INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

TWO HUNDRED AND NINETEENTH REGULAR MEETING
of
EXECUTIVE DIRECTORS

Conference Room,
International Bank Building
Washington, D. C.
Thursday, June 14, 1951.

The meeting was convened at 10:00 a.m., Mr. Eugene R.
Black, President, presiding.
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<td>United States and Other Markets for Bank's Bonds.</td>
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Before I do it, I want to tell the Board that we have recently sold an additional small amount of bonds out of our portfolio, 140,000 Chilean bonds, due July 1952, and 102,000 due January 1953. These bonds were sold with our guarantee to the National City Bank. This is a similar transaction to the one we had previously. The reason that they were sold with our guarantee is that the National City Bank is unable to buy the bonds without our guarantee because the Chilean Government bonds were in default and they don't
have a sufficiently high rating which would make them legal for the bank to buy them. In other words, they have got to buy them with our guarantee.

The reason that they want to buy Chilean bonds is the ruling made in Chile to allow banks there to invest a certain percentage of their capital and surplus in Chilean bonds, so that there is no way that they could take advantage of that ruling except to buy Chilean bonds, and the only way they can buy Chilean bonds is with the Bank's guarantee.

Now, we have sold those bonds. They are 2 3/4 percent bonds and we have sold them at a premium so that the Bank bought them at a price to yield 2 percent. I haven't got the exact premium, but it was the premium over par that we got for the bonds.

I say we have sold the bonds. The Board gave the management the right to sell bonds up to $1,000,000. I just didn't want you to think I had done this without proper authority.