

Highlights

June 28, 2018

ISSUE DETAILS

Issuer:	Province de Québec
Ratings:	Aa2/AA+/AA- (Stable/Stable/Stable)
Size:	CAD\$500 million (no-grow)
Launch Date:	June 28, 2018
Issue Date:	July 6, 2018
Maturity Date:	July 6, 2025
Coupon:	2.60%
Yield:	2.634%
Price:	\$99.784
Re-offer Spread:	+52.5 bps
Benchmark:	CAN 2.25% June 1, 2025
Exchanges:	Luxembourg Green Exchange (LGX) - Euro MTF Market
Leads:	CIBC, HSBC, RBC Capital Markets and TD Securities
Senior co-lead:	BMO SEB

HIGHLIGHTS

- On June 28, 2018, Québec successfully issued its third Green Bond.
  - With an order book of more than \$CAD1.9 billion, Québec achieved success that surpassed that of its two first issues (February 2017 and February 2018), in respect of which interest exceeded CAD\$1.1 billion and CAD\$1.8 billion respectively.
- This Green Bond issue is Québec's second in the Canadian market this year. To date, Québec, along with Ontario, is one of only two provinces to issue Green Bonds on this market.
  - In the coming years, Québec is committed to be a regular issuer on the Green Bond market.
- The issue has again received strong interest from investors with Green mandates or the signatories of United Nations Principles for Responsible Investment (UN PRI), who account for over 90% of total sales.
- The issue was offered on the global market for a sufficiently long period to enable both international and domestic investors to participate in it. It has thus achieved broad primary market distribution with 55 investors, 86% of them in Canada, 6% in Europe, 6% in the United States, and 2% in Asia. As for the types of investors, 58% were asset managers, 18%, pension funds, 13%, banks, 8%, insurers, and 3%, central banks and official institutions.



EXECUTION

- Tuesday, June 26, 2018: The mandate was announced at the opening of London's markets and an invitation to a web presentation was sent to investors worldwide. More than 100 participants joined the web presentation.
- Wednesday, June 27, 2018: The transaction was officially announced for CAD\$500 million (no-grow) and a maturity of 7 years, with an initial spread indication in the context of the Québec curve of roughly 53 basis points. The size of the issue was capped at CAD\$500 million bearing in mind Québec's green borrowing needs at this time.
- Thursday, June 28, 2018: With an order book exceeding CAD\$1.9 billion, Québec has narrowed the final spread to 52.5 basis points, a level that allows for balancing the quality of the order book, while setting the spread still in the context of the Québec curve.

Distribution by: (per cent)





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### FRAMEWORK AND ELIGIBLE PROJECTS

- The funds raised will be used to finance environmentally-friendly projects in accordance with the framework of Québec's Green Bonds program.
  - The framework has obtained the highest possible rating (“dark green”) granted by the Center for International Climate Research (CICERO).
- The green projects eligible fall into one of the following categories (excluding electricity generation projects involving fossil fuels and nuclear energy):
  - public transit;
  - energy efficiency;
  - renewable energy;
  - sustainable waste management;
  - sustainable land development;
  - water management or water treatment;
  - forest, agricultural land and land management;
  - climate adaptation and resilience.

### USE OF PROCEEDS

- An amount equal to the net proceeds from the Green Bond issue is credited to a designated account, in order to track the use and allocation of funds related to eligible projects.
- As long as the account balance is positive, amounts equivalent to the funds disbursed are deducted from this balance as they are allocated to eligible projects approved in accordance with the program's framework.
- The first disbursements required for the projects selected must materialize within 12 months of the Green Bond issue or within the six months preceding issuance.
- Pending subsequent disbursements, the unallocated balance is invested in short-term Treasury Bills or in short-term securities issued or guaranteed by the Québec government or another Canadian government.
- The Ministère des Finances publishes an annual information bulletin for investors on the progress of funded projects, the allocation of funds to projects and the environmental benefits. The most recent bulletin was published in February 2018.



### PROJECTS ELIGIBLE FOR THE THIRD ISSUE

- This Green Bond issue will be used to fund a part of the financial participation of the Québec government in the Réseau express métropolitain (REM) project. The REM is a fully automated, electric metro transit system system, made up of 67 km of dedicated rail lines and comprising 26 stations, designed to simplify commuting in the Greater Montréal area.

