

Case Study: Social and Green Bonds Republic of Chile 2021

Ministry of Finance
Government of Chile
January 2021

Chile's commitment with sustainable development

Social & Green Bonds

One of the pillars of Chile's financing strategy is the commitment with sustainable development. The Green Bond Framework was updated in November-2020 to include the possibility of issuing sustainable bonds. After the sovereign green issuances in 2019 and 2020, Chile issued social bonds in local currency in 2020, and recently issued social and green bonds in the international market.

Sustainable Bond Framework

- The Sustainable Bond Framework was developed by the Ministry of Finance, with the valuable support of the Inter-American Development Bank.
- The Framework was published in November 2020.



More information on 2020 social projects in the following link:
<https://www.hacienda.cl/areas-de-trabajo/finanzas-internacionales/oficina-de-la-deuda-publica/bonos-sostenibles/presentacion-proyectos-bono-social-2020>

External Review

- 2021 Green projects obtained CBI Certification
- In 2020, the Sustainable Bond Framework was reviewed favorably by Vigeo Eiris in 2020.



2021 Social Projects

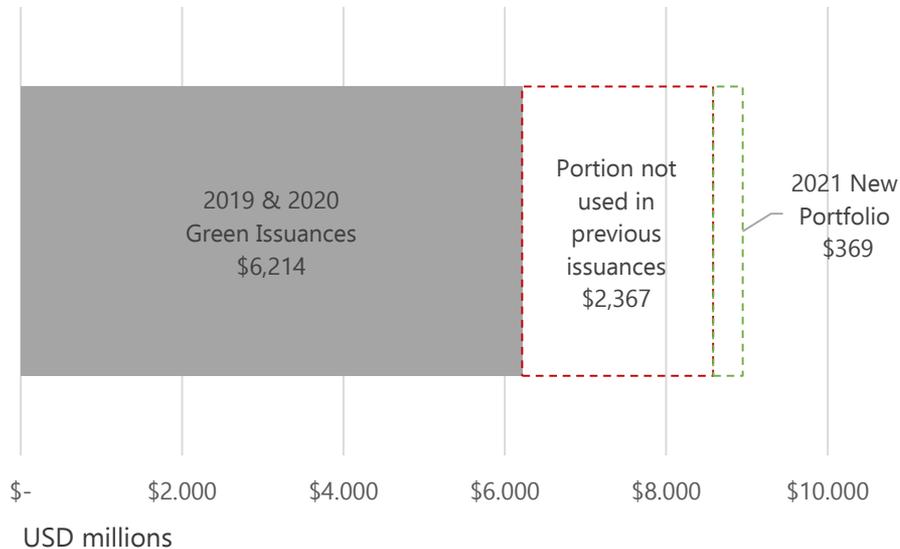
- 2021 social projects include the same projects in the 2020 social issuance, namely:
 - ✓ Basic solidarity pension for elderly people and solidarity contribution for pension
 - ✓ Disability pension and disability contribution
 - ✓ Support for low-income families
 - ✓ Support for Human Rights victims
 - ✓ Support for labor creation (includes measures adopted due to COVID)
 - ✓ Access to Health and Education

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Social & Green Bonds

2021 Green Projects

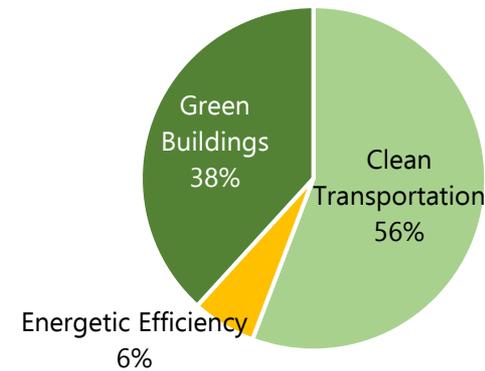
The green assets included projects previously certified in 2019 & 2020 and not used in previous issuances (USD 2,367 million, as well as new projects certified for this occasion (USD 369 million)



Green Sectors included in 2021

Green assets include projects in the following sectors:

- Electric buses incorporated to RED system
- Bicycle lanes and pedestrian walks
- Green Buildings
- Renewable energy in households



The Republic of Chile's Green & Social Bonds

EUR and USD denominated issuance in January 2021

- After publishing its Sustainable Bond Framework, and following the operations executed in Pesos according to that Framework, Chile entered into the Green and social international market, through a dual-tranche operation (EUR and USD)

Distribution and Book-building

- The operation set several milestones, including:
 - Largest social issuance in Latam, and the unique one in the long end of the curve.
 - Largest dual-tranche intraday execution in the region
 - Lowest yield for a Latam sovereign (Tap EUR 2031)
 - Lowest yield for a Latam issuers in 30 years (EUR 2051)
 - The highest tenors issued by the Republic
- Chile announced the transaction at the London and New York opening, respectively, through the "IPTs".

Issuance of EUR 2031 (Reopening) and EUR 2051

- IPT of MS+80 Area for EUR 2031 and MS+140 for EUR 2051.
- Final price: MS+60 for EUR 2031 and MS+125 for EUR 2051.
- Demand reached 4.5 and 2.0 times the total allocated, respectively.

Issuance of USD 2032 (Reopening) and USD 2061

- IPT of T+120 Area for USD 2032 and T+155 for USD 2061.
- Final price: T+87 for USD 2031 and T+127 for USD 2051.
- Demand reached 2.5 and 4.6 times the total allocated, respectively.

The Republic of Chile's Social & Green Bonds EUR issuances

(Reopening 0.83% €400 million of a 10-year bond and 1.25% €1,250 million of a new 30-year bond)

Key Characteristics

Issuer	:	Republic of Chile	
Rating	:	A1 / A+ / A- <i>Moody's / S&P / Fitch, with negative, negative and stable Outlook, respectively</i>	
Ranking / Distribution	:	Senior, Unsecured / SEC Registered	
Listing / Law	:	Luxembourg Stock Exchange (only EUR 2031) and London Stock Exchange	
Use of Proceeds	:	General Incomes of Nation	
Use of Proceeds Intention	:	Chile has the intention to invest and amount equal to the proceeds of the sell of the bonds in projects that qualify as "Green eligible expenditures" according to the Sustainable Bond Framework definition	Chile has the intention to invest and amount equal to the proceeds of the sell of the bonds in projects that qualify as "Social eligible expenditures" according to the Sustainable Bond Framework definition
Bond	:	Euro 2031 (Reopening) - Green	Euro 2051 - Social
Amount	:	€400 million	€1,250 million
Pricing date (T)	:	January 20 2021	
Settlement date	:	January 22 2021 (T+2)	
Maturity	:	July 2, 2031	January 22, 2051
Coupon / Yield	:	0.830% / 0.399%	1.250% / 1.298%
Price	:	104.399% plus accrued interests	98.814%

The Republic of Chile's Social & Green Bonds USD issuances

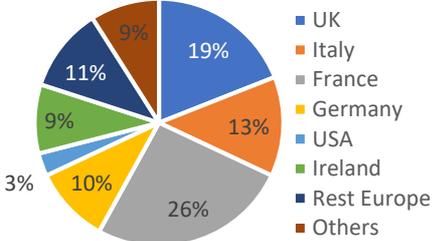
(Reopening 2.55% \$750 million of a 11-year bond and 3.1% \$1,500 million of a new 40-year bond)

Key Characteristics

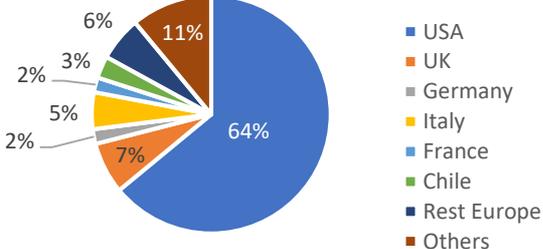
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Bono	:	USD 2032 (Reopening) - Green	USD 2061 - Social
Amount	:	USD 750 million	USD 1,500 million
Pricing date (T)	:	January 20, 2021	
Settlement date	:	January 22, 2021 (T+2)	
Maturity	:	January 27, 2032	January 22, 2061
Coupon / Yield	:	2.550% / 1.962%	3.100% / 3.116%
Price	:	105.682% plus accrued interests	99.636%

Strong participation of ESG investors contributed to the diversification of Chile's investor base.

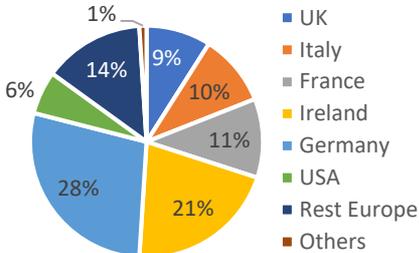
EUR 2031 Reopening



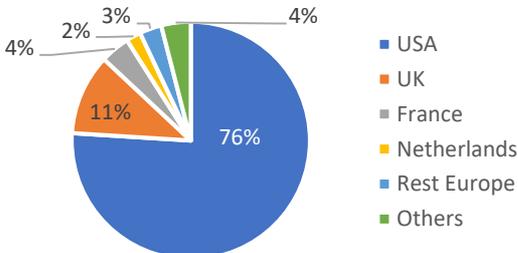
USD 2032 Reopening



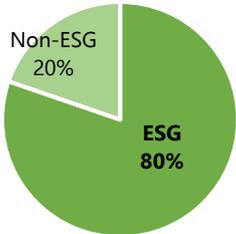
New Eur 30 years



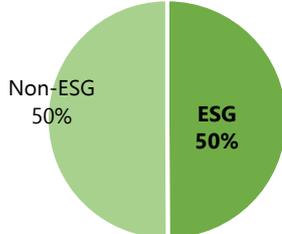
New USD 40 years



ESG participation in Euros



ESG participation in USD



Additional Information

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The Sustainable Bond
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