

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

Washington, D. C.

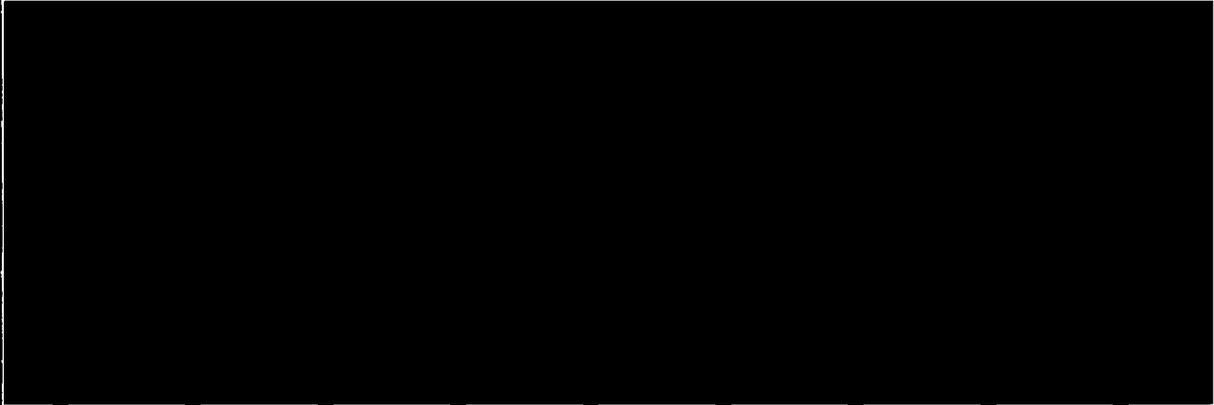
Tuesday, March 30, 1965

A meeting of the Executive Directors of the International Bank for Reconstruction and Development was convened at 10:30 o'clock, a.m., in the Board Room, 1818 H Street, N.W., George D. Woods, President, presiding.

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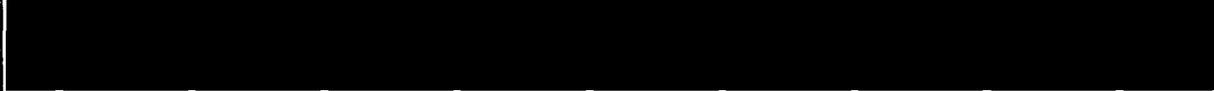
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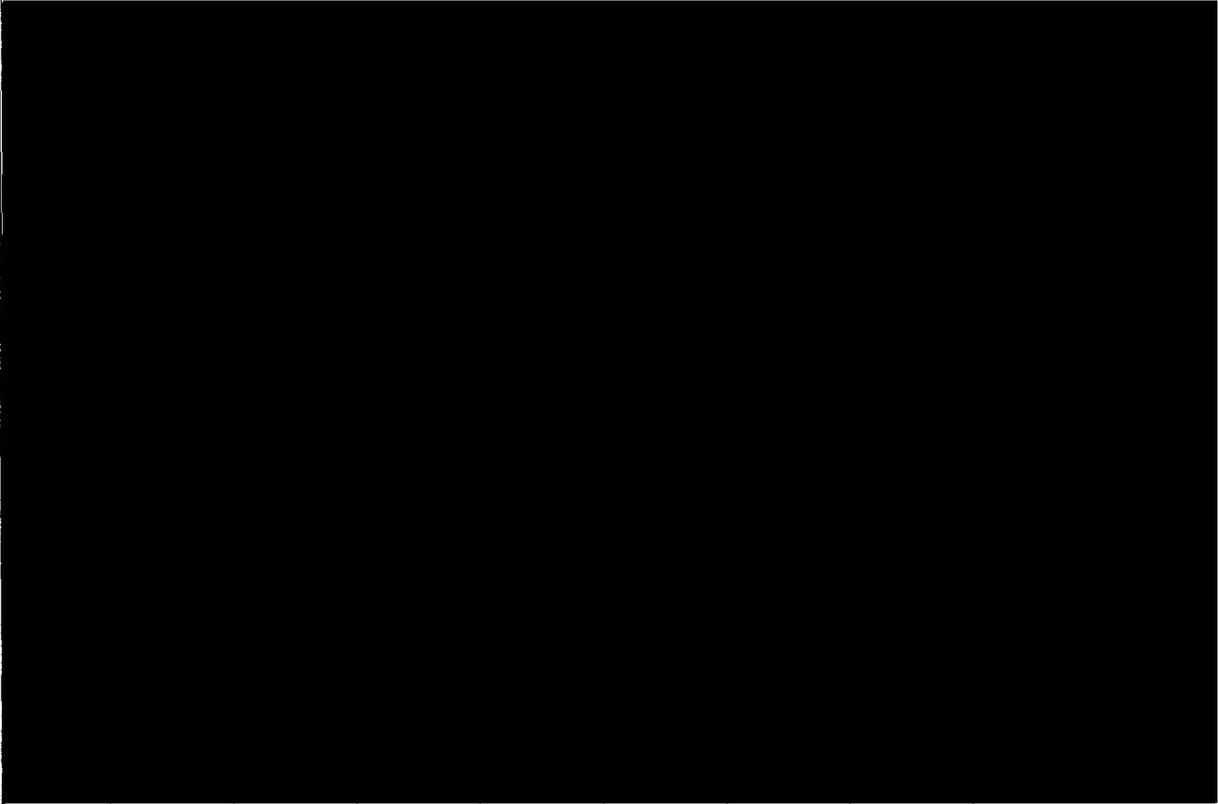


b. Bond issue in Germany

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MR. WOODS:



Secondly I'd like to comment briefly on our recent financing in Germany. Our D mark bond issue was offered to the public a week ago today, March 23rd. Our underwriters advise that the issue is moving slowly but they expect that most of the bonds will be sold by the end of this week.

I should mention that unlike the situation in the United States, it is rather normal for issues to take two or three weeks to be placed in Germany.

The current issue of The London Economist, March 27th, on page 1424 states "The World Bank issue while certainly sold" -- and the words "while certainly sold" are quoted from the Economist, "is in far less active demand than foreign issues in Germany of earlier months." I think with hindsight it is fortunate we didn't delay on our issue in Germany any longer than

we did. Payment was made to the Bank for the bonds last Tuesday, a week ago today.

I would also like to mention that while I was in Frankfurt I discussed with Dr. Karl Blessing, President of the Bundesbank, the refinancing of the next two maturities of our debt which are held by the Bundesbank. On August 1, 1965, there is a maturity of \$22 million in 40 million D marks falling due, and similarly on February 1, 1966, \$22 million and 40 million D marks. These maturing securities aggregate the equivalent of \$64 million or 256 million D marks. Subject to the necessary clearances, I have agreed with Dr. Blessing of the Bundesbank that on August 1, 1965, we would issue new notes in the amount of \$18,750,000 and 75 million D marks. Half of each of these issues would mature on February 1, 1968 and half on February 1, 1971. This gives an average maturity of about 3-3/4 years.

Also on February 1 I have agreed that we will issue new notes in principal amount of \$16 million and 64 million D marks, to mature in equal principal amounts on the same date, February 1, 1968 and February 1, 1971. These two dates, I might say, gentlemen, are dates in our series of maturities in favor of the Bundesbank that are low points, the amounts that happen to fall due on February 1, 1968 and February 1, 1971, perceptibly lower than those falling due on other nearby dates.

The result of these transactions would be that our dollar debt to the Bundesbank would be reduced, and our D mark debt increased, and that overall there would be an increase in our debt held by the Bundesbank equivalent to \$5-1/2 million, that is 22 million D marks. In other words, in connection with this roll-over, extension of our maturity, the Bundesbank has agreed to loan us an additional \$5-1/2 million.

The interest rate on the new notes to be issued on August 1st of this year will be agreed upon between the Bundesbank people and our Treasurer's Department on July 1st, about a month before the maturity date. The interest on the new notes which will be issued on February 1, 1966, is to be agreed upon shortly before that date, probably during the month of January.

If you agree in principle with this arrangement, in due course a resolution will be submitted for your formal approval. The discussion, the arrangements I made with Dr. Blessing were subject, on my part, to the approval of this Board; and subject, on his part, to approval by his Board. Neither he nor I expected any problem in this regard, because this is a process we've been carrying on regularly several years. The only new part of the current discussion is that we will increase our borrowings in Germany by about \$5-1/2 million.

Is there any question or comment on this by any

Director?

The papers would normally come to us sometime during the month of July, and again during the month of January of next year.

Is there any other business any Director would like to bring up today?

Mr. Rajan?

MR. RAJAN: May I have a copy of the statement, Mr. Chairman.

MR. WOODS: Yes.

