International Finance Corporation

DISCOUNT NOTES

The International Finance Corporation (the “Corporation”), intends to offer on a continuous basis notes (“Discount Notes”) with maturities of 360 days or less at a discount. The Discount Notes are offered through a group of dealers consisting of Barclays Capital Inc., CastleOak Securities L.P., Goldman, Sachs & Co., HSBC Securities (USA) Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities Inc., Jefferies & Company, Inc., Nomura Securities International, Inc., UBS Securities LLC and Wells Fargo Securities, LLC (the “Dealers”). The Discount Notes may be offered in the United States and Eurodollar markets. The Dealers will not accept any customer’s order for Discount Notes to be issued by the Corporation for less than $100,000 aggregate face amount per maturity date. Discount Notes will be issued only in uncertificated book-entry form and are available in denominations of $1,000 and integral multiples thereof. The maturities of Discount Notes offered by the Corporation and the discount rate for various maturities will be established from time to time by the Corporation. Information as to the maturities available and such discount rates (as well as the corresponding interest rates for Discount Notes to be sold on an interest-bearing basis) may be obtained from the Dealers.

Each of the Dealers has undertaken to the Corporation to use its best efforts to facilitate secondary market transactions in the Discount Notes.

The Federal Reserve Bank of New York acts as Fiscal Agent of the Corporation with respect to Discount Notes pursuant to a Fiscal Agency Agreement. On original issuance, all Discount Notes will be issued through the office of the Fiscal Agent in New York. Discount Notes will be held by Holding Institutions designated by the Dealers, including JP Morgan Chase Bank, N.A. and Citibank, N.A. as depositaries for Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, respectively. After original issuance, Discount Notes will continue to be held by such Holding Institutions unless a purchaser arranges for the transfer of its Discount Notes to another Holding Institution. Payment of the purchase price for Discount Notes and payment of Discount Notes at maturity are to be made in immediately available funds to accounts of Holding Institutions.

The Discount Notes are not the obligations of the International Bank for Reconstruction and Development or of any government.

The validity and the terms and conditions of the Discount Notes will be governed by the law of the State of New York.

Book-entry System

The Federal Reserve Bank of New York will take delivery of and hold Discount Notes as record owner and custodian, but only for other Federal Reserve Banks and Holding Institutions located in the Second Federal Reserve District. Holding Institutions located in other Federal Reserve Districts can hold Discount Notes through their respective Federal Reserve Bank or Branch. A Holding Institution is a depository institution that
has an appropriate book-entry account with a Federal Reserve Bank or Branch. Transfers of Discount Notes between Holding Institutions can be made through the Federal Reserve Communications System.

The aggregate holdings of Discount Notes of each Holding Institution will be reflected in the book-entry account of such Holding Institution with its Federal Reserve Bank or Branch. Each Holding Institution, and each other intermediate holder in the chain to the ultimate beneficial owner, will have the responsibility of establishing and maintaining accounts for its customers having interests in Discount Notes. Federal Reserve Banks will be responsible only for maintaining the book-entry accounts of Holding Institutions, effecting transfers on their books and ensuring that payments from the Corporation, through the Federal Reserve Bank of New York, are credited to appropriate Holding Institutions. With respect to Discount Notes, Federal Reserve Banks will act only on the instructions of Holding Institutions for which they maintain such Discount Notes. The Federal Reserve Banks will not record pledges of Discount Notes.

The Corporation will not impose fees in respect of Discount Notes. However, owners of Discount Notes may incur fees payable in respect of the maintenance and operation of the book-entry accounts in which such Discount Notes are held.

**United States Membership in the Corporation**

The United States became a shareholder of the Corporation pursuant to an Act of Congress (the “International Finance Corporation Act”, 22 U.S.C. §§ 282 et seq.). The United States is the Corporation’s largest shareholder, having 22.19% of its shares and 20.99% of the total voting power at June 30, 2016. Each member country, including the United States has one representative on the Corporation’s Board of Governors. The Corporation is an instrumentality of its member governments including the United States Government.

**Eligibility for Investment**

The Discount Notes may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which are under the authority and control of the United States or any officers thereof (31 C.F.R. § 202.6(b)). The Discount Notes are also acceptable as collateral for Treasury tax and loan accounts, subject to applicable margin adjustments (31 C.F.R. § 203.21 (d)).

National banks and state member banks of the Federal Reserve System may, under Federal law, deal in the Discount Notes without limitation and may hold Discount Notes for their own account subject to a limit of 10% of their unimpaired capital and surplus (12 U.S.C. § 24 (Seventh)). Surplus and reserve funds of Federal Home Loan Banks may be invested in the Discount Notes if obligations of the Corporation are eligible investments for fiduciary and trust funds under the laws of the state where the Federal Home Loan Bank is located (12 U.S.C. §§ 1431(h) and 1436(a)).

**Approval of the United States Government**

As required by its Articles of Agreement (the “Articles”), the Corporation has obtained the approval of the United States Government for the raising of funds in or outside the United States through the issuance of the Discount Notes.

**Status Under Securities Acts**

Under the provisions of Section 13(a) of the International Finance Corporation Act, as amended, the Discount Notes are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 3(a)(12) of the Securities Exchange Act of 1934, as amended.

**Validity of the Discount Notes**

The validity of the Discount Notes has been passed upon by the Vice President and General Counsel of the Corporation and by Sullivan & Cromwell LLP, counsel for the Dealers, who, with respect to certain matters, have relied upon the opinion of the counsel of the Corporation. The opinions of counsel of the Corporation
and of Sullivan & Cromwell LLP are conditioned upon, and subject to certain assumptions regarding, future action required to be taken by the Corporation in connection with the issuance and sale of any particular Discount Note and other matters which cannot be ascertained on the date of their opinions.

**Use of Proceeds**
The net proceeds to the Corporation from the sale of Discount Notes will be used in the general operations of the Corporation.

**Tax Matters**
The following is a description of certain provisions of the Articles affecting the taxation of Discount Notes and of certain anticipated United States federal income, withholding and estate tax consequences resulting from the ownership of Discount Notes. This is a limited summary based upon certain generally applicable United States federal income, withholding and estate tax laws as now in effect and as currently interpreted and does not include any description of the tax laws of any state, local or foreign government that may apply. It is not intended as tax advice to any person, and all persons considering the purchase of Discount Notes should consult their own tax counsel or other expert.

The Discount Notes will be issued at a discount from their stated redemption price at maturity. The excess of the stated redemption price at maturity of a Discount Note over its issue price will constitute original issue discount (“OID”). Discount Notes and the OID thereon generally will be subject to taxation, including United States Federal income and estate taxation. Under the Internal Revenue Code of 1986, as amended (the “Code”), a United States citizen or resident alien individual, as well as a United States domestic corporation, trust or estate (a “United States Holder”), will be taxable on OID accrued or received with respect to Discount Notes depending on such taxpayer’s method of accounting and any special rules applicable to such taxpayer.

Accrual basis United States Holders and certain other United States Holders, including, but not limited to, regulated investment companies, common trust funds, certain pass-through entities, are required to accrue OID on Discount Notes on either a straight-line basis or under the constant-yield method (based on daily compounding). Cash-basis taxpayers that do not fall into the categories described above generally will not be required to accrue OID for United States Federal income tax purposes unless such cash basis United States Holder elects to do so, but gain on the sale or redemption of Discount Notes will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement.

The United States Treasury Department has issued to the Corporation a ruling dated February 14, 1992 (the “Ruling”) regarding certain United States tax consequences under the Code of the receipt of interest on securities issued by the Corporation. The Ruling provides that interest paid by the Corporation on such securities, including accrued OID, constitutes income from sources outside the United States. Under the Ruling, the Corporation’s payments of original issue discount ordinarily would not be subject to United States Federal income tax, if paid to a nonresident alien individual (or foreign estate or trust) or to a foreign corporation, whether or not such person is engaged in trade or business in the United States. However, absent any special statutory or treaty exception, such payments would be subject to United States Federal income tax if: (a) such payments are derived by such person in the active conduct of a banking, financing or similar business within the United States or are received by a corporation the principal business of which is trading in stock or securities for its own account, and in either case such payments are attributable to an office or other fixed place of business of such person within the United States; or (b) such person is a foreign corporation taxable as an insurance company carrying on a United States insurance business and such payments are attributable to its United States business.
The Corporation’s Articles provide that the Corporation’s securities and interest, if any, thereon are not subject to any tax by a member (a) which tax discriminates against the securities solely because they are issued by the Corporation or (b) if the sole jurisdictional basis for the tax is the place or currency in which the securities are issued, made payable or paid, or the location of any office or place of business maintained by the Corporation. The imposition of United States federal income tax in the manner described above is not inconsistent with the Corporation’s Articles.

Under its Articles, the Corporation is not under any obligation to withhold or pay any taxes on any interest on the securities it issues. The Ruling accordingly determined that neither the Corporation nor an agent appointed by it for the purpose of paying interest on securities issued by the Corporation is required to withhold tax on interest paid by the Corporation. Payments of accrued OID on Discount Notes will be made by the Fiscal Agent without deduction in respect of any such tax.

The Corporation is not subject to the reporting requirements that are imposed by United States law with respect to certain payments of interest or principal on debt obligations, nor is it subject to backup withholding tax imposed, in certain circumstances, by United States law with respect to such payments. Brokers, trustees, custodians and other intermediaries within the United States are subject to the information reporting and backup withholding requirements with respect to payments on the Discount Notes received by them for the account of certain non-corporate United States Holders.

In the case of United States Federal estate tax, the Rulings determined that, unless an applicable death tax convention with a foreign country provides otherwise, securities of the Corporation are deemed to be situated outside the United States for purposes of the United States Federal estate tax and are not includable in the value of the gross estate for purposes of such tax in the case of the estate of a nonresident of the United States who is not a citizen of the United States.

**Medicare Tax.** A United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the United States Holder’s “net investment income” (or “undistributed net investment income” in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States Holder’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between $125,000 and $250,000, depending on the individual’s circumstances). A holder’s net investment income generally includes any OID that such holder accrues over the term of the Discount Notes or includes upon the maturity of the Discount Notes and the holder’s net gains from the disposition of Discount Notes, unless such OID or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). United States Holders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the Discount Notes.

**Information with Respect to Foreign Financial Assets.** Owners of “specified foreign financial assets” with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Discount Notes.

**Availability of Information**
The Corporation prepares:
(a) unaudited quarterly financial statements and audited annual financial statements;

(b) an annual information statement (the “Information Statement”) which describes the Corporation, including its capital, operations and administration, the Articles, the Corporation’s legal status, and its principal financial policies, and contains the Corporation’s most recent audited financial statements; and

(c) an annual report that includes a description of the Corporation’s operations and results for the relevant fiscal year.

The Corporation is subject to certain information requirements of Regulation IFC, promulgated by the U.S. Securities and Exchange Commission (the “Commission”) under the United States International Finance Corporation Act of 1955, as amended, and in accordance therewith files with the Commission its unaudited quarterly and audited annual financial statements and its most recent Information Statement and annual report (collectively the “IFC Information”).

The IFC Information may be inspected and copies may be obtained (at prescribed rates) from the Commission at 100 F Street, N.E., Washington, DC 20549. Copies of the IFC Information also will be available without charge from the office of the Corporation at 2121 Pennsylvania Avenue, N.W., Washington, DC 20433.

**Incorporation by Reference**

The Information Statement dated October 6, 2016, including the Corporation’s audited annual financial statements as of June 30, 2016, and any Information Statement and any quarterly or annual financial statements filed by the Corporation pursuant to Regulation IFC subsequent to October 6, 2016 and prior to the termination of the offering of Discount Notes under this Offering Circular shall be deemed to be incorporated by reference into this Offering Circular and to be a part hereof.

Any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.