

Highlights

February 6, 2020

ISSUE DETAILS

Issuer:	Province de Québec
Ratings:	Aa2/AA+/AA- (Stable/Stable/Stable)
Size:	CAN\$500 million
Pricing Date:	February 6, 2020
Issue Date:	February 13, 2020
Maturity Date:	February 13, 2027
Coupon:	1.85%
Yield:	1.860%
Price:	\$99.935
Re-offer Spread:	+48.0 bps
Benchmark:	CAN 1.5% June 1, 2026
Exchanges:	Luxembourg Green Exchange (LUX) - Euro MTF Market
Leads:	BMO, HSBC, RBC and Scotia
Senior co-leads:	SEB

HIGHLIGHTS

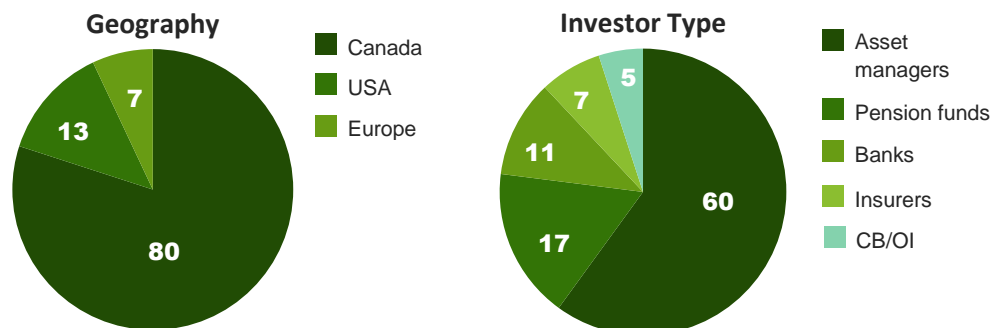
- On February 6, 2020, Québec successfully issued its fifth Green Bond.
  - With an order book of more than \$CAN2.75 billion, Québec achieved a success that surpassed that of its first four issues (February 2017, February 2018, June 2018 and February 2019), in respect of which interest exceeded CAN\$1.1 billion, CAD\$1.8 billion, CAN\$1.9 billion and CAN\$2.4 billion respectively.
- Québec is the first government to issue Green Bonds on the Canadian market this year. To date, Québec, along with Ontario, is one of only two provinces to issue Green Bonds on this market.
  - 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 the United Nations Principles for Responsible Investment (UN PRI), who accounted for 85% of total sales.
- The issue was offered on the global market to enable both international and domestic investors to participate in it. It has achieved broad primary market distribution with 62 investors, 80% of them in Canada, 13% in the United States and 7% in Europe. As for the investors' type, 60% were asset managers, 17%, pension funds, 11%, banks, 7%, insurers, and 5%, central banks and official institutions.



EXECUTION

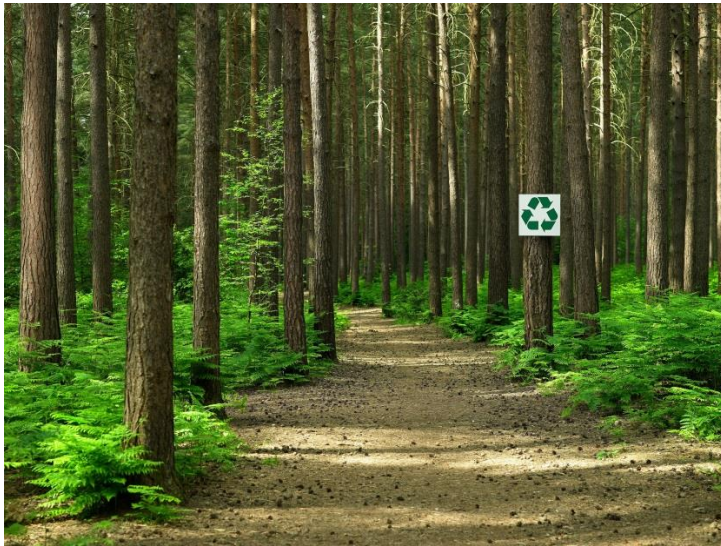
- Tuesday, February 4, 2020: The mandate was announced at 11:20 a.m. and an invitation to a web presentation was sent to investors worldwide. That presentation highlighted Québec's Green Bond Framework, eligible projects and specific use of proceeds for this fifth Green Bond issue.
- Wednesday, February 5, 2020: The transaction was officially announced for CAN\$500 million (no-grow) and a maturity of 7 years, with an initial spread indication of roughly 49.5 basis points. The size of the issue was capped at CAN\$500 million bearing in mind Québec's green borrowing needs at this time.
- Thursday, February 6, 2020: With an order book exceeding CAN\$2.75 billion, Québec has narrowed the final spread to 48.0 basis points, a level that balanced the quality of the order book, while allowing the transaction to perform on the secondary market.

Distribution by: (per cent)



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### 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.

### 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



### PROJECTS ELIGIBLE FOR THE FIFTH ISSUE

- In addition to projects that have been funded through previously issued Québec Green Bonds, three new projects that met the selection criteria have been designated as eligible for funding as part of this Green Bond issue:
  - Bellechasse bus garage (target: LEED Gold certification)
  - East end of Montréal bus garage (target: LEED Gold certification)
  - Montréal Métro's Blue Line Extension (financing of preliminary works)

PROJECT NAME	CATEGORY	POTENTIAL FUNDING ALLOCATION (%)
Hybrid or electric bus purchase	Public transit	[5-40]
New AZUR métro cars	Public transit	[0-30]
Réno-Systèmes and Réno-Infrastructures	Public transit	[10-30]
Bellechasse bus garage	Energy efficiency	[0-10]
East end of Montréal bus garage	Energy efficiency	[0-10]
Blue Line Extension	Public transit	[0-5]