

Highlights

9.5-year – Green Bond Reopening – CAN\$600M

Province of Québec – June 8, 2023

Issue details

Issue:	Province de Québec
Ratings:	Aa2/AA-/AA- (Stable/Stable/Stable)
Size:	CAN\$600M
Pricing Date:	June 8, 2023
Issue Date:	June 15, 2023
Maturity Date:	November 22, 2032
Coupon:	3.900%
Yield:	4.094%
Price:	\$98.492
Re-offer Spread:	+68.0 pbs
Benchmark:	CAN 2.5% December 1, 2032
Exchanges:	Luxembourg Green Exchange (LGX) – Euro MTF Market
Leads:	BMO, CIBC, RBC and Scotia
Senior Co-Lead:	SEB

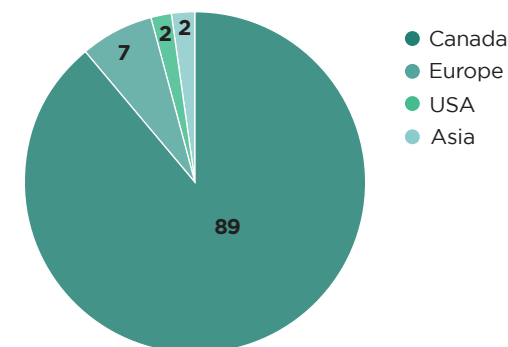


Execution

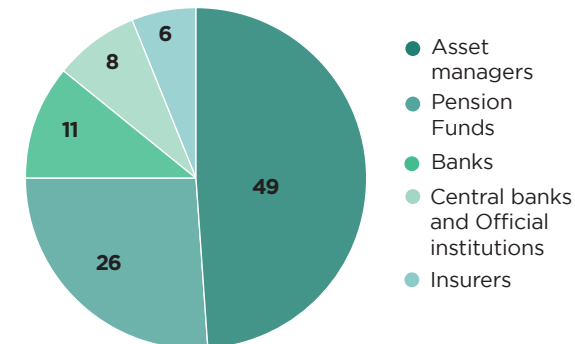
- The reopening of the issue maturing on November 22, 2032 (CAN\$800 million outstanding) was announced on Thursday, June 8, 2023, at 8.54 am, with books opening immediately.
- The transaction was officially launched, for an amount of CAN\$500 million (with small room to grow). The initial spread indication announced, based on Québec's conventional interest rate curve, was 68.5 basis points.
- With an order book exceeding CAN\$1.3 billion, Québec was able to increase the size of the issue to CAN\$600 million and to narrow the final spread to 68.0 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.

- On June 8, 2023, Québec successfully issued its ninth 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 82% of total sales.
- The issue has achieved good primary market distribution with 44 investors, 89% of them in Canada, 7% in Europe, 2% in the United States and 2% in Asia. As for the investors' type, 49% were asset managers, 26% pension funds, 11% banks, 8% central banks and official institutions and 6% insurers.
- 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.
 - Since it put in place its Green Bond program in February 2017, Québec has issued, including this ninth issue, a total of CAN\$5.7 billion in Green Bonds.
 - This is Québec's first reopening of a Green Bond.

Geographic Distribution (per cent)



Investors' Distribution (per cent)



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 Bond program, updated in July 2022.
 - CICERO Shades of Green 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;
 - green buildings;
 - sustainable water and wastewater management;
 - climate change adaptation.

Projects eligible for the ninth issue

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

- the new AZUR métro cars purchase
- the Réno-Infrastructures program
- the Bellechasse bus garage (target: LEED Gold certification)
- the Québec city tramway

