

CARD 1 (SEE ALSO CARD 2)

THIS CARD IS CIRCULATED TO GIVE DETAILS OF AN ISSUE BY INTER-AMERICAN DEVELOPMENT BANK AND SHOULD BE RETAINED FOR REFERENCE PURPOSES

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INTER-AMERICAN DEVELOPMENT BANK

INT

This Card comprises the Listing Particulars required by The Stock Exchange (Listing) Regulations 1984 and copies have been delivered to the Registrar of Companies in England and Wales in accordance with such Regulations.

Inter-American Development Bank (the "Bank") is responsible for the information contained herein. To the best of the knowledge and belief of the Bank (which has taken all reasonable care to ensure that such is the case) the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The Bank accepts responsibility accordingly.

ISSUE ON A YIELD BASIS
of
£75,000,000 9¾ PER CENT. LOAN STOCK 2015
to be a
FURTHER ISSUE
of the
9¾ PER CENT. LOAN STOCK 2015

payable as to £30 per cent. of the nominal amount on application
and as to the balance of the issue price by May 8, 1986
with interest payable half yearly on November 15 and May 15
with the first such payment on November 15, 1986

County Bank Limited	Baring Brothers & Co., Limited	Hambros Bank Limited
Hill Samuel & Co. Limited		Kleinwort, Benson Limited
Lloyds Merchant Bank Limited		Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited	J. Henry Schroder Wagg & Co. Limited	
	S. G. Warburg & Co. Ltd.	

Application has been made to the Council of The Stock Exchange for the £75,000,000 9¾ per cent. Loan Stock 2015 now being issued (the "Stock") to be admitted to the Official List and for dealings to take place in the Gilt-edged market.

The Stock will initially only be available in registered form. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on Wednesday, March 12, 1986 subject to clearance of applicants' remittances and allotments. Stock Certificates will be despatched on May 29, 1986 provided the balance of the moneys payable has been duly paid.

No person is authorised to give any information or to make any representation not contained herein or in the Extel Card dated January 2, 1986 giving information relating to the Bank (or any abridgement hereof or thereof authorised by the Bank) and any information or representation not contained herein or therein must not be relied upon as having been authorised by the Bank or by any of the Managers named above. This document does not constitute an offer to sell or solicitation of an offer to buy the Stock in any jurisdiction in which, or to any person to whom, it is unlawful to make such an offer or solicitation.

The Stock is not open for applications to subscribe by U.S. persons. "U.S. person" means any person who is a national, citizen or resident of, or who is normally resident in, the United States, including the estate of any such person, corporations and partnerships created or organised in the United States and "United States" means the United States of America, its territories and possessions and all areas subject to its jurisdiction.

The application list will open at 10.00 a.m. on Thursday, March 6, 1986 and will close later the same day.

INFORMATION RELATING TO THE ISSUE

Determination of Issue Yield, Issue Price and Interest Rate

The Stock will be a further issue of the Bank's 9¾ per cent. Loan Stock 2015 (the "Existing Stock") and will be issued at such price (being not less than £85.50 per cent.) as will result in the Stock having an Issue Yield determined on the basis described below. However, if to produce this Issue Yield on the basis of a 9¾ per cent. interest rate, the issue price of the Stock would need to be less than £85.50 per cent., then the issue price of the Stock will be £85.50 per cent. and the interest rate thereon for the period from March 12, 1986 to November 15, 1986 (being the date of the first payment of interest on the Stock) will be such higher rate as will result in the Stock having the Issue Yield and from November 15, 1986 the interest rate will be 9¾ per cent. per annum. The issue price and (in the circumstances mentioned in the last preceding sentence) the interest rate for the period to November 15, 1986 will be expressed as a percentage rounded to three decimal places (with 0.0005 being rounded upwards).

The Issue Yield shall mean the sum of 0.35 per cent. and the Gross Redemption Yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-2008 (the "Reference Stock") calculated by reference to the price of the Reference Stock on the The Stock Exchange, London, at 3.00 p.m. on Wednesday, March 5, 1986, such price to be determined by Baring Brothers & Co., Limited ("Barings") as being the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The Gross Redemption Yield on the Reference Stock will be expressed as a percentage and will be calculated on the basis set out in the *Journal of the Institute of Actuaries*, Vol. 105, Part I, 1978, page 18.

It is intended that notice of the Issue Yield, issue price and the amount of the first interest payment (and, if applicable, the interest rate in respect thereof) relating to the Stock will be published in the *Financial Times* on Thursday, March 6, 1986.

Underwriting Arrangements

By an Underwriting Agreement dated March 3, 1986, Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE, County Bank Limited, 11 Old Broad Street, London EC2N 1BB, Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA, Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ, Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB, Lloyds Merchant Bank Limited, 40-66 Queen Victoria Street, London EC4P 4EL, Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY, Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P 2AX, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS and S. G. Warburg & Co. Ltd., 33 King William Street, London EC4R 9AS (the "Managers") have agreed with the Bank, to the extent that the Stock is not otherwise taken up, to subscribe for the Stock.

Barings, on behalf of the Managers, and the Bank may agree in certain circumstances to terminate the Underwriting Agreement, which is subject to certain conditions and accordingly, if they so agree or the Underwriting Agreement does not become unconditional, applications for the Stock will become void or, as the case may be, no applications for Stock will be accepted.

Terms of Payment in Respect of Applications

Each application, unless made by a recognised bank or stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque payable to "Baring Brothers & Co., Limited" and crossed "IADB Loan", representing payment at the rate of £30 per cent. of the nominal amount of the Stock applied for. Such cheques must be drawn on a branch in the United Kingdom (including Northern Ireland), the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

Barings, on behalf of the Bank, reserves the right to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances and allotment.

An alternative method of payment is available in respect of payments of £50,000 or more but only to recognised banks or stockbrokers who irrevocably engage to pay Barings for credit to the account designated "IADB Loan" by 10.00 a.m. on Wednesday, March 12, 1986 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque, bankers' payment or bankers' draft which is eligible for presentation in the Town Clearing System in the City of London.

The balance of the amount payable on the Stock allotted must be paid so as to clear by 12 noon on Thursday, May 8, 1986. Any amount paid in advance of its due date shall not bear interest.

After Thursday, May 8, 1986 all Stock in respect of which the balance payable has not been duly paid shall, upon the Bank so electing, be forfeited (without published notice thereof being required), whereupon the Bank shall be entitled to retain the first instalment of such Stock and shall be discharged from any obligation to repay such instalment or to pay interest thereon for any period, and the allotment shall be cancelled. Interest at the rate per annum of 4 per cent. above the base rate for the time being of Barings may be charged on such balance, if accepted after its due date, from (and including) Thursday, May 8, 1986 to (but excluding) the date of payment of such balance, on the basis of the actual number of days elapsed divided by 365. Any payment of the balance payable, if accepted after the due time therefor, shall be treated as having been made at the due time. The Bank further reserves the right, without prejudice to any other rights, in default of payment to sell any such Stock fully paid for its own account.

The expression "recognised bank or stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as Barings shall at its absolute discretion agree for the purposes of the issue.

Delivery

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, March 12, 1986 by first class post at the risk of the person submitting the application in accordance with the instructions stated on the Application Form. Alternatively, a recognised bank or stockbroker (as defined above) using the alternative method of payment may, by ticking Box A on the Application Form, request that its allotment letter and/or cheque for excess subscription moneys be retained at Baring Brothers & Co., Limited (20th Floor), 8 Bishopsgate, London EC2N 4AE for collection between 12 noon and 3.00 p.m. on Wednesday, March 12, 1986. Any uncollected allotment letters will be despatched by first class post as above.

Allotment letters may be split up to 3.00 p.m. on Tuesday, May 6, 1986 in accordance with the instructions contained therein into denominations or integral multiples of £100 nominal amount of Stock. Allotment letters, once renounced, become bearer documents and are transferable by delivery.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by Barings by 3.00 p.m. on Thursday, May 8, 1986, the Stock represented by such allotment letter will, when fully paid, be registered in the name of the original allottee and thereafter Stock will be transferable only by instrument of transfer.

Stock Certificates will be despatched on May 29, 1986 after which date allotment letters will cease to be valid for any purpose.

TERMS AND CONDITIONS OF THE STOCK

The issue of the Stock has been authorised by a Resolution of the Executive Directors of the Bank passed on January 9, 1986 and will be constituted as an unsecured obligation of the Bank by an instrument to be dated March 12, 1986 to be executed by the Bank and deposited with Barings. Such instrument will be supplemental to the instrument dated December 19, 1984 constituting the Existing Stock. The expression "Instrument" when used in these terms and conditions means the instrument dated December 19, 1984 and such supplemental instrument.

The Stock is not an obligation of any Government.

The following is a summary of the terms and conditions relating to the Stock:—

Status

The Stock will represent a direct and unsecured obligation of the ordinary capital resources of the Bank for the due and punctual payment of principal and interest in respect of the Stock and for the performance of all obligations of the Bank with respect thereto. However, the Agreement Establishing the Inter-American Development Bank (as amended) allows the merger of the inter-regional capital stock and the ordinary capital stock of the Bank at such time as the Bank shall have discharged its liabilities on all its ordinary capital borrowings which were outstanding at December 31, 1974. In the event of such merger, the Stock would be payable from the merged capital resources.

The Stock will rank *pari passu* with all bonds, notes, stock and other evidences of indebtedness issued, assumed or guaranteed by the Bank and payable from the same capital resources for the time being as the Stock.

Negative Pledge

As long as any of the Stock shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes, stock 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 Stock shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such bonds, notes, stock or other evidences of indebtedness.

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Interest

The Stock will bear interest from March 12, 1986 to November 15, 1986 at a rate per annum to be determined in accordance with "Determination of Issue Yield, Issue Price and Interest Rate" above and thereafter at the rate of $9\frac{3}{4}$ per cent. per annum. Interest will be payable by equal half yearly instalments on November 15 and May 15 ("Interest Payment Dates") in each year except that the first payment of interest will be for the period from March 12, 1986 to November 15, 1986 and will be calculated using the following formula:—

$$£I = R \times \frac{57}{365} \times \frac{30}{P} + R \times \frac{191}{365}$$

where

£I is the first payment of interest on £100 nominal amount of Stock rounded to three decimal places (with 0.0005 being rounded upwards),

R is the percentage rate of interest attaching to the Stock for the period from March 12, 1986 to November 15, 1986, and

P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the Bank.

Form and Transfer

The Stock will initially be issued in registered form and will be transferable in multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 and The Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied or by any other form approved by the Bank. The initial Register and Transfer Office for the Stock will be at Barings, Bourn House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

The Bank reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a registrar having a specified office in London has been appointed and notice of whose appointment has been given to holders of the Stock in accordance with "Notices" below.

Redemption and Purchase

(a) Redemption

Unless previously purchased and cancelled or redeemed, the Bank will redeem the Stock at par on May 15, 2015.

(b) Purchases and Cancellation

The Bank may at any time purchase Stock on any recognised stock exchange or by tender (available to all holders of the Stock alike) at any price or by private treaty at a price (exclusive of accrued interest and all costs of purchase) not exceeding 120 per cent. of the middle market quotation of the Stock on The Stock Exchange (or, failing such quotation, on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but save as aforesaid, the Bank may not purchase any Stock. The Bank will be entitled to hold and deal with Stock purchased under this paragraph (b), which may be cancelled or not as the Bank thinks fit.

Payments

Payments of principal and interest will be made in pounds sterling by warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent at the holders' risk by post to persons who are registered as holders of Stock at the close of business on the relevant Record Date (as defined below) or to their nominated agents and made payable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for business.

Events of Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank or in the performance of any other obligation arising from "Negative Pledge" above, 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 Stock 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 Stock held by him to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Prescription

Principal will cease to be payable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of 5 years, in each case from the due date.

Replacement of Stock Certificates

If any Stock Certificate is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar upon payment by the claimant of such cost as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank and the Registrar may require. Mutilated or defaced Stock Certificates must be surrendered before replacements will be issued.

Bearer Stock

The Instrument will provide that the Bank may, by executing a supplemental instrument in form satisfactory to the Registrar but without the consent of the holders of the Stock, make provision for the Stock to be exchangeable for Stock in bearer form and for such Stock to be exchangeable for Stock in registered form, in each case at the option of the holder, all on such terms as will be set forth in such supplemental instrument. In such event the terms of the Stock shall, as from the date specified in such supplemental instrument, be deemed to include such provisions and all the Stock will be entitled to the benefit of, and be held subject to, such provisions.

Further Issues

If the Bank wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental instrument on terms that it shall be or become consolidated and form a single issue with the Stock.

Modification of Rights

Except as mentioned above, the conditions of the Stock, the provisions of the Instrument and the rights of the holders of the Stock will be subject to modification by Extraordinary Resolution of the holders of the Stock (and of the Existing Stock and of any further stock forming a single issue with the Stock) as provided in the Instrument. Such a Resolution will require a majority of not less than three-quarters of the votes cast thereon.

Notices

All notices shall be valid if despatched by post to holders of the Stock at their registered addresses (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the day following the date of such despatch.

Governing Law

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brought in the courts of England.

INFORMATION RELATING TO THE STOCK

Current United Kingdom Tax Treatment and Stamp Duty

The Bank has been advised, on the basis of current law and practice, as follows:—

- (i) interest on the Stock paid as provided herein is payable without deduction of United Kingdom income tax. On the occasion of each interest payment the Registrar will supply the Inland Revenue with the names and addresses of the holders of the Stock to whom interest is due, the amount of Stock held by them, the names and addresses of any other persons to whom interest is paid on the instructions of such holders and the amount of interest paid to each such person;
- (ii) the Stock will be a qualifying corporate bond within the meaning of section 64 of the Finance Act 1984; as such the Finance Act 1985 provides that gains on Stock disposed of on or after July 2, 1986 will be exempt from United Kingdom tax on capital gains regardless of when the Stock is purchased (and any losses on disposals on or after that date will no longer be capable of qualifying as allowable losses) and that in the meantime the Stock will not attract any indexation allowance;
- (iii) the Stock will not be a deep discount security within the meaning of section 36 of the Finance Act 1984 for the purposes of United Kingdom tax on income. Notwithstanding that the issue price of the Stock will be below its nominal value, no part of the nominal value paid on redemption of the Stock pursuant to the paragraph headed "Redemption" under "Redemption and Purchase" above will be treated as subject to United Kingdom tax as income (except where the recipient is a person holding the Stock as a dealer for United Kingdom tax purposes). On a disposal of the Stock in the open market by a holder of the Stock (other than a disposal by a person holding the Stock as a dealer for United Kingdom tax purposes; but including any disposal by any other person on a purchase made by the Bank pursuant to the paragraph headed "Purchases and Cancellation" under "Redemption and Purchase" above), no part of the disposal proceeds received will be subject to tax as income (save for any amount which rules introduced by the Finance Act 1985 may treat as representing interest accrued on the Stock during the interest period in which the disposal takes place);
- (iv) transfers of the Stock are free of United Kingdom stamp duty.

Persons contemplating the acquisition of Stock who are uncertain as to their current or future United Kingdom tax treatment, or as to their treatment under the revenue laws of other jurisdictions, should consult their professional advisers.

Stock Exchange Dealings

The Stock will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. The Stock will be listed on The Stock Exchange and will trade separately from the Existing Stock (which is already listed on The Stock Exchange) until October 16, 1986 (the Record Date for the first Interest Payment Date in respect of the Stock). From that date the Stock and the Existing Stock will be consolidated and form a single issue. The price of the Stock will be quoted exclusive of accrued interest.

It is expected that dealings in the Stock on The Stock Exchange will begin on Friday, March 7, 1986, without documents of title and at seller's risk, for deferred settlement on Thursday, March 13, 1986.

Purchase Fund relating to the Existing Stock

By an agreement dated 10th December, 1984 (the "Purchase Agency Agreement") the Bank appointed Barings as its Purchase Agent in relation to the Existing Stock. Pursuant to the terms of the Purchase Agency Agreement Barings is obliged to endeavour to purchase, on The Stock Exchange or otherwise, £5,000,000 nominal amount of the Existing Stock for the account of the Bank during the two-year period ending on December 19, 1986, such purchases to be made at such prices (exclusive of accrued interest and all costs of purchase) as Barings may at its sole discretion consider reasonable in the light of the then prevailing market conditions but not exceeding £85.51 per cent. As at the date hereof, £1,000,000 of the Existing Stock has been so purchased.

The above undertaking is, however, not a term or condition of the Existing Stock.

There will be no Purchase Fund in respect of the Stock until the Stock is consolidated with the Existing Stock but from October 16, 1986 any balance of the Purchase Fund then unused will apply to the consolidated issue for the remainder of the two-year period referred to above.

Trustee Status

When the Stock is listed it will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

Insurance Company Regulations

The Bank is an "approved financial institution" within the meaning of Part V of the Insurance Company Regulations 1981.

USE OF PROCEEDS

The net proceeds to the Bank from the issue of the Stock, on the basis of the minimum issue price of £85.50, will be approximately £63 million and will be included in its ordinary capital resources and used in its ordinary operations.

SUMMARY INFORMATION REGARDING THE BANK

All amounts set forth below are expressed in current United States dollars.

Establishment, Domicile and Membership

The Inter-American Development Bank is an international institution, the members of which are governments. It was established and is operating under the Agreement Establishing the Inter-American Development Bank signed by those governments. The Bank officially began operations on October 1, 1960. Its principal office is located in Washington, D.C. Forty-three governments are members of the Bank, including the United States and twenty-six other American governments, and the governments of sixteen non-regional countries.

Purpose of the Bank

The purpose of the Bank is to further the economic and social development of the regional developing member countries, individually and collectively.

Continued on Card 2

CARD 2 (continued from CARD 1)

THIS CARD IS CIRCULATED TO GIVE DETAILS OF AN ISSUE BY INTER-AMERICAN DEVELOPMENT BANK AND SHOULD BE RETAINED FOR REFERENCE PURPOSES

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Capital Resources of the Bank

The capital resources of the Bank presently consist of the inter-regional capital resources and the ordinary capital resources. The inter-regional capital resources are held, obligated and otherwise disposed of entirely separate from the ordinary capital resources.

The Agreement provides for the ultimate merger of the inter-regional and ordinary capital resources. Member governments have been asked to approve a proposal to merge the two capitals as of January 1, 1987. In this connection, the Board of Executive Directors has authorised the advance redemption by the end of 1986 of the Bank's ordinary capital borrowings issued prior to 1975 and maturing after December 31, 1986. The purpose of the advance redemption is to establish the preconditions for the merger of the two capitals.

Capital Borrowings Outstanding as of December 31, 1985 (\$000's)

	<i>Inter-regional</i>	<i>Ordinary</i>	<i>Illustrative Combined</i>
Repayable in:			
United States Dollars	\$1,446,180	\$1,271,988	\$2,718,168
Currencies of other regional members	—	7,540	7,540
Currencies of non-regional members	4,730,595	1,909,071	6,639,666
Total Borrowings	<u>\$6,176,775</u>	<u>\$3,188,599</u>	<u>\$9,365,374</u>

Capital Stock and Reserves as of December 31, 1985 (\$000's)

	<i>Inter-regional⁽¹⁾</i>	<i>Ordinary</i>	<i>Illustrative Combined</i>
Subscribed Capital	\$13,104,108	\$13,609,639	\$26,713,747
Less-Callable portion of subscriptions	12,032,574 ⁽²⁾	12,358,335 ⁽³⁾	24,390,909
Paid-in Capital Stock	1,071,534	1,251,304	2,322,838
General Reserve	239,859	1,526,914	1,766,773
Special Reserve	85,472	354,670	440,142
Total Paid-in Capital Stock and Reserves	<u>\$ 1,396,865</u>	<u>\$ 3,132,888</u>	<u>\$ 4,529,753</u>

⁽¹⁾ At February 5, 1986, additional subscriptions to the inter-regional capital stock aggregating \$3,850,141,000 had been received, consisting of \$152,639,000 of paid-in capital and \$3,697,502,000 of callable capital.

⁽²⁾ The callable portion of inter-regional capital subscriptions, totalling \$12,032,574,000, may be called only when required to meet the obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount may not be called by the Bank to make loans.

⁽³⁾ The callable portion of ordinary capital subscriptions, totalling \$12,358,335,000, may be called only when required to meet the obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount may not be called by the Bank to make loans.

Loan Operations

As of December 31, 1985 the Bank had approved loans from its inter-regional capital resources in an aggregate principal amount equivalent to \$10,910,994,000 to finance programmes or projects in 22 countries. Of that amount, sales to participants and repayments by borrowers were the equivalent of \$598,868,000, the undisbursed balances were the equivalent of \$5,753,585,000 and outstanding balances held by the Bank were the equivalent of \$4,558,541,000.

As of December 31, 1985 the Bank had approved loans from its ordinary capital resources in an aggregate principal amount equivalent to \$10,143,053,000 to finance programmes or projects in 22 countries. Of that amount, sales to participants and repayments by borrowers were the equivalent of \$2,831,562,000, the undisbursed balances were the equivalent of \$3,283,800,000 and outstanding balances held by the Bank were the equivalent of \$4,027,691,000.

Pursuant to the Bank's interest rate policy described in "Loan Terms" under "Inter-regional and Ordinary Operations of the Bank" in the Extel Card relating to the Bank dated January 2, 1986, the interest rate due on disbursements made from January 1, 1986, on loans from the Bank's inter-regional capital resources and on the foreign exchange portion of loans from the Bank's ordinary capital resources approved after January 1, 1983, has been set at 8.75% per annum.

**Summary of Balance Sheet of Inter-regional and Ordinary Capital
as of December 31, 1985**
(\$000's)

	<i>Inter-regional</i>	<i>Ordinary</i>
Assets		
Cash	\$ 9,510	\$ 194,594
Investments	2,258,424	1,472,734
Loans outstanding	4,558,541	4,027,691
Accrued interest and other charges	165,057	135,307
Receivable from members	588,476	145,831
Other assets	80,322	255,215
Special Reserve assets	85,472	354,670
Total Assets	<u>\$7,745,802</u>	<u>\$6,586,042</u>
Liabilities and Capital		
Liabilities		
Borrowings, less unamortised discount	\$6,165,729	\$3,162,534
Obligation under capital lease	—	143,239
Accrued interest on borrowings	169,731	92,351
Accounts payable and other liabilities	13,477	55,030
Capital		
Capital Stock		
Subscribed	13,104,108	13,609,639
Less-Callable portion	12,032,574	12,358,335
	1,071,534	1,251,304
General Reserve	239,859	1,526,914
Special Reserve	85,472	354,670
	<u>1,396,865</u>	<u>3,132,888</u>
Total Liabilities and Capital	<u>\$7,745,802</u>	<u>\$6,586,042</u>

Summary of Income and General Reserve for the years ended December 31, 1985 and 1984
(\$000's)

	<i>Inter-regional</i>		<i>Ordinary</i>	
	1985	1984	1985	1984
Total income	\$511,639	\$376,877	\$ 496,859	\$ 445,263
Expenses				
Borrowing expenses	407,109	286,190	254,732	217,265
Administrative expenses	29,217	29,042	46,215	37,755
Total Expenses	<u>436,326</u>	<u>315,232</u>	<u>300,947</u>	<u>255,020</u>
Net income	75,313	61,645	195,912	190,243
Allocation to Special Reserve	(18,829)	(15,411)	(35,679)	(32,685)
Addition to General Reserve	56,484	46,234	160,233	157,558
General Reserve beginning of year	203,160	153,344	1,335,151	1,201,409
Translation adjustments	(19,785)	3,582	31,530	(23,816)
General Reserve end of year	<u>\$239,859</u>	<u>\$203,160</u>	<u>\$1,526,914</u>	<u>\$1,335,151</u>

The information contained herein is further explained in the Extel Card relating to the Bank dated January 2, 1986 (in which numerical data are given as of June 30, 1985) which is available in the Extel Statistical Services System.

Copies of these Listing Particulars, the Bank's annual accounts for the year ended December 31, 1984 and the Extel Card relating to the Bank dated January 2, 1986 are available until March 18, 1986 (March 6, 1986 in the case of the Company Announcements Office) from:—

Baring Brothers & Co., Limited,
8 Bishopsgate,
London EC2N 4AE.

Company Announcements Office,
The Stock Exchange,
London EC2.

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN.

W. Greenwell & Co.,
Bow Bells House,
Bread Street,
London EC4M 9EL.

Rowe & Pitman,
1 Finsbury Avenue,
London EC2M 2PA.

GENERAL INFORMATION

The Bank has agreed to pay to the Managers an amount aggregating £1.25 per £100 nominal amount of Stock in connection with their services as managers and underwriters of the issue, out of which will be paid by the Managers, on behalf of and as agents for the Bank, commissions to the brokers to the issue in respect of their services to the Bank in connection with the issue and to certain other persons who have agreed with the Bank to accept underwriting participations in respect of the issue of the Stock. The Bank will also pay brokerage of one eighth of one per cent. of the nominal amount of Stock issued pursuant to subscriptions received from or through recognised banks and stockbrokers on Application Forms bearing their stamp or in respect of other forms of application accepted by Barings as being from a recognised bank or stockbroker; this commission will not, however, be paid in respect of any allotments which arise out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions and brokerage) are estimated to amount to about £1.1 million and are payable by the Bank.

Barings, on behalf of the Bank, reserves the right to reject any application and to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned (unless collected by persons entitled to do so), in each case after the relevant remittance has been cleared. Barings, on behalf of the Bank, will announce the basis of allotment by 3.00 p.m. on Thursday, March 6, 1986 and it is expected that confirmation of allotments will be despatched on the same day.

There has been no material adverse change in the financial condition of the Bank since December 31, 1985.

The Bank has not been involved in any litigation or arbitration proceedings which may have or have had during the previous 12 months a significant effect on the financial position of the Bank, nor so far as the Bank is aware are any such proceedings pending or threatened.

The Bank has obtained the approval and agreement of H.M. Government required under the Agreement Establishing the Inter-American Development Bank (as amended) in connection with the issue.

Price Waterhouse, independent certified public accountants, of 1801 K Street, N.W., Washington, D.C. 20006, United States of America have audited the Bank's financial statements for the preceding three financial years in accordance with generally accepted accounting principles.

Copies of the Instrument, the latest audited accounts of the Bank and the Agreement Establishing the Inter-American Development Bank (as amended) will be available for inspection at the specified office of the Registrar until redemption of the Stock, and a copy of the Purchase Agency Agreement will be so available until its expiry.

This card is circulated by Extel Statistical Services Limited in compliance with the requirements of the Council of the Stock Exchange, and is printed by R. R. Donnelley & Sons Company Limited

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH during normal business hours until March 18, 1986:—

- (i) the Agreement Establishing the Inter-American Development Bank (as amended);
- (ii) the Underwriting Agreement referred to above;
- (iii) the Purchase Agency Agreement referred to above;
- (iv) the instrument constituting the Existing Stock referred to above;
- (v) a draft, subject to modification, of the form of supplemental instrument constituting the Stock;
- (vi) the audited accounts of the Bank for the two years ended December 31, 1984;
- (vii) the Extel Card relating to the Bank dated January 2, 1986 referred to above; and
- (viii) a copy of the *Journal of the Institute of Actuaries*, Vol. 105, Part I, 1978, pages 15 to 26.

Principal Office of the Bank
808 17th Street, N.W.,
Washington, D.C. 20577.

Receiving Bank
Baring Brothers & Co., Limited,
8 Bishopsgate,
London EC2N 4AE.

Registrar
Baring Brothers & Co., Limited,
Bourne House,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU.

Solicitors to the Managers
Slaughter and May,
35 Basinghall Street,
London EC2V 5DB.

Solicitors to the Bank
Freshfields,
Grindall House,
25 Newgate Street,
London EC1A 7LH.

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN.

Brokers
W. Greenwell & Co.,
Bow Bells House,
Bread Street,
London EC4M 9EL.

Rowe & Pitman,
1 Finsbury Avenue,
London EC2M 2PA.

Dated March 3, 1986
