



Reopening of the global Sovereign Sustainability-Linked Bond (SSLB)

On Monday November 6th, the government launched an intra-day reopening of the SSLB, denominated in U.S. dollars with a final maturity in 2034.

I. Transaction goals

- 1) Complement the funding program for 2023.
- 2) Reaffirm the sovereign financing strategy aligned to Uruguay's environmental objectives.
- 3) Diversify the investor base by accessing other markets and investors focused on sustainability objectives.

II. Results

- Nominal amount issued of the SSLB was **USD 700 million**, entirely for new money.
- The demand greatly exceeded the amount issued, with an order book that peaked at **USD 2.7 billion**.
- The annual yield to maturity of the reopening of the SSLB was **5.6%**, corresponding to a spread of **95 basis points** with respect to the reference U.S. Treasury. The price for the re-opened bond was USD 101.15 per USD 100 of nominal value.
- At its peak, the order book generated traction from 139 accounts, of which 15 were investing in Uruguay's sovereign instrument for the first time. Approximately, 89.5% of the demand came from foreign accounts, and the remaining amount from local investors.
- Among international investors, the bulk of the demand came from United States and the United Kingdom, and also included accounts from a wide array of countries (Austria, Canada, Chile, Czech Republic, Denmark, Germany, Ireland, Japan, The Netherlands, Singapore, South Korea, Switzerland and United Arab Emirates).

III. Assessment

- Despite recent global volatility, Uruguay achieved large-scale financing at intermediate maturities with an innovative instrument. The SSLB is the first global sustainability-linked bond that incorporates a step-up/step-down interest rate structure, depending on the achievement of the established sustainable targets.
- The solid demand allowed the government to compress the spread during the transaction, with an estimated concession of between 10 to 15 basis points with respect to the secondary market pricing of the bond.
- The transaction received incremental demand of investment funds committed to sustainable economic development. It also contributed to highlight the visibility of Uruguay's climate action strategy and sustainable development of the country. Likewise, it supports the development of other government climate finance instruments with multilateral institutions, to underpin the transition to a lower carbon economy.

The Minister of Economy and Finance, Mrs. Azucena Arbeleche, mentioned:

“The outcome of this issuance is another example of the confidence the country generates in financial markets. Since the beginning of this administration, we have put in place a predictable policy framework and a responsible management of public finances. This transaction demonstrates, once again, the country's institutional strength and credibility of public policies, which is valued within and beyond our borders.”