

Case Study:

2022 Sustainable Bonds of the Republic of Chile

Ministry of Finance

February 2022

Sustainable Bonds

Commitment with Sustainable Development

- In line with its Sustainable Bond Framework, Chile issued sustainable bonds for US\$4 billion in January 2022. Considering this issuance, labelled bonds represent 28.3% 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 provides the guidelines for the issuance of green, social, and sustainable bonds.



External Review

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



The Republic of Chile's Sustainable Bonds USD issuance in January 2022

Distribution and Book-building

- The operation set several milestones, including:
 - Largest single USD issuance for Chile, covering two-thirds of Chile's announced 2022 foreign currency needs.
 - Orderbook nearly reached US\$20.0bn in peak demand featuring orders from over 200 different investors across the globe, representing the largest orderbook ever gathered by a Chilean offering and –the lower end of the range (14-33bps) of IG LatAm sovereign deals done in 2022ytd.
- Chile announced the transaction at the New York opening, through the “IPTs”.

Issuance of New USD 2027, New USD 2034, and New USD 2052

- IPT of T+150 Area for USD 2027, of T+low 200 Area for USD 2034 and T+225 Area for USD 2052.
- Final price: T+110 for USD 2027, T+170 for USD 2034 and T+195 for USD 2052.
- Demand reached 5 times the total allocated.

The Republic of Chile's Sustainable USD issuances

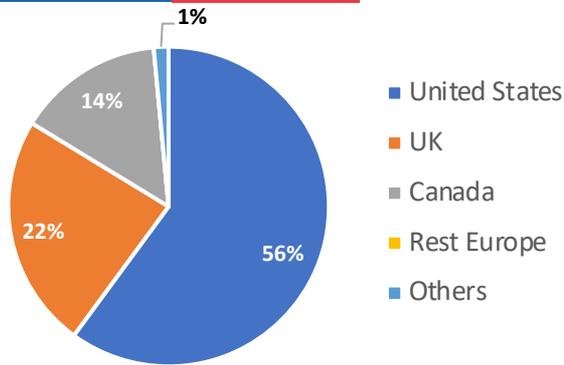
(2.750% US\$1,500 million of a new 5-year bond, 3.500% US\$1,500 million of a new 12-year bond and 4.000% US\$1,000 million of a new 30-year bond)

Key Characteristics

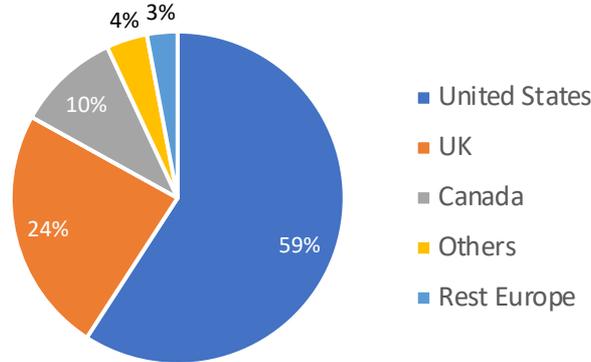
Issuer	:	Republic of Chile		
Rating	:	A1 / A / A- <i>Moody's / S&P / Fitch, with negative, stable, and stable outlook, respectively</i>		
Ranking / Distribution	:	Senior, Unsecured / SEC Registered		
Listing	:	London Stock Exchange		
Use of Proceeds	:	General Government Purposes		
Use of Proceeds Intention	:	Chile has the intention to invest and amount equal to the proceeds of the sell of the bonds in projects that qualify as "Sustainable", that is, "Green eligible expenditures" and "Social eligible expenditures" according to the Sustainable Bond Framework definition.		
Bond	:	USD 2027 - Sustainable	USD 2034 - Sustainable	USD 2052 - Sustainable
Amount	:	USD 1,500 million	USD 1,500 million	USD 1,000 million
Pricing date (T)	:	January 27, 2022		
Settlement date (T+2)	:	January 31, 2022		
Maturity	:	January 31, 2027	January 31, 2034	January 31, 2052
Coupon / Yield	:	2.750% / 2.763%	3.500% / 3.507%	4.000% / 4.055%
Price	:	99.940%	99.932%	94.050%

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

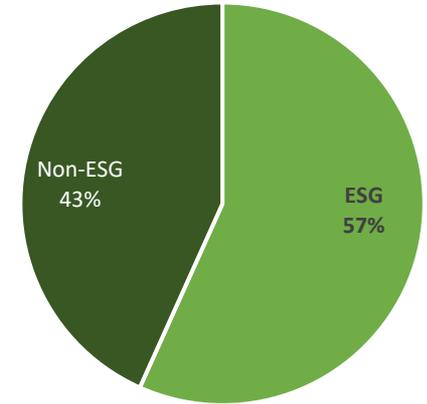
New USD 2027 - Sustainable



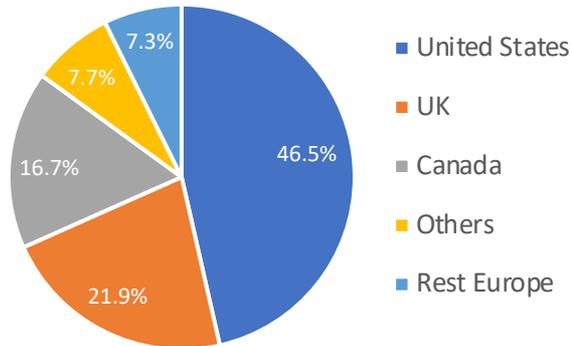
New USD 2052 - Sustainable



ESG participation



New USD 2034 - Sustainable



Additional Information

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Case Study prepared by:



Underwriting banks:

