

invested, or otherwise disposed of entirely separate from the resources of the Fund, as defined in Article IV, Section 3 (h).

The financial statements of the Bank shall show the ordinary operations of the Bank and the operations of the Fund separately, and the Bank shall establish such other administrative rules as may be necessary to ensure the effective separation of the two types of operations.

The ordinary capital resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of operations for which the resources of the Fund were originally used or committed.

- (b) Expenses pertaining directly to ordinary operations shall be charged to the ordinary capital resources of the Bank. Expenses pertaining directly to special operations shall be charged to the resources of the Fund. Other expenses shall be charged as the Bank determines.

Section 4 **Methods of Making or Guaranteeing Loans**

Subject to the conditions stipulated in this article, the Bank may make or guarantee loans to any member, or any agency or political subdivision thereof, and to any enterprise in the territory of a member, in any of the following ways:

- (i) by making or participating in direct loans with funds corresponding to the unimpaired paid-in capital and, except as provided in Section 13 of this article, to its reserves and undistributed surplus; or with the unimpaired resources of the Fund;
- (ii) by making or participating in direct loans with funds raised by the Bank in capital markets, or borrowed or acquired in any other manner for inclusion in the ordinary capital resources of the Bank or the resources of the Fund; and
- (iii) by guaranteeing in whole or in part loans made, except in special cases, by private investors.

Section 5. **Limitations on Ordinary Operations**

- (a) The total amount outstanding of loans and guarantees made by the Bank in its ordinary operations shall not at any time exceed the total amount of the unimpaired subscribed capital of the Bank, plus the unimpaired reserves and surplus included in the ordinary capital resources of the Bank, as defined in Article II, Section 5, exclusive of income assigned to the special reserve established pursuant to Section 13 of this article and other income assigned by decision of the Board of Governors to reserves not available for loans or guarantees.
- (b) In the case of loans made out of funds borrowed by the Bank to which the obligations provided for in Article II, Section 4 (a) (ii) are applicable, the total amount of principal outstanding and payable to the Bank in a specific currency shall at no time exceed the total amount of principal of the outstanding borrowings by the Bank that are payable in the same currency.