

Highlights

May 19, 2021

ISSUE DETAILS

Issue:	Province of Québec
Ratings:	Aa2/AA+/AA- (Stable/Stable/Stable)
Size:	CAN\$500 million
Pricing Date:	May 19, 2021
Issue Date:	May 27, 2021
Maturity Date:	May 27, 2031
Coupon:	2.10%
Yield:	2.136%
Price:	\$99.677
Re-offer Spread:	+57.0 bps
Benchmark:	CAN 1.5% December 1, 2030
Exchanges:	Luxembourg Green Exchange (LGX) – Euro MTF Market
Leads:	HSBC, RBC, Scotia and TD
Senior Co-lead:	SEB

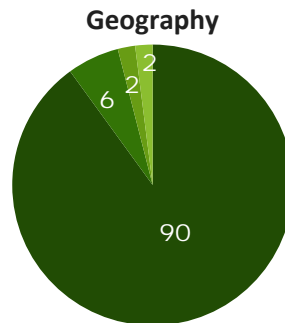
- On May 19, 2021, Québec successfully issued its sixth Green Bond.
 - With an order book of more than CAN\$2.8 billion, Québec achieved a success that surpassed that of its five previous issues (February 2017, February 2018, June 2018, February 2019 and February 2020) in respect of which interest exceeded CAN\$1.1 billion, CAN\$1.8 billion, CAN\$1.9 billion, CAN\$2.4 billion and CAN\$2.75 billion respectively.
- Québec is the second 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, and the first to have issued Green Bonds with a 10-year maturity.
 - Québec is committed to being a regular issuer on the Green Bond market.
- The issue has again received strong interest from investors with Green mandates or signatories of the United Nations Principles for Responsible Investment (UN PRI), which accounted for 91% of total sales.
- The issue has achieved broad primary market distribution with 63 investors, 90% of them in Canada, 6% in Europe, 2% in the United States and 2% in other countries. As for the investors' type, 52% were asset managers, 32% pension funds, 7% insurers, 7% banks, and 2% central banks and official institutions.



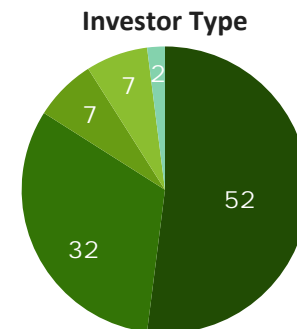
EXECUTION

- Tuesday, May 18, 2021: The mandate was announced at 12:30 p.m. and a presentation was published on the MFQ website. That presentation highlighted Québec's Green Bond Framework, eligible projects and specific use of proceeds for this sixth Green Bond issue.
- The transaction was officially announced for CAN\$500 million (no-grow) and a maturity of 10 years, with an initial spread indication based on Québec's conventional interest rate curve. The size of the issue was capped at CAN\$500 million bearing in mind Québec's green borrowing needs at this time.
- Wednesday, May 19, 2021: With an order book exceeding CAN\$2.8 billion, Québec has narrowed the final spread to 57.0 basis points, 2 basis points lower than that of a conventional Québec bond issue. This level made it possible to balance the quality of the order book, while offering the possibility for the transaction to perform on the secondary market.

Distribution by: (per cent)



- Canada
- Europe
- USA
- Others



- Asset managers
- Pension Funds
- Insurers
- Banks
- CB/OI



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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 6 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 SIXTH ISSUE

The following projects have been designated as eligible for funding as part of the next potential Green Bond issue:

- Montréal Métro's Blue Line Extension (financing of preliminary works)
- New AZUR métro cars purchase
- Réno-Systèmes and Réno-Infrastructures programs
- Electric or hybrid bus purchase
- Bellechasse bus garage (target: LEED Gold certification)
- East end of Montréal bus garage (target: LEED Gold certification)