THE WORLD BANK
Investor Notes

The World Bank Investor Brief

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Who are we?

- International organization owned by 188 countries
- World's largest source of development finance
- World's largest resource for development expertise and coordination services
- Frequent bond issuer rated triple-A

What's our objective?

- Work with our members so they can meet their development goals, and achieve major, sustainable improvements in standards of living for their people

How do we help our members achieve their development goals?

By providing:

- Financial solutions, including financing, guarantees, and risk management tools to support their development-related investment programs; and
- Expertise in areas such as agriculture, health, education, transportation, energy, and legal, financial market, and institutional reform, so that they can find solutions to national, regional and global problems

US investors are turning to supranationals of which the US is the largest shareholder (like the World Bank) for high-quality investment alternatives to GSEs.

The World Bank's mission to fight poverty in a sustainable way, through education, health, environment, and infrastructure make World Bank bonds suitable for investors with investment strategies that aim to maximize social and financial returns. These strategies are known as "socially responsible", "sustainable", or "ethical" investment strategies.

Financial Position

What are the underpinnings of the World Bank's triple-A rating?

- Quality loan portfolio that benefits from preferred creditor status
- Prudent risk management
- Substantial liquidity and consistent profitability
- Diversified shareholder base

Who are the World Bank's shareholders and how much capital do they own?

- 188 member countries have subscribed to US$252.8 billion of subscribed capital (paid in capital + callable capital)
- The largest shareholders include the United States (17.07% of total subscribed capital), Japan (7.89%), China (5.09%), Germany (4.61%), France and the United Kingdom (with 4.13% each)

What is the World Bank's gearing ratio limit?

- The maximum gearing ratio is 1:1 – outstanding loans and guarantees may not exceed subscribed capital, reserves and surplus

What does the World Bank's loan portfolio look like?

- Lending is limited to sovereigns or sovereign-guaranteed projects in eligible member countries
- Only countries with at least US$1,215 of annual per capita income are eligible (poorer countries receive concessional financing from a separate entity in the World Bank Group)
- Currently, the eight largest country exposures are Brazil, Mexico, Indonesia, China, India, Turkey, Colombia, and Poland

What's the World Bank's liquidity policy?

- Large amount of liquidity supports flexibility
- Actual liquidity is always greater than the minimum liquidity target, calculated as the highest consecutive six months of debt service plus half of the estimated loan disbursements that year

Is the World Bank profitable?

- Yes, although we are not a profit-maximizing institution, strong financial performance is important to sustainably support development goals

Recent Issues

USD 5 billion 0.5% 2-year global bond due 5/2016
USD 2.25 billion 0.625% 2-year global bond due 10/2016
USD 5 billion 0.875% 5-year global bond due 6/2017
USD 5 billion 1% 3-year global bond due 4/2018
USD 4 billion 1.875% 4-year global bond due 10/2019
USD 4 billion 2.5% 10-year global bond due 11/2024
USD 3.5 billion 2.5% 10-year global bond due 6/2025

Website

General
http://www.worldbank.org
Investors
http://treasury.worldbank.org/capitalmarkets

Capital Markets

How much does the World Bank borrow each year?

- Approximately USD 45-50 billion per year

What are the key components of the World Bank's funding strategy?

- Meet investor needs by offering a broad product mix
- Ensure high standards of execution

What are the main features of the World Bank's debt offerings?

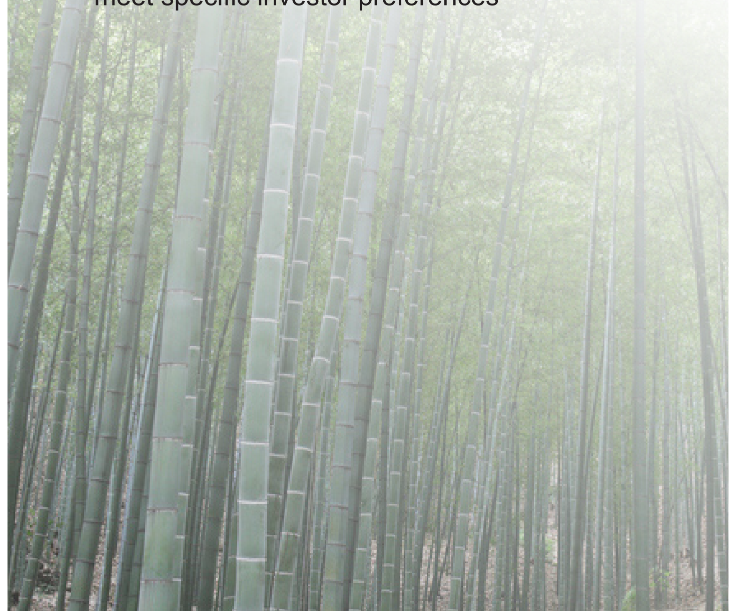
- The World Bank has been rated triple-A for over 50 years
- World Bank debt has 0% risk weighting (Basel II and III)
- World Bank bonds have been offered in over 57 different currencies, with a wide variety of maturities as "plain vanilla" bonds or structured notes

Does the World Bank issue liquid, global bonds?

- USD1-6 billion in size, benchmark maturities
- USD, EUR, and other currencies
- World Bank bonds are part of major indices such as Barclays Capital Global Aggregate, Bank of America Merrill Lynch Global Broad Market Quasi-Government, and Citigroup World Broad Investment-Grade (WorldBIG)

What tailor-made products does the World Bank offer?

- A wide variety of plain vanilla and structured notes in many different sizes and maturities
- Green bonds and other climate-focused products to meet specific investor preferences



The World Bank & Other Supranational Issuers

SUPRANATIONALS such as the World Bank are international organizations owned by many different countries that operate under conservative financial policies.

THE MAIN PURPOSE OF SUPRANATIONALS is to work with member countries in different areas and help them reach their development goals in an environmentally and socially sustainable way. Supranationals fund their activities by borrowing in the international capital markets.

SUPRANATIONALS' TRIPLE-A RATING is based on

- quality loan portfolio (preferred creditor status)
- conservative risk management
- substantial liquidity and consistent profitability
- strong capitalization
- diversified, sovereign shareholders

History

- IBRD was created in 1944 to rebuild Europe after World War II
- IBRD was referred to as "World Bank" almost as soon as it was established. The term was initially coined by the media -- including *The Economist* and *The Washington Post*
- IBRD approved its first loan in the amount of USD250 million to France for reconstruction purposes. This was one of the largest loans in real terms made by the World Bank in its first fifty years

U.S. Treasury Secretary Henry Morgenthau speaking at the Bretton Woods Conference on July 8, 1944.

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