



GROUPE BPCE: SUSTAINABLE DEVELOPMENT BOND PROGRAM

Complement for Local Economic Development
methodology : LED Bond COVID 19 oriented

APRIL 2020



GROUPE BPCE

Bankers and insurers with a different perspective

LOCAL ECONOMIC DEVELOPMENT BOND ISSUED UNDER GROUPE BPCE'S SUSTAINABLE FRAMEWORK

*Local Economic
Development Bonds
as a tool to channel
BPCE's Covid19
immediate response
as well as dealing with
its economic aftermath*



- ⦿ The global coronavirus crisis is a social issue : through its obvious health & sanitary dimension but also through its unprecedented negative impacts it is having and will have on populations, economies and businesses
- ⦿ BPCE's aim is **to use its existing tool** of Local Economic Development bond **to strengthen its support** to small businesses and non profit organizations suffering from this unprecedented crisis
- ⦿ BPCE LED social bonds' goal is to support regional and community development and resilience through financing of small businesses, SMEs, local authorities and non-profit organizations in economically and/or socially disadvantaged areas or communities, even more in the context of such a crisis
- ⦿ LED Social Bonds contribute to the United Nations Sustainable Development Goals (SDG), in particular to SDG 8 “decent work and economic growth”

LOCAL ECONOMIC DEVELOPMENT BOND - COVID 19 ORIENTED

Use of Proceeds

- ⦿ This LED issuance's aim is to mitigate the impacts of the crisis on job conservation or creation and to continue to help revitalizing economically depressed areas
- ⦿ On the top of the LED eligible loan selection process, this COVID19 LED Bond implements an additional layer of selection, directly related to BPCE direct scope of action in this crisis. Eligible Loans will include LED loans that are :
 - “PGE loans (Prêts Garantis d’Etat – State Guaranteed loans) which are one of the key answers to the crisis brought by the French Government originated since March 2020. The share of these loans deemed eligible for refinancing via LED Bond proceeds will be limited to the non guaranteed and non refinanced part of the loans (as outlined in slide 5)
- ⦿ Please note that all BPCE Sustainable Development Bond framework and LED methodology note features and principles apply (including UoP, management of proceeds, allocation principles : specific sectors excluded, loan substitution in case of controversy, ...). Should “PGE + LED loans” mature / get repaid before maturity of the bond, they will be replaced in the allocated pool with LED loans.

FRENCH CREDIT GUARANTEES – PRÊTS GARANTIS DE L'ETAT

*“PGE” one of the
French Government
response to the crisis*

- “Prêts garantis de l’Etat - PGE” at a glance :
 - €300bn of State guarantees on credit to businesses
 - All companies and businesses eligible except for credit & financial institutions and “sociétés civiles immobilières”
 - From 25th March 2020 to 31st December 2020
 - Minimum non-amortizing period up to 12 months with additional 5 years at borrower’s option
 - French State’s guarantee will cover 70 to 90% of the loan
 - The guarantee reaches 90% for all companies with a turnover of up to €1.5bn and less than 5 000 employees : which is the type companies targeted by the LED Methodology
 - 10% of the risk supported by banks in charge of commercialization
- Since 25th March 2020, Group BPCE uses its 2 regional Cooperative Banking Networks to commercialize the PGE



REFINANCING OF THE « PGE »

COVID-19 related LED bond will refinance only the residual amount

AMOUNTS ELIGIBLE FOR REFINANCING VIA LED BOND PROCEEDS WILL BE REDUCED ONLY TO THE NON GUARANTEED AND NON REFINANCED PART OF THE LOANS

« PGE » 10% non guaranteed

State Guarantee of 90% of the loan for all LED eligible counterparties (for all companies with a turnover up to €1.5bn and less than 5 000 employees)



Central Bank Refinancing

10% of the amount of the loans are refinanced by Central Bank via « ACC Corp »



Haircut

A haircut of x% for all loans with residual maturity less than 1 year



LED Bond refinancing

Haircut percentage of 10% of the amount of the loan ie. the residual share of the "PGE" without dedicated funding resource

Eligible Criteria applied for LED counterparties are a turnover below or to €10million, which ensures a **90% State guarantee**

Maturity extensions are borrowers options so all loans are considered with a **less than 1 year residual maturity**