Final Terms dated 17 May 2011

International Bank for Reconstruction and Development

Issue of USD 10,000,000 Zero Coupon Callable Notes due 20 May 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: 3977
   (ii) Tranche Number: 1
3. Specified Currency or Currencies (Condition 1(d)): United States Dollar (“USD”)
4. Aggregate Nominal Amount:
   (i) Series: USD 10,000,000
   (ii) Tranche: USD 10,000,000
5. Issue Price: 100 per cent. of the Aggregate Nominal Amount
6. Specified Denominations (Condition 1(b)): USD 1,000,000
7. Issue Date: 20 May 2011
8. Maturity Date (Condition 6(a)): 20 May 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)):
   (i) Amortization Yield (Condition 6(c)(ii)): 5.165 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)):
   (i) Optional Redemption Date(s): 20 May in each year from and including 20 May 2012 to and including 20 May 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:

<table>
<thead>
<tr>
<th>Optional Redemption Date</th>
<th>Optional Redemption Amount expressed as a percentage of the Specified Denomination</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 May 2012</td>
<td>105.165000 per cent.</td>
</tr>
<tr>
<td>20 May 2013</td>
<td>110.596772 per cent.</td>
</tr>
<tr>
<td>20 May 2014</td>
<td>116.309096 per cent.</td>
</tr>
<tr>
<td>20 May 2015</td>
<td>122.316460 per cent.</td>
</tr>
<tr>
<td>20 May 2016</td>
<td>128.634105 per cent.</td>
</tr>
<tr>
<td>20 May 2017</td>
<td>135.278057 per cent.</td>
</tr>
<tr>
<td>20 May 2018</td>
<td>142.265169 per cent.</td>
</tr>
<tr>
<td>20 May 2019</td>
<td>149.613165 per cent.</td>
</tr>
<tr>
<td>20 May 2020</td>
<td>157.340685 per cent.</td>
</tr>
<tr>
<td>20 May 2021</td>
<td>165.467331 per cent.</td>
</tr>
<tr>
<td>20 May 2022</td>
<td>174.013719 per cent.</td>
</tr>
<tr>
<td>20 May 2023</td>
<td>183.001527 per cent.</td>
</tr>
<tr>
<td>20 May 2024</td>
<td>192.453556 per cent.</td>
</tr>
<tr>
<td>20 May 2025</td>
<td>202.393782 per cent.</td>
</tr>
<tr>
<td>20 May 2026</td>
<td>212.847421 per cent.</td>
</tr>
<tr>
<td>20 May 2027</td>
<td>223.840990 per cent.</td>
</tr>
<tr>
<td>20 May 2028</td>
<td>235.402378 per cent.</td>
</tr>
<tr>
<td>20 May 2029</td>
<td>247.560910 per cent.</td>
</tr>
</tbody>
</table>
20 May 2030 260.347431 per cent.
20 May 2031 273.794376 per cent.
20 May 2032 287.935856 per cent.
20 May 2033 302.807743 per cent.
20 May 2034 318.447763 per cent.
20 May 2035 334.895590 per cent.
20 May 2036 352.192947 per cent.
20 May 2037 370.383712 per cent.
20 May 2038 389.514031 per cent.
20 May 2039 409.632431 per cent.
20 May 2040 430.789946 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):
453.040247 per cent. of the Specified Denomination (which equates to USD 4,530,402.47 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:
XS0629565770
29. Common Code:
062956577
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