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MEMORANDUM

TO: DOCUMENT CONTROL
FROM: Paul M. Dudek, Chief
Office of International Corporate Finance
Division of Corporation Finance
RE: INTERNATIONAL BANK RECORD DATA

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

INTERNATIONAL FINANCE CORPORATION



Condensed Quarterly Financial Statements
March 31, 2004
(Unaudited)

FINANCIAL STATEMENTS

March 31, 2004 (unaudited)

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BALANCE SHEET

as of March 31, 2004 (unaudited) and June 30, 2003

(US\$ millions)

Assets	March 31	June 30
Due from banks	\$ 1	\$ 93
Time deposits	2,279	2,293
Trading securities	12,266	10,572
Securities purchased under resale agreements	3,796	4,046
Loans and equity investments disbursed and outstanding – Note B		
Loans	9,511	9,242
Equity investments	2,360	2,760
Total loans and equity investments	11,871	12,002
Less: Reserve against losses on loans and equity investments	(2,129)	(2,625)
Net loans and equity investments	9,742	9,377
Derivative assets	1,086	1,734
Receivables and other assets	3,505	3,428
Total assets	\$ 32,675	\$ 31,543
Liabilities and capital		
Liabilities		
Securities sold under repurchase agreements and payable for cash collateral received	\$ 4,930	\$ 3,053
Borrowings withdrawn and outstanding		
From market sources	16,081	17,181
From International Bank for Reconstruction and Development	110	134
Total borrowings	16,192	17,315
Derivative liabilities	1,200	1,264
Payables and other liabilities	2,608	3,122
Total liabilities	24,930	24,754
Capital		
Capital stock, authorized 2,450,000 shares of \$1,000 par value each		
Subscribed	2,362	2,362
Less: Portion not yet paid	(1)	(2)
Total capital stock	2,361	2,360
Accumulated other comprehensive income	3	4
Retained earnings	5,381	4,425
Total capital	7,745	6,789
Total liabilities and capital	\$ 32,675	\$ 31,543

INTERNATIONAL FINANCE CORPORATION

INCOME STATEMENT

for the three and nine months ended March 31, 2004 (unaudited) and March 31, 2003 (unaudited)

(US\$ millions)

	Three months ended March 31,		Nine months ended March 31,	
	2004	2003	2004	2003
Interest income				
Interest and financial fees from loans	\$ 120	\$ 115	\$ 365	\$ 347
Interest from time deposits and securities	57	64	176	241
Total interest income	177	179	541	588
Interest expense				
Charges on borrowings	33	48	105	184
Total interest expense	33	48	105	184
Net interest income	144	131	436	404
Net gains on trading activities	81	31	28	145
Income from equity investments				
Capital gains on equity sales	237	6	352	36
Dividends and profit participations	46	32	134	88
Total income from equity investments	283	38	486	124
(Release of) provision for losses on loans, equity investments and guarantees – Note B	(85)	53	(212)	157
Net income from loans, equity investments and trading activities	593	147	1,162	516
Noninterest income				
Service fees	9	5	20	23
Translation adjustments, net	(7)	(5)	5	(1)
Other income	9	7	23	22
Total noninterest income	11	7	48	44
Noninterest expense				
Administrative expenses – Note F	87	82	272	247
Pension and other postretirement benefit plan expense	4	4	14	15
Contributions to special programs	4	3	26	20
Other expenses	-	1	2	1
Total noninterest expense	95	90	314	283
Operating income	509	64	896	277
Net gains (losses) on other financial instruments – Note D	41	(31)	60	(1)
Net income	\$ 550	\$ 33	\$ 956	\$ 276

INTERNATIONAL FINANCE CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

for the three and nine months ended March 31, 2004 (unaudited) and March 31, 2003 (unaudited)

(US\$ millions)

	Three months ended March 31,		Nine months ended March 31,	
	2004	2003	2004	2003
Net income	\$ 550	\$ 33	\$ 956	\$ 276
Other comprehensive income (loss)				
Reclassification to net income of net interest accruals on swaps in cash flow hedging relationships at June 30, 2000	-	-	(1)	-
Total comprehensive income	\$ 550	\$ 33	\$ 955	\$ 276

STATEMENT OF CHANGES IN CAPITAL

for the nine months ended March 31, 2004 (unaudited) and March 31, 2003 (unaudited)

(US\$ millions)

	Retained earnings	Accumulated other comprehensive income	Capital stock	Total capital
At June 30, 2003	\$ 4,425	\$ 4	\$ 2,360	\$ 6,789
Nine months ended March 31, 2004				
Net income	956			956
Other comprehensive income (loss)		(1)		(1)
Payments received for capital stock subscribed			1	1
At March 31, 2004	\$ 5,381	\$ 3	\$ 2,361	\$ 7,745
At June 30, 2002	\$ 3,938	\$ 6	\$ 2,360	\$ 6,304
Nine months ended March 31, 2003				
Net income	276			276
At March 31, 2003	\$ 4,214	\$ 6	\$ 2,360	\$ 6,580

INTERNATIONAL FINANCE CORPORATION

STATEMENT OF CASH FLOWS

for the nine months ended March 31, 2004 (unaudited) and March 31, 2003 (unaudited)

(US\$ millions)

	2004	2003
Cash flows from loans and equity investment activities		
Loan disbursements	\$ (1,775)	\$ (1,710)
Equity disbursements	(205)	(252)
Loan repayments	1,384	994
Equity redemptions	4	3
Portfolio sales of loans	58	15
Sales of equity investments	816	204
Net cash provided by (used in) investing activities	<u>282</u>	<u>(746)</u>
Cash flows from financing activities		
Drawdown of borrowings	1,681	1,998
Repayment of borrowings	(2,591)	(3,636)
Capital subscriptions	1	-
Net cash used in financing activities	<u>(909)</u>	<u>(1,638)</u>
Cash flows from operating activities		
Net income	956	271
Adjustments to reconcile net income to net cash provided by operating activities:		
Capital gains on equity sales	(352)	(36)
(Release of) provision for losses on loans, equity investments and guarantees	(212)	157
Translation adjustments, net	(5)	1
Net (gains) losses on other financial instruments	(60)	1
Change in accrued income on loans, time deposits and securities	(171)	(128)
Change in payables and other liabilities	313	(105)
Change in receivables and other assets	(636)	(1,198)
Net cash used in operating activities	<u>(167)</u>	<u>(1,032)</u>
Change in cash and cash equivalents	(794)	(3,416)
Effect of exchange rate changes on cash and cash equivalents	2,382	136
Net change in cash and cash equivalents	1,588	(3,280)
Beginning cash and cash equivalents	12,958	16,362
Ending cash and cash equivalents	<u>\$ 14,546</u>	<u>\$ 13,082</u>
Composition of cash and cash equivalents		
Due from banks	\$ 1	\$ 110
Time deposits	2,279	2,944
Securities held in trading portfolio	12,266	10,028
Total cash and cash equivalents	<u>\$ 14,546</u>	<u>\$ 13,082</u>
Supplemental disclosure		
Change in ending balances resulting from exchange rate fluctuations:		
Loans outstanding	\$ 84	\$ 77
Borrowings	(898)	(191)

INTERNATIONAL FINANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

PURPOSE

The International Finance Corporation (the Corporation), an international organization, was established in 1956 to further economic development in its member countries by encouraging the growth of private enterprise. The Corporation is a member of the World Bank Group, which also includes the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the Multilateral Investment Guarantee Agency (MIGA). The Corporation's activities are closely coordinated with and complement the overall development objectives of the other World Bank Group institutions. The Corporation, together with private investors, assists in financing the establishment, improvement and expansion of private sector enterprises by making loans and equity investments where sufficient private capital is not otherwise available on reasonable terms. The Corporation's share capital is provided by its member countries. It raises most of the funds for its investment activities through the issuance of notes, bonds and other debt securities in the international capital markets. The Corporation also plays a catalytic role in mobilizing additional project funding from other investors and lenders, either through cofinancing or through loan syndications, underwritings and guarantees. In addition to project finance and resource mobilization, the Corporation offers an array of financial and technical advisory services to private businesses in the developing world to increase their chances of success. It also advises governments on how to create an environment hospitable to the growth of private enterprise and foreign investment.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

The accounting and reporting policies of the Corporation conform with accounting principles generally accepted in the United States of America (US GAAP).

Financial statements presentation - Certain amounts in the prior year have been reclassified to conform to the current year's presentation.

The financial statements are presented in a manner consistent with the Corporation's audited financial statements as of and for the year ended June 30, 2003 and, in the opinion of the management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial position and the results of operations for the interim periods have been made. The Balance Sheet as of June 30, 2003, included for comparative purposes only, is derived from those audited financial statements. For further information, refer to the financial statements and notes thereto included in the Corporation's Annual Report for the fiscal year ended June 30, 2003.

The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending June 30, 2003.

Use of estimates - The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting periods. Actual results could differ from these estimates. A significant degree of judgment has been used in the determination of: the adequacy of the reserve against losses on loans and equity investments; estimated fair values of all derivative instruments and related financial instruments in qualifying hedging relationships; and net periodic pension income. There are inherent risks and uncertainties related to the Corporation's operations. The possibility exists that changing economic conditions could have an adverse effect on the financial position of the Corporation.

As part of the ongoing compliance with US Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivatives and Certain Hedging Relationships* (collectively SFAS No. 133), the Corporation uses internal models to determine the fair values of derivative and other financial instruments and the aggregate level of the reserve against losses on loans and equity investments. The Corporation undertakes continuous review and respecification of these models with the objective of refining its estimates, consistent with evolving best market practices. Changes in estimates resulting from refinements in the assumptions and methodologies incorporated in the models are reflected in net income in the period in which the enhanced models are first applied.

Translation of currencies - Assets and liabilities not denominated in United States dollars (US dollars or \$), other than disbursed equity investments, are expressed in US dollars at the exchange rates prevailing at March 31, 2004 and June 30, 2003. Disbursed equity investments are expressed in US dollars at the prevailing exchange rates at the time of disbursement. Income and expenses are translated at the rates of exchange prevailing at the time of the transaction. Translation gains and losses are credited or charged to income.

Originated loans - The Corporation originates loans to facilitate project finance, restructuring, refinancing, corporate finance, and/or developmental impact. The Corporation may have loans and equity investments outstanding to the same investee company at any given time. Loans are recorded as assets when disbursed. Loans are carried at the principal amounts outstanding. Where loans are part of a designated hedging relationship employing derivative instruments, the carrying value is adjusted for changes in fair value attributable to the risk being hedged. These adjustments are reported in net gains and losses on other financial instruments in the income statement. It is the Corporation's practice to obtain collateral security such as, but not limited to, mortgages and third-party guarantees.

Equity investments - The Corporation invests in equities for current income, capital appreciation, developmental impact or all three; the Corporation does not take operational, controlling or strategic equity positions within its investee companies. The Corporation may have loans and equity investments outstanding to the same investee company at any given time. Equity investments are recorded as assets when disbursed, and are carried at cost. The Corporation enters into put and call option agreements in connection with equity investments; these are accounted for in accordance with SFAS No. 133.

Reserve against losses on loans and equity investments - The Corporation recognizes portfolio impairment in the balance sheet through the reserve against losses on loans and equity investments, recording a provision or release of provision for losses on loans and equity investments in net income on a quarterly basis, which increases or decreases the reserve against losses on loans and equity investments.

NOTES TO FINANCIAL STATEMENTS

Management determines the aggregate level of the reserve against losses on loans and equity investments, taking into account established guidelines and its assessment of recent portfolio quality trends. The guidelines comprise simulation techniques, internal country risk ratings and the impairment potential of the portfolio based on the Corporation's historical portfolio write-off and loss reserve experience on mature investments.

The reserve against losses on loans and equity investments reflects estimates of both probable losses already identified and probable losses inherent in the portfolio but not specifically identifiable. The determination of identified probable losses represents management's judgment of the creditworthiness of the borrower or the value of the company invested in and is established through review of individual loans and equity investments undertaken on a quarterly basis. The Corporation considers a loan as impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due according to the loan's contractual terms. A reserve against losses for an equity investment is established when a decrease in value of the equity investment has occurred which is considered other than temporary. Unidentified probable losses are the aggregate probable losses over a one-year risk horizon, in excess of identified probable losses. The risks inherent in the portfolio that are considered in determining unidentified probable losses are those proven to exist by past experience and include: country systemic risk; the risk of correlation or contagion of losses between markets; uninsured and uninsurable risks; nonperformance under guarantees and support agreements; and opacity of, or misrepresentation in, financial statements.

Loans and equity investments are written-off when the Corporation has exhausted all possible means of recovery, by reducing the reserve against losses on loans and equity investments. Such reductions in the reserve are offset by recoveries associated with previously written-off loans and equity investments.

Revenue recognition on loans and equity investments - Interest income and commitment fees on loans are recorded as income on an accrual basis. All other fees are recorded as income when received in freely convertible currencies. The Corporation does not recognize income on loans where collectibility is in doubt or payments of interest or principal are past due more than 60 days unless management anticipates that collection of interest will occur in the near future. Any interest accrued on a loan placed in nonaccrual status is reversed out of income and is thereafter recognized as income only when the actual payment is received. Interest not previously recognized but capitalized as part of a debt restructuring is recorded as deferred income, included in the balance sheet in payables and other liabilities, and credited to income only when the related principal is received. Such capitalized interest is considered in the computation of the reserve against losses on loans and equity investments in the balance sheet.

Dividends and profit participations are recorded as income when received in freely convertible currencies. Realized capital gains on the sale or redemption of equity investments are measured against the average cost of the investments sold and are recorded as income when received in freely convertible currencies.

Guarantees - The Corporation extends financial guarantee facilities to its clients to provide credit enhancement for their debt securities and trade obligations. Beginning in the year ended June 30, 2001, the Corporation began offering partial credit guarantees to clients covering, on a risk-sharing basis, client obligations on bonds and/or loans. Under the terms of the Corporation's guarantees, the Corporation agrees to assume responsibility for the client's financial obligations in the event of default by the client (i.e., failure to pay when payment is due). Guarantees are regarded as issued when the Corporation commits to the guarantee. This date is also the "inception" of the guarantee contract. Guarantees are regarded as outstanding when the underlying financial obligation of the client is incurred, and called when the Corporation's obligation under the guarantee has been invoked. There are two liabilities associated with the guarantees: (1) the stand-ready obligation to perform and (2) the contingent liability. The stand-ready obligation to perform is recognized at the commitment date unless a contingent liability exists at that time or is expected to exist in the near term. The contingent liability associated with the financial guarantees is recognized when it is probable the guarantee will be called and when the amount of guarantee called can be reasonably estimated. All liabilities associated with guarantees are included in payables and other liabilities, and the receivables are included in other assets on the balance sheet. When the guarantees are called, the amount disbursed is recorded as a new loan, and specific reserves are established, based on the estimated probable loss. These reserves are included in the reserve against losses on loans and equity investments on the balance sheet. Commitment fees on guarantees are recorded as income on an accrual basis.

Liquid asset portfolio - The Corporation's liquid funds are invested in government and agency obligations, time deposits and asset-backed securities. Government and agency obligations include long and short positions in highly rated fixed rate bonds, notes, bills and other obligations issued or unconditionally guaranteed by governments of countries or other official entities including government agencies and instrumentalities or by multilateral organizations. The liquid asset portfolio, as defined by the Corporation, comprises: these time deposits and securities; related derivative instruments; securities purchased under resale agreements, securities sold under repurchase agreements and payable for cash collateral received; receivables from sales of securities and payables for purchases of securities; and related accrued income and charges.

Trading securities are carried at fair value with any changes in fair value reported in net gains and losses on trading activities in the income statement. Interest on securities and amortization of premiums and accretion of discounts are reported in interest from time deposits and securities.

The Corporation classifies due from banks, time deposits and securities (collectively, cash and cash equivalents) as an element of liquidity in the statement of cash flows because they are readily convertible to known amounts of cash within 90 days.

Repurchase and resale agreements - Repurchase agreements are contracts under which a party sells securities and simultaneously agrees to repurchase the same securities at a specified future date at a fixed price. Resale agreements are contracts under which a party purchases securities and simultaneously agrees to resell the same securities at a specified future date at a fixed price.

NOTES TO FINANCIAL STATEMENTS

It is the Corporation's policy to take possession of securities purchased under resale agreements, which are primarily liquid government securities. The market value of these securities is monitored and, within parameters defined in the agreements, additional collateral is obtained when their value declines. The Corporation also monitors its exposure with respect to securities sold under repurchase agreements and, in accordance with the terms of the agreements, requests the return of excess securities held by the counterparty when their value increases.

Repurchase and resale agreements are accounted for as collateralized financing transactions and recorded at the amount at which the securities were acquired or sold plus accrued interest. Securities purchased under resale agreements, securities sold under agreements to repurchase and securities payable for cash collateral received are recorded at fair value.

Borrowings - To diversify its access to funding and reduce its borrowing costs, the Corporation borrows in a variety of currencies and uses a number of borrowing structures, including foreign exchange rate-linked, inverse floating rate and zero coupon notes. Generally, the Corporation simultaneously converts such borrowings into variable rate US dollar borrowings through the use of currency and interest rate swap transactions. Under certain outstanding borrowing agreements, the Corporation is not permitted to mortgage or allow a lien to be placed on its assets (other than purchase money security interests) without extending equivalent security to the holders of such borrowings.

Borrowings are recorded at the amount repayable at maturity, adjusted for unamortized premium and unaccrued discount. Where borrowings are part of a designated hedging relationship employing derivative instruments, the carrying amount is adjusted for changes in fair value attributable to the risk being hedged. Adjustments for changes in fair value attributable to hedged risks are reported in net gains and losses on other financial instruments in the income statement. Interest on borrowings and amortization of premiums and accretion of discounts are reported in charges on borrowings.

Derivative instruments and hedge accounting - The Corporation enters into transactions in various derivative instruments for financial risk management purposes in connection with its principal business activities, including lending, client risk management, borrowing, liquid asset portfolio management and asset and liability management. The Corporation does not use derivatives for speculative, marketing or merchandizing purposes.

All derivative instruments are recorded on the balance sheet at fair value as derivative assets or derivative liabilities. Where they are not clearly and closely related to the host contract, derivative instruments embedded in loans, equity investments and market borrowing transactions entered into on or after January 1, 1999 are bifurcated from the host contract and recorded at fair value as derivative assets and liabilities. The value at inception of these embedded derivatives is excluded from the carrying value of the host contracts on the balance sheet. Changes in fair values of derivative instruments used in liquid asset portfolio management activities are recorded in net gains and losses on trading activities. Changes in fair values of derivative instruments other than those used in liquid asset portfolio management activities are recorded in other unrealized gains and losses on financial instruments.

Subject to certain specific qualifying conditions in SFAS No. 133, a derivative instrument may be designated either as a hedge of the fair value of an asset or liability (fair value hedge), or as a hedge of the variability of cash flows of an asset or liability or forecasted transaction (cash flow hedge). For a derivative instrument qualifying as a fair value hedge, fair value gains or losses on the derivative instrument are reported in net income, together with offsetting fair value gains or losses on the hedged item that are attributable to the risk being hedged. For a derivative instrument qualifying as a cash flow hedge, fair value gains or losses associated with the risk being hedged are reported in other comprehensive income and released to net income in the period(s) in which the effect on net income of the hedged item is recorded. Fair value gains and losses on a derivative instrument not qualifying as a hedge are reported in net income.

The Corporation has designated certain hedging relationships in its borrowing and lending activities as fair value hedges. The Corporation generally matches the terms of its derivatives with the terms of the specific underlying financial instruments hedged, in terms of currencies, maturity dates, reset dates, interest rates and other features. However, the valuation methodologies applied to the derivative and the hedged financial instrument, as prescribed by SFAS No. 133, may differ. The resulting ineffectiveness calculated for such relationships is recorded in net gains and losses on other financial instruments in the income statement.

The Corporation has not designated any hedging relationships as cash flow hedges.

Accounting and financial reporting developments - On January 17, 2003, FASB issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities - an interpretation of ARB No. 51 (FIN 46)*. During December, 2003, FASB replaced FIN 46 with FASB Interpretation No. 46, *Consolidation of Variable Interest Entities - an interpretation of ARB No. 51 (FIN 46R)*. FIN 46 and FIN 46R define certain "variable interest entities" (VIEs) and require parties to such entities to assess and measure variable interests in the VIEs for the purpose of determining possible consolidation of the VIEs. Enterprises are required to apply the provisions of either FIN 46 or FIN 46R to financial statements issued for periods ending after December 15, 2003. Enterprises are required to apply the full provisions of FIN 46R to financial statements issued for periods ending after March 15, 2004. IFC analyzed various investments under the provisions of FIN 46 as of March 31, 2004, and as a result, did not identify any material variable interests in VIEs as of that date.

INTERNATIONAL FINANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE B – LOANS AND EQUITY INVESTMENTS AND RESERVE AGAINST LOSSES

Loans on which the accrual of interest has been discontinued amounted to \$1,379 million at March 31, 2004 (\$1,543 million - June 30, 2003). Interest income not recognized on nonaccruing loans during the three months ended March 31, 2004 totaled \$14 million (\$10 million - three months ended March 31, 2003) and \$71 million during the nine months ended March 31, 2004 (\$62 million - nine months ended March 31, 2003). Interest collected on loans in nonaccrual status, related to current and prior years, during the three months ended March 31, 2004 was \$8 million (\$11 million - three months ended March 31, 2003) and \$31 million during the nine months ended March 31, 2004 (\$29 million - nine months ended March 31, 2003).

Changes in the reserve against losses for the nine months ended March 31, 2004 and the year ended June 30, 2003 are summarized below (US\$ millions):

	March 31, 2004	June 30, 2003
Beginning balance	\$ 2,625	\$ 2,771
(Release) of provisions for losses on loans and equity investments	(199)	97
Other adjustments	(297)	(243)
Ending balance	<u>\$ 2,129</u>	<u>\$ 2,625</u>

Release of provision for losses on loans, equity investments and guarantees in the income statement for the three months ended March 31, 2004 includes \$10 million release in respect of guarantees (\$5 million charge - three months ended March 31, 2003) and \$13 million release to income for the nine months ended March 31, 2004 (\$2 million charge - nine months ended March 31, 2003). At March 31, 2004 the accumulated reserve for losses on guarantees, included in the balance sheet in payables and other liabilities, was \$16 million (\$30 million - June 30, 2003).

Other adjustments comprise loan and equity investment write-offs and recoveries, reserves against interest capitalized as part of a debt restructuring, and translation adjustments.

NOTE C – GUARANTEES

Under the terms of the Corporation's guarantees, the Corporation agrees to assume responsibility for the client's financial obligations in the event of default by the client, where default is defined as a failure to pay when payment is due. Guarantees entered into by the Corporation generally have maturities consistent with those of the loan portfolio. Guarantees of \$291 million that were outstanding at March 31, 2004 (\$314 million - June 30, 2003), were not included in loans on the Corporation's Balance Sheet. The outstanding amount represents maximum potential amount of undiscounted future payments that the Corporation could be required to make under these guarantees.

NOTE D – NET GAINS AND LOSSES ON OTHER FINANCIAL INSTRUMENTS

Net gains on other financial instruments for the three and nine months ended March 31, 2004 and 2003 comprise (US\$ millions):

	Three months ended March 31,		Nine months ended March 31,	
	2004	2003	2004	2003
Difference between change in fair value of derivative instruments designated as a fair value hedge and change in fair value of hedged items attributable to risks being hedged	22	(25)	77	13
Change in fair value of derivative instruments, other than those associated with liquid asset investments, not designated as a hedge	20	(6)	(16)	(12)
Amortization of difference between fair value and carrying value of hedged items at July 1, 2000 not designated for hedge accounting under SFAS No. 133	(1)	(1)	(2)	(3)
Release from accumulated other comprehensive income of transition gain on cash flow-like hedges	-	1	1	1
Total net gains (losses) on other financial instruments	<u>\$ 41</u>	<u>\$ (31)</u>	<u>\$ 60</u>	<u>\$ (1)</u>

NOTE E – SEGMENT REPORTING

For management purposes, the Corporation's business comprises two segments: client services and treasury services. The client services segment primarily consists of lending and equity investment activities and associated derivative activities. The treasury services segment consists of the borrowing, liquid asset management, asset and liability management and client risk management activities.

The assessment of segment performance by senior management includes net income for each segment, return on assets, and return on capital employed. The Corporation's management reporting system and policies are used to determine revenues and expenses attributable to each segment. Consistent with internal reporting, administrative expenses are allocated to each segment based largely upon personnel costs and segment head counts. Transactions between segments are immaterial and, thus, are not a factor in reconciling to the consolidated data.

INTERNATIONAL FINANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

The accounting policies of the Corporation's segments are, in all material respects, consistent with those described in note A, "Summary of significant accounting and related policies."

An analysis of the Corporation's major components of income and expense by business segment for the three and nine months ended March 31, 2004 and 2003 is given below (US\$ millions):

	Three months ended March 31,					
	2004			2003		
	Client services	Treasury services	Total	Client services	Treasury services	Total
Interest income	\$ 120	\$ 57	\$ 177	\$ 115	\$ 64	\$ 179
Charges on borrowings	(21)	(12)	(33)	(21)	(27)	(48)
Net gains and losses on trading activities	-	81	81	-	31	31
Income from equity investments	283	-	283	38	-	38
Release of (provision for) losses	85	-	85	(53)	-	(53)
Service fees	9	-	9	5	-	5
Administrative expenses	(86)	(1)	(87)	(81)	(1)	(82)
Other noninterest income and expense	(6)	-	(6)	(6)	-	(6)
Operating income (loss)	384	125	509	(3)	67	64
Net gains (losses) on other financial instruments	(17)	58	41	(3)	(28)	(31)
Net income (loss)	\$ 367	\$ 183	\$ 550	\$ (6)	\$ 39	\$ 33

	Nine months ended March 31,					
	2004			2003		
	Client services	Treasury services	Total	Client services	Treasury services	Total
Interest income	\$ 365	\$ 176	\$ 541	\$ 347	\$ 241	\$ 588
Charges on borrowings	(45)	(60)	(105)	(68)	(116)	(184)
Net gains and losses on trading activities	-	28	28	-	145	145
Income from equity investments	486	-	486	124	-	124
Release of (provision for) losses	212	-	212	(157)	-	(157)
Service fees	20	-	20	23	-	23
Administrative expenses	(268)	(4)	(272)	(243)	(4)	(247)
Other noninterest income and expense	(14)	-	(14)	(15)	(-)	(15)
Operating income (loss)	756	140	896	11	266	277
Net gains (losses) on other financial instruments	3	57	60	(25)	24	(1)
Net income (loss)	\$ 759	\$ 197	\$ 956	\$ (14)	\$ 290	\$ 276

NOTE F - REORGANIZATION COSTS

On March 8, 2002 the Corporation adopted a Strategic Directions Paper articulating its strategic priorities, being: frontier markets; high impact sectors; and support for small to medium sized enterprises. To achieve these strategic priorities, in late March, the Corporation began a major internal reorganization planning exercise designed to sharpen the focus on the needs of the Corporation's clients, strengthen developmental impact, increase the volume of high quality assets, and provide counter-cyclical support in countries affected by volatility in capital flows. Details and particulars of the reorganization plan were finalized and announced during the quarter ended June 30, 2002. The plan involves staff reductions, field office closings and reorganizations, and a headquarters reorganization which the Corporation estimates will commence and substantially conclude during the year ending June 30, 2003.

The Corporation accrued \$13 million associated with the reorganization, included in administrative expenses in the income statement for the year ended June 30, 2002. The accrual primarily represented costs associated with termination benefits (including outplacement consulting, job search assistance, training, medical insurance plan contributions, severance payments and related tax allowances) for 115 staff identified for separation as of June 30, 2002. An additional amount, less than \$1 million, was associated with various field office closures and reorganizations. Actual expenses paid during the year ended June 30, 2003 and June 30, 2002 totaled \$11 million. \$1 million of the original accrual is expected to be paid in the year ending June 30, 2004. As a result, the original accrual has been revised downwards by \$1 million. Actual expenses incurred during the nine months ended March 31, 2004, charged to the accrual, were \$1 million.

NOTE G - CONTINGENCIES

In the normal course of its business, the Corporation is from time to time named as a defendant or co-defendant in various legal actions on different grounds in various jurisdictions. Although there can be no assurances, based on the information currently available, the Corporation's Management does not believe the outcome of any of the various existing legal actions will have a material adverse effect on the Corporation's financial condition or results of operations.

International Finance Corporation RECEIVED

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Reporting To SEC on New and Matured Borrowings

OFFICE OF INTERNATIONAL
CORPORATE FINANCE

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
For the Quarter Ending Mar 31, 2004					
New Market Borrowings					
04_83XXXXXX	JPY	3,000,000,000.00	28,128,076.51	3.50	13-Jan-04
04_84XXXXXX	JPY	1,000,000,000.00	9,418,413.00	0.00	16-Jan-04
04_86XXXXXX	JPY	1,200,000,000.00	11,390,062.17	3.50	17-Feb-04
04_87YYYYYY	JPY	5,100,000,000.00	47,263,796.86	3.80	24-Feb-04
04_88XXXXXX	JPY	1,000,000,000.00	9,228,070.94	3.96	26-Feb-04
04_89XXXXXX	JPY	1,000,000,000.00	9,044,044.50	3.70	08-Mar-04
04_90XXXXXX	JPY	1,100,000,000.00	10,156,971.38	4.50	19-Mar-04
04_91XXXXXX	JPY	1,000,000,000.00	8,997,255.84	3.50	09-Mar-04
Total for Currency	JPY	14,400,000,000.00	133,626,691.19		
04_85XXXXXX	USD	100,000,000.00	100,000,000.00	1.00	09-Feb-04
04_92XXXXXX	USD	11,000,000.00	11,000,000.00	1.70	15-Mar-04
Total for Currency	USD	111,000,000.00	111,000,000.00		
TOTAL NEW MARKET BORROWINGS			244,626,691.19		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
Matured Market Borrowings					
99_16_B20X	EUR	407,000.00	509,584.35	0.00	10-Feb-04
99_22_B3XX	EUR	105,905,000.00	133,149,061.25	0.00	05-Feb-04
Total for Currency EUR		106,312,000.00	133,658,645.60		
01_31_B1XX	JPY	1,000,000,000.00	9,366,365.38	3.68	25-Mar-04
01_46_B1XX	JPY	1,200,000,000.00	11,243,851.02	4.91	22-Mar-04
01_61_B1XX	JPY	2,100,000,000.00	18,977,904.30	8.00	15-Mar-04
01_70_B1XX	JPY	1,500,000,000.00	13,674,278.68	3.00	01-Mar-04
98_16_B2XX	JPY	1,700,000,000.00	16,128,267.16	3.00	06-Feb-04
Total for Currency JPY		7,500,000,000.00	69,390,666.54		
TOTAL MATURED MARKET BORROWINGS			203,049,312.14		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
Matured IBRD Borrowings					
003512_02X	EUR	1,757,565.84	2,237,381.32	6.89	15-Jan-04
003512_06X	EUR	236,744.79	303,423.96	6.61	16-Feb-04
Total for Currency	EUR	1,994,310.63	2,540,805.27		
003785_03X	USD	1,190,476.00	1,190,476.00	8.00	01-Mar-04
004210_02X	USD	335,000.00	335,000.00	6.12	15-Jan-04
004210_04X	USD	312,500.00	312,500.00	5.58	02-Jan-04
004210_06X	USD	222,000.00	222,000.00	5.58	15-Jan-04
Total for Currency	USD	2,059,976.00	2,059,976.00		
TOTAL MATURED IBRD BORROWINGS			4,600,781.27		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
For the Quarter Ending Dec 31, 2003					
New Market Borrowings					
04_78XXXXX	HKD	185,000,000.00	23,850,041.25	5.28	21-Nov-03
Total for Currency HKD		185,000,000.00	23,850,041.25		
04_56XXXXX	JPY	1,300,000,000.00	11,644,050.34	3.00	01-Oct-03
04_59XXXXX	JPY	1,700,000,000.00	15,289,832.26	4.50	06-Oct-03
04_60XXXXX	JPY	2,500,000,000.00	22,627,506.00	4.55	07-Oct-03
04_62XXXXX	JPY	1,000,000,000.00	9,229,775.25	5.00	14-Oct-03
04_63XXXXX	JPY	1,500,000,000.00	13,663,691.02	3.50	10-Oct-03
04_64XXXXX	JPY	1,000,000,000.00	9,229,775.25	3.00	14-Oct-03
04_65XXXXX	JPY	1,100,000,000.00	9,985,022.47	4.26	16-Oct-03
04_66XXXXX	JPY	1,000,000,000.00	9,229,775.25	3.60	14-Oct-03
04_67XXXXX	JPY	1,500,000,000.00	13,844,662.88	4.45	14-Oct-03
04_68XXXXX	JPY	1,000,000,000.00	9,229,775.25	0.00	14-Oct-03
04_69XXXXX	JPY	1,000,000,000.00	9,113,693.32	0.00	21-Oct-03
04_70XXXXX	JPY	1,600,000,000.00	14,509,181.59	4.00	23-Oct-03
04_71XXXXX	JPY	1,100,000,000.00	10,101,010.10	4.00	14-Nov-03
04_72XXXXX	JPY	1,200,000,000.00	11,109,053.88	4.00	18-Nov-03
04_73XXXXX	JPY	1,000,000,000.00	9,200,055.20	0.00	13-Nov-03
04_74XXXXX	JPY	1,200,000,000.00	11,082,379.02	3.00	17-Nov-03
04_75XXXXX	JPY	1,000,000,000.00	9,193,711.50	3.00	25-Nov-03
04_76XXXXX	JPY	1,000,000,000.00	9,170,525.93	5.00	20-Nov-03
04_77XXXXX	JPY	1,400,000,000.00	12,915,129.15	4.00	05-Dec-03
04_79XXXXX	JPY	1,200,000,000.00	11,083,402.60	0.00	08-Dec-03
04_80XXXXX	JPY	1,000,000,000.00	9,271,707.38	0.00	16-Dec-03
04_82XXXXX	JPY	1,100,000,000.00	10,226,850.13	4.25	18-Dec-03
Total for Currency JPY		27,400,000,000.00	250,950,565.80		
04_81XXXXX	USD	22,000,000.00	22,000,000.00	4.07	08-Dec-03
Total for Currency USD		22,000,000.00	22,000,000.00		
TOTAL NEW MARKET BORROWINGS			296,800,607.05		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
Matured Market Borrowings					
99_16_B19X	EUR	564,000.00	646,090.20	0.00	10-Nov-03
Total for Currency	EUR	564,000.00	646,090.20		
01_03XXXXX	GBP	250,000,000.00	430,900,000.00	6.63	08-Dec-03
01_55XXXXX	GBP	27,000,000.00	45,017,100.00	5.35	13-Nov-03
Total for Currency	GBP	277,000,000.00	475,917,100.00		
01_49_B1XX	JPY	1,000,000,000.00	8,994,018.98	4.90	06-Oct-03
01_53_B1XX	JPY	2,500,000,000.00	22,926,314.82	5.00	20-Nov-03
03_88_B1XX	JPY	1,500,000,000.00	13,820,426.59	1.00	15-Oct-03
03_90_B1XX	JPY	1,000,000,000.00	9,093,802.57	1.00	22-Oct-03
Total for Currency	JPY	6,000,000,000.00	54,834,562.97		
01_48XXXXX	USD	22,423,632.00	22,423,632.00	5.00	02-Oct-03
99_14XXXXX	USD	1,000,000,000.00	1,000,000,000.00	5.00	25-Nov-03
99_15XXXXX	USD	17,100,000.00	17,100,000.00	4.61	18-Dec-03
Total for Currency	USD	1,039,523,632.00	1,039,523,632.00		
TOTAL MATURED MARKET BORROWINGS			1,570,921,385.17		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
Matured IBRD Borrowings					
002989_14X	CHF	800,000.00	603,659.69	5.63	15-Oct-03
002989_18X	CHF	1,092,103.00	824,384.22	5.87	03-Nov-03
Total for Currency	CHF	1,892,103.00	1,428,043.91		
003118_14X	EUR	175,756.58	205,819.74	8.83	03-Nov-03
003785_01X	EUR	941,996.66	1,103,125.18	8.08	03-Nov-03
Total for Currency	EUR	1,117,753.24	1,308,944.93		
003512_05X	GBP	113,333.00	194,196.10	7.50	01-Dec-03
Total for Currency	GBP	113,333.00	194,196.10		
003118_13X	JPY	31,250,000.00	286,631.51	6.93	04-Nov-03
Total for Currency	JPY	31,250,000.00	286,631.51		
002989_15X	USD	500,000.00	500,000.00	9.72	15-Oct-03
003245_07X	USD	2,380,952.00	2,380,952.00	8.45	15-Dec-03
003638_04X	USD	5,000,000.00	5,000,000.00	5.37	17-Nov-03
003638_05X	USD	1,666,666.00	1,666,666.00	5.79	17-Nov-03
004210_05X	USD	357,140.00	357,140.00	5.56	15-Dec-03
004210_07X	USD	317,000.00	317,000.00	5.72	15-Dec-03
004210_10X	USD	99,999.00	99,999.00	5.68	17-Nov-03
Total for Currency	USD	10,321,757.00	10,321,757.00		
TOTAL MATURED IBRD BORROWINGS			13,539,573.44		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
For the Quarter Ending Sep 30, 2003					
New Market Borrowings					
04_34XXXXX	AUD	250,000,000.00	164,237,500.00	4.64	18-Aug-03
Total for Currency AUD		250,000,000.00	164,237,500.00		
04_23XXXXX	EUR	25,000,000.00	28,703,750.00	0.50	29-Jul-03
Total for Currency EUR		25,000,000.00	28,703,750.00		
04_25XXXXX	GBP	30,000,000.00	48,075,000.00	2.80	24-Jul-03
Total for Currency GBP		30,000,000.00	48,075,000.00		
04_43XXXXX	HKD	200,000,000.00	25,643,820.16	5.53	28-Aug-03
04_48XXXXX	HKD	150,000,000.00	19,232,618.52	5.40	29-Aug-03
Total for Currency HKD		350,000,000.00	44,876,438.68		
04_12XXXXX	JPY	1,000,000,000.00	8,353,172.12	2.50	01-Jul-03
04_13XXXXX	JPY	2,400,000,000.00	20,250,601.19	2.00	10-Jul-03
04_14XXXXX	JPY	2,000,000,000.00	16,936,952.20	2.00	08-Jul-03
04_15XXXXX	JPY	1,000,000,000.00	8,353,172.12	2.50	01-Jul-03
04_16XXXXX	JPY	3,600,000,000.00	30,404,121.45	3.30	07-Jul-03
04_17XXXXX	JPY	1,100,000,000.00	9,351,753.45	3.20	14-Jul-03
04_19XXXXX	JPY	1,200,000,000.00	10,098,459.98	3.00	28-Jul-03
04_20XXXXX	JPY	1,900,000,000.00	15,827,398.06	3.00	04-Aug-03
04_21XXXXX	JPY	1,400,000,000.00	11,750,388.18	4.20	22-Jul-03
04_22XXXXX	JPY	2,000,000,000.00	16,830,766.64	4.25	28-Jul-03
04_24XXXXX	JPY	3,100,000,000.00	25,719,737.82	4.00	05-Aug-03
04_26XXXXX	JPY	2,200,000,000.00	18,401,572.50	4.00	30-Jul-03
04_27XXXXX	JPY	1,000,000,000.00	8,296,689.62	3.00	05-Aug-03
04_28XXXXX	JPY	1,700,000,000.00	14,168,437.72	3.00	08-Aug-03
04_29XXXXX	JPY	2,200,000,000.00	18,403,111.80	4.00	31-Jul-03
04_30XXXXX	JPY	1,100,000,000.00	9,266,669.47	3.50	14-Aug-03
04_31XXXXX	JPY	1,000,000,000.00	8,424,244.98	3.00	14-Aug-03
04_32XXXXX	JPY	1,000,000,000.00	8,294,969.10	3.00	07-Aug-03
04_35XXXXX	JPY	1,000,000,000.00	8,388,206.18	4.00	19-Aug-03
04_36XXXXX	JPY	1,000,000,000.00	8,544,452.51	3.50	04-Sep-03
04_37XXXXX	JPY	5,000,000,000.00	41,856,766.15	2.00	18-Aug-03
04_38XXXXX	JPY	1,400,000,000.00	11,962,233.52	4.30	04-Sep-03
04_39XXXXX	JPY	3,000,000,000.00	25,633,357.54	3.00	04-Sep-03
04_40XXXXX	JPY	1,000,000,000.00	8,544,452.51	0.00	04-Sep-03
04_41XXXXX	JPY	1,600,000,000.00	13,691,011.00	3.00	10-Sep-03

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
04_42XXXXXX	JPY	1,000,000,000.00	8,559,079.04	2.60	08-Sep-03
04_44XXXXXX	JPY	1,000,000,000.00	8,556,881.87	2.70	10-Sep-03
04_45XXXXXX	JPY	1,700,000,000.00	14,457,626.40	0.00	17-Sep-03
04_46XXXXXX	JPY	2,000,000,000.00	17,190,253.13	3.20	18-Sep-03
04_47XXXXXX	JPY	1,000,000,000.00	8,595,126.56	4.50	19-Sep-03
04_49XXXXXX	JPY	1,000,000,000.00	8,556,881.87	4.50	10-Sep-03
04_50XXXXXX	JPY	1,500,000,000.00	13,487,389.29	3.00	25-Sep-03
04_51XXXXXX	JPY	1,000,000,000.00	8,955,357.54	3.50	24-Sep-03
04_52XXXXXX	JPY	1,000,000,000.00	8,595,126.56	4.70	18-Sep-03
04_53XXXXXX	JPY	2,600,000,000.00	23,378,141.44	5.00	25-Sep-03
04_54XXXXXX	JPY	1,700,000,000.00	15,224,107.82	4.10	24-Sep-03
04_55XXXXXX	JPY	8,000,000,000.00	71,752,096.51	2.50	26-Sep-03
04_57XXXXXX	JPY	1,000,000,000.00	8,940,945.06	4.73	29-Sep-03
04_58XXXXXX	JPY	1,000,000,000.00	8,940,945.06	4.53	29-Sep-03
04_61XXXXXX	JPY	1,700,000,000.00	15,199,606.60	4.00	29-Sep-03
Total for Currency	JPY	72,100,000,000.00	618,142,262.57		
04_18XXXXXX	USD	86,000,000.00	86,000,000.00	1.00	15-Jul-03
04_33XXXXXX	USD	150,000,000.00	150,000,000.00	1.00	20-Aug-03
Total for Currency	USD	236,000,000.00	236,000,000.00		
TOTAL NEW MARKET BORROWINGS			1,140,034,951.25		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
Matured Market Borrowings					
03_68_B1XX	EUR	100,000,000.00	110,820,000.00	4.13	22-Aug-03
98_36XXXXX	EUR	51,645,689.91	59,245,353.18	0.00	08-Jul-03
98_38_B3XX	EUR	31,609,744.51	35,793,294.20	0.00	15-Jul-03
99_02YYYYY	EUR	60,000,000.00	68,901,000.00	0.00	25-Sep-03
99_16_B18X	EUR	525,000.00	595,953.75	0.00	11-Aug-03
Total for Currency	EUR	243,780,434.42	275,355,601.13		
01_09XXXXX	HKD	1,500,000,000.00	192,350,847.95	7.95	02-Jul-03
Total for Currency	HKD	1,500,000,000.00	192,350,847.95		
01_56_B1XX	JPY	3,600,000,000.00	32,187,402.21	9.00	29-Sep-03
02_17_B1XX	JPY	1,000,000,000.00	8,493,651.00	4.00	16-Jul-03
02_29_B1XX	JPY	1,000,000,000.00	8,370,302.17	7.58	20-Aug-03
03_23_B1XX	JPY	1,500,000,000.00	12,668,383.94	0.00	07-Jul-03
03_30_B1XX	JPY	1,000,000,000.00	8,444,162.97	2.50	18-Jul-03
03_63_B1XX	JPY	1,000,000,000.00	8,509,551.97	0.05	28-Aug-03
03_65_B1XX	JPY	1,000,000,000.00	8,516,799.39	3.30	27-Aug-03
03_69_B1XX	JPY	1,600,000,000.00	13,691,011.00	4.50	10-Sep-03
96_06XXXXX	JPY	10,000,000,000.00	89,915,928.61	6.13	25-Sep-03
Total for Currency	JPY	21,700,000,000.00	190,797,193.24		
01_19_B1XX	USD	20,408,163.30	20,408,163.30	9.62	10-Jul-03
01_29_B1XX	USD	61,224,489.90	61,224,489.90	9.01	07-Aug-03
01_41_B1XX	USD	22,000,000.00	22,000,000.00	8.70	11-Sep-03
02_03_B6XX	USD	11,000,000.00	11,000,000.00	5.61	11-Jul-03
02_19_B1XX	USD	20,000,000.00	20,000,000.00	2.41	11-Jul-03
Total for Currency	USD	134,632,653.20	134,632,653.20		
TOTAL MATURED MARKET BORROWINGS			793,136,295.52		

External Id	Currency Code	Currency Amount	USD Amount	Interest Rate	Settle Date / Maturity Date
Matured IBRD Borrowings					
003118_04X	EUR	856,620.17	969,993.85	9.47	15-Jul-03
003512_02X	EUR	1,757,565.84	1,990,179.68	6.89	15-Jul-03
003512_06X	EUR	236,744.33	266,597.79	6.61	15-Aug-03
Total for Currency	EUR	2,850,930.35	3,226,771.32		
003118_03X	JPY	136,904,780.00	1,161,440.34	5.98	15-Jul-03
Total for Currency	JPY	136,904,780.00	1,161,440.34		
003785_03X	USD	1,190,476.00	1,190,476.00	8.00	02-Sep-03
004210_02X	USD	335,000.00	335,000.00	6.12	15-Jul-03
004210_04X	USD	312,500.00	312,500.00	5.58	01-Jul-03
004210_06X	USD	222,000.00	222,000.00	5.58	15-Jul-03
Total for Currency	USD	2,059,976.00	2,059,976.00		
TOTAL MATURED IBRD BORROWINGS			6,448,187.66		