

May 5th, 2021

Chile issues US\$2 billion in international markets

Santiago, May 5th, 2021. The Ministry of Finance issued dollar-denominated Treasury bonds for a total of USD 2 billion, as part of the Central Government's 2021 financing plan.

This operation reaffirms Chile's leadership in sustainable finance, reflected by thematic bond issuances. Chile is the only country in the Americas that has issued green bonds since 2019, social bonds since 2020, and sustainable bonds since 2021. Considering today's issuance, Chile has issued a total of US\$16.2 billion in thematic bonds, of which US\$7.7 billion are green, US\$7 billion are social and US\$1.5 billion are sustainable. Thematic bonds represent 16.6% of the total stock of Central Government debt.

Considering this issuance, Chile has issued bonds for a total of US\$9,961 million this year, of which US\$7,800 million are in external bonds. Of the total issued this year, US\$9,065 million use margin debt authorization.

The issuance of the new social bond due in 2041 is in line with the measures that the Ministry of Finance has taken to diversify the investor base in recent years. Other measures include adjustments that allowed for the direct participation of international investors in peso denominated issuances, the issuance of green bonds –which targeted ESG investors–, and the recent issuance of Formosa Bonds, listed in the Taipei Stock Exchange.

Results of the Transaction

The transaction included the issuance of two Treasury bonds for a total of US\$2 billion, denominated in USD maturing in 2031 and 2041. These issuances reached a demand of approximately US\$6.35 billion, 3.2 times the allocated amount. Additional details of the dollar bonds are described below:

- New bond maturing in 2041 for US\$ 1.7 billion at a yield of 3.302%, 115 basis points above the US Treasury yield. The spread is equivalent to a concession of 10 basis points (NIC) with respect to secondary market pricing. This bond establishes a new 20-year reference and aims to strengthen the reference of thematic bonds in the external market.
- Tap of the bond maturing in 2031 for US\$ 300 million at a yield of 2.341%, 75 basis points above the US Treasury yield. The spread is equivalent to a concession of 0 basis points (NIC) with respect to secondary market pricing.

The bond due in 2041 has social characteristics, according to the definitions established in the Sustainable Framework published by the Ministry of Finance in November, 2020. The Framework establishes the rules and procedures to issue green, social and sustainable bonds, according to the ICMA standards.

The bonds were issued under the New York law and were registered under the U.S. Securities and Exchange Commission (SEC) using the shelf-registration normally used by the Republic of Chile.

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The issuance was executed by the Ministry of Finance's team, underwriter banks (Bank of America Merrill Lynch International, Goldman Sachs and Crédit Agricole), and the international legal counsel of Linklaters and national legal counsel of Morales y Besa.

