

Final Terms dated 14 April 2011

International Bank for Reconstruction and Development

Issue of USD 20,000,000 Zero Coupon Callable Notes due 26 April 2041

under the
Global Debt Issuance Facility

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Prospectus dated May 28, 2008. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Prospectus.

SUMMARY OF THE NOTES

- | | |
|---|--|
| 1. Issuer: | International Bank for Reconstruction and Development (“ IBRD ”) |
| 2. (i) Series Number: | 3968 |
| (ii) Tranche Number: | 1 |
| 3. Specified Currency or Currencies (Condition 1(d)): | United States Dollar (“ USD ”) |
| 4. Aggregate Nominal Amount: | |
| (i) Series: | USD 20,000,000 |
| (ii) Tranche: | USD 20,000,000 |
| 5. Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6. Specified Denominations (Condition 1(b)): | USD 1,000,000 |
| 7. Issue Date: | 26 April 2011 |
| 8. Maturity Date (Condition 6(a)): | 26 April 2041 |
| 9. Interest Basis (Condition 5): | Zero Coupon
(further particulars specified in Term 16 below) |
| 10. Redemption/Payment Basis (Condition 6): | Each Note will be redeemed at its Optional Redemption Amount, its Early Redemption Amount or its Final Redemption Amount, as applicable. |
| 11. Change of Interest or Redemption/Payment Basis: | Not Applicable |
| 12. Call/Put Options (Condition 6): | Call Option
(further particulars specified in Term 17 below) |
| 13. Status of the Notes (Condition 3): | Unsecured and unsubordinated |
| 14. Listing: | Luxembourg Stock Exchange |
| 15. Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Zero Coupon Note Provisions (Condition 5(c)):	Applicable
(i) Amortization Yield (Condition 6(c)(ii)):	5.40 per cent. on an annual basis
(ii) Day Count Fraction (Condition 5(l)):	30/360
(iii) Any other formula/basis of determining amount payable:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

17. Call Option (Condition 6(d)):	Applicable
(i) Optional Redemption Date(s):	26 April in each year from and including 26 April 2012 to and including 26 April 2040
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	The Optional Redemption Amount per Specified Denomination for each Optional Redemption Date is set out opposite such date in the table below, expressed as a percentage of the Specified Denomination, and payable on the applicable Optional Redemption Date:

Optional Redemption Date	Optional Redemption Amount expressed as a percentage of the Specified Denomination
26 April 2012	105.400000 per cent.
26 April 2013	111.091600 per cent.
26 April 2014	117.090546 per cent.
26 April 2015	123.413436 per cent.
26 April 2016	130.077761 per cent.
26 April 2017	137.101961 per cent.
26 April 2018	144.505466 per cent.
26 April 2019	152.308762 per cent.
26 April 2020	160.533435 per cent.
26 April 2021	169.202240 per cent.
26 April 2022	178.339161 per cent.
26 April 2023	187.969476 per cent.
26 April 2024	198.119828 per cent.
26 April 2025	208.818298 per cent.
26 April 2026	220.094486 per cent.
26 April 2027	231.979589 per cent.
26 April 2028	244.506486 per cent.
26 April 2029	257.709837 per cent.

	26 April 2030	271.626168 per cent.
	26 April 2031	286.293981 per cent.
	26 April 2032	301.753856 per cent.
	26 April 2033	318.048564 per cent.
	26 April 2034	335.223187 per cent.
	26 April 2035	353.325239 per cent.
	26 April 2036	372.404802 per cent.
	26 April 2037	392.514661 per cent.
	26 April 2038	413.710453 per cent.
	26 April 2039	436.050817 per cent.
	26 April 2040	459.597561 per cent.
(iii) Notice period:	A minimum of 5 (five) London and New York Business Days prior to the relevant Optional Redemption Date.	
18. Final Redemption Amount of each Note (Condition 6):	484.415829 per cent. of the Specified Denomination (which equates to USD 4,844,158.29 per Specified Denomination)	
19. Early Redemption Amount (Condition 6(c)):	As set out in the Conditions	
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
20. Form of Notes (Condition 1(a)):	Registered Notes: Global Registered Certificate available on Issue Date.	
21. New Global Note:	No	
22. Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)):	London and New York	
23. Governing law (Condition 14):	English	
24. Other final terms:	Not Applicable	
DISTRIBUTION		
25. (i) If syndicated, names of Managers and underwriting commitments:	Not Applicable	
(ii) Stabilizing Manager(s) (if any):	Not Applicable	
26. If non-syndicated, name of Dealer:	The Royal Bank of Scotland plc	
27. Additional selling restrictions:	Not Applicable	
OPERATIONAL INFORMATION		
28. ISIN Code:	XS0617530521	
29. Common Code:	061753052	
30. Delivery:	Delivery against payment	

31. Registrar and Transfer Agent (if any): Citibank, N.A., London Branch
32. Intended to be held in a manner which would allow Eurosystem eligibility: No

GENERAL INFORMATION

IBRD's most recent Information Statement was issued on 22 September, 2010.

LISTING APPLICATION

These Final Terms comprise the final terms required for the admission to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's regulated market of the Notes described herein issued pursuant to the Global Debt Issuance Facility of International Bank for Reconstruction and Development.

RESPONSIBILITY

IBRD accepts responsibility for the information contained in these Final Terms.

Signed on behalf of IBRD:

By:
Name:
Title:
Duly authorized