

September 15 2021

Chile issues Treasury Bonds for US\$2.1 billion in foreign currency

Santiago, September 15 2021. The Ministry of Finance informs the issuance of Treasury bonds in the international markets for a total equivalent of approximately US\$2.1 billion, as part of the Central Government's 2021 additional financing plan. These issuances were executed in two subsequent operations: the first in the EUR market for €918 million, followed by a transaction in the US dollar market for US\$1 billion. Both operations consisted in social bonds.

This operation reaffirms Chile's leadership in sustainable finance, reflected by their 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 operation, Chile has issued a total of approximately US\$ 25.7 billion in labelled bonds, of which US\$16.5 billion are social, US\$7.7 billion are green, and US\$1.5 billion are sustainable. Considering today's issuance, labelled bonds represent 24.6% of central government debt, one of the highest shares in the world.

With this issuance, Chile has issued a total of approximately US\$ 24.2 billion this year, of which approximately US\$ 15.8 billion are foreign currency denominated bonds.

Considering the volatility in the local financial market, the Ministry of Finance has preferred the alternative of issuing in foreign currency, using its availability and advantageous access to that market. With this operation, it has been completed the issuance plan executed under the debt authorization created by the Law that established the Covid Fund. The rest of the available margin, contemplated in the Budget Law, will be placed in the fourth quarter, for approximately US\$2,700 million equivalent, in local currency denominated bonds and through auctions via the SOMA system. The calendar will be published at the end of September.

The issuance of new social bonds is in line with the efforts taken by the Ministry of Finance to diversify the investor base. Other measures include the adjustments that allowed international investors to participate directly in local currency denominated issuances, the issuance of green bonds, which targeted investor with ESG mandates, as well as the issuance of Formosa bonds, listed on the Taipei Stock Exchange.

Results of the Transaction

Today's transaction consisted of the issuance of two Treasury bonds, one issued in the European market for €918 million, denominated and payable in euros, due in 2029, and

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another issuance in the US market for US\$1 billion, denominated and payable in dollars, due in 2071. These operations obtained a demand of approximately €3,746 million and US\$5,000 million, 4.1 times and 5.0 times the amount allocated, respectively. The main results of each of the bonds issued today are the following:

- New social bond due in 2029 for €918 billion at a yield of 0.555% (same coupon) 70 basis points above the respective mid-swap rate. The spread was equivalent to 5basis points in new issue concession (NIC).. This bond allows establishing a new benchmark in the term of around 8 years in euros, strengthening the benchmark curve of thematic bonds in the international markets.
- New social bond maturing in 2071 for USD\$1 billion at a yield of 3.42% (coupon of 3,25%), 158 basis points above the 30-year U.S. Treasury rate. The spread is equivalent to a NIC of zero basis points in relation to the value estimated with secondary market information.

The bonds issued are social, according to the definition included in the Republic of Chile's Sustainable Bond Framework, published by the Ministry of Finance on November 2020. This Framework establishes the guidelines to issue green, social and sustainable bonds, according to ICMA standards. According to the Framework, resources collected in this issuance will finance projects that support households, education, essential health services as well as programs to prevent and/or alleviate the effects derived from COVID-19, among others.

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.

The issuance was executed by the Ministry of Finance's team, underwriter banks (BNP Paribas, CITI, Goldman Sachs, JPMorgan, Santander, y Scotiabank), and the international legal counsel of Linklaters and national legal counsel of Morales y Besa.