

PRESS RELEASE

BPCE issues €100 million of transition bonds, invested by AXA IM, to finance Natixis' assets contributing to the energy transition

09 DECEMBER 2020

On behalf of AXA Group, AXA Investment Managers (AXA IM) is investing in €100 million of senior non-preferred transition bonds, contributing to the financing of energy transition assets. The bonds have a 10-year maturity and will pay a coupon of 0.55%. They will be listed on the Paris stock exchange.

Issued by BPCE, the proceeds of the transition bonds can be used to refinance Natixis' assets, consisting of project and/or corporate loans from relevant sectors such as, potentially, transport, power, midstream gas, mining and metals, and building materials. The assets will be selected for their high emissions reduction potential as well as their contribution to a low carbon economy.

The transition bonds have two key innovative features. The selected portfolio includes:

- “Sustainability-linked” corporate loans integrating a credit margin adjustment linked to the achievement of key performance indicators (KPIs) related to the climate and the energy transition. This loan format is well suited to capture the holistic, dynamic and forward-looking dimensions of the corporate energy transition.
- Project loans selected based on Natixis' in-house Green Weighting Factor methodology¹, an innovative mechanism that links Natixis' analytical capital allocation to the degree of climate and environmental performance of each financing, enabling it to actively manage and steer its balance sheet's climate impact and transition strategy.

The proceeds of this transaction will be used to refinance energy transition assets such as:

- Project loans dedicated to metals (bauxite and copper) considered as enablers for low carbon technologies²;
- Project loans dedicated to electricity transmission and distribution assets contributing to the interconnection of countries with low-carbon-based electricity generation;
- A “sustainability-linked” loan to one of the leading global aluminium producers, supporting the company's commitment to low carbon aluminium production and actual sale.

¹ <https://pressroom-en.natixis.com/news/natixis-rolls-out-its-green-weighting-factor-and-becomes-the-first-bank-to-actively-manage-its-balance-sheets-climate-impact-2dce-8e037.html>

² For example: Electric Vehicles, Energy Storage, Power Generation, Clean Transportation. 57% of aluminium and 43% of copper produced are considered to be used in low carbon applications, considering an average 2017-2040 of low carbon use in a 2° C scenario.

Following AXA IM's call to action last year³, this transaction demonstrates its intention to play a leading role in the development of transition bonds. AXA IM and Natixis also co-chair the ICMA Climate Transition Finance Working Group, which aims to steer capital market participant debate and disclosure guidance when raising funds for climate transition-related purposes.

Marco Morelli, Executive Chairman at AXA Investment Managers, said: *“Being a responsible investment manager is at the core of everything we do, and as such we are always keen to source sustainable and innovative investment opportunities. Our work with the AXA Group, and partners such as BPCE and Natixis, continues to show our commitment to this new asset class. The launch of this transition bond is another step forward in our strategy to support the transition of carbon-intensive industries into low carbon business models aligned with the objectives of the Paris Agreement, and we do hope that many more will be funded in future.”*

Jean-François Lequoy, Group CFO, Deputy Chief Executive Officer of Groupe BPCE and Member of the Management Board in charge of Finance and Strategy, commented: *“This innovative transition bond issuance, in cooperation with AXA Group and Natixis, is a further step in our strategic ambition for the Group to be a leading player of environmental transition and sustainable finance. In the very infancy of this new type of thematic sustainable financing instrument, this transaction represents a significant milestone in the development of transition bonds, reflecting market innovation and sector diversification.”*

Alain Gallois, Global Head of Investment Banking, Corporate & Investment Banking at Natixis, added: *“We are proud to have worked with AXA Group and AXA IM on the structuring of this innovative transition bond and, through it, to have demonstrated an additional tangible and client-driven use case for the Green Weighting Factor. This internal Natixis mechanism, that allocates capital across all Corporate & Investment Banking financing deals based on their climate and environmental impact, was a key element used to define the eligibility of transition assets in this bond.”*

ENDS

Press Contacts

AXA INVESTMENT MANAGERS

Ellis Ford / H  l  ne Caillet

+44 (0)207 003 1225 / +33 1 44 45 88 06

ellis.ford@axa-im.com / helene.caillet@axa-im.com

NATIXIS

Vanessa Stephan

+33 1 58 19 34 16

vanessa.stephan@natixis.com

GROUPE BPCE

Christophe Gilbert

+33 1 40 39 66 00

christophe.gilbert@bpce.fr

³ https://www.axa-im.com/content/-/asset_publisher/alpeXKk1gk2N/content/axa-investment-managers-calls-for-new-transition-bonds-to-help-companies-go-green/23818

About AXA Investment Managers

AXA Investment Managers (AXA IM) is an active, long-term, global, multi-asset investor. We work with clients today to provide the solutions they need to help build a better tomorrow for their investments, while creating a positive change for the world in which we all live. With approximately €830 billion in assets under management as at end of September 2020, AXA IM employs over 2,360 employees around the world and operates out of 28 offices across 20 countries. AXA IM is part of the AXA Group, a world leader in financial protection and wealth management.

About Groupe BPCE

Groupe BPCE, with its business model as a universal cooperative bank represented by 9 million cooperative shareholders, is currently the 2nd-largest banking group in France. With its 105,000 employees, it serves a total of 36 million customers – individuals, professionals, corporates, investors, and local government bodies – around the world. It operates in the retail banking and insurance sectors in France via its two major Banque Populaire and Caisse d'Épargne banking networks, along with Banque Palatine. With Natixis, it also runs global business lines specializing in Asset & Wealth management, Corporate & Investment Banking, Insurance and Payments. Through this structure, it is able to offer its customers a comprehensive, diversified range of products and services: solutions in savings, investment, cash management, financing, and insurance. The Group's financial strength is recognized by four financial rating agencies: Moody's (A1, stable outlook), Standard & Poor's (A+, negative outlook), Fitch (A+, negative outlook) and R&I (A+, stable outlook).

About Natixis

Natixis is a French multinational financial services firm specialized in asset & wealth management, corporate & investment banking, insurance and payments. A subsidiary of Groupe BPCE, the second-largest banking group in France through its two retail banking networks, Banque Populaire and Caisse d'Épargne, Natixis counts nearly 16,000 employees across 38 countries. Its clients include corporations, financial institutions, sovereign and supranational organizations, as well as the customers of Groupe BPCE's networks. Listed on the Paris stock exchange, Natixis has a solid financial base with a CET1 capital under Basel 3⁽¹⁾ of €11.8 billion, a Basel 3 CET1 Ratio⁽¹⁾ of 11.7% and quality long-term ratings (Standard & Poor's: A+ / Moody's: A1 / Fitch Ratings: A+).

⁽¹⁾ Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in

Figures as at 30 September 2020

Disclaimer

Not for Retail distribution: This document is intended exclusively for Professional, Institutional, Qualified or Wholesale Clients / Investors only, as defined by applicable local laws and regulation. Circulation must be restricted accordingly.

This document is for informational purposes only and does not constitute investment research or financial analysis relating to transactions in financial instruments as per MIF Directive (2014/65/EU), nor does it constitute on the part of AXA Investment Managers or its affiliated companies an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalized recommendation to buy or sell securities.

Due to its simplification, this document is partial and opinions, estimates and forecasts herein are subjective and subject to change without notice. There is no guarantee forecasts made will come to pass. Data, figures, declarations, analysis, predictions and other information in this document is provided based on our state of knowledge at the time of creation of this document. Whilst every care is taken, no representation or warranty

(including liability towards third parties), express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. Reliance upon information in this material is at the sole discretion of the recipient. This material does not contain sufficient information to support an investment decision.

Issued in the U.K. by AXA Investment Managers UK Limited, which is authorised and regulated by the Financial Conduct Authority in the U.K. Registered in England and Wales, No: 01431068. Registered Office: 155 Bishopsgate, London, EC2M 3YD (until 31st December 2020); 22 Bishopsgate, London, EC2N 4BQ (from 1st January 2021)

In other jurisdictions, this document is issued by AXA Investment Managers SA's affiliates in those countries.