

International Bank for Reconstruction and Development

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International Bank for Reconstruction and Development

Major Rating Factors

Strengths:

- Very strong capital position and adequate liquidity
- Prudent financial management and policies
- Historically strong membership support, extraordinarily strong track record of loan and guarantee performance, and expected continued treatment as a preferred creditor

Counterparty Credit Rating
Foreign Currency AAA/Stable/A-1+

Rationale

Commencing operations in 1946, the International Bank for Reconstruction and Development (IBRD) is the oldest and largest multilateral development finance institution (MDFI). At its fiscal year-end 2010 (June 30), it had 187 member countries, more than twice that of any other MDFI except its affiliates within the World Bank Group, including the International Development Assoc. (IDA; not rated) and the International Finance Corp. (IFC; AAA/Stable/A-1+). (All institutional ratings are issuer credit ratings as of June 15, 2011.) IBRD is the keystone of the World Bank Group, and is legally and financially independent of other group members and has no responsibility for their obligations.

IBRD provides medium- and long-term financing to governments and other entities, the latter only with sovereign guarantees. It also offers guarantees and a variety of other financial services. It does so at rates that are the same for all borrowers and typically below those of commercial lenders, especially for IBRD's less-creditworthy borrowers. Moreover, as long as the policy environment is satisfactory, IBRD lends even when its borrowers are under financial stress and commercial markets are closed—an important element in its franchise value.

IBRD's total assets at fiscal year-end 2010 were US\$283.0 billion, more than 3x those of any other MDFI. Of this amount, US\$120.1 billion was loans. In addition, the bank had off-balance-sheet country exposure of US\$1.7 billion in the form of guarantees outstanding. Reported shareholders' equity was US\$37.6 billion.

In Standard & Poor's Ratings Services' opinion, IBRD's loan and guarantee portfolios have historically performed extraordinarily well. This primarily reflects the preferred-creditor treatment that borrowers have usually accorded IBRD, generally remaining current on their loans and, on those occasions when they have gone into arrears, eventually repaying principal and interest in full. At fiscal year-end 2010, IBRD had US\$631 million in principal, interest, and other charges past due six months or more, from only one country—Zimbabwe (since 2000)—involving a total principal outstanding of US\$457 million.

At fiscal year-end 2010, US\$35.8 billion in adjusted shareholders' equity buttressed the bank's accumulated loss provisions. In addition, IBRD had US\$178.5 billion in subscribed callable capital from its members, US\$75.5 billion of it from countries that Standard & Poor's rates 'AAA'. Accordingly, the bank's provisions for losses plus its adjusted shareholders' equity (narrow risk-bearing capacity) were about 31% of its loans and guarantees

outstanding at fiscal year-end 2010, while narrow risk-bearing capacity plus 'AAA' callable capital (broad risk-bearing capacity) were about 93% of its loans and guarantees outstanding. As a result of a recent shareholder agreement, we expect IBRD to receive US\$5.1 billion in paid-in capital, paid gradually over the course of several years. The increase will bolster the bank's capital buffer, although we expect a significant increase in lending activity will accompany this, resulting in a small increase in overall leverage.

IBRD's reported operating income increased to US\$800 million during fiscal 2010 from US\$572 million one year earlier. This primarily reflected a decrease of US\$316 million in provision for losses on loans and guarantees in fiscal 2010, compared with an increase of US\$968 million in fiscal 2009. Reflecting this, operating income to average assets and guarantees increased to 0.28% (from 0.22% in fiscal 2009) and operating income to average adjusted shareholders' equity to 2.2% (from 1.6% in fiscal 2009). Both measures marked improvement compared with fiscal 2009, but are still the weakest earnings the bank has reported in a decade, save in fiscal 2009. The bank's reported results for the first nine months of fiscal 2011 showed continued gradual improvement, with operating income of US\$925 million, compared with the US\$827 million earned during the first nine months of fiscal 2010.

Reported net income, on the other hand, decreased to negative US\$1,077 million in fiscal 2010, from positive US\$3,114 million in fiscal 2009. This primarily reflected a net unrealized loss of US\$1,038 million in fiscal 2010 due to IBRD's fair-value adjustments on its borrowings, in a declining interest rate environment, compared with a net unrealized gain of US\$3,280 million in fiscal 2009. Net income in the first nine months of fiscal 2011 was positive US\$912 million, compared with negative US\$1.02 billion in the first nine months of fiscal 2010.

Despite improved results in the first three quarters of fiscal 2011, we judge the prospects for marked improvement in the bank's profitability during fiscal 2011 to be weak, given recent declines in interest rates, the turning in the credit cycle, and a high level of uncertainty in global economic and financial market conditions, in particular.

IBRD's liquidity weakened noticeably in fiscal 2010, although this simply marked a return to levels similar to fiscal 2008. In addition, IBRD's reliance on short-term borrowing increased, slightly. IBRD's liquidity is lower than that of most MDFIs, by our measures, but we believe the bank's liquidity is adequate, particularly in light of its strong market access, the latter having held up very well through recent financial market dislocations.

Outlook

We view IBRD's capital position as strong; very strong with the inclusion of its 'AAA' callable capital. The stable outlook also reflects what we view as the bank's exceptionally strong track record, and adequate liquidity given that we expect IBRD's reliance on short-term borrowing will not materially increase beyond recent levels. The recent agreement to raise capital reflects well on the bank's franchise value to its shareholders. Despite weak prospects for markedly improved profitability, and the increase in leverage we anticipate, in the absence of a wholesale abandonment of preferred creditor treatment by its borrowers and the failure of its highest-rated shareholders to meet their obligations to provide callable capital, IBRD's current and expected capital position enables it to meet its obligations in any scenario we currently foresee.

Membership, Governance, And Organization

The bank began operation in 1946 with fewer than 50 members; the June 2010 admission of Tuvalu increased membership to 187 countries.

IBRD's largest voteholders at fiscal year-end 2010 were the U.S. (unsolicited; AAA/Negative/A-1+; 16.4% of voting power); Japan (unsolicited; AA-/Negative/A-1+; 7.9%); the Federal Republic of Germany (unsolicited; AAA/Stable/A-1+; 4.5%); the Republic of France (unsolicited; AAA/Stable/A-1+; 4.3%); the U.K. (unsolicited; AAA/Stable/A-1+; 4.3%); and Canada (AAA/Stable/A-1+), the People's Republic of China (AA-/Stable/A-1+), the Republic of India (unsolicited; BBB-/Stable/A-3), the Republic of Italy (unsolicited; A+/Negative/A-1+), the Russian Federation (BBB/Stable/A-3), and the Kingdom of Saudi Arabia (AA-/Stable/A-1+), at 2.8% each. (All country ratings are foreign currency sovereign ratings as of June 15, 2011.) Member countries not eligible to borrow from IBRD or IDA at fiscal year-end 2010 held more than 63% of total voting power.

Under IBRD's Articles of Agreement, all its powers are vested in its board of governors, to which each member country may appoint a governor and an alternate and which must meet at least annually. With some specific exceptions, decisions are delegated to the 25 executive directors, one of whom is appointed by each of the five largest shareholders and the others elected by the remaining members. However, three of the elected directors--those for China, Russia, and Saudi Arabia--currently represent single-country constituencies. Except as the articles expressly provide, matters before the boards of governors and directors are decided by majority vote.

IBRD's chief executive is Robert Zoellick, who assumed office July 1, 2007. The bank has total staff of more than 10,000, about two-thirds of whom are based at its main offices in Washington, D.C. and the rest in more than 100 country offices.

Accounting Principles And Balance Sheet

IBRD prepares its financial statements according to U.S. generally accepted accounting principles (GAAP). Table 1 summarizes IBRD's balance sheet and key off-balance-sheet items.

Table 1

International Bank for Reconstruction and Development -- Summary Balance-Sheet and Off-Balance-Sheet Items					
(Mil. US\$)	--Year ended June 30--				
	2010	2009	2008	2007	2006
Assets					
Due from banks, of which:	1,803	3,044	890	765	758
Currencies subject to restrictions	222	664	768	724	693
Investments, trading and securities purchased under resale agreements	36,301	41,045	26,598	23,336	25,826
Total loans outstanding	120,103	105,698	99,050	97,805	103,004
Accumulated provision for loan losses	(1,553)	(1,632)	(1,370)	(1,932)	(2,296)
Nonnegotiable, noninterest-bearing demand obligations on account of subscribed capital	1,123	1,202	1,554	1,594	1,766
Receivable to maintain value of currency holdings on account of subscribed capital	171	176	22	20	40
Derivative assets	121,626	123,065	102,833	81,436	78,483
Other assets	3,436	2,822	3,734	4,876	4,745
Total assets	283,010	275,420	233,311	207,900	212,326
Liabilities					
Total borrowings	128,577	110,040	87,402	87,759	95,835
Maturing during next fiscal year	33,959	31,250	25,573	22,853	21,988

Table 1

International Bank for Reconstruction and Development -- Summary Balance-Sheet and Off-Balance-Sheet Items (cont.)					
Payable to maintain value of currency holdings on account of subscribed capital	8	57	257	149	90
Derivative liabilities	110,418	115,642	96,731	75,191	74,877
Other liabilities	6,452	9,644	7,373	5,005	5,050
Total liabilities	245,455	235,383	191,763	168,104	175,852
Shareholders' equity					
Subscribed shares less uncalled portion of subscriptions	11,492	11,491	11,486	11,486	11,483
Deferred amounts to maintain value of currency holdings	313	359	487	(22)	52
Paid-in capital	11,805	11,850	11,973	11,464	11,535
Other shareholders' equity	25,750	28,187	29,575	28,332	24,939
Total shareholders' equity	37,555	40,037	41,548	39,796	36,474
Memo items:					
Principal amounts of outstanding guarantees*	1,726	1,713	788	938	995
Undisbursed balance of effective loans	42,778	29,567	26,397	24,874	25,856

*Maximum potential amount of undiscounted future payments that IBRD could be required to make under its guarantees.

Capital, Risk-Bearing Capacity, And Capital Adequacy

Standard & Poor's has two measures of risk-bearing capacity:

- Narrow risk-bearing capacity, equal to adjusted shareholders' equity plus the accumulated provisions for losses on loans and guarantees; and
- Broad risk-bearing capacity, equal to narrow risk-bearing capacity plus 'AAA' rated callable capital.

IBRD's US\$190.8 billion in authorized capital (that which its board of governors has authorized for subscription by members) had not changed, since fiscal year-end 1998, until member countries recently agreed to raise it. Of this amount, US\$189.9 billion was subscribed (i.e., claimed by members) at fiscal year-end 2010. However, less than US\$11.5 billion of the subscribed capital was paid-in; the remaining US\$178.5 billion was callable (see table 2).

Table 2

International Bank for Reconstruction and Development -- Risk-Bearing Capacity					
	--Year ended June 30--				
(Mil. US\$)	2010	2009	2008	2007	2006
Authorized capital	190,811	190,811	190,811	190,811	190,811
Subscribed capital	189,943	189,918	189,801	189,801	189,718
Callable capital	(178,451)	(178,427)	(178,315)	(178,315)	(178,235)
Reported paid-in capital	11,492	11,491	11,486	11,486	11,483
Restricted paid-in capital	(1,332)	(1,848)	(2,443)	(2,448)	(2,460)
Receivable to maintain value of currency holdings on account of subscribed capital	(171)	(176)	(22)	(20)	(40)
Adjusted paid-in capital	9,989	9,467	9,021	9,018	8,983
Special reserve	293	293	293	293	293
General reserve*	25,670	25,670	24,859	23,948	22,912
Cumulative translation adjustment†	(189)	457	1,029	239	(27)

Table 2

International Bank for Reconstruction and Development -- Risk-Bearing Capacity (cont.)					
Adjusted shareholders' equity	35,763	35,887	35,202	33,498	32,161
Accumulated provision for loan losses	1,553	1,632	1,370	1,932	2,296
Accumulated provision for losses on guarantees	3	5	6	10	11
Narrow risk-bearing capacity	37,319	37,524	36,578	35,440	34,468
Callable capital from 'AAA' rated member countries	75,511	75,511	79,281	79,281	79,281
Broad risk-bearing capacity	112,830	113,035	115,859	114,721	113,749

*Fiscal 2007 excludes transfers of US\$911 million in September, 2007. ¶Excluding cumulative translation amounts associated with FAS 133.

Reported paid-in capital is overstated from a credit perspective, as it implicitly includes the following items from the balance sheet's asset side (at fiscal year-end 2010):

- US\$222 million in currencies subject to restrictions. These are capital subscriptions paid in members' local currencies, which IBRD may use for its lending or investing operations only with the consent of the respective members; and for administrative purposes. The ability to use these sums to repay borrowings or guarantees during financial stress is uncertain;
- US\$1.1 billion in nonnegotiable, noninterest-bearing demand obligations on account of subscribed capital. These are sums owed IBRD for capital subscriptions that are held in bank accounts bearing IBRD's name. However, the bank's ability to withdraw and convert these sums during financial stress is uncertain; and
- US\$171 million in receivables to maintain the value of currency holdings on account of subscribed capital. These are sums owed IBRD by members with currencies that have depreciated relative to the value of the Special Drawing Right on July 1, 1974, that are outstanding for less than two years. IBRD's ability to draw on these sums during financial stress is also uncertain.

Standard & Poor's deducts such items from reported paid-in capital to get adjusted paid-in capital. We then add some components of retained earnings to adjusted paid-in capital to get adjusted shareholders' equity. These components include:

- The special reserve, which consists of loan commissions set aside for the express purpose of meeting IBRD liabilities on its borrowings and guarantees. However, the bank discontinued this earmarking in 1964. These sums remain as a subcategory of retained earnings, with the counterpart on the assets side of the balance sheet included in investments;
- The general reserve, which consists of earnings from previous fiscal years that IBRD's executive directors believe should be retained for its operations; and
- The cumulative translation adjustment, excluding the translation amounts associated with the fair value adjustments on non-trading portfolios. Under U.S. GAAP, translation adjustments are excluded from net income and are directly reflected in shareholders' equity. The translation adjustments associated with the fair value adjustments on non-trading portfolios are omitted because, in IBRD's case, they are essentially an accounting artifact (see Net Income section).

Adjusted shareholders' equity is, in turn, supplemented by the accumulated provisions for loan and guarantee losses to produce narrow risk-bearing capacity.

IBRD's narrow risk-bearing capacity may underestimate its ability to absorb losses on its loans, guarantees, and treasury-related assets. A total of US\$178.5 billion in callable capital buttressed IBRD's shareholders' equity at fiscal

year-end 2010 (see table 2). This callable capital is:

- Subject to call only to meet IBRD obligations that its borrowing or guarantees create.
- A several obligation of members (in other words, the failure of a member to meet a capital call does not excuse other members from meeting the call).
- Subject to repeated calls, up to the limit of each country's subscription to callable capital.

In our opinion, IBRD has very substantial high-quality callable capital. At fiscal year-end 2010, countries that Standard & Poor's rated 'AAA' subscribed US\$75.5 billion of callable capital.

Because Standard & Poor's ratings on MDFIs assess their willingness and ability to meet their obligations in a timely fashion, one concern regarding callable capital is the timeliness with which member countries could or would meet a capital call, particularly because no 'AAA' rated MDFI has ever issued such a call (for more explanation, see "For Development Banks, Callable Capital Is No Substitute For Paid-In Capital," published Dec. 31, 2009, on RatingsDirect on the Global Credit Portal).

In March 2011 the IBRD's Board of Governors agreed to increase the bank's authorized capital by US\$87.6 billion (46%), of which US\$5.1 billion will be paid-in (the rest callable). These amounts include both a general capital increase and a selective increase, the latter resulting in a 3.13% increase in the voting power of developing and transition countries. We expect the US\$5.1 billion of paid-in capital to be paid in, in gradual installments, over the coming five years. Prior to this agreement, IBRD's last general capital increase was in fiscal 1988. Table 3 summarizes alternative measures of IBRD's capital adequacy.

Table 3

International Bank for Reconstruction and Development -- Capital Adequacy					
	--Year ended June 30--				
Balance-sheet based	2010	2009	2008	2007	2006
DRE/total assets + guarantees (%)	42.8	38.8	42.6	47.3	48.8
Narrow risk-bearing capacity/DRE (%)	30.6	34.9	36.6	35.9	33.1
Broad risk-bearing capacity/DRE (%)	92.6	105.2	116.0	116.2	109.4
Embedded risk approach					
Narrow risk-bearing capacity/embedded default risk (x)	6.1	6.0	6.9	6.5	5.3
Broad risk-bearing capacity/embedded default risk (x)	18.5	18.1	21.9	21.2	17.6
Stress-test approach					
Narrow risk-bearing capacity/exposure rated SD to 'CCC+' (x)	20.0	5.7	22.6	14.6	13.9
Narrow risk-bearing capacity/exposure rated SD to 'B+' (x)	2.3	2.5	2.3	2.5	1.5
Narrow risk-bearing capacity/exposure rated SD to 'BB+' (x)	0.7	0.7	0.7	0.6	0.5
Broad risk-bearing capacity/exposure rated SD to 'CCC+' (x)	60.4	17.1	71.6	47.3	45.8
Broad risk-bearing capacity/exposure rated SD to 'B+' (x)	6.9	7.6	7.4	8.1	5.0
Broad risk-bearing capacity/exposure rated SD to 'BB+' (x)	2.0	2.2	2.3	1.9	1.8
Broad risk-bearing capacity/exposure rated SD to 'BBB+' (x)	1.1	1.3	1.4	1.4	1.3
Memo item:					
DRE (mil. US\$)	121,829	107,411	99,838	98,743	103,999
Narrow risk-bearing capacity (mil. US\$)	37,319	37,524	36,578	35,440	34,468
Broad risk-bearing capacity (mil. US\$)	112,830	113,035	115,859	114,721	113,749

Table 3**International Bank for Reconstruction and Development -- Capital Adequacy (cont.)**

DRE--Development-related exposure. SD--Selective default.

The ratio of narrow risk-bearing capacity to DRE decreased to 30.6% at fiscal year-end 2010 from 34.9% one year earlier, as DRE increased substantially, to US\$121.8 billion from US\$107.4 billion. The fiscal year-end 2010 ratio was noticeably lower than at fiscal year-end 2008 (when it was 36.6%) but in line with levels seen earlier in the decade. Broad risk-bearing capacity relative to DRE similarly declined, to 92.6% from 105.2% one year earlier, but remained in line with levels seen earlier in the decade. That broad risk-bearing capacity exceeds 90% implies that the bank would remain solvent even if 90% of its loans were deemed worthless and it had to pay out under all of its guarantees outstanding--as long as there were no losses on IBRD's other assets and all of its 'AAA' rated members met a capital call. By all of these measures, we believe the bank's capital adequacy at fiscal year-end 2010 was very strong in both historical and absolute terms, despite declining somewhat in the past two years, by some measures.

Two other approaches we employ in assessing capital adequacy reinforce this conclusion. The embedded-risk approach uses the same methodology as in calculating the index of DRE credit quality (see Risk Section, below, for explanation) to calculate the dollar amount of default risk in IBRD's loan and guarantee portfolio. It then compares this number to the bank's narrow and broad risk-bearing capacity. By implicitly assuming a 0% recovery rate, this calculation grossly overestimates the losses that IBRD's risk-bearing capacity must cover. Using this approach, its narrow risk-bearing capacity relative to the default risk in its development-related portfolio improved slightly in 2010, to 6.1x at fiscal year-end from 6.0x one year earlier, below its 2008 level but noticeably higher than at fiscal year-end 2006 (when it was 5.3x) and earlier in the decade. The pattern was similar using broad risk-bearing capacity, with the ratio of broad risk-bearing capacity to default risk increasing to 18.5x at year-end 2010, from 18.1x one year earlier.

The other method (the stress-test approach) assumes that there is a market-driven contagion and that all of the lower-rated countries default with no recoveries. At fiscal year-end 2010, IBRD's narrow risk-bearing capacity would more than cover the write-off of all loans and guarantees in countries rated 'B+' and below, and cover more than two-thirds of those rated below investment grade ('BB+' and below). Assuming its 'AAA' rated members met their commitments to provide callable capital, IBRD's broad risk-bearing capacity at fiscal year-end 2010 would have enabled it to write off all of its loans and guarantees in countries rated below investment grade without becoming insolvent.

All of these measures point to the same conclusion: IBRD is well-capitalized by historical and absolute standards; and well-positioned to withstand even large, low-probability shocks. The recently agreed increase in paid-in capital will bolster the bank's capital buffer, although we expect this will be accompanied by a significant increase in lending activity, and the aggregate result will be a small increase in leverage. Despite the increase in leverage, in the absence of a wholesale abandonment of preferred creditor treatment by its borrowers and the failure of its highest-rated shareholders to meet their obligations to provide callable capital, IBRD's current and expected capital position enables it to meet its obligations in any scenario we currently foresee.

Risk

For analytical purposes, we split IBRD's activities into treasury activities, which result in holdings of cash and deposits, investments, risk-management products, and (from fiscal 2009) a portfolio of equities; and development

activities, which result in loans and off-balance-sheet obligations for guarantees (together, the bank's development-related exposure [DRE]).

Treasury activities

IBRD does not look to its treasury activities as a source of significant income. Rather, the activities' purpose is to fund the bank in a conservative yet cost-effective manner and ensure that it will be able to meet its obligations. Consequently, IBRD maintains its treasury-related credit and interest- and exchange-rate risk at modest levels.

Credit risk. IBRD's treasury-related credit exposure consists of holdings of securities (98%) and net swap exposure (2%). The bank holds securities that are high-quality debt instruments issued by government agencies, banks, and corporate entities (59% of the total at fiscal year-end 2010) and sovereign governments (39%). Of these securities, 39% were rated 'AAA'; 45%, 'AA'; and 16%, 'A'. Of the net swap exposure, 11% was to 'AAA' rated counterparties, 71% to 'AA' rated ones, and 18% to 'A' rated ones. To contain counterparty credit risk further, the bank uses legally enforceable close-out netting agreements and obtains collateral.

IBRD had about US\$3.9 billion in asset-backed securities at fiscal year-end 2010, but these were primarily credit card and student loan receivables; exposure to subprime collateral was negligible.

Interest-rate risk. Interest-rate risk arises in two principal ways:

- From the interest-rate sensitivity of the income from the portion of interest-earning assets that equity funds; lower interest rates translate into lower contributions to income; and
- From the interest-rate sensitivity of the net spread between IBRD's interest-earning assets and the cost of the borrowings that fund those assets. That most of the bank's loans are cost-pass-through has historically mitigated the net spread's interest-rate sensitivity. IBRD mitigates the interest-rate risk on noncost-pass-through loans by using interest-rate swaps to closely align the rate sensitivity of these loans with that of their funding.

Interest-rate risk also arises from a variety of other factors, such as differences in timing between the contractual maturity or repricing of IBRD's assets, liabilities, and derivative financial instruments. To mitigate its exposure to mismatches in LIBOR reset dates between assets and liabilities, the bank occasionally executes overlay interest-rate swaps.

Exchange-rate risk. To minimize exchange-rate risk, IBRD uses swaps to match the currency of its borrowing obligations to the currency of its assets. In addition, the bank seeks to minimize the exchange-rate sensitivity of the equity-to-loans ratio by periodically aligning the currency composition of its equity to that of its loans outstanding.

In sum, IBRD has in place policies and practices that minimize the credit and interest- and exchange-rate risk resulting from its treasury activities. Accordingly, the bulk of the risk in its activities comes from its development activities.

Development activities

Borrower eligibility. Under its articles, IBRD may lend directly, guarantee, or participate in loans to any member country or political subdivision thereof, as well as to any business, industrial, or agricultural enterprise in a member's territories. However, when the member itself is not the borrower, its central bank or similar agency acceptable to IBRD must fully guarantee payment of principal, interest, and other charges on the loan (although IBRD may lend to IFC without a guarantee, and its loans to the Caribbean Development Bank [AAA/Stable/A-1+] are guaranteed by the governments of the countries that receive the loans). IBRD's articles call upon the bank to "pay due regard to the prospects that the borrower ... will be in a position to meet its obligations under the loan." They also require that "the Bank shall act prudently in the interests of ... the members as a whole."

Of the bank's 187 members at the end of fiscal 2010, 142 were, in principle, eligible to borrow from IBRD or IDA or both. Of these, 63 were eligible to borrow only from IBRD, 16 were eligible to borrow from both IBRD and IDA, and 63 were eligible to borrow only from IDA. Included among the 81 countries with IBRD loans outstanding at fiscal year-end 2010 were six countries now classified as IDA only, which together had US\$511 million in IBRD loans outstanding.

Loan pricing. IBRD generally does not vary its loan pricing among its borrowing member countries, though special development policy loans carry higher pricing than standard loans. Standard loan pricing involves a spread of 50 basis points (bps), a front-end fee of 25 bps, and no commitment fee. In addition, a late service charge of 50 bps per year applies to payments received 30 days or more after the due date. Pricing on special development policy loans (SDPL) involves a minimum fixed spread over six-month LIBOR of 200 bps, a front-end fee of 100 bps, a three-to-five-year grace period, and a final maturity of five-10 years.

Loan maturities. IBRD's historical focus has been on medium- and long-term lending, with maturities for standard loans typically ranging from 15 years to as long as 30 years (with grace periods of three to eight years for repayment of principal); and a maximum average maturity of 18 years for all borrowers. The loan portfolio's weighted average maturity was 8.05 years at fiscal year-end 2010, noticeably longer than 6.48 at fiscal year-end 2009.

Guarantees. IBRD's articles permit it to issue guarantees, although it has made only limited use of this. Despite more than doubling in fiscal 2009, guarantees amounted to only US\$1.7 billion, or 1.4% of loans, at fiscal year-end 2010: one of their highest levels, by this measure, since 2000. The fiscal 2009 increase in guarantees primarily reflected the inclusion of US\$1.3 billion in guarantees for the Advance Market Commitment for Vaccines against Pneumococcal Diseases (AMC). The IBRD guarantees to the GAVI Alliance (which is administering the vaccination program) that the bank will cover any delay in expected funding pledged by donors to the AMC. More generally, countries eligible to borrow from the bank are also eligible for its guarantee program. The same country creditworthiness and project evaluation criteria apply, and each guarantee requires the member country government's counter-guarantee. In exceptional cases, the bank may also offer loans and guarantees for loans for foreign-exchange-generating projects in countries ordinarily eligible to borrow only from IDA.

Exposure limits and concentration. Under its articles (as applied), the total of IBRD's direct loans outstanding net of loan-loss provisions, callable guarantees, and loan participations (of which the bank has none) is limited to 100% of its subscribed capital, reserves, and surplus (the statutory lending limit). This ratio was 55% at fiscal year-end 2010. IBRD could thus almost double its net loans and guarantees outstanding and remain within the limit its articles established.

For management purposes, IBRD closely monitors its equity-to-loans ratio, which it calculates on both reported and fair-value bases (for more information, see the Net Income section). These ratios showed some deterioration in fiscal 2010, to 29.37% and 29.97%, respectively, at fiscal year-end 2010 from 34.28% and 35.00%, respectively, at fiscal year-end 2009, while remaining noticeably stronger than at fiscal year-end 2001, when they were 21.51% and 21.43%, respectively.

Although IBRD had loans outstanding to 82 countries at fiscal year-end 2010, the amounts of these loans vary widely. Loans outstanding plus the present value of guarantees for any single country are limited to the lower of 10% of subscribed capital, reserves, and unallocated surplus (the equitable access limit), which was US\$21.8 billion at fiscal year-end 2010; or a limit determined by stress-testing IBRD's income-generating capacity and risk-bearing capital (the single-borrower limit), which was US\$16.5 billion for fiscal 2010. These limits were almost unchanged from the previous year (when these were US\$21.8 billion and US\$15.5 billion, respectively).

China was closest to the single-borrower limit at fiscal year-end 2010 (see table 4). However, its loans and guarantees outstanding of US\$12.9 billion were still more than US\$3.5 billion below the single-borrower limit.

Table 4

International Bank for Reconstruction and Development -- Loan And Guarantee Portfolio Country Concentration					
--Year ended June 30--					
(Mil. US\$, unless otherwise indicated)	2010	2009	2008	2007	2006
Largest country exposures/rating*					
Largest	China/A+	China/A+	China/A	China/A	China/A-
Outstanding loans and guarantees	12,882	12,653	12,079	11,641	11,289
% total loans and guarantees	10.6	11.8	12.1	11.8	10.9
% narrow risk-bearing capacity	34.5	33.7	33.0	32.8	32.8
Second largest	Brazil/BBB-	Brazil/BBB-	Brazil/BBB-	Brazil/BB+	Brazil/BB
Outstanding loans and guarantees	11,315	10,650	9,892	9,632	9,515
% total loans and guarantees	9.3	9.9	9.9	9.8	9.1
% narrow risk-bearing capacity	30.3	28.4	27.0	27.2	27.6
Third largest	India/BBB-	Turkey/BB-	Turkey/BB-	Turkey/BB-	Mexico/BBB
Outstanding loans and guarantees	10,755	8,624	7,777	6,874	9,173
% total loans and guarantees	8.8	8.0	7.8	7.0	8.8
% narrow risk-bearing capacity	28.8	23.0	21.3	19.4	26.6
Fourth largest	Mexico/BBB	India/BBB-	India/BBB-	Indonesia/BB-	Indonesia/B+
Outstanding loans and guarantees	10,462	7,868	7,187	6,842	7,551
% total loans and guarantees	8.6	7.3	7.2	6.9	7.3
% narrow risk-bearing capacity	28.0	21.0	19.6	19.3	21.9
Fifth largest	Turkey/BB	Indonesia/BB-	Indonesia/BB-	India/BBB-	Argentina/B
Outstanding loans and guarantees	10,186	6,594	6,444	6,404	6,615
% total loans and guarantees	8.4	6.1	6.5	6.5	6.4
% narrow risk-bearing capacity	27.3	17.6	17.6	18.1	19.2
Largest two country exposures (Mil. US\$)	24,197	23,303	21,971	21,273	20,804
% total loans and guarantees	19.9	21.7	22.0	21.5	20.0
% narrow risk-bearing capacity	64.8	62.0	60.1	60.0	60.4
Largest three country exposures (Mil. US\$)	34,952	31,927	29,748	28,147	29,977
% total loans and guarantees	28.7	29.7	29.8	28.5	28.8
% narrow risk-bearing capacity	93.7	85.0	81.3	79.4	87.0
Largest four country exposures (Mil. US\$)	45,414	39,795	36,935	34,989	37,528
% total loans and guarantees	37.3	37.0	37.0	35.4	36.1
% narrow risk-bearing capacity	121.7	106.0	101.0	98.7	108.9
Largest five country exposures (Mil. US\$)	55,600	46,389	43,379	41,393	44,143

Table 4

International Bank for Reconstruction and Development -- Loan And Guarantee Portfolio Country Concentration (cont.)					
% total loans and guarantees	45.6	43.2	43.4	41.9	42.4
% narrow risk-bearing capacity	149.0	123.6	118.6	116.8	128.1
Memo items:					
Total loans and guarantees (Mil. US\$)	121,829	107,411	99,838	98,743	103,999
Narrow risk-bearing capacity (Mil. US\$)	37,319	37,524	36,578	35,440	34,468

*Long-term foreign currency sovereign credit rating, as of balance-sheet date.

Other measures of country concentration are countries' shares of total DRE outstanding and, more meaningfully from a credit perspective, their DRE outstanding relative to IBRD's narrow risk-bearing capacity (for more information, see the Capital, Risk-Bearing Capacity, and Capital Adequacy section). Table 4 also shows these measures for the bank's five countries of largest exposure and for the two, three, four, and five largest country exposures together.

The bank's narrow risk-bearing capacity remained broadly stable in fiscal 2010, after increasing slightly in fiscal 2008 and having remained broadly stable during the preceding five fiscal years (for more information, see the Capital, Risk-Bearing Capacity, And Capital Adequacy section). At fiscal year-end 2010, the DRE outstanding of the five countries of largest exposure was 149% of narrow risk-bearing capacity, noticeably higher than the 124% at fiscal year-end 2009, but well within the range of the past 10 years.

Portfolio quality and provisioning. IBRD's loans have historically performed much better than those of commercial lenders; in its 64 years of operation, the bank has never written off a loan, in the strictest sense (see qualifications in bullets, below), although it has experienced late payments, resulting in economic losses for the bank even without write-offs. In our view, this largely reflects the preferred creditor treatment that borrowing member countries have usually accorded the bank, generally remaining current on their loans and, on those occasions when they have gone into arrears, eventually repaying principal and interest in full. We believe the strong performance of IBRD's loan portfolio also reflects four other factors:

- The poorest and least-creditworthy members are not permitted to borrow from IBRD; they can only borrow from IDA.
- Nonperforming loans to some countries have been removed from IBRD's balance sheet by, in effect, moving them to IDA.
- The Heavily Indebted Poor Countries Debt Initiative (to which IBRD, IBRD shareholders, and other MDFIs made financial contributions) effectively canceled the debt of certain countries with significant debt and weak ability to pay.
- Under very special and extreme circumstances, the bank has overridden its policy and rescheduled loans for three members.

However, its borrowers have sometimes been late--occasionally very late--in meeting their obligations. Table 5 shows the 20 countries that have had loans in nonaccrual status (had principal or interest more than six months past due) at the end of a fiscal year (Cote d'Ivoire [not rated] and the Republic of the Congo [not rated] went into nonaccrual status on two separate occasions). Of these 20 countries, only one was in nonaccrual status at fiscal year-end 2010: Zimbabwe (not rated), with principal outstanding of US\$457 million and US\$631 million in principal, interest, and charges past due.

Ten of the countries that have gone into nonaccrual status with IBRD are restricted to borrowing only from IDA.

Table 5
International Bank for Reconstruction and Development -- Member Countries With Obligations Past Due For More Than Six Months At Fiscal Year-End

Country	Entry into nonaccrual status	Elimination of past-due obligations
Nicaragua*	December 1984	Fiscal 1992
Guyana*	December 1986	Fiscal 1990
Syria	February 1987	Fiscal 2003
Liberia*	June 1987	Fiscal 2008
Peru	August 1987	Fiscal 1993
Sierra Leone*	August 1987	Fiscal 1992
Zambia*	August-87	Fiscal 1991
Panama	May 1988	Fiscal 1992
Honduras*	April 1989	Fiscal 1990
Guatemala	July 1990	Fiscal 1993
Iraq	December 1990	Fiscal 2005
Congo, Republic of*	September 1991	Fiscal 1994
Bosnia and Herzegovina	September 1992	Fiscal 1996
Macedonia	September 1992	Fiscal 1994
Serbia and Montenegro (formerly Federal Republic of Yugoslavia)	September 1992	Fiscal 2002
Congo, Democratic Republic of (formerly Zaire)*	November 1993	Fiscal 2003
Sudan*	January 1994	Fiscal 2000
Congo, Republic of*	November 1997	Fiscal 2002
Zimbabwe	October 2000	Still in nonaccrual status
Cote d'Ivoire*	March 2001	Fiscal 2002
Seychelles	August 2002	Fiscal 2007
Cote d'Ivoire*	November 2004	Fiscal 2008

*Eligible to borrow only from IDA as of July 1, 2010.

Aside from the aforementioned qualifications, IBRD has only rescheduled loans to a sovereign in three, highly unusual cases: for the People's Republic of Bangladesh (not rated) in 1975, Bosnia and Herzegovina (not rated) in fiscal 1996, and Serbia and Montenegro (no longer a single country) in fiscal 2002. The criteria approved in connection with the rescheduling of Bosnia and Herzegovina's loans (which also formed the basis for Serbia and Montenegro's rescheduling and would also have qualified Bangladesh's rescheduling) limit eligibility for reschedulings to countries that:

- Have emerged from a current or former member of IBRD;
- Are assuming responsibility for a share of the debt of such a member;
- Have limited ability to service their debt and impaired creditworthiness because of a major armed conflict in their territories involving extensive destruction of physical assets; and
- Would realize a significant improvement in their repayment capacity from the rescheduling, assuming they take appropriate supportive measures.

Table 6 provides information on the quality of IBRD's loan and guarantee portfolio. The table's first section shows

the breakdown of the bank's loan and guarantee exposure by rating groupings. The gradual reduction in loans to lower-rated countries is clear. Changes in the percentage of loans and guarantees in various rating groupings primarily reflect changes in country ratings because the share of DRE to a country usually changes only slowly, except in the case of prepayments.

Table 6

International Bank for Reconstruction and Development -- Development-Related Exposure Quality And Accumulated Provisions For Losses					
	--Year ended June 30--				
(Mil. US\$, unless indicated otherwise)	2010	2009	2008	2007	2006
Distribution of loans and guarantees by rating category (%)					
'A-' and above	15	17	17	17	15
'BBB'	38	34	33	23	23
'BB'	33	36	34	45	40
'B'	12	8	14	12	19
'CCC+' and below	2	6	2	2	2
Index of credit quality of development-related exposure	5.0	5.8	5.3	5.5	6.2
Past due loans and provisioning					
Loan write-offs	0	0	0	0	0
Principal on nonaccrual loans	457	460	464	1,070	1,038
Principal payments past due on nonaccrual loans	384	352	313	705	577
Interest and charges past due on nonaccrual loans	247	213	179	480	423
Accumulated provision for nonaccrual loans	229	230	232	847	816
As a % of principal on nonaccrual loans	50.1	50.0	50.0	79.2	78.6
As a % of principal payments past due on nonaccrual loans	59.6	65.3	74.1	120.1	141.4
Accumulated provision for accrual loans	1,324	1,402	1,138	1,085	1,480
As a % of accrual loans	1.1	1.3	1.2	1.1	1.5
Guarantee write-offs	0	0	0	0	0
Accumulated provision for losses on guarantees	3	5	6	10	11
Accumulated provision as a % of guarantees outstanding	0.2	0.3	0.8	1.1	1.1

The DRE credit-quality index is a summary indicator of the credit risk embedded in IBRD's DRE portfolio. We arrive at the number by calculating the percentage of the portfolio falling into each rating category and applying an expected default rate to each of these percentages, resulting in a weighted average default rate; this is the index. The higher the index, the greater the credit risk embedded in the portfolio. In applying the default rates, we generally elevate country ratings three notches to reflect expected preferred creditor treatment (i.e., the default rate applied to 'BB' exposure is that associated with 'BBB' countries). This measure ignores the possibility of recoveries (which have, of course, been typical in the case of IBRD and other MDFIs) and we do not believe it is a meaningful indicator of expected losses. This index decreased to 5.0 at fiscal year-end 2010 from 5.8 one year earlier, its lowest level in the past 10 years.

Although IBRD has never had to write off a loan, in the strictest sense (see qualifications in bullets, above), it nevertheless holds a substantial accumulated provision for potential losses in its loan portfolio. Under the current provisioning policy, loan-loss reserves are calculated as the sum product of IBRD's loan exposure, the borrower's expected default probability, and the bank's expected loss given default. The parameters in these calculations require large accumulated provisions for nonaccrual loans. The accumulated provision for nonaccrual loans has varied from 50%-79% of principal in the past five years, and was 50% at fiscal year-end 2010 (see table 6). The accumulated provision for performing loans is much lower, varying from 1.1%-1.5% during the past five years, and was 1.1% at fiscal year-end 2010. Because of the extremely different loss assumptions made for nonaccrual and performing loans, loans moving in and out of nonaccrual status have a large effect on the accumulated loan-loss provision and hence on the provision for losses in IBRD's income statement.

To date, only one of the bank's guarantees has been called (the bank paid out US\$250 million during fiscal 2003 under its partial guarantee of US\$1.5 billion in zero-coupon notes that Argentina issued). Nevertheless, IBRD maintains an accumulated provision for its guarantee exposure, which was 0.2% of such exposure at fiscal year-end 2010.

Net Income

Because new members will not be a source of significant additional capital, growth in IBRD's risk-bearing capacity depends on either new capital from current members (as recently agreed) or contributions to retained earnings from net income.

Table 7

International Bank for Reconstruction and Development -- Summary Income Statement and Transfers from Net Income and Surplus					
	--Year ended June 30--				
(Mil. US\$, unless indicated otherwise)	2010	2009	2008	2007	2006
Interest income on loans funded by equity	324	1,103	1,608	1,717	1,390
Interest income on loans funded by debt, net of funding costs	444	501	549	415	473
Total loan interest income, net of funding costs	768	1,604	2,157	2,132	1,863
Other loan income	33	46	340	20	41
Release of provisions (provisions) for losses on loans and guarantees	32	(284)	684	405	724
Total loan income, net of funding costs and provisions for losses	833	1,366	3,181	2,557	2,628
Investment income, net of funding costs	110	(14)	49	77	80
Administrative expenses	(1,421)	(1,244)	(1,082)	(1,066)	(1,059)
Contributions to special programs	(168)	(197)	(176)	(171)	(173)
Net other	1,446	661	299	262	264
Operating income	800	572	2,271	1,659	1,740
Fair value adjustment on non-trading portfolios, net	(1,038)	3,280	(40)	(842)	(3,479)
Board of governors approved transfers	(839)	(738)	(740)	(957)	(650)
Net income (loss)	(1,077)	3,114	1,491	(140)	(2,389)

Table 7

International Bank for Reconstruction and Development -- Summary Income Statement and Transfers from Net Income and Surplus (cont.)
Memo items:

Transfers from previous year's unallocated net income and surplus to:					
IDA	784	583	600	800	400
HIPC Initiative Trust Fund	0	0	0	0	210
Low-Income Countries Under Stress Implementation Trust Fund	0	0	0	30	25
Food Price Crisis Response Trust Fund	0	115	85	0	0
Other	55	40	55	127	15
Total transfers*	839	738	740	957	650
Fair-value, comprehensive basis operating income	768	856	1,587	1,230	1,012
Fair-value, comprehensive basis net income	(870)	(225)	1,135	900	640
Operating income/average total assets + guarantees (%)	0.28	0.22	1.03	0.79	0.80
Operating income/average adjusted shareholders' equity (%)	2.2	1.6	6.6	5.0	5.4

*Excludes a residual amount of US\$3 million received, in fiscal 2007, upon closure of the Trust Fund for the Federal Republic of Yugoslavia.

IBRD's reported operating income increased to US\$800 million during fiscal 2010 from US\$572 million one year earlier. This primarily reflected a decrease of US\$316 million in provision for losses on loans and guarantees in fiscal 2010, compared with an increase of US\$968 million in fiscal 2009. Reflecting this, operating income to average assets and guarantees increased to 0.28% (from 0.22% in fiscal 2009) and operating income to average adjusted shareholders' equity to 2.2% (from 1.6% in fiscal 2009). Both measures marked improvement compared with fiscal 2009, but still are the weakest earnings the bank has reported in the current decade, save in fiscal 2009. The bank's reported results for the first nine months of fiscal 2011 showed continued gradual improvement, with operating income of US\$925 million, compared with the US\$827 million earned during the first nine months of fiscal 2010.

Reported net income, on the other hand, decreased to negative US\$1,077 million in fiscal 2010, from positive US\$3,114 million in fiscal 2009. This primarily reflected a net unrealized loss of US\$1,038 million in fiscal 2010 due to IBRD's fair-value adjustments on its borrowings, in a declining interest rate environment, compared with a net unrealized gain of US\$3,280 million in fiscal 2009. Net income in the first nine months of fiscal 2011 was positive US\$912 million, compared with negative US\$1.02 billion in the first nine months of fiscal 2010.

Significant differences between IBRD's operating income and net income are attributable to accounting conventions and the bank's response to those accounting conventions. IBRD mitigates the interest- and exchange-rate risks inherent in its activities by using derivatives extensively. A number of risk-management techniques it uses would not qualify for hedge accounting under FAS 133. Accordingly, IBRD management has decided not to define any qualifying hedging relationships. As a consequence, the bank carries all derivatives on its balance sheet at fair value, with changes in fair value reflected in net income. However, IBRD's loans are not carried at fair value, and net income doesn't reflect changes in their fair values. This asymmetric accounting treatment has had a large impact on its reported net income in recent years, given the substantial changes in interest rates in the U.S. and in other countries in whose currencies IBRD borrows, as well as fluctuations in exchange rates vis-à-vis the dollar. Related adjustments were negative US\$1.04 billion in fiscal 2010, positive US\$3.28 billion in fiscal 2009, and have varied

considerably from year to year. For the first nine months of fiscal 2010, they were positive US\$425 million. Standard & Poor's is not concerned about the volatility these adjustments introduce into IBRD's net income and net income sometimes being negative as a consequence.

A second significant difference between operating and net income falls from IBRD reporting all board-of-governors-approved transfers as expenses. For many years, it had treated these transfers as reductions in retained earnings. The amounts of these transfers were US\$839 million in fiscal 2010. Table 7 shows these transfers and their major components. In the past five years, the bank's cumulative reported net income before transfers on a U.S. GAAP basis was US\$4.9 billion. Transfers totaled US\$3.9 billion (80% of net income before transfers). Multiyear commitments to IDA have constituted the majority of these transfers during the past five years, and we expect this to remain the case.

Total loans outstanding at the end of third-quarter 2011 were US\$192.3 billion, up almost US\$10 billion from fiscal year-end 2010. Undisbursed loans were slightly lower, by almost US\$6 billion, and commitments were US\$16.0 billion, a noticeable decrease compared with US\$26.7 billion of commitments in the first nine months of fiscal 2010. Recent declines in interest rates will tend to depress net interest margins, and with the turning in the credit cycle, further provisions for losses seem more likely than the significant release of provisions that helped profitability in most years of this decade. In particular, we see a high level of uncertainty in global economic and financial market conditions in fiscal 2011. As a result, despite the improvement in operating income in the first nine months of 2010, we judge the prospects for marked improvement in the bank's profitability during fiscal 2011 to be weak.

For management purposes, IBRD prepares separate statements for operating and net income on a fair-value basis that reflect the economic value of its financial assets and liabilities after considering credit and interest- and exchange-rate risk (see memo items in table 7). During fiscal 2010, fair-value operating income decreased slightly, to US\$768 million, from US\$856 million one year earlier, and fair value net income dropped to negative US\$870 million, from negative US\$225 million. On a fair-value basis, both operating and net income were positive in the first nine months of fiscal 2011 (US\$859 million, and US\$869 million, respectively). Standard & Poor's believes that operating income and net income on a fair-value basis are more meaningful indicators of IBRD's income performance than its net income reported on a U.S. GAAP basis.

Liquidity

IBRD maintains liquidity consistent with the 'AAA' rating. Its liquidity-management policy calls for aggregate liquid asset holdings (excluding cash due from banks) to be equal to the highest consecutive six months of expected debt service obligations for the fiscal year, plus one-half of approved net loan disbursements as projected. The prudential minimum is US\$21.0 billion for fiscal 2011, up US\$1.0 billion from that for fiscal 2010. On this basis, liquidity was US\$34.5 billion at fiscal year-end 2010, slightly lower than its fiscal year-end 2009 level of US\$36.8 billion, but still dramatically higher than its fiscal year-end 2008 level of US\$22.7 billion, and almost double the fiscal 2010 prudential minimum. IBRD's exceeding its prudential minimum liquidity buffer by 72% at fiscal year-end 2010 was primarily due to prefunding of anticipated large loan disbursements in fiscal 2011.

IBRD's liquid assets (Standard & Poor's-calculated) for comparison purposes--including the portion due from banks that is not restricted, its investments, and its securities purchased under resale agreements--were about 29% of gross debt at fiscal year-end 2010, significantly lower than at fiscal year-end 2009 or 2008, but similar to the preceding two years. By this measure of liquidity, IBRD's liquidity was in fiscal 2010, and is typically, the lowest among rated

MDFIs. The bank's liquidity was 48% of undisbursed loans and estimated one-year debt service at fiscal year-end 2010, also much less than the 68% of one year earlier, though also in line with 2008 and preceding years, and also among the lowest for rated MDFIs.

Despite historically low global interest rates, the bank has recently increased its short-term borrowing, with borrowings outstanding under its Discount Notes Program rising sharply to US\$17.7 billion at fiscal year-end 2010, from US\$3.8 billion at the preceding fiscal year-end. IBRD states that this short-term funding program "was used to a greater extent in fiscal 2010 to more efficiently manage IBRD's liquidity in an environment of uncertain loan disbursement timing". As total borrowings also increased noticeably in fiscal 2010 (see Table 1), these short-term instruments increased only 1% as a share of total funding, reaching 14% at fiscal year-end 2010. Liabilities maturing during the next fiscal year nevertheless declined in fiscal 2010, to 26% of total borrowings at fiscal year-end, from 28% at fiscal year-end 2009, although both levels are noticeably higher than in the first half of the decade, during which this indicator fluctuated between 14% and 23%. We expect IBRD's reliance on short-term borrowing will not materially increase beyond recent levels.

Moreover, we believe the adequacy of liquidity should be viewed in the context of an issuer's market access. IBRD has been a major issuer in international capital markets for decades, with a well-established reputation for sophistication and professionalism. Accordingly, in a global financial stress scenario, the bank is likely to maintain market access well after that of some other similarly rated entities has been lost. Indeed, IBRD's market access remained solid throughout the recent global financial crisis.

In sum, in terms of both risk-bearing capacity relative to risk and liquidity, IBRD is clearly a 'AAA' credit with the capacity to increase its DRE while maintaining that rating.

Comparative Data

Comparative data for IBRD and 11 other MDFIs may be found on pages 62 through 69 of Standard & Poor's annual Supranationals Special Edition (latest, as of 2010, available on www.sandp.com; enter Supranationals Special Edition in search box and click on title under "Credit Ratings" in the center of the screen).

Ratings Detail (As Of June 17, 2011)*		
International Bank for Reconstruction and Development		
Counterparty Credit Rating		
<i>Foreign Currency</i>		AAA/Stable/A-1+
Senior Unsecured (359 Issues)		AAA
Short-Term Debt (2 Issues)		A-1+
Counterparty Credit Ratings History		
05-Sep-1997	<i>Foreign Currency</i>	AAA/Stable/A-1+
05-Apr-1990		AAA/Stable/--
13-Sep-1959		AAA/--/--
*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.		

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