World Bank GREEN BONDS

2011 CMTA Panel: Socially Responsible Investing

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The World Bank

- The World Bank is a development cooperative owned by 187 member countries.
- The World Bank works with members to achieve economic growth and social and environmental sustainability.
- World Bank bonds are rated AAA/Aaa.
- Investments in World Bank bonds support member efforts to achieve economic growth, a cleaner environment, and poverty reduction.
- For the World Bank, working towards the Millennium Development Goals and environmental sustainability are key pillars of our international development efforts.
United States and World Bank

The World Bank was originally set up to help countries rebuild after World War II
One of two institutions established at Bretton Woods: International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD), later known as “World Bank”

The U.S. was a leading force in its establishment and is the largest shareholder (16.8%)

The current president of the World Bank, Robert Zoellick, was previously a U.S. Deputy Secretary of State and U.S. Trade Representative
## Millennium Development Goals

The World Bank and its member countries are working towards these 8 specific, measurable targets, which aim to reduce poverty by half by 2015

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Eradicate extreme poverty and hunger</td>
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<tr>
<td><strong>2</strong></td>
<td>Achieve universal primary education</td>
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<tr>
<td><strong>3</strong></td>
<td>Promote gender equality and empower women</td>
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<tr>
<td><strong>4</strong></td>
<td>Reduce child mortality</td>
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<tr>
<td><strong>5</strong></td>
<td>Improve maternal health</td>
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<tr>
<td><strong>6</strong></td>
<td>Combat HIV/AIDS, malaria, and other diseases</td>
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<tr>
<td><strong>7</strong></td>
<td>Ensure environmental sustainability</td>
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<tr>
<td><strong>8</strong></td>
<td>Develop global partnerships for development</td>
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Why do investors buy World Bank bonds?

- **Track record:** Issuing debt since 1947; triple-A rating for over 50 years.
- **Safety:**
  - Offer investors the security of 187 sovereign shareholders, preferred creditor status, and a strong balance sheet that is the result of prudent financial policies.
  - Funds provided only to sovereigns and sovereign-guaranteed projects.
- **Products:** Meet investor requirements by offering a wide range of debt instruments that meet the various needs of diverse investor groups.
- **Development mandate:** Provide financial solutions for sustainable and socially equitable economic development to reduce poverty and improve standards of living.
Sustainable Investment Focus

Investors are increasingly incorporating environmental, social and governance criteria in their investment decisions. The World Bank partners with banks to cater to this demand and design products with a sustainable investment focus.

World Bank’s ‘green bonds’
By Fiona Harvey, Environment Correspondent
Published: November 11 2008 02:30 | Last updated: November 11 2008 02:00

The World Bank has issued its first in low-carbon technology in the developing world.

Taking advantage of its triple A rating, the World Bank says the issue will be worth about $300m, or

World Bank raises $300mln climate bond finance
LONDON, April 24 (Reuters) - The state of California has bought $300 million in green bonds to help the World Bank lend to developing country projects to prepare for climate change and curb greenhouse gas emissions.

It is the World Bank's second issuance of such green bonds, after raising $150 million at the beginning of the year.
The Green Bond Story – Investors search for a green investment

Green Investment?

Challenges

1) Project Selection, Due Diligence, Monitoring?
2) Project / Country Risk?
3) Liquidity Risk?
   -- Long Maturities?
   -- Ability to trade?
4) Return?
5) Currency?

Green Projects

Wind Power
Solar Power
Technologies to Reduce GHG Emissions
Waste Management
Transport Efficiency
Energy Efficiency
Reforestation
Sustainable Forest Management

Investors
Swedish & Norwegian public pension funds
The Green Bond Story – The World Bank Green Bond is launched

1) World Bank Project Cycle & Safeguards
2) World Bank is AAA/Aaa
3) Bond – Transferable (Secondary Market) Maturity Selection Flexible
4) Return
5) Currency – Flexible

Diverse group of investors worldwide

Green Projects in borrowing member countries:
- Wind Power
- Solar Power
- Technologies to Reduce GHG Emissions
- Waste Management
- Transport Efficiency
- Energy Efficiency
- Reforestation
- Sustainable Forest Management
Mexico Urban Transport Transformation Program

Purpose: To reduce carbon emissions and improve transportation efficiency in Mexican cities

IBRD Financing: US$150 million

China Eco-Farming

Purpose: To reduce greenhouse gas emissions and deliver economic benefits through biogas systems in rural communities.

IBRD Financing: US$120 million
Since the inaugural issue in 2008, over USD 2 billion has been raised with 35 World Bank green bonds issued in 15 different currencies. Nikko Asset Management set up diversified currency World Bank Green Bond funds.

### List of Investors

**USD**
- California State Treasurer’s Office
- CalSTRS
- MMA Praxis Mutual Funds
- New York Common Retirement Fund
- Sarasin
- SEB Ethos rantefund
- SEB Trygg Liv
- Second Swedish National Pension Fund (AP2)
- Third Swedish National Pension Fund (AP3)
- Trillium Asset Management
- UN Joint Staff Pension Fund

**Other currencies**
- Adlerbert Research Foundation
- AP2 – Second Swedish National Pension Fund
- AP3 – Third Swedish National Pension Fund
- LF Liv
- MISTRA
- Nikko Asset Management
- Skandia Liv

### Green Bond Issues

<table>
<thead>
<tr>
<th>Amount</th>
<th>Coupon</th>
<th>Issue Date</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 300 million</td>
<td>Floating</td>
<td>2009</td>
<td>2012</td>
</tr>
<tr>
<td>USD 180 million</td>
<td>2%</td>
<td>2009</td>
<td>2013</td>
</tr>
<tr>
<td>SEK 2.88 billion</td>
<td>3.5%</td>
<td>2008</td>
<td>2014</td>
</tr>
<tr>
<td>AUD 30 million</td>
<td>3.4%</td>
<td>2010</td>
<td>2013</td>
</tr>
<tr>
<td>MXN 40 million</td>
<td>6.15%</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>MYR 1.2 million</td>
<td>1.375%</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>ZAR 25 million</td>
<td>7.2%</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>USD 10 million</td>
<td>Floating</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>USD 50 million</td>
<td>1.375%</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>USD 10 million</td>
<td>1.75%</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>USD 10 million</td>
<td>2.05%</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>NZD 150 million</td>
<td>5.23%</td>
<td>2010</td>
<td>2015</td>
</tr>
<tr>
<td>USD 10 million</td>
<td>2%</td>
<td>2010</td>
<td>2016</td>
</tr>
<tr>
<td>USD 30 million</td>
<td>2.15%</td>
<td>2011</td>
<td>2016</td>
</tr>
<tr>
<td>USD 10 million</td>
<td>Floating</td>
<td>2011</td>
<td>2016</td>
</tr>
<tr>
<td>USD 30 million</td>
<td>2%</td>
<td>2011</td>
<td>2016</td>
</tr>
<tr>
<td>USD 10 million</td>
<td>1.96%</td>
<td>2011</td>
<td>2016</td>
</tr>
<tr>
<td>USD 10 million</td>
<td>2.34%</td>
<td>2011</td>
<td>2016</td>
</tr>
<tr>
<td>AUD 255 million</td>
<td>6%</td>
<td>2010</td>
<td>2017</td>
</tr>
<tr>
<td>BRL 135 million</td>
<td>9.5%</td>
<td>2010</td>
<td>2017</td>
</tr>
<tr>
<td>EUR 2 million</td>
<td>2.5%</td>
<td>2010</td>
<td>2017</td>
</tr>
<tr>
<td>HUF 5.7 billion</td>
<td>5.5%</td>
<td>2010</td>
<td>2017</td>
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<tr>
<td>NOK 400 million</td>
<td>3.75%</td>
<td>2010</td>
<td>2017</td>
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<tr>
<td>NZD 50 million</td>
<td>5.62%</td>
<td>2010</td>
<td>2017</td>
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<tr>
<td>RUB 750 million</td>
<td>7.5%</td>
<td>2010</td>
<td>2017</td>
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<tr>
<td>SEK 700 million</td>
<td>3.25%</td>
<td>2010</td>
<td>2017</td>
</tr>
<tr>
<td>TRY 50 million</td>
<td>10%</td>
<td>2010</td>
<td>2017</td>
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<tr>
<td>ZAR 550 million</td>
<td>8.75%</td>
<td>2010</td>
<td>2017</td>
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<tr>
<td>COP 135 billion</td>
<td>8%</td>
<td>2010</td>
<td>2020</td>
</tr>
<tr>
<td>JPY 125 million</td>
<td>875%</td>
<td>2010</td>
<td>2020</td>
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<tr>
<td>MZN 700 million</td>
<td>7.5%</td>
<td>2010</td>
<td>2020</td>
</tr>
<tr>
<td>SEK 100 million</td>
<td>3.5%</td>
<td>2010</td>
<td>2020</td>
</tr>
<tr>
<td>USD 5 million</td>
<td>3.22%</td>
<td>2011</td>
<td>2021</td>
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</tbody>
</table>
California, SEB and World Bank in the Media

“This is a landmark investment – our first in global climate change solutions. Buying these green bonds makes financial sense for California. It strengthens our portfolio’s diversity while adding a sound investment with a triple-A rated issuer. And it tells the world that when it comes to battling climate change, California is prepared to contribute not just its policies, but its money, too.” -- California State Treasurer, Bill Lockyer
More Information…

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Pricing Sources:
  - Bloomberg:
    - IBRD <Go> or IBRD <Govt> <Go>; for Discount Notes: WBDN <Go>
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