board of Governors.

BONDS ISSUED BY THE BANK

December 31, 1950

| <u>Title and Date of Issue</u> | <u>Principal Amount Authorized</u> | <u>Principal Amount Outstanding</u> | <u>Currency in Which Payable</u> | <u>Interest Rate and Interest Payment Dates</u> |
|---|--|---|--------------------------------------|--|
| Twenty-Five Year 3% Bonds, due July 15, 1972; dated July 15, 1947 | \$150,000,000 | \$150,000,000 | United States dollars | 3% per annum; payable semi-annually on January 15 and July 15 |
| 2½% Swiss Franc Serial Bonds of 1948, due 1953-54; dated April 1, 1948 | Swiss francs 17,000,000 | Swiss francs 17,000,000 | Swiss francs | 2½% per annum; payable semi-annually on April 1 and October 1 |
| Serial Bonds of 1950, due 1953-62; dated February 15, 1950 ¹ | \$100,000,000 | \$100,000,000 | United States dollars | 2% per annum; payable semi-annually on February 15 and August 15 |
| 2½% Swiss Franc Serial Bonds of 1950, due 1953-56; dated March 1, 1950 | Swiss francs 28,500,000 | Swiss francs 28,500,000 | Swiss francs | 2½% per annum; payable semi-annually on March 1 and September 1 |

¹ The proceeds of this issue were used to redeem \$100,000,000 principal amount of Ten-Year 2¼% Bonds, dated July 15, 1947 and due July 15, 1957.

BONDS ISSUED BY THE BANK

December 31, 1950

| <u>Maturity</u> | <u>Sinking Fund</u> | <u>Redemption</u> | <u>Security</u> |
|--|--|--|-----------------|
| July 15, 1972 | The Bank will purchase and retire or redeem bonds in varying amounts commencing on or before July 15, 1958, so as to retire 50% of the total issue by January 15, 1972 | The bonds may be redeemed as a whole or in part at the option of the Bank at any time on 45 days' notice. Redemption prices range from 102½, if redeemed on or before July 15, 1952, to par, if redeemed after July 15, 1967 | None |
| Sw fr 6,500,000 on April 1953; Sw fr 6,500,000 October 1, 1953; Sw fr 4,000,000 on April 1, 1954 | None | The bonds may be redeemed as a whole or in part at any time at the option of the Bank on at least 45 days' notice, at a redemption price of 100½ | None |
| Retired in equal annual installments of \$10,000,000 on February 15, 1953 and February 15, 1962, both inclusive | None | Not redeemable by the Bank without consent of the respective holders | None |
| Retired as follows: Sw fr 5,000,000 on March 1, 1953, September 1, 1953, March 1, 1954 and September 1, 1954; Sw fr 1,000,000 on March 1, 1955; and Sw fr 2,500,000 on September 1, 1955 and March 1, 1956 | None | The bonds may be redeemed as a whole or in part at any time at the option of the Bank on at least 45 days' notice, at a redemption price of 100½ | None |

OBLIGATIONS GUARANTEED BY THE BANK

December 31, 1950

| <u>Title and Date of Issue of Underlying Obligations</u> | <u>Aggregate Principal Amount of Guaranteed Obligations Outstanding</u> | <u>Nature of Guarantee by the Bank</u> | <u>Currency in Which Underlying Obligations Payable</u> | <u>Interest Rate and Interest Payment Dates</u> |
|--|---|---|---|---|
| 2½% Guaranteed Serial Mortgage Notes of 1948 of Various Dutch Shipping Companies; dated July 15, 1948 ¹ | \$ 9,600,000 | Unconditional guarantee of principal, interest and redemption price | United States dollars | 2½% per annum payable semi-annually on January 1 and July 15 |
| 3% Sinking Fund Bonds due March 1, 1969, of Kingdom of Belgium; dated March 1, 1949 | \$16,000,000 | Unconditional guarantee of principal, interest, redemption price, and performance of covenants in respect of sinking fund | United States dollars | 3% per annum payable semi-annually on March 1 and September 1 |

¹Such Shipping Companies are: N.V. Stoomvaart Maatschappij "Nederland"; N.V. Vereenigde Nederlandsche Scheepvaart Maatschappij; N.V. Nederlandsch-Amerikaansche Stoomvaart-Maatschappij "Holland-Amerika Lijn"; N.V. Rotterdamsche Lloyd.

OBLIGATIONS GUARANTEED BY THE BANK

December 31, 1950

| <u>Maturities</u> | <u>Sinking Fund</u> | <u>Redemption</u> | <u>Security</u> |
|--|---|--|---|
| The Notes mature serially in equal semi-annual instalments of \$100,000, the first instalment being due on January 15, 1949, and the last on July 15, 1958 | None | The Notes are subject to redemption prior to their maturity upon conditions stated therein | Secured by a Netherlands ship mortgage and unconditionally guaranteed by the Kingdom of the Netherlands as to payment of principal, interest and redemption price |
| March 1, 1969 | The Kingdom of Belgium will purchase and retire or redeem semi-annually \$500,000 principal amount of Bonds at par on or before each March 1 and September 1, beginning on or before September 1, 1953. The sinking fund is designed to retire the issue by maturity. | The Bonds are subject to redemption prior to their maturity upon conditions stated therein | None |

EXECUTIVE DIRECTORS AND ALTERNATE EXECUTIVE DIRECTORS

The following is a list of the Executive Directors and Alternative Executive Directors of the Bank and the member governments by which they were appointed or elected.*

| <u>Executive Directors</u> | <u>Alternate Executive Directors</u> | <u>Member Governments</u> |
|---|--------------------------------------|---------------------------|
| Wm. McC. Martin, Jr. | John S. Hooker | United States |
| Sir Ernest Rowe-Dutton | Sir Sydney Caine | United Kingdom |
| Yueh-Lien Chang | Tsoo-Whe Chu | China |
| Roger Hoppenot | | France |
| B. K. Nehru | D. S. Savkar | India |
| Thomas Basyn (Belgium) | Ernest de Selliers (Belgium) | Belgium |
| | | Denmark |
| | | Finland |
| | | Luxembourg |
| Manuel Jose Diez (Panama) | Julio E. Heurtematte (Panama) | Mexico |
| | | Cuba |
| | | Philippine Republic |
| | | Uruguay |
| | | Venezuela |
| | | Costa Rica |
| | | Dominican Republic |
| | | El Salvador |
| | | Honduras |
| | | Nicaragua |
| | | Panama |
| Guillermo Perez Chiriboga (Ecuador) | Raul Diez de Medina (Bolivia) | Brazil |
| | | Chile |
| | | Colombia |
| | | Peru |
| | | Bolivia |
| | | Ecuador |
| | | Guatemala |
| | | Paraguay |
| Louis Rasminsky (Canada) | J. F. Parkinson (Canada) | Canada |
| J. W. Beyen (Netherlands) | Gunnar Kjolstad (Norway) | Iceland |
| Yaqub Shah (Pakistan) | Nasrollah Djahanguir (Iran) | Netherlands |
| | | Norway |
| | | Pakistan |
| | | Egypt |
| | | Iran |
| | | Syria |
| | | Iraq |
| | | Lebanon |
| Leslie Galfreid Melville (Australia) | J. M. Garland (Australia) | Australia |
| Costantino Bresciani-Turroni (Italy) | Giorgio Cigliana-Piazza** (Italy) | Union of South Africa |
| | | Italy |
| | | Austria |
| | | Greece |
| Cabir SeleK (Turkey) | Boonma Wongswan (Thailand) | Turkey |
| | | Yugoslavia |
| | | Ceylon |
| | | Thailand |
| | | Ethiopia |

* The votes of Czechoslovakia may not be cast by any Executive Director since they did not count toward the election of any Executive Director.

** Acting temporarily.

PRINCIPAL OFFICERS

The following is a list of the principal officers of the Bank:

| <u>Names</u> | <u>Titles</u> |
|----------------------------|------------------------------|
| Eugene R. Black..... | President |
| Robert L. Garner..... | Vice President |
| William A. B. Iliff..... | Loan Director |
| D. Crena de Iongh..... | Treasurer |
| Leonard B. Rist..... | Economic Director |
| Davidson Sommers | General Counsel |
| Morton M. Mendels..... | Secretary |
| George L. Martin..... | Director of Marketing |
| Chauncey G. Parker..... | Director of Administration |
| Harold N. Graves, Jr. | Director of Public Relations |
| Richard H. Demuth..... | Assistant to Vice President |

PART IV

ARRANGEMENTS FOR DISTRIBUTION

The Bonds are offered by the Bank under the sponsorship of the banks and securities dealers listed on the cover page of this Prospectus (herein called the Sponsoring Group). The managers of the Sponsoring Group (hereinafter called the Managers) are The Chase National Bank of the City of New York, The First Boston Corporation, C. J. Devine & Co., and Salomon Bros. & Hutzler. The Managers and the other members of the Sponsoring Group have agreed to use their best efforts to sell the Bonds, and to cause them to be sold, to the public.

OFFERING BY BANK TO SPONSORING GROUP

The Bank has entered into an agreement with the Sponsoring Group. That agreement provides in part: On the public offering date, and, unless otherwise agreed, until the close of business on the second full business day thereafter (unless the Bank shall have theretofore further limited the period within which subscriptions may be filed), subscriptions for the purchase of Bonds may be filed with the Bank on behalf of the members of the Sponsoring Group at the public offering price shown on the cover page of this Prospectus. Subject to the right of the Bank at any time before 5:00 p.m. on the public offering date to withdraw the offering or at any time to limit the principal amount of Bonds which may be subscribed for thereafter, all subscriptions so filed will, without more, constitute agreements between the several members of the Sponsoring Group and the Bank to buy and sell, respectively, the Bonds subscribed for by each such member, at the public offering price. The obligations of members of the Sponsoring Group to the Bank will be several and not joint.

OFFERING BY SPONSORING GROUP

The Bonds subscribed by the members of the Sponsoring Group, except those sold by the Managers to institutions for the account of the members of the Sponsoring Group, will be sold and distributed through a Selling Group, of which approximately 400 banks and securities dealers will be invited by the Sponsoring Group to become members by executing Selling Group Agreements. Members of the Sponsoring Group may also be members of the Selling Group. Members of the Selling Group may enter subscriptions for the Bonds with the Managers, subject to confirmation and allotment by the Managers. The Managers may close the subscription books of the Sponsoring Group at any time without notice and may reject the subscription of any member of the Selling Group in whole or in part or modify or cancel the offering by the Sponsoring Group. The agreements between members of the Sponsoring Group relating to the operations of the Sponsoring Group will terminate 30 days after the public offering date but may be terminated on such earlier date as may be determined by the Managers. The Selling Group Agreements will terminate at the close of business on the fifteenth day after the public offering date, but may be extended by the Managers for not more than 15 days and may be terminated by them at any time. Sales of Bonds by members of the Sponsoring and Selling Groups will be at the public offering price, except that the members of the Sponsoring Group will allow to members of the Selling Group a concession of $\frac{1}{2}$ of 1% of the principal amount of Bonds bought by them and members of the Selling Group may allow a discount of $\frac{1}{4}$ of 1% of the principal amount of Bonds sold by them to dealers in securities or to banks and trust companies, provided that in the case of banks and trust companies, sales are made upon the order of and for the account of a customer and that such discount will be retained and not allowed to the customer.

The Bank is not responsible for the allocation of Bonds among members of the Sponsoring and Selling Groups or to the public or others and is not responsible for the distribution of any payment made by it to the Managers or to the Sponsoring Group.

The Bank has been informed that there is no arrangement among members of the Sponsoring Group or Selling Group to stabilize the price of the Bonds for the account of either the Sponsoring

Group or the Selling Group. The Bank understands that substantial amounts of its Serial Bonds of 1950, due 1953-1962, are in the hands of the original purchasers, some of whom may be members of the Sponsoring or Selling Groups.

Any statements made in this section headed "Offering by Sponsoring Group" relating to the constitution and operations of the Managers and of the Sponsoring and Selling Groups have been made solely on the basis of information furnished to the Bank by the Managers.

| | Price to Public(1) | Concessions(2)(3) | | Proceeds to Bank(1)(2)(3) | |
|----------------|-----------------------|-------------------|---------|---------------------------|--------------|
| | | Maximum | Minimum | Maximum | Minimum |
| Per Unit | 100% | ½ of 1% | 0 | 100% | 99½% |
| Total | \$50,000,000 | \$250,000 | 0 | \$50,000,000 | \$49,750,000 |

(1) Plus accrued interest from March 1, 1951.

(2) The Bank will pay a concession of ½ of 1% on Bonds sold to members of the Selling Group, but will pay no concession on Bonds sold to institutions by the Managers for the account of members of the Sponsoring Group. The Bank will pay to the Sponsoring Group, as compensation for their services, including such sales to institutions, a fee of \$75,000 (subject to pro-rata reduction if the aggregate amount of Bonds so sold to institutions is less than \$25,000,000), which the Bank understands is to be divided among 29 of the 32 Sponsors in equal proportions. The maximum concessions and minimum proceeds shown in the above table are based on the assumption that all the Bonds are sold but that none are so sold to institutions; and the minimum concessions and maximum proceeds are based on the assumption that all the Bonds are so sold to institutions. The Bank will pay a \$50,000 management fee to the Managers.

(3) Exclusive of fees payable as described in Note 2 above and of other expenses of the Bank estimated at \$120,500 including reimbursement of legal and other expenses of Sponsors estimated at not to exceed \$30,500.

The issuance of this Prospectus and the offering and sale of the Bonds 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 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.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By EUGENE R. BLACK
President