

Highlights

February 14, 2019

ISSUE DETAILS

Issuer:	Province de Québec
Ratings:	Aa2/AA+/AA- (Stable/Stable/Stable)
Size:	CAD\$800 million
Pricing Date:	February 14, 2019
Issue Date:	February 22, 2019
Maturity Date:	February 22, 2024
Coupon:	2.25%
Yield:	2.253%
Price:	\$99.986
Re-offer Spread:	+46.0 bps
Benchmark:	CAN 2.25% March 1, 2024
Exchanges:	Luxembourg Green Exchange (LGX) - Euro MTF Market
Leads:	BMO, CIBC, HSBC and RBC
Senior co-leads:	SEB TD

HIGHLIGHTS

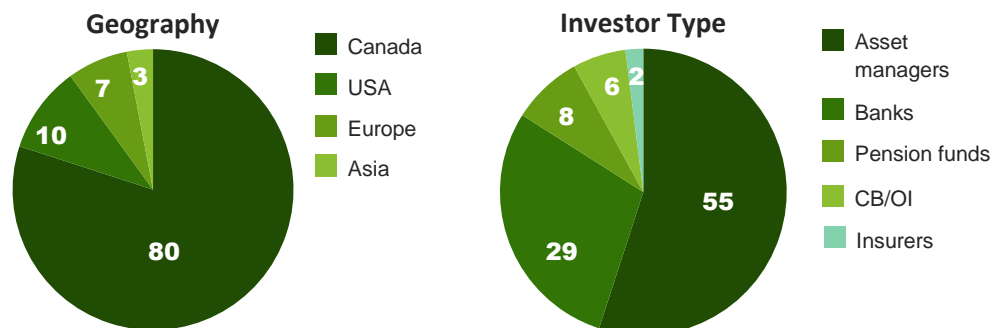
- On February 14, 2019, Québec successfully issued its fourth Green Bond.
 - With an order book of close to \$CAD2.4 billion, Québec achieved a success that surpassed that of its first three issues (February 2017, February 2018 and June 2018), in respect of which interest exceeded CAD\$1.1 billion, CAD\$1.8 billion and CAD\$1.9 billion respectively.
- Québec thus becomes 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.
 - 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 94% 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 achieved broad primary market distribution with 55 investors, 80% of them in Canada, 10% in the United States, 7% in Europe and 3% in Asia. As for the investors' type, 55% were asset managers, 29%, banks, 8%, pension funds, 6%, central banks and official institutions, and 2%, insurers.



EXECUTION

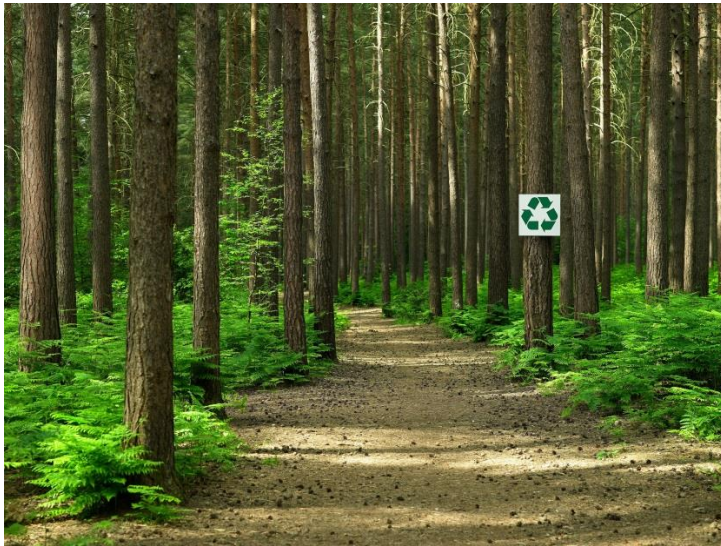
- Tuesday, February 12, 2019: The mandate was announced at the opening of London's markets and an invitation to a web presentation was sent to investors worldwide. That presentation highlighted Québec's Green Bond Framework, eligible projects and specific use of proceeds for this fourth Green Bond issue.
- Wednesday, February 13, 2019: The transaction was officially announced for CAD\$600 million (with small room to grow) and a maturity of 5 years, with an initial spread indication in the context of the Québec curve of roughly 47.5 basis points. With an order book exceeding CAD\$2.1 billion and a positive market tone, Québec was able to revise the spread guidance to an area of 46.5 basis points.
- Thursday, February 14, 2019: With an order book exceeding CAD\$2.4 billion, Québec has narrowed the final spread to 46.0 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. In addition, the issue size has been increased to CAD\$800 million, making it Québec's largest ever Green Bond issue.

Distribution by: (per cent)



Highlights

February 14, 2019



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.



PROJECTS ELIGIBLE FOR THE FOURTH ISSUE

- As for the third Green Bond issue, the financing of the Réseau express métropolitain (REM) project will continue to be favoured, but three of the four projects that satisfied the selection criteria of the first two issues are once again eligible for funding under this issue of Green Bonds.

PROJECT NAME	CATEGORY	POTENTIAL FUNDING ALLOCATION (%)
Réseau express métropolitain	Public transit	[75-100]
Réno-Systèmes and Réno-Infrastructures	Public transit	[0-15]
Hybrid bus purchase	Public transit	[0-10]