

BRAZIL ANNOUNCES SECOND SUSTAINABLE BONDS ISSUANCE

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On June 20th, the National Treasury conducted its second sustainable bonds issuance. GLOBAL 2032 is a new 7-year benchmark, maturing in 2032 and was issued in the US market. This operation is in line with the goal to maintain an active and constant presence of Brazil in the international market of thematic bonds.

The Republic's 2032 Global bond was issued in an amount of USD 2 billion, at a 6.375% year-over-year yield, and maturity for January 22, 2023. The spread over the corresponding benchmark Treasury (US Treasury bond) was of 212.80 basis points. The sustainable bond pays a 6.125% year-over-year coupon, semi-annually, starting on January 22, 2025. The issuance price corresponds to 98.510% of the bond's face value.

The Brazilian National Treasury's second sustainable bond issuance attracted significant interest from investors — a fact that is measurable in the 219 orders at the top of the order book. The demand far exceeded what was issued: the order book added up to almost US\$ 4.7 billion. Final allocation included a significant number of non-resident investors: around 77% from Europe and North America; and 14% from Latin America, including Brazil.

Following the issuance carried out in November 2023, the new issuance reinforces the important role of external debt in extending the average debt maturity, diversifying, and expanding the investor base. Additionally, it corroborates the role of external Federal Public Debt in setting benchmarks for the Brazilian corporate sector. For this reason, the National Treasury chose a 7-year benchmark, which is the horizon where private issuances are concentrated.

Regarding the funds raised through this type of operation, the Federal Government commits to allocating an equivalent amount to eligible expense categories that promote sustainability and contribute to climate change mitigation, conservation of natural resources, and foster social development, as established in the Brazil's Sovereign Sustainable Bond Framework [\[1\]](#). Specifically, the Pre-Issuance Report [\[2\]](#), released in May 2024, outlines the eligible expense categories from the Framework that will be considered as backing for this second sustainable sovereign issuance, contributing to a greater transparency in resource allocation.

In this way, the resource allocation for the second issuance will have the following indicative percentages:

Table 1. Indicative Range for Resource Allocation after the issuance (by type)

Expense Type	Lower limit	Upper limit
Green	50%	60%
Social	40%	50%

Finally, by continuing the issuance of sustainable sovereign bonds, the Public Debt management reinforces Brazil's commitment to ensuring environmental sustainability, while implementing



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policies and initiatives aimed at improving the quality of life for the population and promoting social inclusion.

The operation was led by Bank of America, Goldman Sachs, and HSBC. Financial settlement will take place on June 27th, 2024.

This report is for information only and not an offer to purchase or sell or a solicitation for selling or purchasing bonds. There will be no offer or selling of bonds in any country or jurisdiction in which such an offer, solicitation or selling is considered illegal if carried out prior to respective registration or qualification under the securities laws of the respective country or jurisdiction’.

The issuer has filed a registration statement, including a prospectus, with the U.S. Securities and Exchange Commission ("SEC") for the offering in this report. For more information about the issuer and this offering, please read the prospectus in the registration statement and other documents the issuer has filed with the SEC before investing. You can find these documents at EDGAR on the SEC website: www.sec.gov. Alternatively, the issuer, underwriters or distributors participating in the offering will send you the prospectus if you so request by contacting BofA Securities, Inc. at +1-888-292-0070, Goldman Sachs & Co. LLC at +1-866-471-2526 and HSBC Securities (USA) Inc at +1-888-HSBC-8049.

[1]<https://www.gov.br/tesouronacional/en/federal-public-debt/sustainable-bondsfiles/FW-EN>

[2]<https://www.tesourotransparente.gov.br/publicacoes/pre-issuance-indicativereource-allocation-report-relatorio-pre-emissao-com-alocacao-indicativa-de-recursosingles/2024/26>