

FOR IMMEDIATE RELEASE

Crédit Agricole CIB Acted as a Sustainability Structuring Advisor and Active Joint Bookrunner for First-Ever Sovereign Sustainability-Linked Bond

New York and Santiago - March 11, 2022 – Crédit Agricole CIB acted as a Joint Sustainability Structuring Advisor for the Republic of Chile’s Sustainability-Linked Bond Framework as well as an Active Joint Bookrunner on the Sovereign’s inaugural USD Sustainability-Linked Bond transaction. This was the first ever Sustainability-Linked Bond from a Sovereign anywhere in the world.

On March 2, 2022 following three days of investor marketing, the Republic of Chile sold USD 2 billion of 20-year Sustainability-Linked Bonds (“SLB”). The issue was priced to yield 4.340%, 200 basis points over 20-year US Treasury notes, after compressing 40 bps from the syndicates’ initial price thoughts. In a volatile market that required elevated new issue concessions from most issuers, the final pricing achieved by the new 20-year SLB benefited from a “greenium,” compared to a conventional issuance.

Proceeds will be used for general budgetary purposes of the Republic. The coupon will be subject to a step-up should the country fail to meet Sustainability Performance Targets (SPTs) tied to two Key Performance Indicators (KPIs) outlined in Chile’s Sustainability-Linked Bond Framework -- (1) Greenhouse Gas (GHG) Emissions, derived directly from Chile’s updated Nationally Determined Contribution (NDC) and (2) Non-Conventional Renewable Energy production for the country.

Romina Reversi, Head of Sustainable Investment Banking for the Americas at Crédit Agricole CIB, noted, “We are proud to have assisted Chile in structuring the first-ever Sovereign Sustainability-Linked Bond Framework and in pioneering the Sovereign Sustainability-Linked Bond format. We hope Chile’s alignment of its debt financing strategy and international environmental commitments will inspire other countries, both in Latin America and elsewhere in the world, to do the same.”

The Sustainability-Linked Bond Framework, written in alignment with the five core components of the Sustainability-Linked Bond Principles, 2020, underwent an external assessment and received a Second Party Opinion from Sustainalytics, a Morningstar, Inc. company, and an independent provider of ESG and corporate governance research, ratings and analytics. The opinion found KPI1 to be “very strong,” KPI 2 to be “strong,” and considered the associated SPTs to be “ambitious” and “highly ambitious,” respectively.

Through this Sustainability-Linked Bond, the Ministry of Finance, in cooperation with the Ministries of Environment and Energy, is further expanding its commitment to sustainable development. This SLB Framework, in conjunction with Chile’s existing Sustainable Bond Framework (2020), will provide clear and transparent information to the market related to all future Green, Social, Sustainable, and Sustainability-Linked Bonds (SLBs).

“We are proud and humbled to have been mandated once again by the Republic of Chile team, especially to be a part of this innovative offering that has yielded such positive feedback from investors worldwide. This was possible thanks to months of teamwork that began with the Republic of Chile’s new SLB framework and concluded in a successful issuance, further strengthening our relationship with the Republic of Chile, and its consolidation as sovereign leader in ESG bonds,” said Jorge Ramírez, Chief Representative Officer for Chile at Crédit Agricole CIB.

Chile became the first country in the Americas to issue Green Bonds in 2019 and continued its commitment as a leader in sustainability by issuing its first Social Bond transaction in 2020 and thereafter an inaugural Sustainability Bond deal in 2021. ESG instruments now constitute approximately 30% of Chile’s outstanding sovereign debt.

About Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB)

Crédit Agricole CIB is the corporate and investment banking arm of Credit Agricole Group, the 12th largest banking group worldwide in terms of tier 1 capital (The Banker, July 2021). Nearly 8,600 employees across Europe, the Americas, Asia-Pacific, the Middle East and Africa support the Bank's clients, meeting their financial needs throughout the world. Crédit Agricole CIB offers its large corporate and institutional clients a range of products and services in capital markets activities, investment banking, structured finance, commercial banking and international trade. The Bank is a pioneer in the area of climate finance, and is currently a market leader in this segment with a complete offer for all its clients.

For more information, please visit www.ca-cib.com.

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