

Case Study: Social Bonds of the Republic of Chile 2021

Ministry of Finance
Government of Chile
July 2021

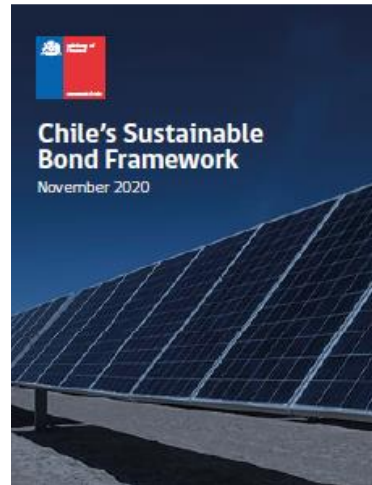
Social Bonds

Commitment with Sustainable Development

- In line with its Sustainable Bond Framework, Chile issued social bonds for US\$3.75 billion in July 2021. Considering this issuance, labelled bonds represent 24.0% of Chile's outstanding central government debt, one of the highest shares in the world. This demonstrates the commitment of the Republic of Chile towards sustainable development.

Sustainable Bond Framework

- The Sustainable Bond Framework was developed by the Ministry of Finance, with the valuable support of the Interamerican Development Bank.
- The Framework was published on November 2020, and provided the guidelines for the issuance of green, social, and sustainable bonds.



External Review

- The Sustainable Bond Framework has been reviewed favorably by Vigeo Eiris (2020).



The Republic of Chile's Social Bonds

EUR and USD denominated issuance in July 2021

Distribution and Book-building

- The operation set several milestones, including:
 - Largest social bond issuance in Chile's history.
 - Lowest coupon for a Latam sovereign (EUR 2027).
 - The longest tenors issued by the Republic.
- Chile announced the transaction at the London and New York opening, respectively, through the "IPTs".

Issuance of EUR 2027 and EUR 2036

- IPT of MS+85 Area for EUR 2027 and MS+130 Area for EUR 2036.
- Final price: MS+60 for EUR 2027 and MS+110 for EUR 2036.
- Demand reached 4.5 and 2.6 times the total allocated, respectively.

Issuance of USD 2033, USD 2041 (R) and USD 2061 (R)

- IPT of T+155 Area for USD 2033, of T+160 Area for USD 2041 and T+170 Area for USD 2061.
- Final price: T+130 for USD 2033, T+130 for USD 2041 and T+140 for USD 2061.
- Demand reached 2.4 times the total allocated.

The Republic of Chile's Social Bonds

EUR issuances

(0.1% €1,000 million of a new long 5-year bond and 1.3% €750 million of a new 15-year bond)

Key Characteristics

| | | | |
|---------------------------|---|--|---------------------------|
| Issuer | : | Republic of Chile | |
| Rating | : | A1 / A+ / A- <i>Moody's / S&P / Fitch, with negative, stable, and stable outlook, respectively</i> | |
| Ranking / Distribution | : | Senior, Unsecured / SEC Registered | |
| Listing | : | London Stock Exchange | |
| Use of Proceeds | : | General Incomes of Nation | |
| Use of Proceeds Intention | : | Chile has the intention to invest an amount equal to the proceeds of the sale of the bonds in projects that qualify as "Social eligible expenditures" according to the Sustainable Bond Framework definition | |
| Bond | : | Euro 2027 - Social | Euro 2036 - Social |
| Amount | : | €1,000 million | €750 million |
| Pricing date (T) | : | July 21 2021 | |
| Settlement date | : | July 27 2021 | |
| Maturity | : | January 26, 2027 | July 26, 2036 |
| Coupon / Yield | : | 0.100% / 0.296% | 1.300% / 1.310% |
| Price | : | 98.932% | 99.865% |

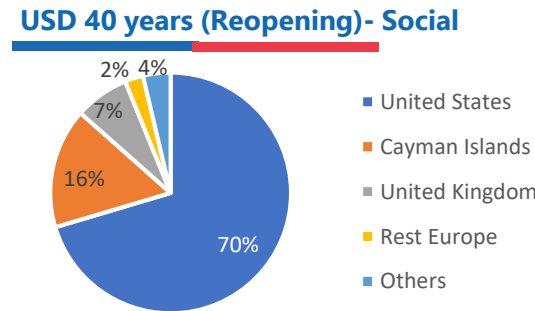
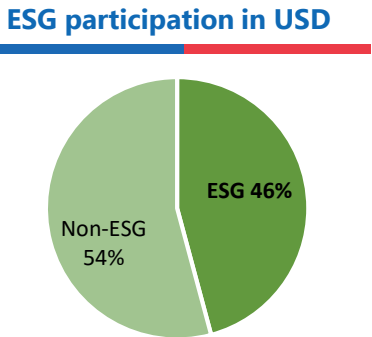
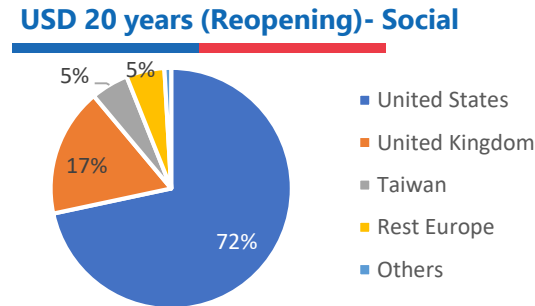
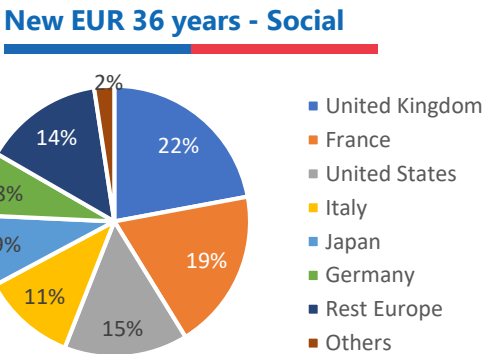
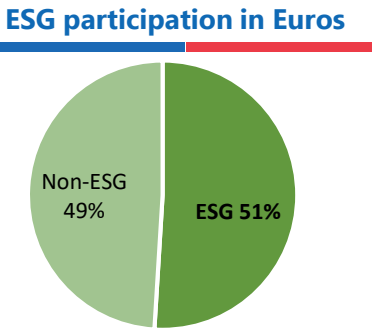
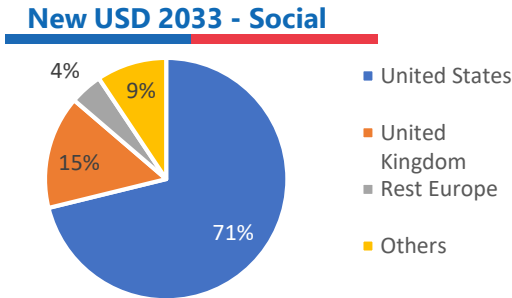
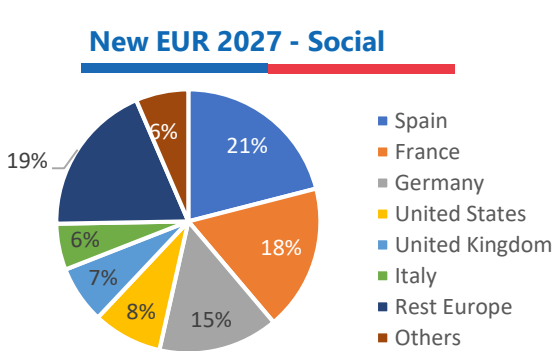
The Republic of Chile's Social USD issuances

(2.55% \$2.250 million of a new 12-year bond, Reopening 3.1% \$1,000 million of a new 20-year bond and Reopening 3.1% \$500 million of a new 40-year bond)

Key Characteristics

| | | | | |
|----------------------------------|---|--|--------------------------------------|--------------------------------------|
| Issuer | : | Republic of Chile | | |
| Rating | : | A1 / A+ / A- <i>Moody's / S&P / Fitch, with negative, stable, and stable outlook, respectively</i> | | |
| Ranking / Distribution | : | Senior, Unsecured / SEC Registered | | |
| Listing | : | London Stock Exchange | | |
| Use of Proceeds | : | General Incomes of Nation | | |
| Use of Proceeds Intention | : | Chile has the intention to invest an amount equal to the proceeds of the sale of the bonds in projects that qualify as "Social eligible expenditures" according to the Sustainable Bond Framework definition | | |
| Bond | : | USD 2033 - Social | USD 2041 (Reopening) - Social | USD 2061 (Reopening) - Social |
| Amount | : | USD 2,250 million | USD 1,000 million | USD 500 million |
| Pricing date (T) | : | July 22, 2021 | | |
| Settlement date | : | July 27, 2021 (T+2) | | |
| Maturity | : | July 27, 2033 | May 7, 2041 | January 22, 2061 |
| Coupon / Yield | : | 2.550% / 2.577% | 3.100% / 3.139% | 3.100% / 3.329% |
| Price | : | 99.723% | 99.426% | 94.989% |

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



Additional Information

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Case Study prepared by:



Bookrunners:

