

Highlights

November 15, 2022

ISSUE DETAILS

Issue:	Province of Québec
Ratings:	Aa2/AA-/AA- (Stable/Stable/Stable)
Size:	CAN\$800 million
Pricing Date:	November 15, 2022
Issue Date:	November 22, 2022
Maturity Date:	November 22, 2032
Coupon:	3.900%
Yield:	3.918%
Price:	\$99.852
Re-offer Spread:	+77.0 bps
Benchmark:	CAN 2.0% June 1, 2032
Exchanges:	Luxembourg Exchange (LUX) – Euro MTF Market
Leads:	BMO, RBC, Scotia and TD
Senior Co-lead:	SEB

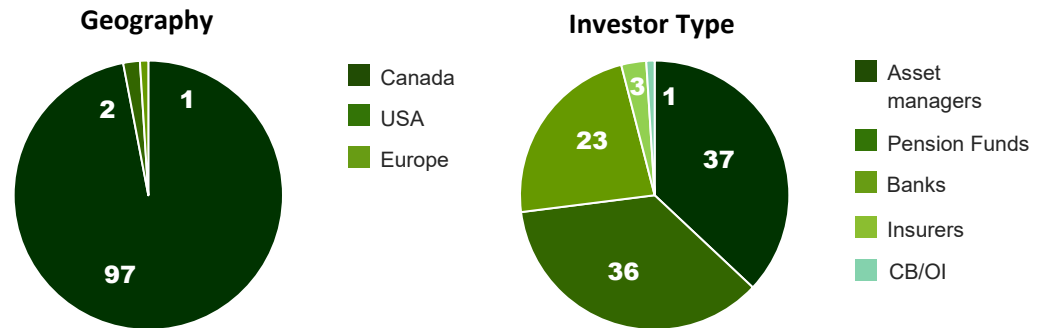
- On November 15, 2022, Québec successfully issued its eighth Green Bond.
- The issue has again received strong interest from investors with green mandates or signatories of the United Nations Principles for Responsible Investment (UN PRI), which accounted for 77% of total sales.
- The issue has achieved good primary market distribution with 38 investors, 97% of them in Canada, 2% in the United States and 1% in Europe. As for the investors' type, 37% were asset managers, 36% pension funds, 23% banks, 3% insurers, and 1% central banks and official institutions.
- Québec is one of the only three governments in Canada to issue Green Bonds on the Canadian market. Québec is committed to being a regular issuer on the Green Bond market by issuing at least one Green Bond per fiscal year.
 - This is Québec's second Green Bond issue for the current fiscal year, Québec having issued 1 billion Canadian dollars last May.



EXECUTION

- Tuesday, November 15, 2022: The mandate was announced at 8:20 a.m., with books opening immediately.
- The transaction was officially launched for a maturity of 10 years and an amount of CAN\$800 million dollars, with an initial spread indication based on Québec's conventional interest rate curve, i.e., approximately 78.0 basis points. The size of the issue was capped at CAN\$800 million bearing in mind Québec's green borrowing needs at this time.
- With an order book exceeding CAN\$1.4 billion, Québec was able to narrow the final spread to 77.0 basis points, approximately 1.0 basis point 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)





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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 green bond's net proceeds can be applied towards new financing or refinancing of eligible projects with a look back period of up to 12 months. The net proceeds from green bonds are expected to be fully allocated to eligible Green Projects in the 12 months following an issue.
- 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, updated in July 2022.
 - The Center for International Climate Research (CICERO) has updated its second opinion on Québec's new framework.
 - The framework has obtained the highest possible rating ("dark green") granted by CICERO.
- The green projects eligible fall into one of the following categories (excluding projects linked to fossil fuel-based energy generation, nuclear energy generation, the weapons and defence industry, potentially environmentally harmful resource extraction [such as rare earth elements or fossil fuels], gambling or tobacco):
 - clean transportation;
 - sustainable water and wastewater management
 - green buildings;
 - climate change adaptation.

PROJECTS ELIGIBLE FOR THE EIGHTH ISSUE

The following projects have been designated as eligible and may be financed as part of this Green Bond issue:

- the Montréal métro's blue line extension
- the Réno-Systèmes and Réno-Infrastructures programs
- the Montréal métro Accessibility program
- the Québec city tramway

