



**U.S. \$1,250,000,000**

**International Bank for Reconstruction  
and Development**

**7-5/8% U.S. Dollar Bonds of 1993, due January 19, 2023**

**Price 99.486% plus accrued interest, if any, from January 19, 1993**

The Bonds are offered for sale in the Eurodollar, Japanese and United States markets.

The Bonds will bear interest from January 19, 1993. Interest will be payable semi-annually on January 19 and July 19 of each year. The first interest payment will be on July 19, 1993. The Bonds will mature on January 19, 2023 and will not be redeemable prior to maturity.

The Bonds will be issued in bookentry form through the Federal Reserve Bank of New York. They may be held in accounts with institutions having access in the United States to the bookentry system operated by the Federal Reserve Banks, or in accounts with Euroclear or Cedel participants that are indirectly connected with such bookentry system through Euroclear or Cedel.

After original issuance, the Bonds may, at the request of the holder of a Bond, be separated into their Principal Components and Interest Components by the Federal Reserve Bank of New York, subject to minimum amount requirements, and may be maintained and transferred separately on the bookentry system of the Federal Reserve Bank of New York. (See "Terms and Conditions"). The Bonds, but not the Principal Components or Interest Components, will be exchangeable for registered definitive securities upon request.

Application is being made to list the Bonds and the Components on the Luxembourg Stock Exchange and the New York Stock Exchange.

The Underwriters have agreed to purchase from the Bank all the Bonds at 99.036% of their principal amount plus accrued interest, if any, from January 19, 1993. The Bonds are offered for sale subject to issuance and acceptance by the Underwriters and subject to prior sale.

It is expected that delivery of the Bonds will be made on or about January 19, 1993 against payment therefor in immediately available funds.

**CS First Boston Group**

**Goldman, Sachs & Co.**

**Deutsche Bank AG London  
Lehman Brothers  
Nomura Securities**

**IBJ International plc.  
Merrill Lynch & Co.  
Salomon Brothers Inc**

The activities of the Underwriters in connection with this transaction are led jointly by CS First Boston Group and Goldman, Sachs & Co.

The date of this Prospectus is January 7, 1993.

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE FIRST BOSTON LIMITED MAY, SUBJECT TO APPLICABLE LAWS, OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. ANY STABILIZATION ACTIVITIES EFFECTED BY CREDIT SUISSE FIRST BOSTON LIMITED ARE SUBJECT TO PRIOR AGREEMENT WITH GOLDMAN, SACHS & CO.

No person is authorized to give any information or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by or on behalf of the International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. (the "Bank") or by any of the underwriters named on the cover hereof (the "Underwriters"). The delivery of this Prospectus at any time does not imply that the information contained herein is correct at any time subsequent to its date.

The Bank, having made all reasonable inquiries, confirms that this Prospectus contains all information with regard to the Bonds and the Bank which is material in the context of the issue of the Bonds, that the information is true and accurate in all material respects and is not misleading, and that there are no other facts the omission of which makes this Prospectus as a whole or any such information misleading in any material respect.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Bank or the Underwriters to subscribe for or purchase, any of the Bonds.

The distribution of this Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Bank and the Underwriters to inform themselves about and to observe any such restrictions. (See "Underwriting and Distribution".)

The Bonds are not required to be registered under the Securities Act of 1933. Accordingly, no registration statement has been filed with the U.S. Securities and Exchange Commission (the "Commission"). The Bonds have not been approved or disapproved by the Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

In this Prospectus, references to "dollars" and "\$" are to United States dollars.

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## **AVAILABILITY OF INFORMATION AND INCORPORATION BY REFERENCE**

### **Eurodollar Market**

The Bank has filed with the Luxembourg Stock Exchange an Information Statement dated September 16, 1992 (the "Information Statement") which describes the Bank, its capital, operations, administration, Articles of Agreement (the "Articles") and legal status. The Information Statement also includes the Bank's audited financial statements as of June 30, 1992.

Copies of the Information Statement will be available upon request directed to the main office of the Special Agent in Luxembourg, which is Deutsche Bank Luxembourg S.A., 2, Boulevard Konrad Adenauer, Luxembourg. In addition, until the maturity of the Bonds, Bondholders may, at the main office of the Special Agent in Luxembourg, inspect copies of the Articles and decisions made by the Executive Directors of the Bank on questions of interpretation of the Articles, inspect copies of the Fiscal Agency Agreement, and obtain copies of the Bank's annual report and its regular quarterly unaudited and annual audited financial statements published subsequent to the date of this Prospectus.

### **Japanese Market**

The Bank will provide without charge copies of the Information Statement and any quarterly or annual financial statements published subsequent to the date of this Prospectus and prior to the maturity of the Bonds. Written or telephone requests should be directed to the World Bank, Kokusai Building, Room 916, 1-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan, tel: 214-5001/2.

### **U.S. Market**

The Bank is subject to certain informational requirements of Regulation BW, promulgated by the Commission under Section 15(a) of the Bretton Woods Agreements Act, and in accordance therewith files its regular quarterly and annual financial statements, the annual report of the Bank to its Board of Governors and other information with the Commission.

In addition, the Bank has filed the Information Statement described above with the Commission. The Information Statement and such regular quarterly and annual financial statements, reports and other information can be inspected and copied at the offices of the Commission at Room 1026, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of such material can be obtained from the Public Reference Section of the Commission at the above address at prescribed rates. The Information Statement, annual reports and quarterly and annual financial statements also may be inspected at the SEC Library of the New York Stock Exchange.

### **General**

The Information Statement, and any quarterly or annual financial statements filed by the Bank with the Luxembourg Stock Exchange and with the Commission pursuant to Regulation BW subsequent to the date of the Information Statement and prior to the termination of the offering of the Bonds, shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof.

The Bank will provide without charge copies of the Information Statement and any quarterly or annual financial statements incorporated herein by reference. Written or telephone requests should be directed to the World Bank, 1818 H Street, N.W., Washington, D.C. 20433, Attention: Financial Operations Department (202) 458-0746.

## **DESCRIPTION OF THE BONDS AND THE COMPONENTS**

### **General**

The issuance of the Bonds and the Components (as defined below) has been authorized by a resolution of the Bank's Executive Directors adopted on July 2, 1992.

The Bonds and the Components are not obligations of any government, and the terms and conditions will contain a statement to that effect.

### *Original Issuance of Bonds*

On original issuance, all Bonds will be issued as Bookentry Bonds through the Federal Reserve Bank of New York and held by Morgan Guaranty Trust Company of New York and The Chase Manhattan Bank, N.A., as Holding Institutions and as depositaries for Morgan Guaranty Trust Company of New York, Brussels branch, as operator of the Euroclear System, and Cedel S.A., respectively, and by the other Holding Institutions designated by The First Boston Corporation and Goldman, Sachs & Co.; provided that, prior to original issuance a purchaser may request that after original issuance its Bookentry Bonds be exchanged for Definitive Bonds. After original issuance, all Bookentry Bonds will continue to be held by such Holding Institutions unless a purchaser arranges for the transfer of its Bookentry Bonds to another Holding Institution or requests Definitive Bonds. The terms "Bookentry Bonds", "Definitive Bonds" and "Holding Institutions" are defined below.

### *Components*

After original issuance, \$1,600,000 principal amount of the Bonds and integral multiples thereof may be separated into Principal Components and Interest Components (as more fully described under "Terms and Conditions").

Unlike the holder of a Bond, the holder of a Principal Component or an Interest Component will have no right to accelerate payment of any amount payable thereon in the event of a default by the Bank in the payment of any of its outstanding obligations. As a result, in the event of such a default, holders of Principal Components or Interest Components may receive payment subsequent to holders of Bonds. However, at the request of a holder of all unmatured Components relating to \$1,600,000 original principal amount of Bonds or integral multiples of such principal amount, the Federal Reserve Bank of New York will reconstitute such Components to a fully reconstituted Bond. (See "Events of Default" and "Stripping and Reconstitution" under "Terms and Conditions.").

The Components may be subject to greater price volatility than the Bonds or other obligations bearing current interest. There also may be a less liquid secondary market for the Components as compared to the secondary market for the Bonds.

### *Bookentry System*

The Federal Reserve Bank of New York will take delivery of and hold Bookentry Bonds and Components as record owner and custodian for other Federal Reserve Banks and for Holding Institutions located in the Second Federal Reserve District. Holding Institutions located in other Federal Reserve Districts can hold Bookentry Bonds and Components through their respective Federal Reserve Banks or Branches. A Holding Institution is a depositary or other designated institution that has an appropriate bookentry account with a Federal Reserve Bank or Branch. Transfers of Bookentry Bonds and Components between Holding Institutions can be made through the Federal Reserve Communications System.

The aggregate holdings of Bookentry Bonds and Components of each Holding Institution will be reflected in the bookentry account of such Holding Institution with its Federal Reserve Bank or Branch. Each Holding Institution, and each other intermediate holder in the chain to the ultimate beneficial owner, will have the responsibility of establishing and maintaining accounts for its customers having interests in Bookentry Bonds or Components. Federal Reserve Banks will be responsible only for maintaining the bookentry accounts of Holding Institutions, effecting transfers on their books, and ensuring that payments from the Bank, through the Federal Reserve Bank of New York, are credited to appropriate Holding Institutions. With respect to Bookentry Bonds and Components, Federal Reserve Banks will act only on the instructions of Holding Institutions for which they maintain such Bookentry Bonds and Components. The Federal Reserve Banks will not record pledges of Bookentry Bonds or Components.

The Bank will not impose fees in respect of Bookentry Bonds or Components; however, owners of Bookentry Bonds or Components may incur fees payable in respect of the maintenance and operation of the bookentry accounts in which such Bookentry Bonds or Components are held.

## Terms and Conditions

The terms and conditions of the Bonds and the Components will be substantially as described below. Such terms and conditions will appear on each Definitive Bond and will be available to holders of Bookentry Bonds and Components from the Bank upon request.

### 1. Aggregate Principal Amount, Form and Denomination

Each Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$1,250,000,000 known as the 7- $\frac{5}{8}$ % U.S. Dollar Bonds of 1993, due January 19, 2023, of the Bank (the "Bonds").

Bonds will be available in uncertificated bookentry form ("Bookentry Bonds") or, if a purchaser specifically so requests, in the form of registered certificates ("Definitive Bonds"), in denominations of \$1,000 or any integral multiple thereof. Bookentry Bonds and Definitive Bonds will be interchangeable in like aggregate principal amount without charge pursuant to the provisions of "Exchanges and Transfers." Principal Components and Interest Components (as defined below) will be available in uncertificated bookentry form but not in definitive form.

The Bank may from time to time without the consent of the Bondholders issue further Bonds so as to form a single issue with the Bonds.

### 2. Stripping and Reconstitution

At any time after original issuance, \$1,600,000 principal amount of the Bonds and integral multiples thereof may, at the request of a holder of such Bonds, be separated ("stripped") into its principal component ("Principal Component") and interest components, each interest component representing a future interest payment due on or prior to January 19, 2023 (each an "Interest Component"). (Principal Components and Interest Components are collectively referred to as "Components"). Once a Bond has been stripped, the Principal Component and Interest Components may be maintained and transferred separately on the Federal Reserve Communications System operated by the Federal Reserve Bank of New York in minimum and multiple amounts of \$1,000. Payments on the Components will be made in the manner described for Bookentry Bonds pursuant to the provisions of "Payments of Principal and Interest" below.

At the request of a holder of all unmatured Components relating to \$1,600,000 original principal amount of Bonds or integral multiples of such principal amount, the Federal Reserve Bank of New York will reconstitute such Components to a fully reconstituted Bond in accordance with applicable requirements of the Federal Reserve Bank of New York governing reconstitution and subject to incurrence of the applicable securities transfer fee.

A request to strip a Bond or to reconstitute Components must be made by the holder thereof to the Federal Reserve Bank of New York and must comply with the requirements established from time to time by the Federal Reserve Bank of New York for this purpose. Requests for stripping or reconstitution from holders through the Euroclear System ("Euroclear") or Cedel S.A. ("Cedel") must be directed through the respective clearing system to Morgan Guaranty Trust Company of New York ("Morgan"), as depositary for Morgan, Brussels branch, as operator of Euroclear, and The Chase Manhattan Bank, N.A. ("Chase"), as depositary for Cedel, respectively, as Holding Institutions.

### 3. Status

The Bonds and the Components constitute direct, unsecured obligations of the Bank ranking *pari passu*, without any preference among themselves, with all its other obligations that are unsecured and unsubordinated.

#### *4. Payments of Principal and Interest*

(a) The principal of and interest on the Bonds, and amounts to be paid in respect of Principal Components and Interest Components, will be payable at a designated office or agency of the Bank in New York City in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts; provided that, at the Bank's option, principal of and interest on Bookentry Bonds, and amounts to be paid in respect of Principal Components and Interest Components, may be paid by credit to a Federal Reserve Bank or Branch account of Holding Institutions holding such Bookentry Bonds or Components (including Morgan and Chase for the benefit of holders of Bonds or Components through Euroclear and Cedel, respectively). Interest on Definitive Bonds and, upon surrender of such Definitive Bonds, principal thereof may be paid by draft payable through the Federal Reserve Bank of New York and mailed to the registered holders thereof. The Federal Reserve Bank of New York, 33 Liberty Street, New York, New York 10045, will act as the Bank's fiscal agent (the "Fiscal Agent") for the Bonds and the Components pursuant to a Fiscal Agency Agreement.

(b) If any date for payment in respect of any Bond or Component is not a day on which the Federal Reserve Bank of New York is open for business (a "Federal Reserve Business Day"), the holder thereof shall not be entitled to payment until the next following Federal Reserve Business Day, and no further interest shall be paid in respect of the delay in such payment.

(c) The Bonds will bear interest from and including January 19, 1993 at the rate of 7-<sup>5</sup>/<sub>8</sub> percent per annum, payable semi-annually in arrears on January 19 and July 19 of each year commencing July 19, 1993. Should the Bank fail to redeem the Bonds when due, interest shall not cease to accrue but shall continue to accrue until the actual redemption of the Bonds but not beyond the fifteenth day after a publication is made by the Fiscal Agent to the effect that the necessary funds for redemption have been provided to the Fiscal Agent. Where interest is to be calculated in respect of a period of other than one year, it will be calculated on the basis of a 360 day year of 12 months of 30 days each and the number of days elapsed.

#### *5. Redemption and Purchase*

Unless previously purchased and cancelled, the Bonds and Principal Components will be redeemed by the Bank at maturity on January 19, 2023 at their principal amount. The Bonds and Principal Components will not be redeemable prior to maturity. The Bank may at any time purchase Bonds, Principal Components or Interest Components at any price in the open market or otherwise. Bonds and Components purchased by the Bank may be surrendered for cancellation.

#### *6. Title*

The Bank may deem and treat the Federal Reserve Bank of New York, in respect of all Bookentry Bonds and Components, and the registered owner, in respect of any Definitive Bond, as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to or on the order of the Federal Reserve Bank of New York and such registered owner, respectively, shall be valid and effectual to discharge the liability of the Bank upon the Bookentry Bonds and Components and such Definitive Bond to the extent of the sum or sums so paid. As custodian of Bookentry Bonds and Components, the Federal Reserve Bank of New York may deem and treat other Federal Reserve Banks and Branches, and Holding Institutions located in the Second Federal Reserve District, holding any Bookentry Bonds or Components as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to or on the order of such Federal Reserve Banks or Branches or Holding Institutions, as the case may be, will be valid and effectual to discharge the responsibility of the Federal Reserve Bank of New York with respect to such Bookentry Bonds and Components to the extent of the sum or the sums so paid.

#### *7. Record Date*

The record date for the purpose of payments of principal or interest on the Bonds and in respect of the Components shall be as of the close of business at the Federal Reserve Bank of New York on

(a) the day preceding any applicable payment date for holders of Bookentry Bonds and Components and (b) the tenth day preceding any applicable payment date for holders of Definitive Bonds. If any such day is not a Federal Reserve Business Day, the record date shall be the next preceding Federal Reserve Business Day.

#### *8. Exchanges and Transfers*

(a) Without charge, (i) Definitive Bonds may be exchanged, upon presentation and surrender at a designated office or agency of the Bank in New York City, for Definitive Bonds of other authorized denominations or for Bookentry Bonds of any authorized denominations, or both, in the same aggregate principal amount; (ii) any Definitive Bond may be transferred by the registered holder thereof, or by his attorney-in-fact duly authorized in writing, at such office or agency upon presentation and surrender of such Bond for cancellation, and upon any such transfer a new Definitive Bond or Bonds, of authorized denominations and in the same aggregate principal amount, will be issued to the transferee; and (iii) Bookentry Bonds may be exchanged for Definitive Bonds of any authorized denominations in accordance with procedures established for this purpose from time to time by the Federal Reserve Bank of New York. Requests from holders through Euroclear or Cedel for Definitive Bonds must be directed through the respective clearing system to Morgan or Chase, respectively, as Holding Institutions. Bookentry Bonds and Components may be transferred between Holding Institutions, in Federal Reserve Districts where the respective Federal Reserve Banks have adopted appropriate procedures, in accordance with such procedures.

(b) Transfers or exchanges of Definitive Bonds or exchanges of Bookentry Bonds for Definitive Bonds may not be effected during a period of ten days next preceding any interest payment date.

(c) Transfers of Bookentry Bonds and Components between holders through Euroclear or Cedel and holders through Holding Institutions will be effected through the bookentry accounts of Morgan and Chase as Holding Institutions with the Federal Reserve Bank of New York, thereby increasing or decreasing their respective holdings of the Bonds and Components on behalf of Euroclear or Cedel. Bonds and Components may be transferred between participants within Euroclear and within Cedel, and between Euroclear and Cedel participants, in accordance with procedures established for this purpose from time to time by Euroclear and Cedel.

#### *9. Negative Pledge Covenant*

As long as any of the Bonds or Components shall be outstanding and unpaid, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, or other pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Bonds or Components shall be secured by such mortgage, pledge or other lien or charge equally and ratably with such other bonds, notes or evidences of indebtedness.

#### *10. 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, notes or similar obligations (including the Bonds and the Components) which shall have been issued, assumed or guaranteed by the Bank, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default any holder of any of the Bonds may deliver or cause to be delivered (in the case of Bookentry Bonds, through the holder, if any, immediately preceding it and any other intermediate holder in the chain to the Federal Reserve Bank of New York, and through the Federal Reserve Bank of New York) 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 Bonds held by it (the serial numbers and denominations, in the case of Definitive Bonds, and the aggregate principal amount, in the case of the Bookentry Bonds, to be specified 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. No amount payable on any Principal Component or Interest Component is subject to acceleration by the holder thereof prior to the maturity date of such Component.

#### *11. Replacement of Definitive Bonds*

If any Definitive Bond is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the office of the Fiscal Agent on payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank and the Fiscal Agent may require. Mutilated or defaced Definitive Bonds must be surrendered before replacements will be issued.

#### *12. Notices*

All notices regarding the Bonds and the Components shall be published (a) in a leading daily newspaper printed in the English language and of general circulation in London, (b) so long as the Bonds or the Components are listed on the Luxembourg Stock Exchange, in a leading daily newspaper in either the French or German language and of general circulation in Luxembourg, (c) in a leading daily newspaper in the Japanese language and of general circulation in Tokyo and (d) in a leading daily newspaper in the English language and of general circulation in New York. It is expected that such notices will normally be published in the Financial Times in London, the Luxemburger Wort in Luxembourg, the Nikkei Shimbun in Tokyo and The Wall Street Journal in New York.

#### *13. Governing Law*

The validity and the terms and conditions of the Bonds and the Components will be governed by the law of the State of New York.

### **TAX MATTERS**

The following is a summary of the provisions of the Articles concerning taxation of the Bonds and Components and of certain anticipated United States Federal income and estate tax consequences resulting from the ownership of the Bonds and Components. This summary does not cover all the possible tax consequences relating to the ownership of the Bonds and Components, the receipt of interest, and the treatment of discount thereon, and it is not intended as tax advice to any person. It is based upon the United States Federal income and estate tax laws as now in effect and as currently interpreted as well as, with respect to the discussion of original issue discount, regulations proposed on December 22, 1992, under the original issue discount provisions of the Internal Revenue Code of 1986, as amended (the "Code" and the "Proposed Regulations"), and does not include any description of the tax laws of any state, local or foreign government that may apply. The Proposed Regulations are proposed to be effective for debt instruments issued sixty or more days after final regulations are promulgated. No assurance can be given that final regulations will not differ from the Proposed Regulations.

This summary deals only with Bonds and Components held as capital assets by initial purchasers thereof and does not discuss all of the tax consequences that may be relevant to a particular investor in light of his circumstances or to certain types of investors (such as life insurance companies and tax exempt organizations) subject to special treatment under the United States Federal income tax laws. This summary does not discuss the United States Federal income tax treatment of investors that purchase Components in the secondary market. All persons considering the purchase of Bonds or Components should consult their own tax counsel or other expert concerning the application of the United States Federal income tax laws, as well as the possible application of other tax laws, to their particular situation.



## Tax Status — General

Interest and original issue discount on the Bonds and Components generally will be subject to taxation.

Under the Articles, the Bonds, Components and the interest and discount thereon are not subject to any tax by a member of the Bank (a) which tax discriminates against such obligations solely because they are issued by the Bank or (b) if the sole jurisdictional basis for the tax is the place or currency in which the Bonds and Components are issued, made payable or paid, or the location of any office or place of business maintained by the Bank. Also, under the Articles, the Bank is not under any obligation to withhold or pay any tax imposed by any member on the interest on the Bonds or Components. Accordingly, interest due on the Bonds and Components will be paid to the Fiscal Agent without deduction in respect of any such tax.

## Tax Status — United States

*United States Federal Income Taxation — In General.* Under the Code, a United States citizen or resident alien individual, as well as a United States domestic corporation, trust or estate (a “U.S. person”), will be taxable on the stated interest accrued or received on Bonds depending on its method of accounting. In addition, a U.S. person that purchases a Component will be taxable on any original issue discount associated with such Component as described below.

The United States Treasury Department has issued to the Bank rulings dated May 4, 1988 and May 5, 1989 (the “Rulings”) regarding certain United States tax consequences under the Code of the receipt of interest on securities issued by the Bank. The Rulings provide that interest paid by the Bank on such securities, including payments attributable to accrued original issue discount, constitutes income from sources outside the United States. The Rulings further determined that neither the Bank nor an agent appointed by it as principal for the purpose of paying interest on securities issued by the Bank is required to withhold tax on interest paid by the Bank.

Under the Rulings, interest paid by the Bank and original issue discount received from the Bank ordinarily would not be subject to United States Federal income tax, including withholding tax, if paid to a nonresident alien individual (or foreign partnership, estate or trust) or to a foreign corporation (a “foreign person”), whether or not such foreign person is engaged in trade or business in the United States. However, absent any special statutory or treaty exception, such payments would be subject to United States Federal income tax in the following cases: (a) such payments are derived by such foreign person in the active conduct of a banking, financing or similar business within the United States or are received by a corporation the principal business of which is trading in stock or securities for its own account, and in either case such payments are attributable to an office or other fixed place of business of such foreign person within the United States or (b) such foreign person is a foreign corporation taxable as an insurance company carrying on a United States insurance business and such payments are attributable to its United States business.

The imposition of United States Federal income tax in the manner described above is not inconsistent with the Articles.

*United States Federal Income Taxation — Original Issue Discount.* The purchaser of a Component will be treated for United States Federal income tax purposes as the owner of a debt obligation separate and distinct from the original Bond, which will be treated as having original issue discount equal to the excess of such Component’s stated redemption price at maturity (defined as the amount payable on the Component at maturity) over its purchase price, unless the original issue discount as so determined is “*de minimis*” (as defined in section 1273(a)(3) of the Code). As described in the following paragraph, and except as provided below with respect to Interest Components having a maturity of one year or less from the date of purchase, the purchaser of such Component will be required to include original issue discount in income for United States Federal income tax purposes periodically over the term of such Component, although no cash attributable to such income will be received before the stated date of payment.

The purchaser of a Component must include in gross income for United States Federal income tax purposes the sum of the daily portions of original issue discount with respect to such Component for each day during the taxable year or portion of a taxable year in which it holds such Component ("accrued original issue discount"). The daily portion is determined by allocating to each day of each accrual period a pro rata portion of the product of the adjusted issue price of the Component at the beginning of the accrual period and the yield of the Component. Under section 1272(a)(5) of the Code, except as provided in final or temporary regulations, an accrual period is any six-month period (or shorter period from the date of purchase) ending on a date in each calendar year corresponding to the maturity date of such Component or the date six months before such maturity date, as the case may be. Under the Proposed Regulations, however, a purchaser of a Component may choose any set of accrual periods (which may be of varying lengths) so long as (i) no accrual period is longer than one year and (ii) each scheduled payment on the Component occurs at the end of an accrual period. The adjusted issue price of a Component at the start of any accrual period is the issue price of such Component increased by the accrued original issue discount for each prior accrual period. Under the rules discussed in this paragraph, purchasers will have to include in gross income increasingly greater amounts of original issue discount over the life of the Component.

A purchaser's basis for determining gain or loss on the sale or other disposition of a Component will be increased by any accrued original issue discount included in the purchaser's gross income. Gain or loss upon a sale or other disposition of such Component will be long-term capital gain or loss if the purchaser has held such Component for more than one year.

For Interest Components having a maturity of one year or less from the purchase date, certain purchasers, including those reporting income for United States Federal income tax purposes under the accrual method, banks, dealers in securities, and cash method taxpayers who so elect, will be required to include the original issue discount with respect to such Interest Components in income currently on either a straight-line basis or under the constant-yield method (based on daily compounding), at the election of the purchaser. In the case of purchasers not required and not electing to include the original issue discount with respect to such Interest Components in income currently as it accrues, any gain realized upon the sale or maturity of such Interest Components will be ordinary income to the extent of the original issue discount accrued through such time on a straight-line basis (unless an election is made to compute accrued original issue discount under the constant-yield method). Purchasers who are not required and do not elect to accrue the original issue discount on these Interest Components will be required to defer deductions for interest on borrowings incurred or continued to purchase or carry these Interest Components in an amount not exceeding the deferred income until the deferred income is recognized.

The United States Treasury Department has requested comments on appropriate rules for aggregating stripped bonds and stripped coupons. Where an investor purchases the same pro rata share of (i) all outstanding Interest Components and (ii) Principal Components, while the matter is not free from doubt, and until regulations on aggregation are proposed, it appears that each Interest Component and Principal Component should be treated separately rather than as a combined Bond. On the other hand, if such an investor requests the Federal Reserve Bank of New York to reconstitute such Components as a Bond, while the matter again is not free from doubt, it appears that the Bond so reconstituted should be treated as a Bond, rather than as a "stripped bond" and "stripped coupons."

A purchaser who strips a Bond will continue to be treated for United States Federal income tax purposes as the owner of such Bond until such time as such purchaser disposes of one or more of the Components (other than through the scheduled payment at maturity of such Component). At the time of such disposition, such purchaser will be required to include in gross income the amount of accrued but unpaid interest on the Bond as of the date of disposition. The purchaser's basis in the Bond will be increased by the amount included in gross income and the resulting overall basis will be allocated among the Components based upon their relative fair market values immediately before the disposition. Capital gain or loss, if any, will be recognized on such a disposition of Components, and such gain or loss will be long-term if the purchaser acquired the Bond more than one year prior to the

disposition. While the matter is not free from doubt, it appears that each of the retained Components should be treated as a separate and independent debt instrument bearing original issue discount computed in accordance with the rules applicable to the purchaser of a Component as described above (with the portion of the overall basis of the Bond that is allocated to each Component being treated as such Component's purchase price).

*United States Federal Estate Taxation.* In the case of United States Federal estate tax, the Rulings determined that, unless an applicable death tax convention with a foreign country provides otherwise, securities of the Bank are deemed to be situated outside the United States for purposes of the United States Federal estate tax and are not includable in the value of the gross estate for purposes of such tax in the case of the estate of a nonresident of the United States who is not a citizen of the United States.

#### **Information Reporting and Backup Withholding**

The Bank is not subject to the reporting requirements that are imposed by United States law with respect to certain payments of interest or principal and accruals of original issue discount on debt obligations, nor is it subject to backup withholding tax imposed, in certain circumstances, by United States law with respect to such payments and accruals. While temporary regulations issued by the United States Treasury Department confirm that the backup withholding requirements do not apply to the Fiscal Agent with respect to the Bonds or Components, the Fiscal Agent may file information returns with the IRS with respect to payments of interest and principal and accruals of original issue discount on Bonds and Components made within the United States to certain non-corporate U.S. persons as if such returns were required of it. Under the bookentry system as operated by the Federal Reserve Bank of New York, no such information returns will be filed by the Fiscal Agent with respect to Bookentry Bonds.

Brokers, trustees, custodians and other middlemen within the United States are subject to the reporting and backup withholding requirements with respect to certain payments and accruals of original issue discount on the Bonds and Components received by them for the account of certain non-corporate U.S. persons, and foreign persons receiving payments and accruals on the Bonds or Components within the United States may be required by such middlemen to establish their status in order to avoid information reporting and backup withholding of tax by such middlemen in respect of such payments and accruals. Foreign persons receiving payments and accruals on the Bonds and Components outside the United States through foreign brokers, trustees, custodians or other middlemen (including Euroclear and Cedel participants) are not required to establish their status as foreign persons in order to avoid information reporting and backup withholding of tax.

#### **VALIDITY OF THE BONDS**

The validity of the Bonds will be passed upon by the Vice President and General Counsel, the Deputy General Counsel or the Assistant General Counsel, Finance, of the Bank and by Sullivan & Cromwell, counsel for the Underwriters, who, with respect to certain matters, will rely upon the opinion of the counsel of the Bank.

#### **MISCELLANEOUS**

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, the Bonds are exempted securities within the meaning of Section 3(a)(2) of the U.S. Securities Act of 1933, as amended, and Section 3(a)(12) of the U.S. Securities Exchange Act of 1934, as amended. In addition, it is not necessary to register the Bonds or the Components under the Securities and Exchange Law of Japan (Law No. 25 of 1948, as amended).

## UNDERWRITING AND DISTRIBUTION

The Underwriters listed below have severally agreed to purchase, and the Bank has agreed to sell to them severally, the principal amount of Bonds set forth below opposite their names.

<u>Name</u>	<u>Principal Amount</u>
Credit Suisse First Boston Limited; The First Boston Corporation . . . . .	\$ 250,000,000
Goldman, Sachs & Co. . . . .	250,000,000
Deutsche Bank AG London . . . . .	125,000,000
IBJ International plc . . . . .	125,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated . . . . .	125,000,000
Nomura International plc . . . . .	125,000,000
Salomon Brothers Inc . . . . .	125,000,000
Shearson Lehman Brothers Inc. . . . .	125,000,000
Total . . . . .	<u>\$1,250,000,000</u>

The Underwriters propose to offer the Bonds to the public at the offering price set forth on the cover page hereof.

The Underwriters have agreed to purchase the Bonds from the Bank at a purchase price of 99.036% of their principal amount, which reflects an underwriting discount of .45%. CS First Boston Group and Goldman, Sachs & Co., as representatives of the Underwriters, may offer Bonds to certain dealers who are not members of the underwriting group at a price which represents a concession not in excess of .40% of the principal amount under the public offering price.

The Underwriting Agreement provides that the obligations of the several Underwriters are subject to certain conditions, including approval of certain legal matters by counsel and receipt by the Underwriters of a certificate of a principal officer of the Bank to the effect that prior to the closing date there has been no material adverse change in the condition of the Bank from that set forth in this Prospectus. In addition, either the Bank or the Underwriters may terminate the Underwriting Agreement in the event of certain national or international political or economic events that, in the judgment of the representatives of the Underwriters or the Bank, would materially adversely affect the ability of the Underwriters to market the Bonds.

Each of the Underwriters has agreed that it will not offer, sell or deliver any of the Bonds, directly or indirectly, or distribute this Prospectus or any other offering material relating to the Bonds, in any jurisdiction except under circumstances that will result in compliance with the applicable laws thereof.

## LISTING AND CLEARING

Application is being made to list the Bonds and the Components on the Luxembourg Stock Exchange and the New York Stock Exchange. Deutsche Bank Luxembourg S.A. will be appointed the Bank's Special Agent and Listing Agent in Luxembourg for the Bonds. So long as the Bonds and the Components are listed on the Luxembourg Stock Exchange, there shall be a Special Agent in Luxembourg. The Bonds have been accepted for clearing through Euroclear and Cedel and have been assigned Common Code 4164865, ISIN no. US459056LD78 and CUSIP no. 459056 LD7.

## USE OF PROCEEDS

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

## PRINCIPAL INFORMATION CONCERNING THE BANK

Except as otherwise indicated, all numerical data are as of September 30, 1992.

The Bank is an international organization, the principal purpose of which is to promote the economic development of its member countries, primarily by providing loans and related technical

assistance for specific projects and for programs of economic reform in developing member countries. The Bank was established and has been operating since 1946 under Articles of Agreement (the Articles) signed by the governments of its member countries. The Bank's capital stock is owned by its member countries, which numbered 172 as of January 7, 1993.

#### Assets

The Bank's principal asset is its portfolio of loans (\$104.9 billion) made to support economic development in member countries, which is diversified by country and sector. All loans are either made to or guaranteed by a member country, with the exception of loans made to the International Finance Corporation ("IFC"), a legally separate institution affiliated with the Bank through largely common ownership. No loans are made which, in the Bank's opinion, cannot be justified on economic grounds or which would be for countries not deemed creditworthy. The creditworthiness of all borrowers is kept under continuous review.

Since July 1982, all loans (other than those to IFC) have been made at variable interest rates based on the Bank's cost of borrowings. Since July 1989, only borrowings allocated to lending have been included in the cost of borrowings with respect to new loans and existing variable rate loans that are amended to apply the new cost basis. For interest periods beginning from January 1 through June 30, 1993, the applicable rates are 7.43% for such new or amended loans and 7.40% for all other outstanding variable rate loans. Loans negotiated prior to July 1982 were made at fixed rates.

On July 28, 1992, the Bank's Executive Directors approved a one-year waiver of 35 basis points of interest on disbursed and outstanding loans for all payment periods commencing in the fiscal year ending June 30, 1993 for all eligible borrowers. A waiver of 25 basis points was in effect for the fiscal year ended June 30, 1992. A borrower is eligible for such waiver if it has serviced all of its Bank loans within 30 days of the due date for all payment dates occurring during the six months preceding the date of the particular waiver, except for any overdue payments that the Bank determines to be technical in nature and beyond the borrower's and borrowing country's control. In addition, for the fourth consecutive year, the Bank's Executive Directors approved a one-year reduction of the commitment charge on undisbursed portions of loans from  $\frac{3}{4}$  of 1% to  $\frac{1}{4}$  of 1% per annum.

Most Bank loans are for specific projects. In addition, the Bank makes structural adjustment and sectoral adjustment loans which are designed to support the introduction of basic changes in economic, financial and other policies of key importance for the economic development of member countries, instead of relying exclusively on the impact of a series of project operations supplemented by economic work at the macroeconomic level. Structural adjustment loans support general reforms of policies and institutions, while sectoral adjustment loans are made to achieve structural adjustment for a particular sector. Current operating guidelines in this area provide that such loans will not exceed 25% of Bank lending by a significant amount in any fiscal year without a reexamination of this area by the Bank's Executive Directors.

In May 1989, the Executive Directors of the Bank approved guidelines governing the use of Bank resources to support reduction of commercial debt and debt service by the Bank's developing member countries. Under these guidelines, the Bank provides support for debt and debt service reduction to developing member countries which have a large external debt burden and which (1) have adopted a medium-term adjustment program satisfactory to the Bank, (2) demonstrate a clear need for debt or debt service reduction to achieve their medium-term objectives and (3) have developed a financing plan showing significant benefits from debt reduction, with resulting material enhancement of their development prospects.

Under the guidelines, Bank funds are made available over an approximately three-year period on customary Bank terms, with the borrower using the proceeds for approved debt reduction and credit enhancement programs. For each eligible country, the Bank supports principal reduction by setting aside approximately 25% of the country's existing adjustment lending program over the relevant three-year period, or 10% of its overall lending program for such period, where the Bank is concentrating on investment lending and has no adjustment lending program in place. These set-asides for principal

reduction are a part of the Bank's existing lending program. The guidelines also contemplate Bank support for interest relief by providing additional resources of up to 15% of the country's overall three-year lending program. This 15% limit can be exceeded, in special circumstances, if the excess amounts are deducted from the country's lending program so there is no further increase in the Bank's net commitment. Guarantees are not used, either for principal or interest relief, absent exceptional circumstances providing strong justification.

The guidelines indicate that additional Bank exposure in connection with debt and debt service reduction would not exceed \$6 billion. At September 30, 1992, the Bank had approved loans for debt and debt service reduction totaling \$1,675 million.

Individual country operations remain subject to approval by the Bank's Executive Directors on a case-by-case basis.

Under the Articles as applied, the total amount outstanding of callable guarantees, participations in loans and direct loans made by the Bank may not be increased to an amount exceeding 100% of the sum of subscribed capital, reserves and surplus. Reserves and surplus correspond to the items on the Bank's Balance Sheets labelled "Retained earnings", "Cumulative translation adjustment", and "Accumulated provision for loan losses". The Bank's Executive Directors have issued guidelines pursuant to which all guarantees issued by the Bank will be counted towards this limit at the time they may first become callable irrespective of the likelihood of an actual call. In March 1991, the Bank's Executive Directors decided that discussions on an additional capital increase would be initiated if the total amount outstanding of callable guarantees, participations in loans and direct loans were to exceed 80% of the sum of subscribed capital, reserves and surplus. As of September 30, 1992, such total amount was \$105 billion, or 59% of such sum.

The Bank does not reschedule interest or principal payments on its loans or participate in debt rescheduling agreements with respect to its loans. In exceptional cases, however, such as when implementation of a financed project has been delayed, the loan amortization schedule may be modified to avoid substantial repayments prior to project completion.

At September 30, 1992, loans made to or guaranteed by seven member countries of the Bank (Congo, Guatemala, Iraq, Liberia, Peru, Syrian Arab Republic and Yugoslavia, excluding Croatia and Slovenia), were in nonaccrual status. The aggregate principal balance outstanding in respect of these loans was \$3,942 million, of which \$1,113 million was overdue. As of such date, overdue interest and other charges in respect of these loans totalled \$842 million. If these loans had not been in non-accrual status, income from loans for the three months ended September 30, 1992 would have been \$114 million higher. At September 30, 1992, no principal installments payable to the Bank on loans other than those in nonaccrual status were overdue by more than three months. On November 23, 1992, loans made to or guaranteed by Guatemala came out of non-accrual status.

The Bank has reached agreements on an interim basis with Croatia, Slovenia and the former Republic of Macedonia for the service of debt due to the Bank on loans directly benefiting each of them, subject to the overall guarantee of Yugoslavia. Given these agreements, the Bank treats loans benefiting Croatia, Slovenia and the former Republic of Macedonia separately from loans made to or guaranteed by Yugoslavia. As of September 30, 1992, no loans benefiting Croatia or Slovenia were overdue by more than three months.

On December 14, 1992, the Executive Board of the International Monetary Fund ("IMF") decided that the Socialist Federal Republic of Yugoslavia ("SFRY") has ceased to exist and has therefore ceased to be a member of the IMF. The Executive Board also decided that the Republic of Bosnia and Herzegovina, the Republic of Croatia, the former Republic of Macedonia, the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Slovenia are the successors to the assets and liabilities of the SFRY in the IMF and established a mechanism under which, when certain conditions have been met, each successor republic may succeed to the membership of the SFRY in the IMF in proportions determined by the IMF. Under the Bank's Articles of Agreement, as a result of the IMF's decision the SFRY will automatically cease to be a member of the Bank on March 14, 1993 unless the

Bank by three-fourths of the total voting power agrees to allow it to remain a member. The Bank may also reach the conclusion that the SFRY has ceased to exist as a member of the Bank before that date. The Bank is considering a mechanism under which successor republics could then become members of the Bank as successors to the SFRY.

The Bank maintains a loan loss provision to cover general collectibility risks in the loan portfolio as a whole, including the specific risks associated with loans in nonaccrual status. As of September 30, 1992 the accumulated loan loss provision was \$2.6 billion (including translation adjustments of \$100 million). This total represents 2.5% of the overall portfolio. For the fiscal year ending June 30, 1993, a 2.5% provisioning rate will be applied to the increase in the overall portfolio and added to the accumulated provision for loan losses. The adequacy of the provisioning rate and the accumulated provision for loan losses will be reviewed before the end of the fiscal year and as circumstances warrant.

In April 1991, the Bank's Executive Directors adopted a policy to assist members with protracted arrears to the Bank in mobilizing sufficient resources to clear their arrears and to support a sustainable growth-oriented adjustment program over the medium term. Under this policy, the Bank will develop a lending strategy and process loans, but not sign or disburse such loans, during a pre-clearance performance period with respect to members that (1) agree to and implement a medium-term growth-oriented structural adjustment program agreed with the Bank, (2) undertake a stabilization program, if needed, endorsed by the IMF or supported by the IMF, where the member has significant arrears to the IMF, (3) agree to a financing plan to clear arrears fully to the Bank in the context of the structural adjustment program, and (4) continue to service Bank loans falling due during the performance period. The signing, effectiveness and disbursement of such loans will not take place until the member's arrears to the Bank have been fully cleared.

The Bank's other major asset is its cash and liquid investments (\$20.7 billion). The Bank has a policy of targeting fiscal year-end liquid holdings of at least 45% of its projected net cash requirements for the succeeding three years, in order to assure flexibility in its borrowing decisions. At September 30, 1992, such liquidity ratio was 47%; liquidity was also equivalent to approximately 21% of its outstanding borrowings. The Bank's cash and liquid investments are invested principally in obligations of governments and other official entities, time deposits and other unconditional obligations of banks and financial institutions, and futures and options contracts pertaining to such obligations.

#### **Liabilities, Equity, and Profitability**

The Bank's borrowings (\$98.0 billion) were denominated in 23 currencies or currency units. The Bank has borrowed in all of the world's major capital markets and diversifies its borrowings by currency, country, source and maturity to provide maximum flexibility in funding.

At September 30, 1992, the Bank's authorized capital was 1,525,659 shares, equal to \$184.0 billion, of which 1,344,985 shares, equal to \$162.2 billion, had been subscribed. This includes capital increases in April 1988, June 1991 and April 1992 aggregating 739,159 shares, equal to \$89.2 billion, of which \$67.5 billion had been subscribed.

Of the Bank's subscribed capital at September 30, 1992, \$10.4 billion (6.4%) had been paid in, of which \$7.4 billion was available for lending. Members are obligated on the uncalled portion of their subscriptions (\$151.8 billion), which may only be called to meet obligations of the Bank for money borrowed or on any guarantees; it may not be used for making loans. The callable capital of the 20 industrialized member countries which are also members of the Development Assistance Committee of the OECD was \$93.0 billion (95% of borrowings outstanding).

The Bank seeks to avoid exchange risks by matching its liabilities in various currencies with assets in those same currencies and by matching the currencies of its reserves with those of its outstanding loans.

The Bank has earned profits in every year since 1947.

## Capitalization

The following table shows the borrowings and the equity of the Bank at September 30, 1992:

	(In Millions)	
<b>Borrowings</b>		
<b>Short-term</b>		
Payable in U.S. dollars .....	\$ 4,916	
Payable in Swiss francs .....	<u>40</u>	
Sub-total .....	4,956	
Plus — Net unamortized discounts and premiums .....	7	\$ 4,963
<b>Medium- and long-term</b>		
Payable in:		
Japanese yen .....	29,252	
U.S. dollars .....	24,526	
Deutsche mark .....	12,357	
Swiss francs .....	6,963	
Other currencies .....	<u>19,891</u>	
Sub-total .....	92,989	
Plus — Net unamortized discounts and premiums .....	<u>10</u>	<u>92,999</u>
Total .....		<u>\$ 97,962</u>
<b>Equity</b>		
Subscribed capital stock(1) .....		\$162,252
Less — Uncalled portion of subscriptions .....		<u>151,805</u>
Capital stock paid		
Available for lending .....	\$ 7,447	
Not available for lending .....	<u>3,000</u>	10,447
Payments on account of pending subscriptions .....		14
Retained earnings(2) .....		13,291
Cumulative translation adjustment .....		<u>955</u>
Total .....		<u>\$ 24,707</u>

(1) The capital stock of the Bank is expressed in U.S. dollars and valued with reference to the Special Drawing Right of the International Monetary Fund on a fixed basis of 1.20635 U.S. dollars for one Special Drawing Right.

(2) Includes special reserve, general reserve, surplus and unallocated net income.



**SUMMARY OF BALANCE SHEETS**  
**September 30, 1992 (Unaudited) and June 30, 1992**  
(In Millions)

	<u>September 30, 1992</u> (Unaudited)	<u>June 30,</u> <u>1992</u>
<b>Assets</b>		
Due from banks .....	\$ 779	\$ 966
Investments .....	23,279	23,730
Cash collateral invested .....	4,096	5,759
Nonnegotiable, noninterest-bearing demand obligations on account of subscribed capital .....	1,953	1,719
Amounts required to maintain value of currency holdings .....	1,309	927
Net receivable from currency swaps .....	447	684
Receivable from investment securities sold .....	1,595	1,840
Accrued income on loans .....	2,223	2,283
Accrued interest on investments .....	179	194
Loans outstanding .....	104,872	100,810
Other assets .....	1,429	1,504
<b>Total Assets .....</b>	<u><b>\$142,161</b></u>	<u><b>\$140,416</b></u>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Short-term borrowings .....	\$ 4,963	\$ 5,374
Medium- and long-term borrowings .....	92,999	91,682
Payable for cash collateral received .....	4,096	5,759
Amounts required to maintain value of currency holdings .....	1,047	788
Accrued charges on borrowings .....	2,784	2,942
Net payable for currency swaps .....	2,251	1,241
Payable for investment securities purchased .....	4,270	4,830
Due to International Development Association and Debt Reduction Facility for IDA-Only Countries .....	1,461	1,112
Accounts payable and other liabilities .....	943	460
Accumulated provision for loan losses .....	2,640	2,540
<b>Total Liabilities .....</b>	<u><b>117,454</b></u>	<u><b>116,728</b></u>
<b>Equity</b>		
Capital stock		
Authorized capital (1,525,659 shares — September 30, 1992 and June 30, 1992)		
Subscribed capital (1,344,985 shares — September 30, 1992, 1,262,054 shares — June 30, 1992) .....	162,252	152,248
Less uncalled portions of subscriptions .....	151,805	142,188
	10,447	10,060
Payments on account of pending subscriptions .....	14	48
Retained earnings .....	13,291	13,202
Cumulative translation adjustment .....	955	378
<b>Total Equity .....</b>	<u><b>24,707</b></u>	<u><b>23,688</b></u>
<b>Total Liabilities and Equity .....</b>	<u><b>\$142,161</b></u>	<u><b>\$140,416</b></u>

**SUMMARY STATEMENTS OF INCOME**  
**for the Fiscal Year Ended June 30, 1992 and (Unaudited)**  
**for the Three Months Ended September 30, 1992 and 1991**  
**(In Millions)**

	<u>June 30,</u> <u>1992</u>	<u>September 30,</u> <u>1992</u>	<u>1991</u>
		(Unaudited)	
<b>Income</b>			
Income from loans .....	\$7,888	\$1,952	\$1,955
Income from investments .....	1,771	433	545
Other income .....	<u>15</u>	<u>1</u>	<u>1</u>
<b>Total Income .....</b>	<b><u>9,674</u></b>	<b><u>2,386</u></b>	<b><u>2,501</u></b>
<b>Expenses</b>			
Interest on borrowings, amortization of issuance costs and other borrowing costs .....	6,864	1,766	1,694
Interest on payable for cash collateral received .....	127	24	31
Administrative expenses .....	615	183	162
Provision for loan losses .....	353	—	10
Other expenses .....	<u>6</u>	<u>1</u>	<u>1</u>
<b>Total Expenses .....</b>	<b><u>7,965</u></b>	<b><u>1,974</u></b>	<b><u>1,898</u></b>
<b>Operating Income .....</b>	<b>1,709</b>	<b>412</b>	<b>603</b>
<b>Contributions to special programs .....</b>	<b><u>64</u></b>	<b><u>23</u></b>	<b><u>14</u></b>
<b>Net Income .....</b>	<b><u>\$1,645</u></b>	<b><u>\$ 389</u></b>	<b><u>\$ 589</u></b>

