

Highlights

May 13, 2022

ISSUE DETAILS

Issue:	Province of Québec
Ratings:	Aa2/AA+/AA- (Stable/Stable/Stable)
Size:	CAN\$1 billion
Pricing Date:	May 13, 2022
Issue Date:	May 20, 2022
Maturity Date:	May 20, 2032
Coupon:	3.65%
Yield:	3.651%
Price:	\$99.992
Re-offer Spread:	+70.5 bps
Benchmark:	CAN 1.5% December 1, 2031
Exchanges:	Luxembourg Green Exchange (LGX) – Euro MTF Market
Leads:	CIBC, HSBC, RBC and Scotia
Senior Co-lead:	SEB

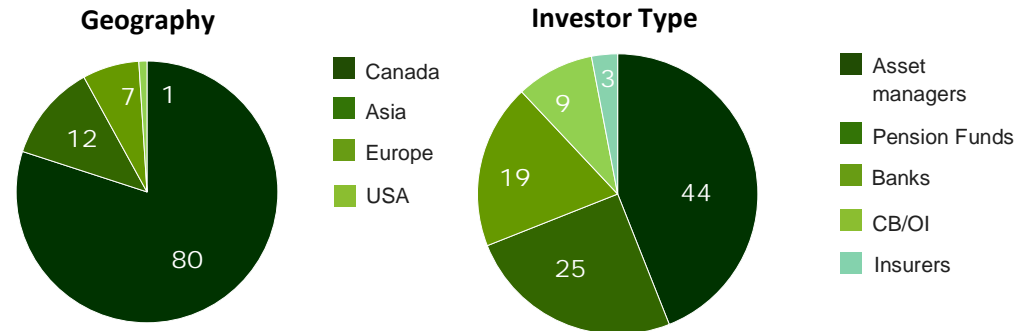
- On May 13, 2022, Québec successfully issued its seventh Green Bond.
 - With an order book of more than CAN\$2.7 billion, Québec achieved a success that allowed it to carry out its biggest Green Bond issue since the inception of its program in February 2017.
- The issue has again received strong interest from investors with Green mandates or signatories of the United Nations Principles for Responsible Investment (UN PRI), which accounted for 87% of total sales.
- The issue has achieved broad primary market distribution with 64 investors, 80% of them in Canada, 12% in Asia, 7% in Europe and 1% in the United States. As for the investors' type, 44% were asset managers, 25% pension funds, 19% banks, 9% central banks and official institutions, and 3% insurers.
- Québec is one of the only three governments in Canada to issue Green Bonds on the Canadian market. It is committed to being a regular issuer on the Green Bond market.



EXECUTION

- Thursday, May 12, 2022: The mandate was announced at 9:15 a.m. and a presentation was published on the MFQ website. This presentation highlighted Québec's Green Bond Framework, eligible projects, and specific use of proceeds for this seventh Green Bond issue.
- The transaction was officially announced for a minimum of CAN\$750 million and a maturity of 10 years, with an initial spread indication based on Québec's conventional interest rate curve.
- Friday, May 13, 2022: With an order book exceeding CAN\$2.7 billion, Québec was able to increase the deal size to CAN\$1 billion and has narrowed the final spread to 70.5 basis points, approximately 1.5 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)





Highlights

May 13, 2022



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 SEVENTH ISSUE

In addition to the projects financed by previous Québec Green Bond issuers, three new projects that met the selection criteria have been designated as eligible for funding as part of this Green Bond issue:

- the Québec city tramway
- the Montréal métro Accessibility program
- the Société de transport de Montréal's bus garage electrification program

