

## World Bank

### The World Bank Issued \$11.4 Billion of Structured Notes Last Year

That's more than most Wall Street banks. **Aki Jain**, senior financial officer focusing on structured finance and derivatives at the institution, breaks down why an organization that was formed in 1944 to eradicate poverty sells complex, derivatives-based securities. His comments have been edited and condensed. — *Carolina Wilson*

#### Why structured notes?

- 1- Issuing structured notes enables us to offer a one-stop shop for our investors who are looking for customized payoffs on their investments.
- 2- They help us reach different types of accounts, diversifying our investor base.
- 3- Notes provide more cost-effective **funding** relative to vanilla issuances.

#### What is your investor mix?

While our core investor base still remains central banks around the world, we have seen progressively higher participation from bank treasuries and pension and insurance companies globally, as well as with states and municipalities in the U.S.

#### Why they like you

Investors are looking for safe AAA investments.

#### What do you do with the money you raise?

The money that we raise through debt capital markets finances a range of projects from health, education, infrastructure, gender equality, climate, etc.

Investors are still focused on maximizing financial returns, but are increasingly interested in knowing what their money is being used for.

We are working on a new program to launch bonds with payoffs linked to the performance of an index that tracks corporate behavior and performance against the **United Nation's 2030 Sustainable Development Goals**.

#### How do investors use them?

We've continued to see strong interest in **simple structures** like fixed-rate notes, step-up callables or capped floaters.

More recently, we have seen a lot of interest in **longer-dated fixed and zero coupon callable notes** across the U.S., Europe and Asia. We've also seen some interest in range accruals, steepeners and commodity-linked structures.

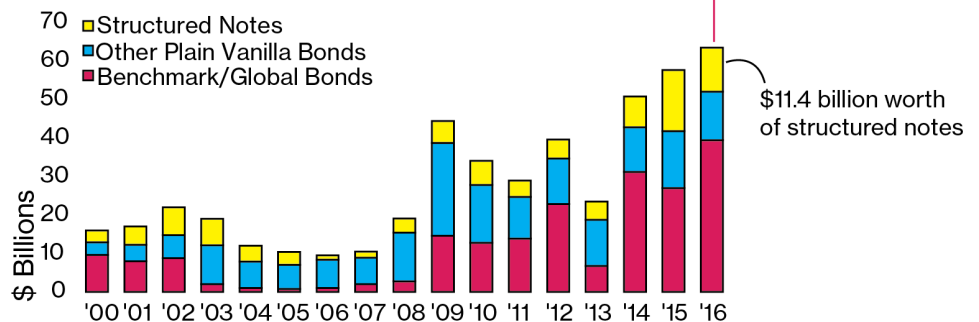
#### Recent Deals

363 million rupees (\$5.38 million) of two-year notes that pay a 4.4 percent coupon and redeem in **Japanese yen**.

\$6 million of five-year **callable step-up** notes that pay an introductory coupon of 1 percent that eventually climbs to 5.5 percent.

\$25 million of floating-rate notes that pay 0.11 percentage point less than **three-month Libor**.

#### How the World Bank Funds Itself



Source: World Bank

BloombergBriefs.com

Find Warrants and Certificates with

CERT GO