



# World Bank US\$ Green Bonds Linked to the Ethical Europe Equity Index due 06/2025 (“the Notes”)

Indicative Levels | For Discussion Purposes Only



Prior to purchasing any Notes, you must read the disclosure materials that will set out the specific terms for such Notes, which describe certain risks of purchasing the Notes.

Repayment of the Notes is not linked to the credit or performance of the projects, and investors do not assume the specific project risk. See page 4 for applicable risks. Prior to purchasing any Notes, you must read the disclosure materials that will set out the specific terms for such Notes, which describe certain risks of purchasing the Notes.

## Introduction

The World Bank (IBRD, Aaa/AAA)<sup>1</sup> is offering unsecured and unsubordinated debt securities with a return at maturity based on the performance of the Ethical Europe Equity Index (the "Index"). At maturity, if the Average Index Return is positive, the World Bank will pay you the initial investment amount plus a return equal to the Average Index Return multiplied by the Participation Rate. However, if the Average Index Return is zero or negative, the World Bank will pay only your initial investment at maturity and you will not receive a positive return on your investment. The Average Index Return is calculated by comparing the closing Index level on the trade date to the average of the closing Index levels on each of the 24 monthly observation dates during the last two years of the Notes. Any payment on the Notes at maturity, including the repayment of your initial investment, is subject to the creditworthiness of the World Bank. For additional information relating to the terms and conditions of the Notes, please read the Preliminary Final Terms document, dated June 1, 2015 (the "Preliminary Final Terms"), which has been delivered to you together with these materials, as well as the World Bank's Prospectus, dated May 28, 2008 (the "Prospectus"), attached to the Preliminary Final Terms.

## Summary of Indicative Terms and Conditions

<b>Issuer:</b> World Bank (International Bank for Reconstruction and Development)	<b>Initial Index Level:</b> The Index Closing Level on the Initial Observation Date
<b>Dealer:</b> BNP Paribas Securities Corp. The Dealer may make sales through its affiliates or selling agents.	<b>Averaging Observation Dates:</b> 24 monthly observation dates beginning July 24th, 2023 and ending on the Final Observation Date
<b>Issuance Type:</b> Senior, unsecured and unsubordinated obligations of the Issuer	<b>Participation Rate:</b> [100-110]%
<b>Rating:</b> Aaa (Moody's)/AAA (S&P) <sup>1</sup>	<b>Subscription Period:</b> From June 1st, 2015 to June 22nd, 2015
<b>Index:</b> The return on the Notes is linked to the performance of the Ethical Europe Equity Index BBG: <SOLEEE>	<b>Issue Price:</b> Each Note will have an Issue Price and an initial offering price of US\$1,000.
<b>Average Index Return:</b> The quotient, expressed as a percentage, as calculated by BNP Paribas (the "Calculation Agent"), equal to (i) the Average Index Level minus the Initial Index Level divided by (ii) the Initial Index Level	<b>Trade Date:</b> June 23rd 2015
<b>Average Index Level:</b> The arithmetic mean (rounded to the nearest four (4) decimal places, 0.00005 rounded upwards) of the Index Closing Levels <sup>2</sup> on each Averaging Observation Date, as calculated by the Calculation Agent	<b>Issue Date:</b> June 30th, 2015 (five Business Days after the Trade Date)
	<b>Initial Observation Date:</b> June 23rd, 2015
	<b>Final Observation Date:</b> June 23rd, 2025
	<b>Maturity Date:</b> June 30th, 2025
	<b>Fees:</b> [3.675%]

<sup>1</sup> Moody's /S&P rating as of 05/31/2015. A credit rating (i) is subject to downward revision, suspension or withdrawal at any time by the assigning rating organization, (ii) does not take into account market risk or the performance-related risks of the investment, and (iii) is not a recommendation to buy, sell or hold securities. A credit rating relates to the ability of the issuer to pay its obligations generally. The Notes have not been and will not be rated.

<sup>2</sup> The "Index Closing Level" on any Trading Day will equal the official closing level of the Index or any Successor Index published by Solactive AG

## Mechanism

- A debt security with a 10 year maturity linked to the Ethical Europe Equity Index.

### Calculating the Index Performance:

- During each of the last 24 months prior to the Maturity Date, the closing levels of the Index are recorded at monthly observation dates. At the Maturity Date, the average of the recorded monthly observations will be considered the Average Index Level. The Index performance, or Average Index Return, will then be calculated by comparing the Average Index Level to the Initial Index Level.

### Final Redemption Amount:

- If, on the Final Observation Date, the Average Index Level is greater than the Initial Index Level, the investor receives its initial principal plus 100% of the performance of the Index multiplied by the Participation Rate.
- If, on the Final Observation Date, the Average Index Level is less than the Initial Index Level, the investor receives its initial principal.

## Investment Scenarios

For the hypothetical scenarios below, we assume a hypothetical participation rate of 100% and a hypothetical initial Index level of 180.<sup>1</sup>

Hypothetical Average Index Level	Hypothetical Index Performance <sup>2</sup>	Hypothetical Total Return on the Notes <sup>2</sup>
270	50.0%	50.0%
198	10.0%	10.0%
180	0.0%	0.0%
162	-10.0%	0.0%
90	-50.0%	0.0%

<sup>1</sup> To be determined on the Initial Observation Date

<sup>2</sup> Hypothetical Index Performance is calculated as described in Calculating the Index Performance above. Excluding fees and taxation applicable to the type of investment and except in the event of bankruptcy or default of payment by the Issuer and Guarantor

## Selected Risk Considerations of the Notes

- You should reach a decision to invest in the Notes after carefully considering, with your advisors, the suitability of the Notes in light of your investment objectives and the specific information set out in the applicable Preliminary Final Terms and the Prospectus.
- An investment in the Notes is subject to the credit risk of the Issuer. The actual or perceived creditworthiness of the Issuer may affect the market value of the Notes. Any payment on the Notes is subject to the creditworthiness of the Issuer.
- The Notes do not pay interest. You may receive less at maturity than you could have earned on ordinary interest-bearing debt securities. If the Average Index Level is the same as or less than the Initial Index Level, you will only receive the principal amount at maturity, subject to the credit risk of the Issuer.
- Investors will not have point-to-point exposure to the Index over the full ten year term of the Notes. Instead, the Final Redemption Amount will be calculated using the Average Index Return, which is based on the extent, if any, to which the Average Index Level exceeds the Initial Index Level, relative to the Initial Index Level. The Average Index Level is calculated as the average of the 24 recorded monthly observations before maturity. Therefore, an investment in the Notes may underperform an investment that provides full exposure to the Index from the Initial Observation Date to the Final Observation Date.
- Because the Final Redemption Amount (referenced in the Preliminary Final Terms) will be determined based on the performance of the Index, which is a price-return index, the return on the Notes will not take into account the value of any dividends that may be paid on the Index Constituents. In addition, as a holder of the Notes, you will not be entitled to receive any dividend payments or other distributions on the Index Components, nor will you have voting rights or any other rights that holders of the Index Components may have.
- The value of the Notes prior to maturity may be impacted by several factors in addition to the performance of the Index and may be less than the issue price or the amount expected at maturity. Investors must hold the Notes to maturity to receive the stated Final Redemption Amount from the issuer.
- The Index is calculated in Euros, while the Index Components may be denominated in currencies other than the Euro. Because the closing prices of any Index Components denominated in non-Euro currencies will be converted into Euros to calculate the level of the Index on a daily basis, investors in the Notes will be exposed to currency exchange rate risk between the Euro and any non-Euro currencies in which the Index Components trade. Foreign currency exchange rates vary over time and may vary considerably during the term of the Notes. Changes in a particular exchange rate result from the interaction of many factors directly or indirectly affecting economic and political conditions. Although the Notes are valued in U.S. dollars and the Index Components are not, the value of the Notes will not be adjusted based on the currency exchange rate between the U.S. dollar and the currencies in which the Index Components are traded.
- An Amendment Event (referenced in the Preliminary Final Terms) may occur, which may result in an payment of the Early Premium Amount (referenced in the Preliminary Final Terms) prior to maturity (which could be zero), but this will not affect the World Bank's obligations to pay the principal amount at maturity.
- Investing in the Notes is not the same as investing in the securities comprising the Index.
- The Notes may not have an active trading market. The Notes will not be listed on any securities exchange. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Notes.
  - Many economic and market factors will impact the value of the Notes.
  - The policies of the Index Sponsor (see page 5) and changes that affect the Index or the Index Components, including the discontinuation of the Index, could affect the amount payable on the Notes, if any, and their market value.
  - The Index has limited actual historical information.
  - The strategy underlying the Index may not be successful. No assurance can be given that the stock selection criteria for the Index, including the volatility filter, will result in positive index performance, avoidance of volatility or outperformance of an alternative index constructed from the index components.
  - The Index Constituents are issued by foreign companies in foreign securities markets therefore may be subject to risks not present among U.S. securities markets.
  - The Index Constituents may be highly concentrated in one or more countries or regions, industries or economic sectors.
    - Vigeo may have other business relationships with the companies which receive a ratings report from vigeo.
    - The Notes will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state.

The Ethical Europe Equity Index tracks the price movements in shares of a maximum of 30 companies that pass several corporate social responsibility ("CSR") screens by Vigeo and Forum Ethibel as well as meet certain criteria including dividend yield, liquidity and, in some cases, historical volatility. The Index is calculated, maintained and published by Solactive (the "Index Sponsor"), and is constructed in 3 steps:

### Starting Point: Vigeo Rated Universe

- Vigeo rating is a European extra-financial rating agency in responsible performance.
- Companies' performance is rated by Vigeo on 38 environmental, social and governance issues ("ESG") grouped in 6 domains with grades on a scale from 0 to 100.



### Step 1: CSR-Compliant Universe

- Solactive then selects companies with Vigeo ratings that are:
  - ... higher than "40"
  - ... better than the average of their sector



- In order to establish CSR-Compliant Universe, Solactive AG excludes entities rated by Vigeo which derive a material proportion of their revenues from certain activities including arms, gambling, tobacco, nuclear, or are subject to serious environmental controversies.

### Step 2: Narrow Universe

- At this point, Solactive narrows the universe based on a number of other factors:
  - Country of Incorporation and Stock listing
  - Developed Europe<sup>1</sup>
  - High Dividends:
    - Projected dividend yield of a notional basket of the 50 companies with the largest market cap in the developed Eurozone (per Thomson IBES) weighted by free-float market cap
  - Liquidity restriction:
    - Average daily volume observed over a period of 20 days at or above EUR10M

### Step 3: Index Constituents

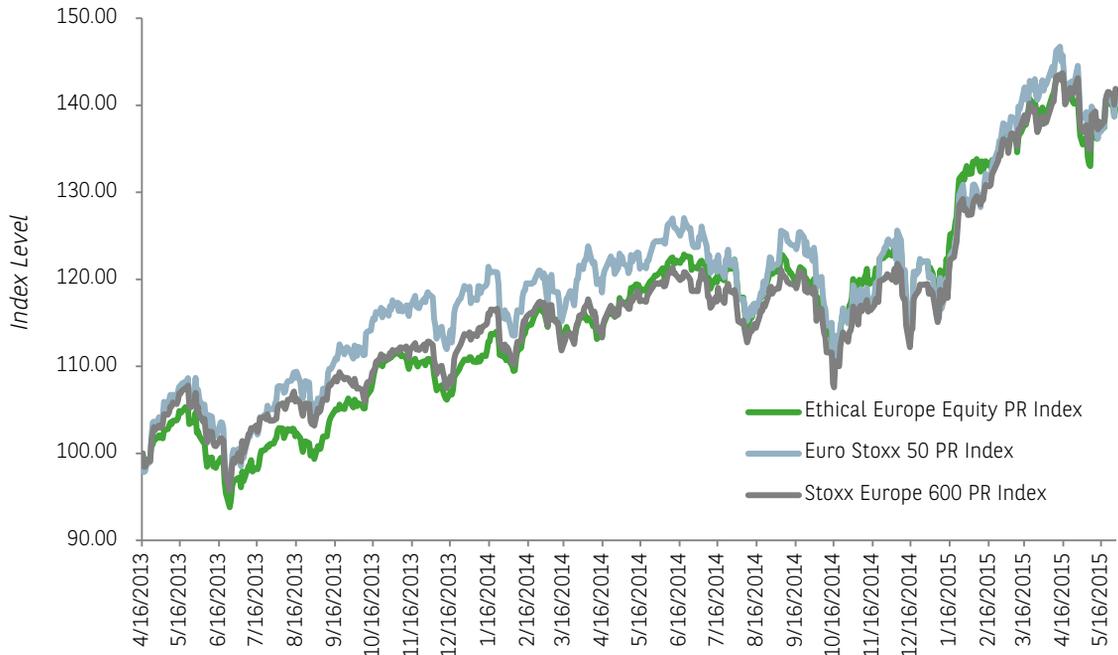
- In order to determine which stocks from the Narrow Universe will become Index Components, Solactive may use a methodology based on the 130 day historical volatility of the daily price changes of each stock from the selection date. These stocks will be ranked with the lowest historical volatility ranked first.
- The Narrow Universe (the stocks remaining after all the previous filters have been applied) may consist of more or less than 30 stocks. If the Narrow Universe consists of more than 30 stocks, Solactive will select the stocks ranked 1 to 30 (the 30 least volatile stocks). If the Narrow Universe consists of between 20 and 30 stocks, only the stocks ranked 1 to 20 will be selected. If the Narrow Universe consists of between 10 and 20 stocks, all stocks will be selected. If the Narrow Universe consists of less than 10 stocks, the Index will be discontinued. The stocks selected as Index components will be weighted in the Index inversely to their historical volatility, with the lowest volatility stock having the highest weighting in the Index.
- Solactive seeks to choose the least volatile stocks from the Narrow Universe (with a target of 30) regardless of their Vigeo rating or any other discretionary criteria.
- Each quarter, Forum Ethibel (an independent auditing institution) will provide certain certifications regarding the Index construction process.
- The Index is reviewed and rebalanced on a quarterly basis.



Sources: Vigeo, Solactive 2014

<sup>1</sup> Developed Europe is defined as: France, Germany, Austria, Belgium, Luxembourg, Netherlands, Switzerland, Italy, Spain, Portugal, UK, Ireland, Denmark, Sweden, Finland, Norway and Greece.

## Performance Statistics for The Index



April 2013 to May 2015	Annualized Return	Volatility
<b>Ethical Europe Equity PR Index</b>	17.1%	18.7%
<b>Stoxx Europe 600 PR Index</b>	18.0%	16.9%
<b>Euro Stoxx 50 PR Index</b>	17.7%	17.0%

Return	Ethical Europe Equity PR Index	Stoxx Europe 600 PR Index	Euro Stoxx 50 PR Index
<b>2013</b>	18.69%	17.37%	17.95%
<b>2014</b>	9.27%	4.35%	1.20%

Source: BNP Paribas, Bloomberg as of 05/27/2015  
 The Index has been live since 4/16/2013 and historical data is unavailable prior to that date.  
 Past performance is not an indicator of future returns

The World Bank aims to reduce poverty in middle-income countries and creditworthy poorer countries by promoting sustainable development through:

- Loans
- Guarantees
- Risk management products
- Analytical and advisory services<sup>1</sup>

## Financing & Risk Management

- The World Bank raises most of its funds on the world's financial markets and has become one of the most established borrowers since issuing its first bond in 1947. The income that it has generated over the years has allowed it to fund development activities and to ensure its financial strength.

## World Bank Green Bonds

- In 2008, the World Bank launched the "Strategic Framework for Development and Climate Change" to help stimulate and coordinate public and private sector activity to combat climate change. World Bank Green Bonds are an example of the kind of innovation it is trying to encourage within this framework.<sup>2</sup>

## Note linked to Ethical Europe Equity Index

- The proceeds from the issuance of the Notes linked to the Ethical Europe Equity Index are credited to a separate account that is used to support the World Bank's lending to eligible green projects.
- Eligible projects promote the transition to low-carbon and carbon resilient growth in client countries. The projects may target (a) mitigation of climate change including in low-carbon and clean technology programs such as energy efficiency and renewable energy, or (b) adaptation to climate change, including investments in climate-resilient growth.
- The World Bank's green bond website includes examples of eligible projects. Project examples are also provided in this brochure for illustrative purposes only. These projects may not receive funding from the sale of the Notes.
- The payments made on the Notes will not be linked to the implementation or success of any project.

## Focus on World Bank Green Bonds

- **First issuance:** 2008
- **World Bank Rating:** Aaa/AAA<sup>3</sup>, BIS Basel II and III **0% risk weighting**
- **Liquidity:** large size issue, diverse investor base geographically and across investor types, multiple clearing systems
- **Transparent project reporting:** the supervision process includes reports from implementing government agencies on project activities. The projects' progress, outcomes and impacts are monitored by the government and the World Bank throughout implementation. Key impact indicators of the Green Bond Projects are summarized on the World Bank's Green Bond website.<sup>4</sup>

<sup>1</sup> The information above is available from the World Bank's website or derived from publicly available sources.

<sup>2</sup> World Bank: <http://treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html>

<sup>3</sup> Moody's/S&P rating as of 05/31/2015. A credit rating (i) is subject to downward revision, suspension or withdrawal at any time by the assigning rating organization, (ii) does not take into account market risk or the performance-related risks of the investment, and (iii) is not a recommendation to buy, sell or hold securities. A credit rating relates to the ability of the issuer to pay its obligations generally. The Notes have not been and will not be rated

<sup>4</sup> <http://treasury.worldbank.org/cmd/htm/MoreGreenProjects.html>

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the adequacy or accuracy of this document or the Preliminary Final Terms.

## Use of Proceeds

- Like all World Bank projects, green projects are designed to support sustainable development focusing on poverty reduction and inclusive growth. Green Bond eligible projects are a subset that focus on climate change issues that directly impact developing countries and address the global climate challenge.
- Eligible projects promote the transition to low-carbon and carbon resilient growth in client countries targeting climate change mitigation or adaptation.
  - Examples of climate change mitigation projects:  
Solar and wind installations, funding for new technologies that permit significant reductions in greenhouse gas emissions, rehabilitation of power plants and transmission facilities to reduce greenhouse gas emissions, greater efficiency in transportation, including fuel switching and mass transport, waste management and construction of energy-efficient buildings, carbon reduction through reforestation and avoided deforestation.
  - Examples of climate change adaptation projects:  
Protection against flooding, food security improvement and implementing stress-resilient agricultural systems (which slow down deforestation), sustainable forest management and avoided deforestation.
- Eligibility criteria underwent an independent review by the Center for International Climate and Environmental Research at the University of Oslo (CICERO)<sup>1</sup>



<sup>1</sup>CICERO: <http://treasury.worldbank.org/cmd/pdf/CICERO-second-opinion.pdf>  
Source: World Bank: <http://treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html>  
*Repayment of the Green Bonds is not linked to the credit or performance of the projects, and investors do not assume the specific project risk.*

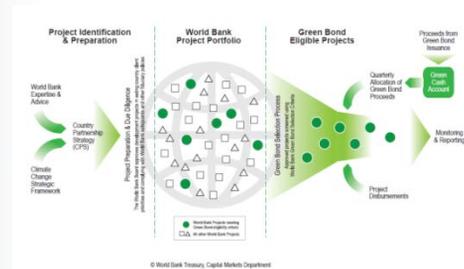
## Use of Proceeds

- All projects supported by the World Bank go through a rigorous review and approval process to ensure that they meet countries' development priorities. The process includes:
  - Early screening to identifying potential environmental or social impacts and designing policies and concrete actions to mitigate any such impacts.
  - Approval by the Board of Executive Directors – a resident Board with 25 chairs representing member countries.
- Environmental specialists then screen approved World Bank projects to identify those that meet the World Bank's Green Bond eligibility criteria.



## Allocation of Proceeds

- Green Bond proceeds only support the financing of eligible green projects.
- Net proceeds are credited to a special account and are invested in accordance with the World Bank's conservative liquidity policy until used for the support eligible Green Bond Projects.
- Disbursements to eligible projects are often made over a period of several years, depending on when each project milestone is reached. On a quarterly basis funds are deducted from the special account and added to the World Bank's lending pool in an amount equal to all disbursements of eligible projects.



Source: World Bank: <http://treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html>  
 Repayment of the Green Bonds is not linked to the credit or performance of the projects, and investors do not assume the specific project risk.

## Monitoring and Reporting

- The World Bank supervises the implementation of all projects it supports including Green Bond Projects.
- The supervision process includes regular reports by the implementing government agency on project activities.
- Project's progress, outcomes and impacts monitored by the government agency and the World Bank throughout the implementation phase.
- World Bank project information available on its website.<sup>1</sup> In addition, summaries and key impact indicators are provided on the World Bank's Green Bond website, as well as Green Bond factsheets and newsletters.<sup>2</sup>



<sup>1</sup> <http://www.worldbank.org/projects>

<sup>2</sup> <http://treasury.worldbank.org/cmd/htm/WorldBankGreenBonds.html>

Repayment of the Green Bonds is not linked to the credit or performance of the projects, and investors do not assume the specific project risk.

## Examples of Eligible Projects



MEXICO

### Efficient Lighting and Appliances Project

- **Objective:** Mitigate climate change by reducing Green House Gas (GHG) emissions through increasing use of energy efficient technologies in residential lighting, refrigerators and air conditioning.
- **Target outcomes:** Cumulatively reduce CO<sub>2</sub> emissions by more than 3.32 million tons over 5 years – equivalent to taking 700,000 cars off the road<sup>1</sup>.



INDONESIA

### Water Resources and Irrigation Management Program

- **Objective:** Improve climate resilience of water resources and food production through improved water basin resource and irrigation management and increased irrigated agriculture productivity.
- **Target outcomes:** 500,000 farmer households benefit from increased crop productivity because of more efficient and reliable irrigation.



CHINA

### Eco-Farming Project

- **Objective:** Mitigate climate change by reducing GHG emissions through converting methane from livestock waste into biogas fuel in order to meet everyday needs of farming households.
- **Target outcomes:** Reduce CO<sub>2</sub> emissions by nearly 1 million tons annually – equivalent to taking 190,000 cars off the road each year.<sup>1</sup>

<sup>1</sup> Calculated using the Environmental Protection Agency (EPA) Greenhouse Gas Equivalency Calculator at <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>

The projects outlined here are provided for illustrative purposes only. These projects may not receive funding from the sale of the Notes.

Source: World Bank, 2014. All projects details and results are available at: <http://www.worldbank.org/projects>

Repayment of the Green Bonds is not linked to the credit or performance of the projects, and investors do not assume the specific project risk.