



LED financing: impact study

Aim

- As part of its EMTN program, BPCE Group has issued EUR 1,7 bln of LED Social Bonds (EUR and JPY denominated)
- LED financing is targeted to geographical areas that underperform the French national average in terms of new business creation and unemployment or poverty rate
- The aim of this analysis is to evaluate whether LED financing has made a positive impact where it has been allocated
- For so doing, we have analysed macro and micro-economic data, namely:
 - Unemployment rate
 - Income level
 - New business creation
 - Number of employees
 - Turnover and equity
 - Credit score

Macroeconomic data

The change in unemployment rate and income level is in line with the national average. Income level is defined as the disposable income of households divided by their OECD consumption units.

YoY change in new business creation has shown encouraging signs of progress in the most recent years.

Unemployment rate

(Source: INSEE)

Population aged 15 to 64

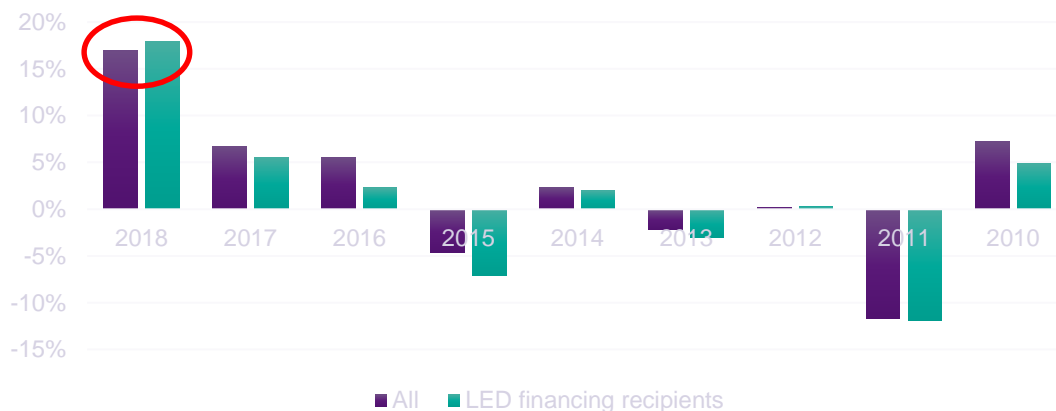
	All	LED financing recipients
2016	10,4	11,7
2014	10,3	11,5
Delta	1,4%	1,4%

Income level

Population aged 15 to 64

	All	LED financing recipients
2016	21 105 €	19 454 €
2014	20 686 €	19 092 €
Delta	2,0%	1,9%

YOY change in new business creation



Microeconomic data

- Our data source is the ALTARES – Dun&Bradstreet database of corporations and professionals clients of the BP & CE retail networks
- Altares database coverage of LED financing recipients is 88% (not dollar-weighted), as the following are excluded:
 - NPLs - 0,29% of the pool dollar-weighted
 - SCIs(*) - 30% of the pool dollar-weighted
- Relevant data items and their coverage rate in the Altares db (inside of the above 88%) are shown on the right handside.

Data field	Rate of coverage
# staff (INSEE)	94%
# staff band (INSEE) N	86%
# staff band (INSEE) N-1	84%
# staff band (INSEE) N-3	74%
Turnover band (INSEE) N	40%
Turnover band (INSEE) N-1	33%
# staff (Annual Report)	41%
# staff N-1 (Annual Report))	32%
Turnover N (Annual Report))	41%
Turnover N-1 (Annual Report))	32%
Cash Flow	37%

(*) SCI: Société Civile Immobilière

Analysis of staffing levels & credit score

A positive impact of LED financing on staffing levels is observed

- The impact of LED financing on staffing levels is measured on a subset of about ¼ of the starting population due to data coverage
- The resulting population size is 11060 counterparties for which we have computed the (unweighted) staffing average year on year. The comparison with the overall population as well as the population with turnover below 3mln€ (the LED eligibility threshold) is shown below.
- Whilst the average **staffing level** is flat YoY for the overall population and decreases by 1,8% for corporations below the 3 mln€ turnover threshold, it **gains 3,8% at companies recipients of LED financing**.
- That points to a **positive impact of LED financing on unemployment**
- We also note that the average Altares credit score is lower for LED financing recipients than for the overall population, which confirms that social bonds do fund financially weaker clients

Staffing

	Allocated (11k SIREN)	Overall BPCE population (321k SIREN)	Population with TO < 3mln€ (282k SIREN)
Jul-19	1,9	12,0	1,6
Jul-18	1,8	12,1	1,6
delta	3,8%	-0,4%	-1,8%

Altares credit score

	Allocated	Overall BPCE population	Population with TO < 3mln€
Jul-19	11,7	12,6	12,5

The Altares credit score ranges from 0 to 20 and increases with credit quality.

Analysis of economic activity

A positive impact of LED financing on turnover and equity figures is measured

- The analysis of turnover and equity confirms the trend observed with staffing figures: turnover and equity increase faster for LED financing recipients than for the overall BPCE client population.
- The difference is even more striking with respect to corporations below the 3 mln€ turnover threshold.
- This points to a **stronger impact of the financing targeted to companies in those geographical areas.**

Turnover

	Allocated (11k SIREN)	Overall BPCE population (321k SIREN)	Population with TO < 3mln€ (284k SIREN)
Jul-19	660 397 €	4 783 568 €	539 364 €
Jul-18	573 641 €	4 358 354 €	563 706 €
delta	15,1%	9,8%	-4,3%

Equity

	Allocated (11k SIREN)	Overall BPCE population (321k SIREN)	Population with TO < 3mln€ (284k SIREN)
Jul-19	210 470 €	4 552 877 €	1 234 159 €
Jul-18	160 934 €	3 996 694 €	1 101 631 €
delta	30,8%	13,9%	12,0%



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