



**GROUPE BPCE**

Bankers and insurers with a different perspective

**Investor presentation**

June, 2017

# **Inaugural Social Samurai Bond for France's leading social lender**



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The Samurai social bond's final use of proceeds is published as of June 20, 2017.

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**Groupe BPCE,  
a cooperative group with  
a CSR policy integrated in  
its business model**

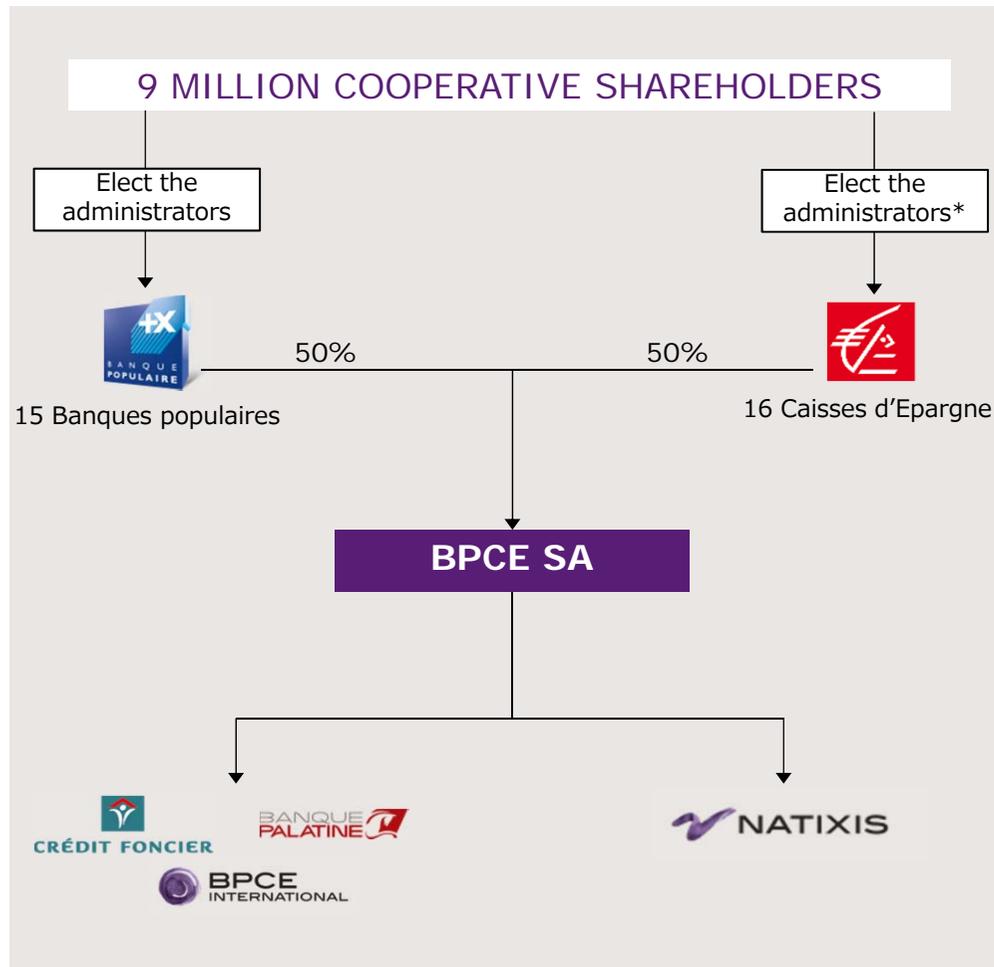
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**Inaugural Social  
Samurai Bond**

# Groupe BPCE cooperative governance structure

## A supportive cooperative identity

Groupe BPCE, the 2<sup>nd</sup> largest banking group in France, has a distinctly **cooperative character**. Its two cooperative networks – 15 Banque Populaire banks and 16 Caisses d’Epargne – are **central players in their respective regions**.



\* Indirectly through Local Savings Companies.

### Networks governance:

Each BP's Boards of Directors and each CE's Steering and Supervisory Boards **represent the cooperative shareholders** and **oversee the management** provided by each bank's Management Board and CEOs.

### BPCE SA central institution:

BPCE SA is responsible for the relationship with the banking supervisor (ECB) and the Group's strategy:

- Financial policy, ALM and market funding (senior unsecured and subordinated debt)
- Risk management policies and ongoing compliance

### ~8,000 branches in France

The **Banque Populaires banks** have a strong franchise in individual customers, SMEs and self-employed professionals in France

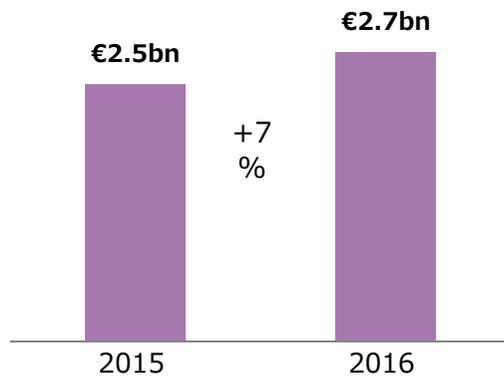
The **Caisses d'Epargne** have a strong franchise in individual customers and local authorities in France

# Groupe BPCE's regional cooperative banks finance the local French economy and regions

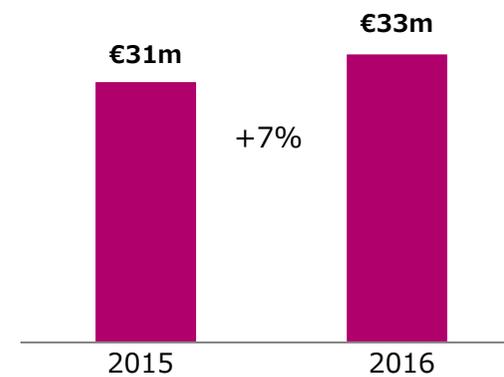
- ▶ Groupe BPCE supports SMEs around France through its purchases, conventional loans and by facilitating their access to financial markets:



- ▶ **Financing the social and solidarity-based economy**  
*(total amount of loans granted to the social and solidarity-based economy)*



- ▶ **Corporate philanthropy by the Banque Populaire banks and Caisses d'Épargne**

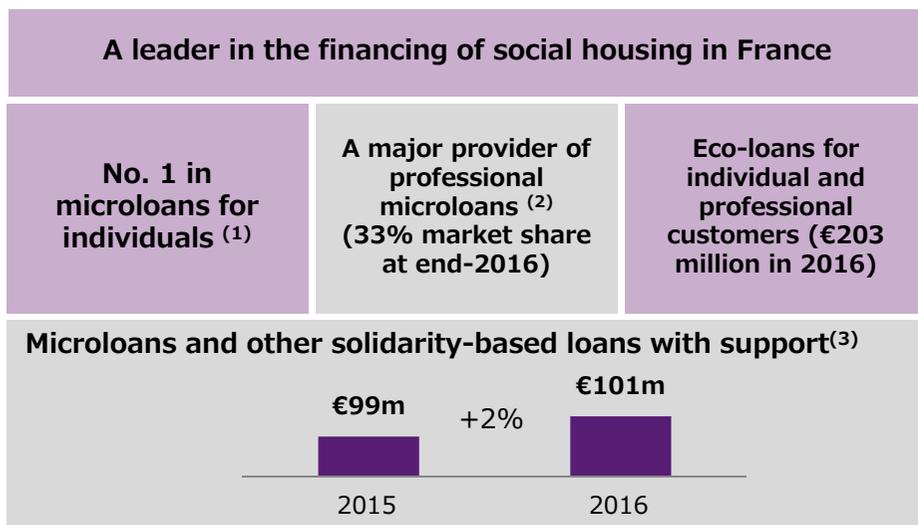


(1) No. 1 by total penetration rate (source: TNS Sofres survey 2015). (2) No. 2 by penetration rate among professional customers and individual entrepreneurs, dual and professional relationships (source: Pépites CSA survey 2015-2016). (3) From a sample of 31,031 suppliers with a Codex 2014 SIREN number and approved by INSEE. (4) Small and medium-sized enterprises (2016 definition): fewer than 250 employees and revenues below €50,000K.

# Groupe BPCE responsible financing and funding

## Responsible financing

### ► Retail networks of Groupe BPCE

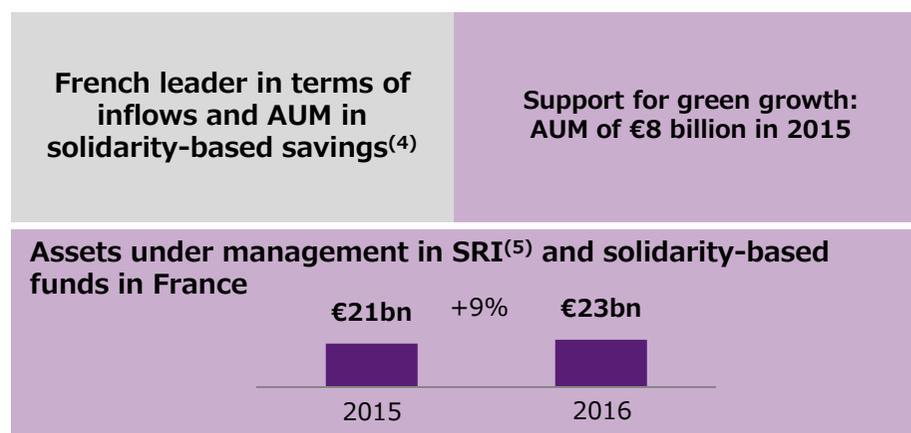


### ► Corporate & Investment Banking (Natixis)

One of the leaders in the financing of renewable energies

Withdrawal from the financing of the coal industry around the world

### ► Asset management (Natixis)



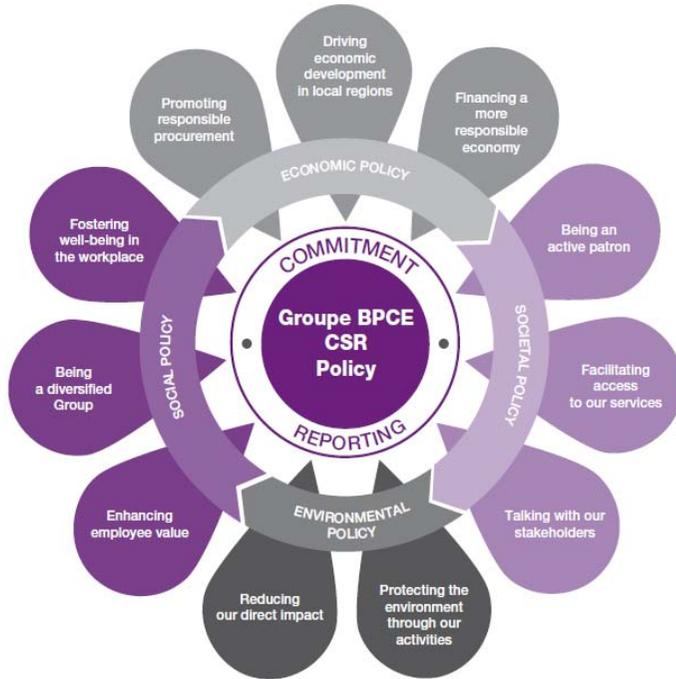
## Responsible funding

- Among French banks, BPCE SA is a major partner of the European Investment Bank
- BPCE SA has already issued a €300m EMTN Green bond in 2015 (cf. appendix)

1) Social cohesion fund / Caisse des Dépôts. 2) France Stratégie 2014 survey/Group data (3) Loans issued to borrowers in vulnerable situations or outside the labour market, covered by a guarantee (4) Finansol 2016 survey (5) Socially Responsible Investment.

# Groupe BPCE factors CSR (Corporate Social Responsibility) into decision-making processes

As part of its strategic plan, Groupe BPCE decided to implement a CSR policy, which was approved by its Management Board and the federations in 2016.



Ten priority projects identified by the global CSR policy have been launched in 2016. They will continue in 2017.

- > measuring and promoting the local socio-economic footprint;
- > distributing SRI and solidarity-based products;
- > developing responsible procurement;
- > microloans and financial inclusion;
- > reducing direct environmental impacts;
- > drafting a green growth strategy;
- > adopting an innovative policy to encourage well-being, health and sport in the workplace;
- > communications and CSR;
- > sustainability reporting and ratings;
- > raising awareness of reporting and CSR.

Groupe BPCE is rated by **OEKOM** (ESG score as of 2016 : C).

BPCE has been awarded 'Prime Status' and is considered among the leaders in its industry



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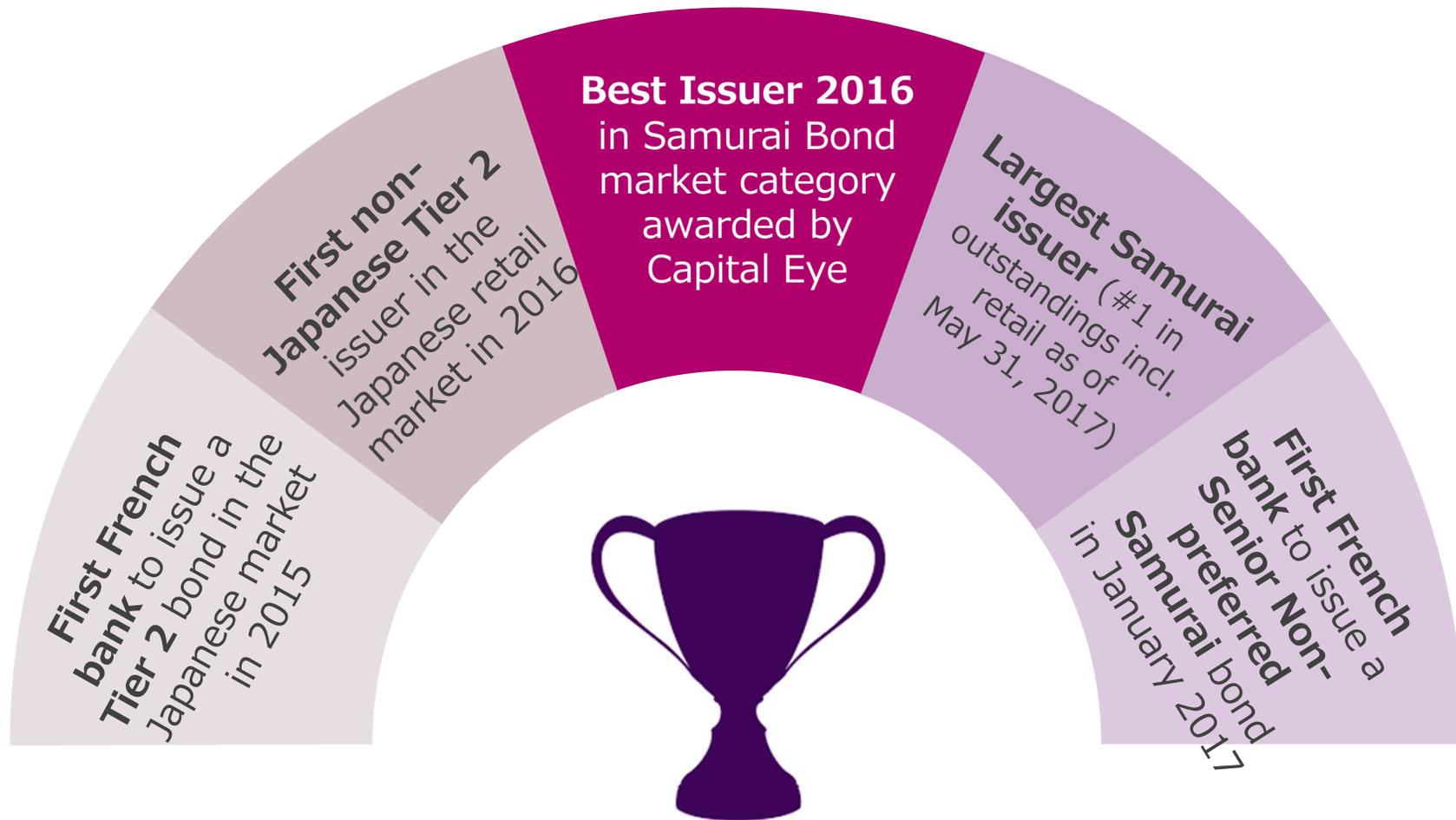
Groupe BPCE,  
a cooperative group with a  
CSR policy integrated in its  
business model

2

**Inaugural Social  
Samurai Bond**

# BPCE SA's inaugural Social Samurai Bond

BPCE SA, an innovative issuer in the Japanese market



# BPCE SA's inaugural Social Samurai Bond

## BPCE SA's involvement

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- > **Following BPCE SA's successful green bond in Euro (Dec. 2015), BPCE SA offers the first Social Samurai Bond**
- > **BPCE SA is very well aware that the Green Bond Principles tend to adopt a "project" based approach in the rationale behind green bonds and social bonds**
- > The core business of Retail Banks is to finance "Clients" and not "projects". Energy Transition and Social Investments are not limited to project finance. On the contrary, it is mostly the result of SME and public organizations' "business as usual" activity
- > Those organizations do not often have access neither to project finance nor to capital markets
- > BPCE SA strongly believes that Retail banks have a role to play in the social bond market, with their core activities. This transaction and this process of selection are for BPCE SA a first step in what it believes can become a structuring way to finance or refinance its contribution to energy transition and social investments

# BPCE SA's inaugural Social Samurai Bond

## Use of proceeds<sup>1</sup>

- > BPCE SA intends to lend the net proceeds of the issuance of the Bonds to the 31 Regional Banks of the Groupe BPCE network and expects that they will exclusively allocate an amount equal to such net proceeds to finance or refinance loans granted to clients whose activities are dedicated to **Education, Healthcare and Social** (Eligible Social Loans).
- > The pool of Eligible Social Loans will exclusively include loans originated **from January 1, 2016**, selected according to eligible official sectors of economic activity code. The list of eligible official sectors of economic activity code will be published on a dedicated section of the website of the Issuer.
- > Although the net proceeds will be raised in Japanese yen, they will be allocated to Euros Eligible Social Loans. The **net proceeds of the issue of Bonds will then be swapped into Euros at issuance.**
- > The Issuer expects to **allocate the net proceeds from the issue within one year** of the date of issuance. In the case of early loans repayments or if loans mature before the maturity of the Bonds, the Regional Banks will replace such loans with new Eligible Social Loans. Along the life of the bonds, pending the allocation of the net proceeds of the issue, the Issuer will temporarily invest such amounts in cash, cash equivalents and/or marketable securities.
- > Throughout the term of the Bonds, the Issuer will provide, on the dedicated section of its website:
  - > an **annual update of the allocation of the proceeds** of the Bonds to Eligible Social Loans, **describing the Eligible Social Loans** by categories of eligibility (subject to confidentiality considerations)
  - > the **report from an independent accountant** verifying the compliance, in all material respects, of (i) the actual allocation of proceeds to Eligible Social Loans with BPCE SA's eligibility criteria defined above, and (ii) the potential pending cash allocation.

<sup>1</sup> The Samurai social bond's final use of proceeds will be published as of June 20, 2017.

# BPCE SA's inaugural Social Samurai Bond

## Selection Criteria

"Eligible Social Loans" are exclusively **granted to customers** whose activities are dedicated to **one of the following Social categories**. The pool of Eligible Loans will exclusively include loans **originated from January 1, 2016**, selected according to eligible official sectors of economic activity code (Nomenclature d'Activités Française Code – French classification of activities set up by the French National Institute of Statistics and Economic Studies <https://www.insee.fr/en/metadonnees/nafr2/section/A>)

### Education



- ▶ Pre-primary, primary and secondary education
- ▶ Post-secondary non-tertiary and tertiary education
- ▶ Adult learning
- ▶ Other educational projects and activities supporting education and culture

### Healthcare



- ▶ Hospitals and private clinics
- ▶ Health facilities and residential nursing care activities
- ▶ Public and private medical activities
- ▶ Social security services
- ▶ Other health services

### Social



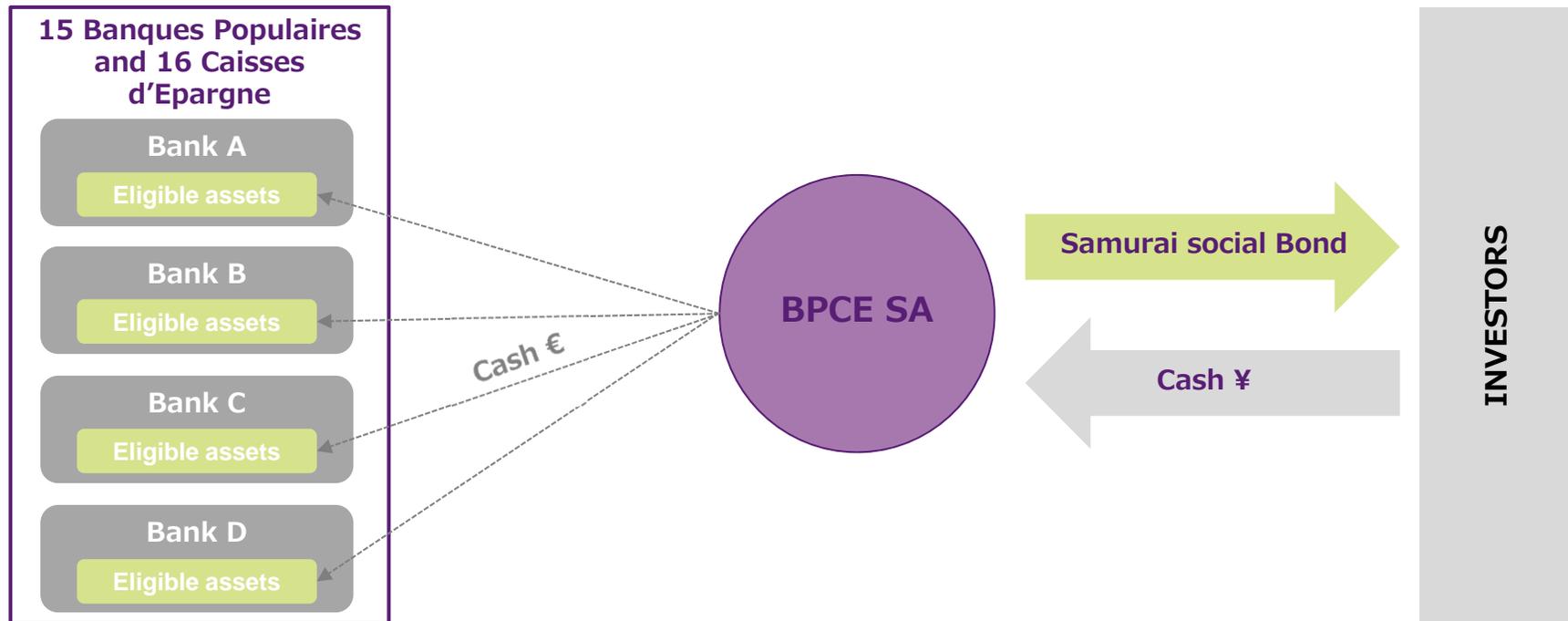
- ▶ Social housing for individuals and families requiring specific support
- ▶ Public and private organizations providing support and assistance to the elderly, children and disabled people
- ▶ Structures implementing social programs

# BPCE SA's inaugural Social Samurai Bond

## Management of proceeds

Proceeds will be dedicated to financing or refinancing loans granted to clients whose activities are dedicated to Eligible Social Loans.

The pool of Eligible Assets is comprised of assets selected among the Banques Populaires and Caisses d'Épargne of the Groupe BPCE network and originated from January 1, 2016



# BPCE SA's inaugural Social Samurai Bond Reporting

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- > An **annual update of the allocation of the proceeds** of the Bonds to Eligible Social Loans, **describing the Eligible Social Loans** by categories of eligibility (subject to confidentiality considerations)
- > The **report from an independent accountant** verifying the compliance, in all material respects, of (i) the actual allocation of proceeds to Eligible Social Loans with BPCE SA's eligibility criteria defined above, and (ii) the potential pending cash allocation

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# Appendix

# BPCE SA Inaugural Green Bond transaction €300mn - 7-year



## Termsheet

<b>Issuer:</b>	<b>BPCE SA</b>
<b>Status :</b>	Senior Unsecured – Green Bond
<b>Issuer Rating:</b>	A2 / A / A
<b>Coupon:</b>	1.125%
<b>Maturity:</b>	7-year
<b>Maturity date:</b>	14 December 2022
<b>Size</b>	€ 300,000,000 (no grow)
<b>Leads :</b>	<b>Natixis Sole</b>
<b>Reoffer spread :</b>	<b>MS + 75bps</b>
<b>Reoffer price:</b>	99.6%
<b>ISIN:</b>	FR0013067170

## Book analysis

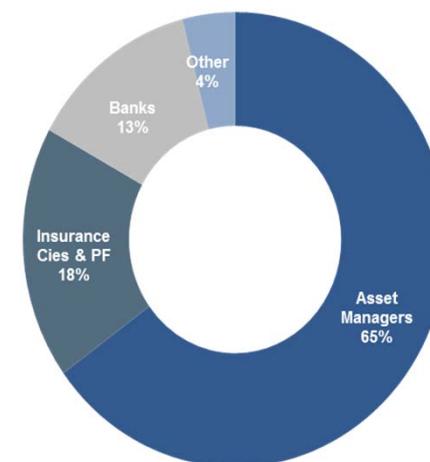
<b>Book size:</b>	€ 1.2bn
<b>Number of orders:</b>	102

## Execution Highlights

BPCE SA launched and priced on Wednesday December 2<sup>nd</sup> its inaugural Green Bond transaction: €300mn 7-year senior unsecured issue at MS + 75 bps. At the end of the process, around 55% of the deal was allocated to ISR investors or fund.

- The proceeds of this bond have been clearly dedicated to Natixis Energieco, a subsidiary of Natixis, to refinance renewable energy projects (wind, solar or bio-mass) located exclusively in France.
- BPCE announced on November 24<sup>th</sup> investor meetings to be held in Paris on Friday November 27<sup>th</sup> and calls on Monday 30<sup>th</sup> November targeting SRI investors. 26 investors were met during these two days.
- Feedbacks have been very positive with a high appreciation from investors of the trade's structure, the commitment on reporting and the business model of Natixis Energieco. BPCE has been able to collect strong IoIs on Tuesday December 1<sup>st</sup> despite the sub-benchmark size.
- The deal was launched on Wednesday December 2<sup>nd</sup> at 9.30am CET with IPTs of MS + 85 bps area, with a Fair Value calculated at around MS + 71 bps area, a limited NIP in the current market conditions.
- The trade quickly gathered strong interests from investors and the order book was above €500mn after only one hour and above €1bn at the time of the update. Taking advantage of this 3 times + oversubscription ratio, guidance was released at MS + 75 / 80 bps (will price in the range). Spread sensitivity was small and orders continued to come in reaching €1,2bn at the time the book closed. 102 investors were involved. Finally spread was fixed at MS + 75 bps, leaving a NIP of 4 / 5 bps.
- Regarding distribution, Asset Managers drove the transaction with 65% of the allocation, followed by Insurance Companies & Pension Funds with 18% and Banks with 13%.
- By country, France drove the transaction with 36%, followed by the United Kingdom and Ireland (24%), Germany & Austria (11%), Nordics and Southern Europe (8% each), Benelux (5%) and Swiss (4%).
- This transaction demonstrates the recognition of Group BPCE's strong commitment towards sustainable development and renewable energies.

## Distribution by investor type



## Distribution by geography

