

April 21<sup>th</sup>, 2021

# The Ministry of Finance is awarded Largest Emerging Market Certified Climate Bond by Climate Bonds Initiative

**Santiago, April 21<sup>th</sup>, 2021.** In the 6th Climate Bonds Awards, the Ministry of Finance was awarded the Largest Emerging Market Certified Climate Bond – 2020. The Climate Bonds Awards celebrate the achievement by organizations, financial institutions & governments who have demonstrated leadership through market leading examples of climate-resilient and low carbon investments in a diverse range of nations and markets.

The Government of Chile is firmly committed to climate action and has pioneered the issuance of sovereign green bonds in the Americas since 2019. Proceeds of green issuances primarily finance clean transportation projects, contributing to the decarbonization of the Chilean economy, and advancing the country's Paris Agreement commitments. The Ministry of Finance has issued approximately USD14.4 billion in thematic bonds since 2019 – accounting for 15.5% of the Central Government's outstanding debt stock–, of which approximately USD7.7 billion are green bonds, USD5.2 billion are social bonds, and USD1.5 billion in sustainable bonds.

## Characteristics of the 2020 Green Bond issuances

The 2020 green bond issuances were successful across several dimensions. First, all the transactions reached historically low yields. In the case of the euro-denominated 2040 and the reopening of 2031 bonds, they reached 1.299% and 0.695%, respectively. In the case of the US dollar-denominated 2032 and the reopening of the bonds due in 2050, they reached 2.571% and 3.275%, respectively. The yield obtained for the 2050 US dollar bond is the lowest ever reached in Chile's history at similar maturity.

Second, the spreads with respect to the benchmark in the case of the euro issuances were of 80 and 50 basis points for the bonds maturing in 2040 and 2031, respectively. The spreads with respect to the US Treasury bonds in the case of the dollar-denominated bonds were of 75 and 105 basis points for the bonds maturing in 2032 and 2050, compared to the benchmark of equivalent maturities. The euro-denominated bonds achieved a demand of 2.0 times the offered amount as well as the US dollar-denominated bonds a demand of 2.2 times the offered amount.

In the case of the euro transactions, the green investors participation was approximately 30% of the demand, and in the case of the US dollar it was roughly 13%.

All the projects included in the portfolio of these issuances are from the Clean Transportation sector, as defined in the Green Bond Framework of the Republic of Chile. Specifically, it includes Metro projects, such as the construction of the future line 8 and the extension of line 4; as well as State Railways Company projects. The selection of these projects was in line with the Framework developed in 2019 and positively evaluated by Vigeo Eiris. The project portfolio is certified, as the

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2019 portfolio, under the Climate Bonds Initiative standards, which is one of the main NGO specialized in the definition of global and verifiable standards for these financial instruments. It is worth noting that this certification is the highest market standard for green bonds.

### Awards and Honors

Over the past several years, the Ministry of Finance has been recognized with several awards and honors for the debt management strategy, specific transactions, and innovations in the development of financial instruments. Below is a list of the awards and recognitions:

- Green Finance 2019, The Banker.
- Green Bond of the Year-Sovereign, Environmental Finance Bond Award 2019.
- Financing, Netexplo Smart Cities Accelerator UNESCO 2019.
- Sovereign Issuer of the Year, LatinFinance Awards 2019.
- Best Public Debt Office/Sovereign Debt Management Office in Latin America, GlobalMarkets Awards 2019.
- Green Bond of the Year for Latin America, GlobalCapital Sustainable and Responsible Capital Markets Awards 2019.
- Local Currency Bond Deal of the Year, Bonds&Loans Awards 2018.
- Sovereign Bond of the Year, LatinFinance Awards 2019.
- Recognition for Innovation in Sustainable Finance 2019, Spanish Observatory of Sustainable Financing.