



GROUPE BPCE: SUSTAINABLE DEVELOPMENT BOND PROGRAM

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

APRIL 2020

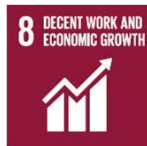


GROUPE BPCE

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
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 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*

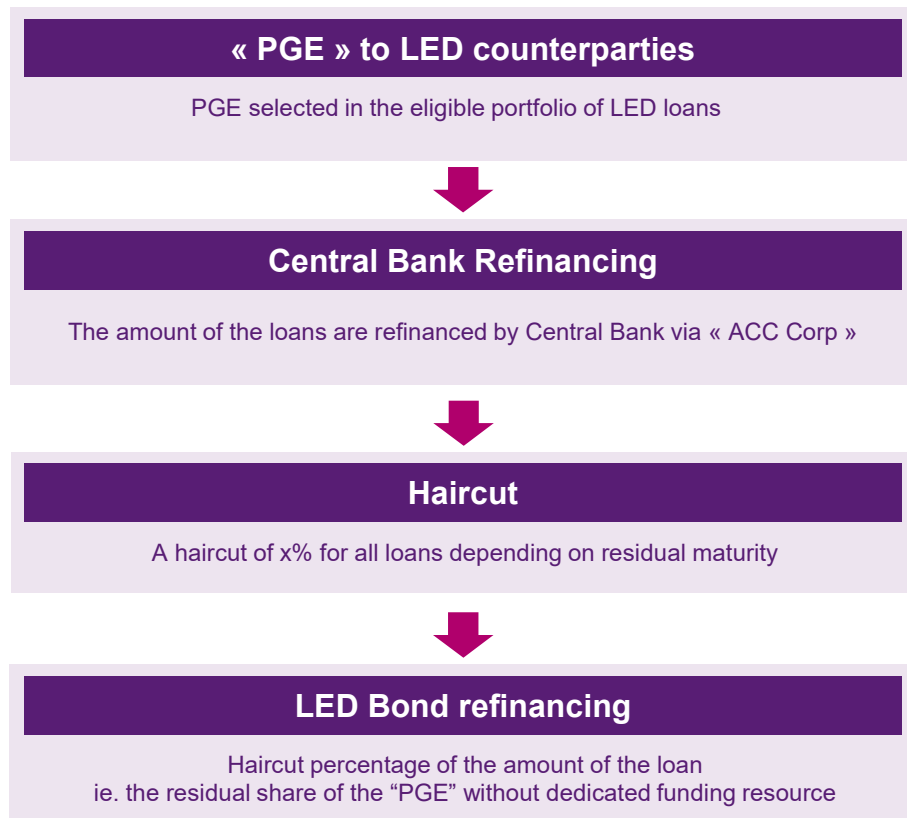
- “Prêts garantis de l’Etat - PGE” at a glance :
 - €300bn of State guarantees on credit to businesses
 - All companies and businesses eligible except for credit & financial institutions and “sociétés civiles immobilières”
 - From 25th March 2020 to 31st December 2020
 - Minimum non-amortizing period up to 12 months with additional 5 years at borrower’s option
 - French State’s guarantee will cover 70 to 90% of the loan
 - PGE will be refinanced by the Central Bank via “ACC Corp”
- Since 25th March 2020, Group BPCE uses its 2 regional Cooperative Banking Networks to commercialize the PGE
 - €24bn disbursed as at end-July
 - Approx. 157,000 loans



REFINANCING OF THE « PGE »

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

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



Restrictive selection criteria applied via zip codes in metropolitan France

Several specific sectors excluded from the selection (Mining including coal, Oil & gas, Nuclear activities, Defense)

Limited lookback on originated loans <= 3 years

Maturity extensions are borrowers options and will vary from 1 year to 6 years. So all loans are considered with an average **residual maturity between one and three years**