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ANNUAL REPORT
Bpifrance Financement
2014

Registration Document

This Registration Document was filed with the *Autorité des Marchés Financiers* (Financial Markets Authority), on 28 April 2015, pursuant to Article 212-13 of the AMF General Regulations. It may be used in support of a financial operation if supplemented by a prospectus approved by the AMF. This document has been drafted by its issuer and gives rise to liability on the part of its signatories.

CONTENTS

1. MESSAGE FROM THE CHAIRMAN

Fiscal year 2013 was dedicated to creating Bpifrance and 2014 was highly focused on rolling out the full range of company financing tools.

The mobilisation of all of Bpifrance's teams and resources, both in the regions and at head office, occurred in an economic environment which reflected persistent gloom among most economic players. Despite this environment, all business lines experienced strong growth, enabling Bpifrance to support its partners' growth.

Bpifrance's main priority is to support company growth. To do so, it deployed all of its financing and investment business lines in 2014.

With respect to financing, Bpifrance concentrated on Development Loans this year, which experienced 39% growth in commitments. The loans, which are granted to finance immaterial investments and working capital (BFR), were complementary to the offerings of retail banks. In terms of both short and long-term traditional financing, Bpifrance continued to fulfil its role as a co-lender, in line with the marketplace, and to provide strong support for company cash via pre-financing of the Competitiveness and Employment Tax Credit (CICE), for which contracts increased nearly threefold to €2.35 billion.

The year also experienced significant growth in all areas of investment in own funds. Subscriptions in both national and regional funds of funds, for own account and that of third parties, increased by 47%. Direct investment activities also saw double-digit growth with the remarkable performance of investments in SMEs and ISEs in the regions.

In addition, Bpifrance increased its investments in 2014 to prepare its future competitiveness: innovation, industries of the future, export, etc.

Financing of the innovation continuum also had an exceptional year with, for the first time, over a billion euros in aid and loans granted by Bpifrance. Innovation Loans ramped up significantly with growth of 90%. Furthermore, Bpifrance ensured significant renewal among the population of Innovation companies it backs.

Bpifrance continued its support for the industries of the future with the implementation of financing for the *Economie Sociale et Solidaire* (ESS) (Social Economy) and increased involvement in energy and environmental transition and digital companies, notably through loans.

Bpifrance enhanced its export financing offer significantly in order to support the international development projects.

Bpifrance will focus on international company deployment in 2015, for which it will rely on its partnerships with Coface and Business France and on its foreign partners, particularly in Europe. Bpifrance will pursue all facets of the support provided to companies, in line with regional policies.

Its teams are always attentive to company needs and will continue to be involved to promote the growth of the economic fabric to Serve the Future.

Nicolas Dufourcq
Chairman Directeur Général BpifranceFinancement

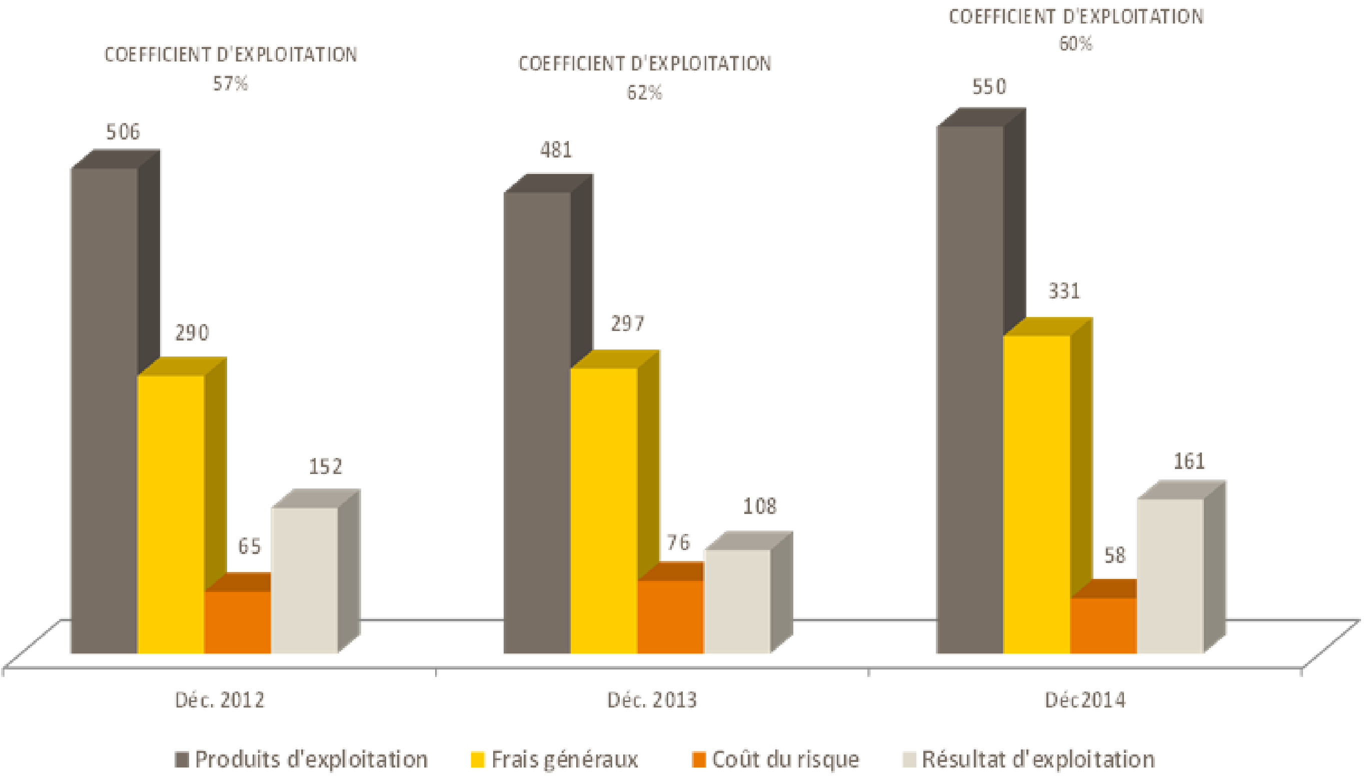
2. KEY FIGURES

2.1. 2014 Balance sheet

(in millions)	2012	change	2013 change	2014	2014 change
ACTIVITY					
Innovation aid (AI, ISI, FUI, FIS, PSPC, FSN, CMI)	744	634	-14.8%	877	+38.4%
Amount of guaranteed risks (excluding internal funds)(1)	3,296	3,455	4.8%	3,482	+0.8%
Amount of Bpifrance Regions' guaranteed risks	181	224	23.8%	245	+9.7%
Investment co-financing	4,701	5,073	+7.9%	5,752	+13.4%
Mobilisation of Receivables	2,944	3,244	+10.2%	3,557	+9.6%
Pre-financing of the CICE	-	795	N/A	2,350	+196%
PERSONNEL(2)	**1,641**	**1,677**	**-**	**1,717**	

(1) For the purpose of Cash:
- in 2012: short term + "RT SME & ISE" funds
- in 2013 and 2014: short term + RT CCE funds

(2) Average personnel on permanent contracts, paid as full-time equivalent on 31 December



Produits d'exploitation:	Operating income
Frais généraux:	Operating costs
Coût du risque:	Cost of risk
Résultat d'exploitation:	Operating income

2.2. Capital and shareholding

On 31 December 2014, the issued capital of the company Bpifrance Financement stood at €759,916,144 divided into 94,989,518 shares each with a nominal value of €8.

The SA BPI-Groupe holds 89.82% of the share capital and 89.84% of the voting rights of the company Bpifrance Financement. It has the status of a financial company, and is therefore subject to the prudential supervision of the *Autorité de Contrôle Prudentiel et de Résolution* (Prudential Control and Resolution Authority).

It is recalled that article 6 of the Bpifrance Financement company articles of association indicates that "the public limited company BPI-Groupe directly or indirectly holds more than 50% of the company capital", in keeping with order No. 2005-722 of 29 June 2005 relative to the creation of the BPI-Groupe public institution.

Breakdown of the capital and voting rights on 31 December 2014

	Number	Amount (€)	Capital distribution	Breakdown of voting rights
SA BPI-Groupe	85,323,589	682,588,712	89.82%	89.84%
Agence Française de Développement	1,560,631	12,485,048	1.64%	1.64%
Banks and miscellaneous	8,105,298	64,842,384	8.53%	8.52%
Total	**94,989,518**	**759,916,144**	**100%**	**100%**

3. BOARD OF DIRECTORS MANAGEMENT REPORT FOR THE GENERAL MEETING

3.1. Governance

3.1.1. Board of Directors meeting on 31 December 2014

Chairman of the Board

Nicolas Dufourcq
Chairman and Chief Executive of Bpifrance Financement

The State, represented by

François Jamet
Department Head for Companies, Technology Transfer and Regional Action within the Directorate General for Research and Innovation of the Ministry for Research

Sébastien Raspiller
Deputy Director "Financing of Companies and the Financial Market" of the Directorate General of the Treasury

Alain Schmitt
Head of the SME Competitiveness and Development Department at the Directorate General of Enterprises (DGE)

The Representatives of the other shareholders

Delphine de Chaisemartin
Head of the Financial Institutions Unit in the Development, Subsidiaries and Equity Interests Department of Caisse des Dépôts

Pierre-François Koehl[1]
Deputy Director for Financial Management of the Public Section of Caisse des Dépôts

Catherine Halberstadt
General Manager of the Banque Populaire du Massif Central

Marie-Christine Levet
Chairwoman of MCL Consulting

Jean-François Roubaud
Chairman of the Confédération Générale des PME (CGPME)

Sabine Schimel
Adviser to the General Manager of Caisse des Dépôts

Employee directors

Elisabeth Henry Perez
Legal Support Manager within the Litigation Department of Bpifrance Financement

Eric Verkant
Head of the Investment/Innovation Unit within the Bpifrance Department of Regional Partnerships and Territorial Action

Non-voting members

Albert Boclé
Sales and marketing director of the Société Générale Retail Bank in France

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[1] *Coopted on 20 June 2014 to replace Thomas Espiard*

Hugues Fauve
Legal Affairs Manager at the Bpifrance Financement Medium and Long-Term Financing Department

Arnaud Jullian[2]
Deputy director of the Budget Department's 3rd sub-department

Edouard Leher
Credit Manager of the Alsace Regional Department of Bpifrance Financement

Bruno Mettling
Assistant General Manager in charge of Human Resources for the ORANGE Group

Anatole Nef
Task officer within the Financial Institutions Division of the Group Steering Department - Subsidiaries, Strategy and Equity interests Division of the Caisse des Dépôts

Jean-Luc Petithuguenin
Chairman and Chief Executive of the PAPREC France Group

Pierre Prieux
Chairman of ALCEN

Hervé Schricke
Chairman of Xange Private Equity

The Agence Française de Développement (AFD), represented by Anne Paugam
Managing Director of the AFD

Government Commissioner

Jean-François Guthmann
Head of the Economic and financial control service and Bpifrance Government Commissioner

Olivier Buquen
Economic and Financial Controller-General and Deputy Government Commissioner

3.1.2. General Management

General Manager

Nicolas Dufourcq

3.2. Directors' terms of office

Chairman and Chief Executive

Nicolas Dufourcq
Chairman of Bpifrance Investissement
Chairman and Chief Executive of Bpifrance Participations
General Manager of the Public Limited Company BPI-Groupe
Member of the Supervisory Board of Euler Hermes

The State, represented by

François Jamet
Director representing the State for SAS France Brevet, SATT AxLR, SATT Paris Saclay and EPIC BPI-Groupe[3]
Sébastien Raspiller

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[2] *Appointed 15 December 2014 to replace Vincent Moreau*
[3] *Since 23 October 2014*

Director representing the State at IFCIC (Institut pour le Financement du Cinéma et des Industries Culturelles)

Alain Schmitt
No other terms of office

The Representative of the other shareholders

Delphine de Chaisemartin
Director of Société de Financement Local, Banque Postale Collectivités Locales, Innovation Capital, Société d'Epargne Forestière Forêts Durables and Société de gestion Qualium Investissement

Pierre-François Koehl
Chairman of CDC Entreprises valeurs moyennes
Chairman of the Board of CDC Infra management[4]

Catherine Halberstadt
General Manager of the Banque Populaire du Massif Central
Member of the Supervisory Board of BPCE
Director of Natixis, of the Crédit Foncier de France (CFF) and of I-BP
Permanent representative of SAS Sociétariat BPMC and the Association des Banques Populaires pour la creation d'entreprise
Member of the Executive Committee of Banques d'Auvergne

Marie-Christine Levet
Chairwoman of MCL Consulting
Director of the ILIAD Company, of the MERCIALYS company and of the Fonds Google pour l'Innovation Numérique dans la presse (FINP)

Jean-François Roubaud
Chairman of the Confédération Générale des PME (CGPME)
Vice-Chairman of UEAPME
Member of the Comité d'Orientation de France Investissement, of the Conseil Economique, Social et Environnemental, of the Comité d'Orientation du Fonds Stratégique d'Investissement, of the Conseil National Education Economique of the Conseil des Affaires Etrangères
Director of ACL PME, of SA d'HLM Résidences ACL PME and of UBIFRANCE
Manager of SODEP and PME Communication

Sabine Schimel
Chairwoman and member of the Supervisory Board of SAS Innovation Capital
Director of Société d'Epargne Forestière Forêts Durables
Chairwoman of SAS Univers 12

Employee directors

Elisabeth Henry Perez
Deputy Chairwoman of the Board of Directors and Director of the Coopérative du CEPME
Director representing employees at SA BPI-Groupe

Eric Verkant
Supervisory board member of the Centre Francilien de l'Innovation (CFI)[5]
Director representing employees at SA BPI-Groupe

The directors' contact information is available on the company's Kbis.

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[4] *Until December 2014*
[5] *Until 30 June 2014*

3.3. Activity report

3.3.1. Highlights of 2014

As a credit institution, Bpifrance Financement is subject to banking regulations (order of 3 November 2014 on the internal control of banking sector companies, payment services and investment services subject to Autorité de Contrôle Prudentiel et de Résolution supervision) (Prudential Control and Resolution Authority), which imposes many obligations, such as operating under market conditions without abusive support or ruinous credit, implementing a risk prevention system (financial, image and operational), separation of powers, supervisory measurement systems and risk management. BPI-Groupe Financement and its subsidiary Bpifrance Régions are under ACPR supervision and subject to the direct prudential supervision of the European Central Bank (list published by the ECB in accordance with article 49, paragraph 1 of regulation (EU) No. 468/2014 of the ECB (ECB/2014/17).

Key events for the “financing” division

2014 was a very productive year for new product deployment by the Bpifrance "financing" division:

New financing products

- **Future Loans**: launched in January 2014. This is the longest and most patient loan of the Development Loan range (up to 10 years, three of which are deferred). Created in partnership with AG2R, it is a first attempt by Bpifrance to meet its goal of involving new players in the development of French SMEs and ISEs.
- **Robotics Loans**: launched in partnership with the Commissariat aux Investissements d’Avenir as a continuation of the Digital Loan, whose €300 million in funds launched at the end of 2013 were granted in full in 2014, the Robotics Loan is intended to help industrial SMEs and ISEs make up ground in production robotics.
- **Mobilisation of foreign receivables:** A+Export is a natural extension of the Avance Plus product, which now enables French exporting companies to mobilise commercial export receivables of all types within the limits set by the credit insurance taken out by Bpifrance.

New innovation financing products

- **Investment Seeding Loans:** implemented in 2014, Investment Seeding Loans (PAI) strengthen the cash of companies when they raise funds in the form of a development loan. Equal at most to half of the money raised, this new loan is between €100,000 and €500,000.
- **French Tech Grant**: launched in March 2014, the French Tech grant provided support in 2014 for the creation and growth phase of companies based on a non-technological innovation in use, processes or services. In 2014, €30,000 in subsidies were financed by Bpifrance using its project budget from the State and by INPI (30% of the total amount).
- **Innovation loans guaranteed by the EIF**: the European Commission has been providing support for the EIF Innovation Loan through the European Investment Fund since 2014. With €80 million in loans granted in 2013 and €125 million in 2014, the Innovation Loan has been highly successful with innovative SMEs. It has enabled them to bridge research steps, which is supported by aid, and traditional bank financing, which backs the operations cycle.

Capital increase of Bpifrance Financement and the SOFIRED takeover

- Bpifrance Financement increased its share capital by €750,860,784 to €759,916,144 in 2014, in accordance with the decisions made by the shareholders of the group when Bpifrance was created. The capital increase, which was authorised by the Annual General Meeting of Bpifrance Financement on 14 May 2014, enabled the acquisition of the shares held by Caisse des Dépôts et Consignations in Sogama Crédit Associatif and Bpifrance Régions. Given the amount and extent of the transaction, a proposal was made to carry out this capital increase in cash while cancelling the pre-emptive subscription right only for the benefit of the SA BPI-Groupe, which holds 90% of the capital of Bpifrance Financement.
- Likewise, as part of the streamlining of the Bpifrance Group organisational chart, the Board of Directors of Bpifrance Financement authorised the transfer of SOFIRED (brought to SA BPI-Groupe by the State on 12 July 2013 at the time of the endowment of SA BPI-Groupe) to Bpifrance Financement. The transfer was followed by the dissolution without liquidation of SOFIRED and the full transfer its assets and liabilities to Bpifrance Financement, in accordance with the wishes of the shareholders.

3.3.2. Missions and business lines

Bpifrance Financement is active in three main business lines that have a common objective of working with entrepreneurs during the riskiest phases of their projects, from the company's creation through to its transfer / buy-out, and including its innovation and international expansion:

- innovation support, support and financing for innovative projects that have concrete prospects of completion;
- investment and operational cycle financing alongside banking institutions;
- bank financing guarantees and the involvement of equity investors.

Bpifrance Financement has pooled all of its know-how, while combining the various financing techniques in order to design solutions in response to shortcomings in the market. This applies to the financing of the seed-stage, to the bank financing of innovation (mezzanine loans and mobilisation of the Tax Research Credit (CIR) for mid-tier companies), over and above any assistance, as well as bringing innovative SMEs into contact with key accounts or equity investors.

Its efforts are characterised by its ability to have a ripple effect amongst the private actors in the financing of SMEs and innovation, while optimising the leverage provided by public resources.

Bpifrance Financement networks with all of the public and private actors who are working to support the development of SMEs and innovation.

Bpifrance Financement has signed partnership agreements with local authorities, first and foremost, the Regional Councils.

Bpifrance Financement "networks" with:

- banking and financial establishments, as well as equity investors;
- competitiveness clusters, research institutions, universities, engineering institutes, major companies;
- business incubators and breeding grounds;
- chambers of commerce, industry and skilled trades;
- chartered accountants;
- federations and professional trade unions;
- associations involved in company creation assistance and support networks;
- public and private actors working to distribute information technology within SMEs;
- European structural funds and Community research programmes.

The financing of investments and of the operating cycle

In partnership with banking and financial establishments, Bpifrance Financement contributes to investment financing:

- for tangible or intangible capital assets provided in the form of medium or long-term loans and real estate or equipment financial leasing operations, as well as financial rentals;
- for immaterial investments, as well as the financing of working capital requirements, in the form of Development Loans (Growth, Export, Transfer/buy-out, Innovation), long and patient, without guarantee or surety taken on the company or its directors.

Special financing in partnership with the Regions and the Commissariat Général à l'Investissement has been created to promote investment during the most critical, high-potential phases: export, digital, revitalisation, and lastly, business start-up loans (PCE), which have been providing support for company creation since 2000.

Bpifrance Financement contributes to financing the operating cycle:

- it finances the cash needs of small and medium-sized enterprises that are customers of large public and private principals, and for financed contracts, it provides signature commitments: sureties and first demand guarantees;
- Bpifrance has pre-financed the Competitiveness and Employment Tax Credit (CICE) since 2013.

Guarantee

Bpifrance Financement provides guarantees for bank financing (including leasing and financial leases), and for interventions by equity investors:

- with regard to creation. The interest-free loans granted to creators by company creation support networks are also eligible;
- with regard to innovation;
- with regard to development;
- with regard to transfers/buy-outs;
- with regard to international actions, including bank sureties on the export markets and the risk of failure for French subsidiaries established abroad (GPI).

Since 2013, Bpifrance has set up a guarantee fund intended to strengthen the cash positions of companies, whereby their bank consolidates their short-term outstandings in new medium-term loans.

The quota is between 40 and 60%. It can be up to 70% with the assistance of the guarantee fund established by the regions with Bpifrance Financement.

Innovation support

The Innovation mission of Bpifrance's Financing branch is to provide a response to the financing needs of innovative individual or collaborative projects, from the idea through to the market phase, in case of any failure with regard to classical financing tools. Bpifrance Innovation provides a financing solution that is suited to the company on the basis of its distance from the market (subsidy, repayable advance, guaranteed loan, etc.), in close partnership with Innovation financing players and, notably, the Regions.

The innovation financing of the activities of companies are divided into two main categories:

- individual assistance (in the form of subsidies, repayable advances and zero rate loans) and loans (Start-up equity loans, CIR Pre-financing, Industrialisation loan, etc.). These two systems are operated by the Bpifrance network deployed in all of the Regions;
- and the financing of collaborative projects (FUI, ISI, PSPC, FSN, SAR, sectors) carried out by the Bpifrance head office in Paris, in the form of subsidies and repayable advances.

Thanks to the means provided both by the State and by its partners, in 2014, Bpifrance made full use of the assistance tools and loans in the amount of €1,091 million, thereby providing the financing for projects of more than €3 billion, that is, growth of 47% over 2013.

In terms of individual and collaborative assistance, the agreements amounted to €878 million. The initial objectives were exceeded for all programmes: +24% for individual aids (€444 million), more than a tripling (+223%) for the collaborative programmes (€434 million). Loans virtually doubled to €214 million (+91%).

The main events were the launch of the French Tech, the very substantial increase in aid, the increase in the volume of Innovation Loans (PA, PAI, PI, PI-EIF), the acceleration in decision-making and the consistent willingness to renew the companies assisted.

However, activity in 2014 was primarily marked by the implementation of the NOVA programme.

Many achievements in the three main areas of the NOVA programme, that is, simplification, support for companies and the financing continuum, are worthy of highlighting.

With respect to "Simplification" and, concurrently, the search for increased offer legibility and customer-oriented positioning, the work done focused on shortening deadlines for investigation and decision-making and on relaxing the filing process for customers:

- the investigation time for collaborative programmes was cut threefold;
- decision-making time for individual programmes decreased by 23%;
- innovation aid request forms decreased from 15 to 1 with a 93% customer satisfaction rate.

The simplification of collaborative programmes continued with the merger of the ISI (Strategic Industrial Innovation) programme with the PSPC and alignment with the FSN SAR programme, which finances PIA Société du numérique programme projects.

With respect to actions intended to provide better "Support" for financed companies, Bpifrance is a major player in the French Tech initiative. It is the manager of the French Tech Accélération fund launched in November 2014, and sets up the French Tech Grants (330 grants in 2014) financed 30% by the INPI. It also provides leadership for Pass French Tech, which is intended to accelerate the growth of companies labelled within the innovation ecosystem (27 companies received labels in 2014).

Bpifrance also hosted nine companies in its Start-up space, opened a Bpifrance office in San Francisco and trained its 150 Innovation account managers in the Innovation Capital business. A significant effort was also made to assist young companies (over 30% for companies under five years old).

On the financing "Continuum" front, Bpifrance implemented a complete range of loans for start-ups (PA, PAI) and for growing companies (PI, Prefi CIR). The total amount of loans reached €214 million, an increase of 90% over 2013.

Bpifrance is also the operator of the Worldwide Innovation Contest (Innovation 2030) intended to assist the emergence of the leading companies of tomorrow, through major high-potential innovations in the seven areas identified by the commission chaired by Mrs Anne Lauvergeon. 110 winners received financing during the first phase of the contest with optimised investigation time-frames of just two months.

Together with FING, Bpifrance also defined the innovation and entrepreneur ecosystem, a new vision of innovation to qualify and finance all forms of innovation. The related financing tools will be implemented in the Bpifrance network in 2015.

Also from a qualitative standpoint, it should be noted that the renewal rate of companies receiving innovation aid exceeded 80% and the number of companies under five years old which were provided with support rose to nearly 30%. In addition, 58% of the amounts granted as part of the collaborative programmes were given to SMEs. The information technology sector, in its broadest meaning, is far ahead with nearly 60% of all aid granted (all programmes included), followed by Ecotechnologies, industry and health care.

3.3.3. The activity by business line and key figures

Innovation activity

- Subsidies/advances/loans distribution

(in € millions)	2013	2014
Individual aids	**364**	**443**
. Subsidies	85	92
of which partners	42%	39%
. Repayable Advances	127	145
of which partners	26%	16%
. Zero rate loans	152	206
of which partners		7%
Development loans (commitment)	**113**	**215**
. Participatory Seeding Loans	19	50
. CIR pre-financing	36	37
. Innovation loans	58	21
. EIF Innovation loans	-	105
. LICC	-	2
Financing of collaborative projects	**270**	**434**
. FUI (subsidies)	104	112
. ISI	92	56
of which subsidies	29%	40%
of which repayable advances	71%	60%
. PSPC	54	141
of which subsidies	46%	43%
of which repayable advances	54%	57%
. FIS (subidies)	20	42
. FSN SAR		62
of which subsidies		98%
. CMI (Concours Mondial d'Innovation) (Subsidies)		21

- Breakdown of beneficiary companies by major sectors (AI)

	2014
IT	54%
Life sciences	10%
Ecotech	18%
Industry	17%

- Breakdown of beneficiary companies by major sectors (Collaborative programmes)

	2014
IT	49%
Life sciences	18%
Ecotech	20%
Industry	13%

Comments on the evolution of the activity

Thanks to the means provided both by the State and by its partners, in 2014, Bpifrance made full use of the assistance tools and loans in the amount of €1,091 million, thereby providing the financing for projects of more than €3 billion, that is, growth of 47% over 2013.

In terms of individual and collaborative assistance, the agreements amounted to €878 million. The initial objectives were exceeded for all programmes: +24% for individual aids (€443 million), more than a tripling (+223%) for collaborative programmes (€434 million).

Loan activity enabling the financing of company start-ups, industrialisation and acceleration phases increased significantly in 2014, both in the number and value (+90% over 2013) of the loans. The EIF partnership (European Investment Fund) removed the financial constraints on the Guarantee fund. Innovation Loans (PI) varied in amount between €30,000 and €2 million.

The collaborative programme projects were simplified considerably: this effort, combined with the merger of the ISI and PSPC programmes, and with the FSN SAR projects, resulted in a spectacular increase in amounts financed compared to 2014.

Guarantee Activity

- Key figures (in millions of euros)

ACTIVITY (excluding overall line)	change	2014	Change as a %
Amount of guaranteed risks (excluding internal funds)	**3,455**	**3,482**	**+0.8%**
Creation	1,232	1,282	+4.0%
Transfer/buy-out	588	652	+10.8%
Development	793	809	+2.1%
Innovation	134	119	-11.2%
International	223	135	-39.6%
Cash(1)	485	485	+0.1%
Distribution by type of guarantee intervention	**3,455**	**3,482**	**+0.8%**
Bank loans	3,036	3,082	+1.5%
Own funds	143	111	-22.5%
Short-term	276	289	+4.6%
Number of guaranteed loans	**86,049**	**86,207**	**+0.2%**
Net amount of covered risks	**4,394**	**4,783**	**+8.9%**
Total risk outstandings on 31 December (sound)	**12,719**	**13,520**	**+6.3%**

(1) Short-term + RT CCE funds

- Breakdown of guaranteed risks by purpose (by percentage)

	2014
Creation	36.8%
Transfer/buy-out	18.7%
Development	23.2%
Innovation	3.4%
International	3.9%
Cash	14.0%
Total	**100%**

- Breakdown of guaranteed loans by purpose (by percentage)

	2014
Creation	26.2%
Transfer/buy-out	16.7%
Development	34.2%
Innovation	7.8%
International	3.2%
Cash	11.9%
Total	**100%**

- Breakdown of guaranteed loans by business sector (as a percentage)

	2014
Industry	25.3%
Construction	8.6%
Trade – Transportation	26.8%
Services for companies	11.7%
Services for individuals	16.8%
Tourism	10.8%

Comments on the evolution of the activity

The guarantee activity is stable overall compared to 2013, with virtually identical company volumes. However, the relatively significant growth of the most significant purposes, which are Creation and Transfer/buyout, the slight growth in Development and the consistency of funds to support Cash, should be pointed out.

Industry sector activity was comparable to 2013 levels, with around 25% of guaranteed loans and the Trade-Transportation sector remained the leading activity receiving support in 2014.

- Bpifrance Régions key figures (in millions of euros)

Activity (in € millions)	2013	2014	Change as a %
Amount of guaranteed loans	**768**	**786**	**+2.3%**
Creation	153	165	+7.8%
Transfer/buy-out	293	314	+7.1%
Development	151	162	+7.2%
Cash	170	145	-14.7%
Distribution by type of guarantee intervention	**768**	**786**	+2.3%
Bank loans	766	786	+2.3%
Own funds	3	0	ns
Number of guaranteed loans	**2,657**	**2,618**	-1.5%
Net amount of covered risks	**224**	**245**	+9.7%
Total risk outstandings on 31 December	**641**	**693**	+8.1%

- Breakdown of guaranteed loans by business sector

	2014
Industry	27.7%
Construction	11.0%
Trade – Transportation	23.3%
Services for companies	12.9%
Services for individuals	15.6%
Tourism	9.5%

Regional funds, which provide co-guarantees with national funds, grew most significantly in the areas of Creation, Development and Transfer/buy-out, and were more focused on the Industry sector.

Financing activity

- Distribution by financing type

Activity (in € millions)	2013	2014	Change as a %
Financing			
New production(2)	**5,073**	**5,752**	**+13.4%**
Outstandings as at 31 December(1)(2)	17,842	21,075	+18.1%
Medium and Long-Term Co-financing	**3,697**	**3,781**	**+2.3%**
Long and medium-term loans	2,413	2,506	+3.8%
Finance lease	1,284	1,275	-0.7%
Development loans(2)	**1,376**	**1,972**	**43.3%**
Of which Growth loan	791	665	-15.9%
Of which the PCE, or business start-up loan	63	58	-7.9%
Short term			
Mobilisation of Receivables	3,244	3,557	+9.6%
Pre-financing of the CICE	795	2,350	+196%

(1) Excluding short-term financing
(2) Of which Innovation Loans 2013: 113 - 2014: 214

- Breakdown of assistance excluding PCE by business sector

	2014
Industry	28.6%
Construction	4.1%
Trade – Transportation	24.8%
Services for companies	12.0%
Services for individuals	25.6%
Tourism	4.9%

- Breakdown of loans by business sector, excluding business start-up loans (PCE)

	2014
Industry	6.3%
Construction	21.9%
Trade – Transportation	31.4%
Services for companies	10.8%
Services for individuals	17.5%
Tourism	12.1%

Comments on the evolution of the activity

In Medium- and Long-Term, outstandings as at 31 December 2014 reached a historical level of €21 billion, that is, an increase of 18% in one year, slightly above PMT assumptions. This was the result of higher commitments than in the 2014 budget (€5.7 billion in commitments compared to a €5.4 billion target) and the excellent credit quality of the outstandings. The €3.2 billion in outstandings growth as at 31 December 2014 was split between traditional loans and, to a lesser extent, finance leases, in the amount of €1.8 billion (+13%) and Development Loans in the amount of €1.4 billion (+32%). The latter were particularly dynamic in 2014 (€1.9 billion in new commitments), thanks notably to the Digital Loan backed by CGI resources, the Future Loan, of which 80% will be transferred to AG2R, and the range of Innovation Development Loans whose production doubled in 2014.

Short-Term outstandings also reached a record high of €3.4 billion (+82%) as at 31 December 2014. The traditional mobilisation of receivables activity grew by 10%, which translated into additional outstandings of over €170 million as at 31 December 2014 (€1.4 billion: +14%). CICE pre-financing outstandings tripled in a year to exceed €2 billion. On one hand, commitments were massive in 2014 (€2.3 billion compared to €800 million in 2013) and, on the other, Bpifrance carried "non-SME" outstandings for three periods, which translated into an accumulation of generations.

International Focus

- Bpifrance, a strong presence in the heart of Europe

Bpifrance increased its presence at the heart of European issues in 2014. Bpifrance opened a joint representation office in Brussels with the Caisse des Dépôts, which has enabled it to promote its expertise in a European context and contribute to the implementation of European public policy. Bpifrance focused on the implementation of the Europe 2020 strategy and on the Green Paper for the long-term financing of the European economy.

2014 also saw a strengthening of existing partnerships with European players, notably KfW and Cassa Depositi e Prestiti, as well as the development of a partnership with the newly created British Business Bank. These partnerships are intended, among other things, to implement shared systems to promote the internationalisation of SMEs.

- Africa, a significant source of growth high on Bpifrance's priority list

In 2014, Bpifrance increased its commitment to promoting the African continent as a growth area for French SMEs and ISEs. It developed an ambitious plan for Africa in order to make the African continent visible and accessible to French SMEs and ISEs.

Bpifrance strengthened its partnerships with two of the continent's important institutions. On one hand, the agreement signed with the AFD Group is intended to increase cooperation and promote the complementarity of our actions to contribute to the international development of French companies, particularly on the African continent. The agreement is also intended to improve the legibility of the public and financial support systems for French companies that want to move into international markets.

On the other hand, an agreement with Attijariwafa Bank laid strong foundations to enable contacts between French and Moroccan companies such as the deployment of an international bank guarantee to enable French companies to grow in Morocco as well as in the rest of Africa.

For many years now, Bpifrance has also shared its expertise with foreign institutions looking to broaden their offering to their network of companies. In 2014, Bpifrance provided its know-how to help create the Djibouti Fonds de Garantie and to implement the Fonds de Garantie des Investissements Prioritaires in Senegal.

The success of these projects points to future developments with these newly established companies for the benefit of French companies planning to move into these markets.

3.3.4. Structure and financial management of Bpifrance Financement

The financial markets in 2014

2014 witnessed a significant drop in long rates. While the FED ended its third Quantitative Easing programme without disrupting the markets in the US, the ECB prepared its own programme throughout the year.

In light of listless growth and the emergence of a risk of deflation, the European Central Bank used its most accommodating tools, starting with another cut in its main key rate to just 0.05% in May. As a result, the bank deposit rate went negative and now stands at -0.20%. The ECB implemented a new TLTRO (Targeted Longer Term Refinancing Operations) in the second half of the year to provide support to lending banks for a period of four years. The previous TLTRO was implemented in early 2012 for a period of three years. The ECB initiated its own QE programme in the second half of the year by massively buying covered bond securities before announcing its extension to the securities of eurozone governments and their agencies. This programme will go into effect in March 2015 for a monthly amount of €60 billion over a projected period of 18 months.

As a result of this armada of quantitative easing measures, long-term eurozone interest rates dipped to historic lows. The rates of the bonds of peripheral countries, which have been under significant pressure over the past few years, enjoyed a period of relative calm. Given an environment in which the ECB was able to reinstil some confidence, France's spread vis-à-vis Germany also decreased considerably to +0.25%, compared with +0.55% at the end of 2013. The OAT 10-year rate fell by more than 160 bp over the period, falling by 2.50% for a yield of just 0.86% as at 31 December 2014.

Bpifrance received the same rating as the French government and was able to raise its bond issue outstandings to €11 billion under excellent terms.

The significant drop in rates also enabled European stock markets to offset the effects of the economic slowdown. The Eurostoxx index and the CAC 40 ended the period at the same level as they started it with, respectively, +1.50% and -0.21% change.

The implementation of incentive measures in Europe this year, just as they were ending in the United States, resulted in a major change in the value of the euro. The single European currency lost 15% of its value against the dollar (USD 1.37 for EUR 1 at the end of 2013 compared to 1.21 on 31 December 2014).

Rates should remain as low for the remainder of the year, except in Greece, which is still suffering because of its debt.

The financial structure of Bpifrance Financement

The consolidated balance sheet total of Bpifrance Financement was equal to €40.2 billion on 31 December 2014, versus €34.7 billion on 31 December 2013, meaning an increase of €5.5 billion. With growth comparable to last year (+16%), the balance sheet total increased by €10.3 billion in two years. The strong increase in activity continued: outstanding loans to companies increased by €4.8 billion (+24%), whereas growth in financial assets slowed (10.8% versus 14% in 2013).

The structure of the balance sheet reflects this change: clientele loans (of which 83% loans to companies and 17% deposits to the Treasury) accounted for nearly 74% of total assets, compared to 71% on 31 December 2013. Financial assets accounted for 20% of the balance sheet total.

Loans to companies were €24.5 billion on 31 December 2014, versus €19.7 billion on 31 December 2013. The various outstandings have evolved in the following manner:

- as in previous years, property leasing (+7%) and equipment leasing (+8%) increased at a slower pace than medium and long-term loans (+17%);
- with an increase of 27% in 2014 after +14% in 2013, development loans now represent 19% of the outstanding loans to companies;
- short-term credit facilities continued to grow (+79%) with the ramping up of the CICE.

The change in off-balance sheet commitments in favour of the clientele for financing agreements reflected the growth in this activity: €5.1 billion on 31 December 2014, compared to €4.8 billion on 31 December 2013.

Commitments for guarantee agreements were virtually unchanged: €11.9 billion on 31 December 2014, compared to €11.8 billion on 31 December 2013.

The total amount of financial assets on 31 December 2014 was equal to €8,085 million, an increase of €787 million relative to the end of December 2013. It is now 90% made up of the portfolio established as part of the loan activity. This portfolio is made up in the following manner:

- €7,204 million of securities intended to be held until maturity, corresponding with €5,958 million of OATs purchased as part of the management of the rate position associated with the refinancing of the credit activity and, for the balance, with the investment of the Bpifrance Régions guarantee funds;
- €174 million in marketable securities: these are securities purchased in order to invest the cash either of the company or of the guarantee funds that it manages (€152 million) and, for the remainder, securities held by the group's consolidated structures that are in charge of the venture capital activity (€22 million);
- €32 million in investment securities, an amount which grew significantly over last year, notably as a result of the transfer to Bpifrance Financing of the shares held by SOFIRED, following the absorption of the company through a Universal Transfer of Assets;
- €588 million recognised on the asset side due to exchange swap operations with a positive valuation; the ones with a negative valuation are listed in the liabilities, in the amount of €597 million;
- €87 million of assets recognised at fair value through profit or loss, that are not linked to a market activity on own account, but rather to the performance of a venture capital activity through venture capital mutual funds.

As at 31 December 2014, the distribution of medium and long-term financing of loans to the clientele of Bpifrance Financing, that is €19 billion in outstandings, was as follows:

- €11.3 billion in the form of bond market issues, i.e. 59%;
- €4.4 billion in the form of contractual loans with financial institutions that have resources coming from passbook deposits, i.e. 23%;
- €1.6 billion in the form of loans through EPIC BPI-Groupe, notably as part of the "Investing in the Future" programme, i.e. 9%;
- €0.9 billion in the form of bilateral loans with international finance institutions, i.e. 4%;
- €1 billion in the form of medium-term financing operations with the ECB (TLTRO), i.e. 5%.

The resources backed by Bpifrance Financement and Bpifrance Régions guarantee activity were in the amount of €5.6 billion on 31 December 2014, versus €5.4 billion on 31 December 2013, that is, a slight increase (4%).

As for the previous year, in the absence of capital operations and of significant changes to the unrealised earnings in 2014, the €123 million increase of the Bpifrance Financement shareholders' equity between 31 December 2013 (€2,712 million) and 31 December 2014 (€2,836 million) was primarily due to the results for the fiscal year.

The financial management of Bpifrance Financement

The objective of the group's financial management is to provide it with the long-term financial means needed to carry out the issues entrusted to it by public authorities, while continuing to exercise total control over the risk exposure inherent to operations within capital markets. In order to minimise its exposure to this type of risks (inherent to market trading operations) which are not its core business, Bpifrance Financement does not have any trading or financial intermediation activities.

- Financing activity

The refinancing of loans to customers by backing, in both equity and rate terms, the outstandings of loans and real estate operations. To this end, refinancing operations are completed by rate hedging operations that are performed either through recourse to financial instruments, or by setting up portfolios of assets specifically dedicated for this purpose. Under these conditions, the establishment strives to limit the risks that are inherent to the financial operations, while targeting optimisation relative to market conditions. In this regard, it has adopted the objective of having a liquidity advance that would allow it to deal with any temporary deterioration of the market conditions.

In 2014, Bpifrance Financement continued the ramp-up of its issue programme for debt securities (Euro Medium Term Programme) that made it possible to turn to the market under very flexible conditions, through public or private operations that fall within the scope of a pre-established legal framework. The growth in issue volumes went hand-in-hand with a wider allocation of the securities to international subscribers.

Outstanding bond resources grew significantly compared to last year (+41%) with total issues for the year near €3.4 billion, that is:

- €400 million with a duration of 3.5 years via an issue launched in May 2012, and €500 million with a 2-year duration as part of two successive public issues last February;
- €500 million in May with a duration of 5 years, as part of a public issue;
- €1,250 million in June with a duration of 2 years, as part of a public issue;
- €600 million with a duration of 7 years as part of a public issue and €100 million as part of a private investment, in October.

Medium and long-term financing of the cofinancing activity in 2014 was completed by a drawdown of €300 million on the €750 million loan granted in 2013 by the European Investment Bank for the financing of innovation, on one hand, and by drawdowns on the European Central Bank as part of the TLTRO (Targeted Long Term Refinancing Operations) of €300 million in September and of €700 million in December, on the other.

The EMTN programme therefore represented 72% of all of the Bpifrance Financement medium and long-term refinancing in 2014. The refinancing structure was as follows on 31 December 2014: the bond market now accounts for 59% of outstandings; Caisse des Dépôts, 19%; banks (including the ECB), 15%, and the State, 7%.

Short-term interbank refinancing outstandings (negotiable debt securities and securities sold under forward repurchase agreements) was €7 billion on 31 December 2014, compared to €5.7 billion on 31 December 2013, that is, an increase of 24%. This increase is notably due to the development of repo operations on French State securities purchased as part of operations to hedge the rate position. These transactions amounted to €4,482 million on 31 December 2014, versus €4,272 million on 31 December 2013. Outstanding negotiable debt securities reached €2.5 billion on 31 December 2014, compared to €1.4 billion on 31 December 2013, an increase of 81%, notably as a result of the renewed issue of NMTN (*Bons à Moyen Terme Négociables*) (medium-term notes), which accounted for outstandings of €530 million on 31 December 2014.

In 2014, Bpifrance Financement issued a total amount of €6.3 billion in deposit certificates, of which 67% at under three months, 15% at under six months and 18% at six months or more. Refinancing with the European Central Bank amounted to €1,000 million on 31 December 2014, slightly lower than at the end of the previous fiscal year (-€190 million); this was only for the resources associated with the TLTRO.

The overall amount of the Bpifrance Financement securities portfolio attached to the “Financing” activity for the management of the rate position and cash investment stood at €6,495 million on 31 December 2014. It consisted primarily of OAT and BTAN (€6,159 million, 95%) and included bonds issued by public agencies (€194 million) and major European commercial banks (€22 million) as well as covered bonds (€72 million).

Cash investments were in the form of certificate of deposit purchases of an average duration of two months, issued by banks with a P1 short-term rating, in the amount of €548 million over the year. Their outstandings reached €48 million on 31 December 2014. Overall, it is apparent that Bpifrance's investments are made with first-rate counterparties.

- Guarantee Activity

The “Guarantee” activity at domestic level is shown in the Bpifrance Financement balance sheet, and at regional level, in that of Bpifrance Régions.

On 31 December 2014, the overall amount of the financial assets representing the “Guarantee Funds” of Bpifrance and Bpifrance Régions was €4,319 million on 31 December 2014, a decrease of €172 million compared to the end of December 2013. Most of the assets now consist of fixed-term deposits with Agence France Trésor (€3,459 million), whose maturities were adjusted at a half-yearly pace, with an average maturity reflecting the projected outflow of guarantee funds. The remaining assets are invested in bonds issued by agencies or large banks (€177 million), and in negotiable debt securities (€529 million). The purchases of deposit certificates, primarily for a duration of greater than three months, were equal to €645 million in 2014; they involved shares issued by banks having a short-term rating of P1 and, for the remainder, they were completed by a few acquisitions of medium-term notes (NMTN) in the amount of €121 million.

3.3.5. Risk factors

The company carried out an assessment of the risks which could have a significant negative effect on its business activities, its financial position or its results (or on its ability to meet its objectives) and determined that there were no significant risks other than those presented

Credit risks

In accordance with the regulations in effect, credit risk is the risk resulting from the default of a counterparty or counterparties considered to be a single group of beneficiaries[6].

Bpifrance Financement is exposed to credit risk for all customers granted a loan or a guarantee.

Its outstandings primarily involve French Small and Medium-Sized Enterprises (SME).

Detailed information relative to the credit risk is provided in note 8 of the appendix to the consolidated financial statements.

- Maximum credit risk exposure

The maximum credit risk exposure of Bpifrance Financement was equal to €54.4 billion on 31 December 2014, compared to €47.9 billion on 31 December 2013.

The following activities and products had the greatest impact on increasing maximum exposure in 2014:

- the PLMT activity (Long and Medium-Term Loans), which grew by €2.8 billion and consisted of traditional loans via the financing of ENR (renewable energies) and of Development Loans, thanks, in particular, to the Digital Loan and the Future Loan, two new products for SMEs and ISEs;
- the FCT activity (Short-term financing) grew by €1.5 billion, thanks primarily to pre-financing of the CICE (Competitiveness and Employment Tax Credit).

- Concentration of the credit risks

Detailed information on risk exposure, management and measurement are provided in note 8 (cf. 8.2 on Credit Risks).

The activity of the Bpifrance Financement group is entirely concentrated within France.

Operations are diversified both by product and business sector.

This diversification of client risk is framed by a system of limits[7] developed based on Bpifrance Financement's own funds and outstandings:

- overall limits by beneficiary client group, all products included;
- special limits by product group;
- sector limits (sectors based on the NAF company code) for direct loan business (PLMT, FCT).

The limits are monitored by several Bpifrance Financement departments and a quarterly report is produced for the Group Risk Committee.

- Quality of the credit risk

Client loans and receivables outstandings (PLMT, FCT, CBI and CBM) are broken down into three categories: healthy, €22,910.50 million (96%), overdue, €818.4 million (3.40%) and impaired, €142.6 million (0.60%)

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[6] "Group of connected clients" of paragraph 1 of article 4 of (EU) regulation 575/2013.
[7] Article 33 of banking regulation 97-02.

As part of its activities to support the economy, Bpifrance also relies on a guarantee fund system with budget endowments from the Public Authorities (national and regional funds).

Overall, the net cost of risk[8] was €57.6 million in 2014, compared to €75.7 million in 2013.

The €57.6 million included an allowance for collective impairment in the amount of €32.4 million, and another for individual impairment in the amount of €25.2 million.

The financial activity risks

- The counterparty risk on financial assets

The counterparty risk on financial assets takes in the risk relative to interbank transactions and to securities transactions on the financial markets. The other securities transactions not falling into this perimeter (securities used for the portfolio activity and investment securities) are mentioned in note 10 to the consolidated financial statements.

According to this definition, the counterparty risk stood at €8,187 million on 31 December 2014, versus €7,260 million on 31 December 2013. This increase of nearly €1 billion was the result of continued OAT purchases to hedge bond issue rates, of an increase in guarantee funds reinvestment, notably those of Bpifrance Régions and of a very positive cash position at the end of the year.

(in millions of euros)	Counterparty risks as of 31/12/2014					
Counterparty category	Financial assets at fair value through profit or loss	Non-current assets available for sale	Loans & receivables to lending institutions	Financial assets held to maturity	Total	Distribution
Central government agencies	0.0	102.5	213.2*	6,492.1	**6,807.7**	83.2%
Lending institutions	22.9	49.2	594.8	705.0	**1,371.9**	16.8%
Companies	0.0	0.0	0.0	7.2	**7.2**	0.1%
Total counterparty risks	**22.9**	**165.7**	**460.0**	**6,634.1**	**7,259.7**	
Securities used for portfolio activity	1.2	21.8			23.0	
Investment securities	62.4	31.9			94.4	
Total financial income	**86.6**	**205.4**	**808.0**	**7,204.3**	**8,304.2**	

* Interbank loans guaranteed by pensions repurchased on OATs were considered to be a risk for the central government agency

Given their nature and duration, the financial operations undertaken by Bpifrance Financement within this framework are almost exclusively carried out with government agencies (83.2%), primarily the French State, and lending institutions (16.8%). The balance of outstandings consists of exposure to a French public company.

In view of the public nature of most of the managed funds, the emphasis is on the search for the greatest possible security of the transactions:

- the authorised counterparties have at least a rating of “A” as provided by specialised agencies;
- transactions involving derivative instruments are systematically the subject of collateral agreements;
- cash transactions are governed by strict duration rules.

The result of this policy is that 88% of the outstandings consist of operations with counterparties rated Aaa and Aa1 (cf. Breakdown table of the other sound assets by accounting category, in note 8 of the appendices to the consolidated financial statements).

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[8] *Allowances net of reversals for provisions on depreciation for credit risks plus losses on irrecoverable receivables less recoveries on impaired receivables.*

The other financial assets that are not considered to be counterparty risks, almost all relate to the venture capital activity, involving either directly consolidated companies (€23 million), or indirectly consolidated ones through UCITS units (€62 million). The balance of the securities (€32 million) consists of the other equity interests of Bpifrance Financement.

- The counterparty risk on derivative instruments

Since transactions using derivative instruments are systematically covered by collateral, their residual risk is measured on the basis of a fraction of the notional rather than their value in the balance sheet; it is added to the counterparty risks on financial assets in order to measure the overall risk per counterparty.

The overall counterparty risk is managed by means of a limit system based on the ratings assigned to each counterparty by specialised agencies. Counterparties are grouped into eight categories, each of which has an associated limit for commitment amounts, calculated from an internal model, as well as a commitment duration limit relating to the future probability of default.

- The financial risks

The market risk

The market risk includes the risk of losses due to changing prices for market products, volatility and correlations.

The liquidity of the assets is a fundamental component of the market risk. In case of insufficient or non-existent liquidity (for example after a decrease in the number of transactions or imbalance in the supply and demand involving certain assets), it may not be possible to sell a financial instrument or other disposable asset at its real or estimated value.

The liquidity risk

The liquidity risk consists of the risk that Bpifrance Financement may not be able to meet its obligations when they fall due.

The liquidity risk is monitored as part of a liquidity risk management policy validated by the Financial Committee. This policy is based on management principles defined in order to apply to the current situation, on the basis of maintaining a permanent liquidity advance intended to deal with possible difficulties accessing market liquidity. The liquidity situation of Bpifrance Financement is assessed on the basis of internal standards, alarm indicators and regulatory ratios.

Overall, the establishment measures its medium and long-term financing needs on the basis of the schedule of operations, new business hypotheses and outflow agreements for the transactions without maturities.

On these bases, the financing stalemate is projected, which is expressed as stocks and flows.

On 31 December 2014, the liquidity coefficient implemented for Basel III (LCR) regulations was estimated at 600% (a sign of a very satisfactory cash position for short-term maturities).

Interest rate risk

The interest rate risk consists of the risk that Bpifrance Financement may suffer losses caused by an unfavourable change to the interest rates, notably in case of an imbalance between the interest rates generated by its assets and the interest rates owed on its liabilities.

The management of the Bpifrance Financement rate risk relative to the “Financing” business line is intended to minimise the impact of fluctuations of market interest rates on the net interest margin, both in terms of the short-term impact on the NBI (revenue risk) and of the present value of the future cashflows (price risk).

Globally managed pursuant to regulation 90-15 of the Banking and Financial Regulation Committee, Bpifrance Financement's rate position with respect to revenue and price risks was much lower than the limits authorised on 31 December 2014:

- a decrease in the Euribor three-month rate to 0% over the coming 12 months would have a negative impact estimated at €0.4 million on the net banking income of the institution;
- a -1% translation across the yield curve would result in a latent income reduction estimated at -€1.7 million.

The exchange risk

The exchange risk consists of the risk that Bpifrance Financement might suffer losses on the capital borrowed or loaned in currencies other than the euro. Bpifrance Financement can be exposed to risks related to fluctuating exchange rates between the various currencies.

Bpifrance Financement carries out very few foreign currency operations, and all operations are hedged in order to reduce the possible risks. Their potential impact on the profit and loss statement is negligible.

The risk related to the equity interests of Bpifrance Financement in the own funds of small and medium-sized companies

As part of its financing activity, Bpifrance Financement is exposed to the risk of losses related to its direct or indirect investments in the own funds of small and medium-sized companies.

On 31 December 2014, the exposure to this risk was equal to €27 million through the group’s consolidated subsidiaries, and €71 million through UCITS units.

The other risks

- Operational risks (including legal, accounting, environmental, compliance and reputation)

The operational risks include the risks of losses due to faulty procedures and internal systems, human error or external events, whether accidental or not. The internal procedures notably include the human resources and information systems. The external events include but are not limited to floods, fires, earthquakes, fraud and even terrorist attacks.

The operational risks include the risk of government, legal or arbitration procedures or penalties. On the date of the present Registration Document, Bpifrance Financement is not aware of any government, legal or arbitration procedure that is having or has recently had significant effects on its financial situation or profitability.

- Insurance and risk hedging

The insurance policies subscribed to are in the amount of €200 million for all risks. They essentially cover all risks related to the property holdings of Bpifrance, including special risks (one-hundred-year flood risk) and those related to the safety of its staff: damage to property and to their contents, taking into account their replacement value, professional liability and operational civil liability in the event of bodily injury or property or intangible damage caused to third parties.

The above coverage is completed by a comprehensive information technology contract for the IT equipment, office automation and specific hardware, for a declared value of €13.25 million. This contract also includes an information reconstruction guarantee in the amount of €1 million, and an additional guarantee for supplementary operating expenses in the amount of €5 million.

- Strategic risks

The strategic risks involve the risks inherent to the selected strategy or that result from the inability of Bpifrance Financement to carry out its strategy.

- The political and macro-economic risks, and the risks related to the financial circumstances specific to the countries in which Bpifrance Financement is active

Bpifrance Financement is subject to risks of losses resulting from many unfavourable developments in political, economic and legal sectors, notably currency fluctuations, social instability, changes involving government or central bank policies, expropriation, asset confiscation and changes to the legislation relative to property rights.

Regulated own funds and solvency

On 31 December 2014, the solvency ratio of Bpifrance Financement was 10.97%.

Solvency ratio*: own funds and weighted risks

(in € millions)	31/12/2013	31/12/2014
Regulatory own funds	**3,394**	**3,335**
including original own funds	2,630	2,768
including complementary own funds(1)	763	567
Weighted risks	**26,311**	**30,412**
Credit risk	24,930	29,299
Balance sheet items	18,282	21,150
Off-balance sheet items (2)	9,034	8,149
Operational risk	1,347	1,058
Credit Value Adjustment (CVA)	34	55
Solvency ratio	**12.90%**	**10.97%**
including original own funds	10.00%	9.10%
(1) including:		
Guarantee fund	376	288
Reserve funds	387	279
Subordinate securities of indefinite duration	0.0	0.0
Redeemable Subordinate Securities	0.0	0.0
(2) including forward financial instrument	10	42

* Solvency ratio on 31 December 2013 according to CRD 4 rules implemented on 1 January 2014.

The changes to the solvency ratio between 2013 and 2014 resulted from:

- an increase of the weighted risks primarily as a result of the significant increase of the co-financing outstandings;
- a contrasted change in the numerator with, on one hand, growth in original own funds resulting from the non-distributed net result and, on the other, the decrease in complementary own funds due to the gradual ending of guarantee fund eligibility due to the European CRD 4 regulation (grandfathering period until 2022).

Regulation concerning major risks

The regulation concerning major risks imposes a declaration at the end of each quarter.

The implementation on 1 January 2014 of European Regulation EU 575/2013[9] in accordance with EU Implementing Regulation 680/2014[10], expanded quarterly reporting requirements to the 20 most significant risks, to the 10 major risks of lending institutions and to the ten major risks for non-regulated financial entities[11].

A major risk is exposure to a client or a group of connected clients whose total value reaches or exceeds 10% of the eligible own funds of the institution making[12] the declaration, without the exposure exceeding 25% of the own funds[13].

The declaration for 31/12/2014, established on a consolidated basis, is as follows:

On 31/12/2014	Number of Major Risks	Cumulative Major Risks[14]
Bpifrance Financement	3	36.17%

Prudential regulations applicable on a corporate basis

The solvency ratio of Bpifrance Financement remained in excess of the regulatory standard of 100% over the 2014 fiscal year. Calculated in compliance with the order of 5 May 2009 relative to the identification, management, measurement and control of liquidity risks, the Bpifrance Financement liquidity ratio stood at 213% on 31 December 2014.

A more detailed analysis of the risks is presented in note 8 of the appendix to the financial statements.

3.3.6. Consolidated and corporate results of Bpifrance Financement

The consolidated financial statements

Since 1 January 2007, the consolidated financial statements of Bpifrance Financement have been prepared using the international accounting principles and methods set down by the IASB, i.e. the IFRS standards (International Financial Reporting Standards), as adopted by the European Union.

- The income statement

The Net Banking Income amounted to €549.6 million, versus €480.8 million in 2013. This growth resulted primarily from the financing business and the sustained production of new medium and long-term loan transactions and the development of short-term financing activities.

With respect to the guarantee business, average outstandings used reached €12.7 billion, up 6.7% despite the decline in outstandings on the recovery plan funds. The increase translated into a commission level of nearly €83.3 million, up by €7.4 million. The financial proceeds, for the share attributable to Bpifrance Financement, that are representative of the investment of financial assets primarily with the AFT, represent an amount of €6.9 million.

In terms of the Innovation business, the NBI generated by innovation aid activity dropped significantly to €15.1 million versus €48.7 million due to the cancellation of an operating subsidy, which was not offset by the development of own resources.

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[9] Articles 387 to 403 of Regulation EU 575/2013 of 26 June 2013 on the prudential requirements applicable to lending institutions and investment companies.
[10] Article 19 of Implementing Regulation EU 680/2014 of 16 April 2014 defining technical execution standards for the prudential information to be provided in accordance with the above-cited regulation.
[11] Article 394 of the above-cited regulation.
[12] Article 392 of the above-cited regulation.
[13] Article 395 of the above-cited regulation.
[14] In % of regulatory own funds.

Regarding the financing sector, the activity level in 2014 relative to the medium and long-term financing proceeds were equal to €5.7 billion, versus €5 billion in 2013, resulting in the average outstandings increasing to €19.1 billion, thereby increasing the volume of the commercial margin (invoiced interest, incidental proceeds, commissions less the cost of the normative refinancing). The financing of client receivables also increased sharply in 2014 with the set-up of CICE financing, which rounded out the traditional activity and exceeded it in terms of outstandings. The commercial margin on this activity grew substantially and accounted for €86 million, nearly 26% of the total margin.

The venture capital business, via Avenir Entreprise and Avenir Tourisme, saw a net increase of €10 million. Lastly, refinancing conditions, benefiting from the guarantee given by Epic, made it possible, once again this year, to generate additional financial proceeds.

Operating expenses (personnel, current operations and investment expenses) were €331.2 million, up by 11% compared to 2013 and in line with the growth of the company. The operating ratio was down slightly to 60.2%, versus 61.8% in 2013, and remains at an exceptionally low level.

The net risk cost amounted to €57.6 million for 2014. It includes an allowance for collective impairment of €32.4 million, and a cost of risk on individual operations down 36% to €25.2 million.

The group share of net income amounted to €99.1 million.

- The balance sheet

The balance sheet total amounted to €40.2 billion, an increase of €5.5 billion.

The financial structure has consolidated over the course of recent years. The pre-results group share of shareholders' equity represented €2.8 billion at the end of 2014.

The doubtful loans net of impairment represented 3.9% of the customer outstandings. The gross doubtful loans were 24.6% provisioned. The total impairment amount stood at €909 million, representing 3.7% of the total outstandings.

The net amount of innovation financing aid was equal to €569 million after €645.6 million of collective depreciation.

On 31 December 2014, the consolidated balance sheet total was €40.2 billion, an increase of 15.7% compared to 31 December 2013. The asset yield ratio was 25 basis points in 2014.

The corporate financial statements

The individual financial statements are prepared in compliance with the provisions applicable to lending institutions according to the French standards.

Contrary to the consolidated financial statements drawn up in financial accounting, corporate financial statements place greater emphasis on the legal nature of the lease:

- real estate is depreciated according to the methods allowed under tax law (straight-line depreciation, diminishing balance method, or even progressive or specific to the SICOMI treatment, depending on the case);
- all the rents and charges associated with the default of the lessee are recorded as NBI.

The net earnings determined in this manner amounted to €24.1 million, thereby generating a change of the latent reserve on leasing operations of €69.2 million.

The balances of supplier accounts identified totalled €8,607 thousand at the end of 2014.

This amount involved invoices for miscellaneous overhead costs for €295 thousand and invoices relative to leasing operations for €8,312 thousand.

A late payment of €538 thousand was recorded.

3.3.7. Outlook for 2015

The financing of investments and of the operating cycle

For 2015, an intervention capacity of €5.7 billion for medium and long-term financing is anticipated based on the strategies of the Bpifrance Medium-Term Plan.

PLMT (traditional long and medium-term financing) activity should be €3.8 billion (+1% of 2014 commitments) with a growing share expected in favour of the TEE (€800 million) and internationally, thanks notably to the Export Loan launched in early 2015 (objective of €100 million the first year).

Development Loans are again targeting double-digit growth to reach €1.9 billion in commitments in 2015, of which a quarter will be specifically dedicated to export. In addition to the Robotics Loan launched at the end of 2014, Commissariat Général à l'investissement endowments will enable Bpifrance Financement to distribute new products such as Green Loans and Industry Growth Loans, etc. which will account for another quarter.

Short-term financing will target €6.85 billion in commitments in 2015. This is broken down into €3.1 billion (+30%) for the pre-financing of the Competitiveness and Employment Tax Credit (CICE), and €3.75 billion (+7%) for the mobilisation of receivables which, in October 2014, was opened to receivables from outside the country and which will have a target of €200 million.

Guarantee and financing delegated to banks

The same level of guarantee activity is expected in 2015 as in 2014, i.e. €3.8 billion.

In terms of traditional funds, the Creation and Transfer/buy-out purposes will retain their leading position with nearly €2 billion in risk, both in national and in regional funds. An increase is expected in cash support funds (increased cash and pre-financing of the CICE), with a level of activity forecast at €375 million. The termination of Bpifrance's Business Start-Up Loan in March 2015 will more than offset the new guarantee procedures for Creation bank loans.

The major change in the guarantee business in 2015 involves bank delegation procedures. Delegation was previously reserved for VSEs and for amounts of less than €100,000. It will now be accessible to banks up to €200,000 and to SMEs, regardless of their size.

Innovation

The Innovation Financing activity is at the heart of Bpifrance's strategic plan and, in 2015, it will expand the work done in 2014. Following on the very strong growth in 2014, 2015 will see a more moderate increase in activity of about 10%, notably within the AI programme, thanks to contributions from the partners and the Régions, and also within the PIA with the launch of the PIAVE programme (Industrial Projects for the Future) and the continuation of the CMI. The implementation of consistent document fees for all aid should result in the eventual generation of income of about €15 million.

The continuation of the NOVA programme should lead to an amplification of the dynamic created in 2014.

With respect to simplification, efforts will be primarily focused on the launch of the "New Generation Innovation" vision and on the implementation of financing, taking into account all types of innovation. The launch of the repository in January will be extended with information sessions and discussions with all partners in France and in Europe to share the vision. In 2015, the name "French Tech Grants" will designate small subsidy aids for very young companies, regardless of the nature of their innovation.

With respect to support, the "Pass French Tech" could be rolled out to new regions, taking major regional cities into account. Bpifrance will inaugurate "Le Hub" to host young companies and their partners, in the broadest sense. Bpifrance USA will continue to expand its business in 2015.

In terms of the financing continuum, proactive actions will be pursued to improve access to financing through investment by creating training courses that will enable each business line to better understand the others' skills. Financing to support investment will be renewed and expanded. The launch of Innovation's "New Generation Innovation" vision should lead to a significant increase in all types of Innovation financing.

3.3.8. Report on Corporate Social Responsibility (RSE)

For Bpifrance Group and Bpifrance Financement, 2014 was a year of significant progress in integrating the challenges of social responsibility into its activities, in accordance with the goals the Sustainable Development Department had set for itself under Bpifrance's creation law.

Together with its stakeholders, Bpifrance Group defined and approved its strategic priorities in terms of social responsibility as well as its CSR Charter and fully committed to a progressive approach to taking into account the direct impact of Bpifrance's everyday activities and the indirect impact of its company support activities.

Extensive measurement of the environmental impact of its internal operations was implemented in order to improve its management, reduce its impact and raise the awareness of all employees about environmentally-friendly behaviour.

In addition, the implementation of a social responsibility evaluation system for companies above certain threshold amounts was deployed at the end of 2014 for the financing and innovation business lines. It was a significant change in the way the environmental, social and governance impacts of its company support activity are taken into account[15].

Bpifrance Financement's commitment, and that of all of the companies of Bpifrance Group, have now been implemented at all levels: in its governance and organisation, in carrying out its business with, notably, the commitment of its teams to support companies in their goal of achieving sustainable growth and of integrating their ecosystems, and internally, in its management of human resources and continuous improvement in the management of the direct impact of its activities.

Responsible governance

The Board of Directors of Bpifrance Financement met seven times in 2014. Half of the directors represent the government and Caisse des Dépôts, the main indirect majority shareholders, and the other half are qualified individuals and employee representatives. All carry out their duties within the framework of the internal rules and of the director's charter, which is an integral part of them. Ten non-voting members from different backgrounds and with different areas of expertise assist the directors in their work and contribute to the discussions.

In the activity report, the Chairman of the Board provides information on the conditions for preparing the Board's work and on the composition of the committees reporting to it: the Audit and Risk Committee, the Appointments and Compensation Committee, and the Financing-Guarantee and Innovation “business line” committees.

The governance bodies of the subsidiaries are convened on a regular basis to deliberate and decide on the agenda provided to the members, who represent the main shareholders, including four representatives of the regions and an ARF representative for Bpifrance Régions.

The dialogue with stakeholders (customers, partners, Bpifrance and company regional locations and organisations representing the companies, the employees and civil society) is carried out primarily within the Comité National and the Comités Régionaux d’Orientation[16], which represent all Bpifrance Group stakeholders.

Approved as a lending institution, Bpifrance Financement is subject to all of the provisions of the French Monetary and Financial Code and of regulation 97-02 of the Consultative Committee on Legislation and Financial Regulation with regard to internal control.

The internal control and risk control mechanism covers both the permanent control mechanism that is the responsibility of the directors, management, Risks Permanent Control Department (DCPR) and the Permanent Controllers within the operational departments, as well as the periodic control mechanism ensured by the Bpifrance General Inspection and Audit Department (IGA).

The employees working within the Bpifrance Financement group, hereinafter referred to by convention as Bpifrance Financement, are made very aware of risks, by:

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[15] *In parallel, the responsible investment policy deployed since 2010 has been followed by Bpifrance Investissemen, and a new "ESG" analysis tool was designed and will be used starting in 2015.*
[16] *Provided for in article 6 of law 2012-1559 on the creation of Bpifrance.*

- the ethics charter that reiterates and defines the applicable rules in terms of confidentiality and professional secrecy, integrity, loyalty and professionalism, as well as conflicts of interest. Each member of staff is asked to learn about its provisions and to commit to carrying out their activities in strict compliance with it;
- training to combat money laundering and terrorist financing provided by e-learning to 596 employees in 2014;
- the interventions of the Internal Control departments during training sessions;
- a system of decision delegations structured by sector and risk level, as well as decision-assistance tools.

The social responsibility of Bpifrance Financement in its business lines

The business lines of Bpifrance Group and, particularly, Bpifrance Financement, are organised and structured to meet the expectations of companies and the eco-systems in which they exist and to open up all opportunities for growth to them.

Bpifrance offers a financing and support continuum at each key step of a company's development, an intervention capacity enhanced by its systematic intervention policy in partnership with public and private company financing players and by its presence at the heart of the ecosystems they inhabit.

The organisation of Bpifrance Financing, in particular, is decentralised and structured around 42 regional locations throughout the country and the overseas territories. The companies have a local interlocutor for all business lines who can respond to their needs at every stage of their development and provide quick answers. The system provides for extensive delegation of decision-making powers enabling 90% of all Bpifrance Financement decisions to be made in the regions. The quick implementation of these decisions is based on decentralised teams and on an ongoing effort to simplify processes. The "continuous improvement" project initiated at the beginning of the year will gradually involve all employees and the entire organisation in the process.

Thus, Bpifrance Financement fully partakes in the objective of financing the sustainable growth of companies: as of 31 December 2014, nearly 95,000 companies had received an intervention, an increase of 6% over 2013, for an amount of risk taken of nearly €20 billion, up 16%, primarily to meet the needs of innovation support and the pre-financing of the CICE[17].

The unwavering commitment, the organisation and the economic model of Bpifrance Financement, have a positive impact on the workforce, growth in revenue and the sustainability of the companies assisted. They also contribute to strengthening regional economies and social cohesion[18].

To help well-performing companies grow, Bpifrance has created and leads the Bpifrance Excellence community, which has nearly 1,900 active members, including nearly 400 new members at the end of 2014. Twenty-five regional events were held to enable members to meet and talk. Twenty-five training sessions and workshops were provided by Bpifrance University in partnership with leading business schools. They were provided to 275 company heads in this community.

Following these sessions, and for the first time, customers, together with Bpifrance Financement, committed to a collective training-action programme for company heads, initiated in 2013, to help them design and implement their own responsible development strategies and action plans.

In addition to leading this community and carrying out surveys, Bpifrance Financement[19] teams mobilised to meet with the companies. They become heavily involved in organising meetings in 2014. They brought together 11,500 entrepreneurs, including the entire Bpifrance Excellence community, in 33 cities between June 2014 to February 2015. The meetings provided opportunities for in-depth exchanges with the entrepreneurs in a simple setting very close to their locations, enabling them to discover the intervention capabilities of Bpifrance Group.

Bpifrance Financement intends to play its part in raising companies' awareness of the opportunities provided by identifying and understanding the challenges of social responsibility. The deployment, in December 2014, of a compulsory CSR evaluation system for financing and innovation support projects over certain thresholds

[17] *Competitiveness and Employment Tax Credit.*
[18] *2014 Bpifrance equities valuation study.*
[19] *Three in 2014.*

developed collaboratively with the network's operations staff is part of this strategy and is an innovative approach specific to Bpifrance Financement.

The social responsibility assessment carried out for these files contain 10 questions about environmental, social, societal issues and good company governance.

The extra-financial risks identified make it possible to detect unexploited sources of competitiveness such as reductions in energy costs or waste management, the reworking of logistics processes and circuits, the mobilisation and involvement of employees through better skills management and targeted training, and improved health, safety and working conditions.

The analysis rounds out the focus brought by Bpifrance Financement on compliance with the legislation in effect, within the context of its financing, in order to ensure, notably, that consumer health and safety challenges are taken into account. The CSR evaluations carried out will be analysed periodically, with the dual objective of identifying and sharing the results of this complementary approach, then strengthening the support provided to companies for the relevant challenges and identifying, if necessary, any potential portfolio risks requiring that measures be taken to adjust activities to climate change. To date, no specific measures have been taken.

Lastly, Bpifrance Group is an official partner of the Fédération des femmes administrateurs (Federation of Women Directors). It actively participates in events which promote and work to support women entrepreneurs, such as the Global Summit of Women in Paris in June 2014, the World Forum Convergence in September and the CGPME award for women entrepreneurs. An investigation into the respective positions of men and women in innovative companies was carried out and distributed by LAB Bpifrance.

Bpifrance is a major player in supporting and financing companies in environmental and energy transition, both directly and via its support for dedicated funds. It recently signed the Global Declaration on Climate Change, and throughout 2015, it will be involved in promoting the fight against climate change within the context of the Paris Climate Conference at the end of the year.

The social responsibility of Bpifrance Financement in its environmental practices

Bpifrance uses a sustainable purchasing policy (eco-labelled paper, energy-saving copiers, fleet of vehicles producing less than 150 g of CO_2 per kilometre), and its aim is to continuously improve its environmental footprint in order to limit its emissions in the air water and soil to a minimum[20].

Its activities have no direct impact in terms of noise or soil pollution or on biodiversity. No provisions or guarantees were created for environmental risks in 2014.

The new purchasing procedure requires that managers buy "responsibly" by giving preference to environmentally-designed products, asking suppliers about their CSR policies and by ensuring that their practices are transparent. However, the contracts signed with suppliers cannot exceed the regulatory provisions in effect to ensure the protection of labour and working conditions and to protect the environment. The use of subcontractors is marginal given the nature and location of the activities and has not resulted in any specific actions being taken to protect human rights.

The General Services Department has managed the head office and network locations as well as the logistics resources of the entire Bpifrance Group since the end of 2013.

This operational management, coordinated with all departments, has made it possible to extend measurement of the environmental impact of activities, which result primarily from energy consumption in the offices, paper consumption and employee travel, to all areas of Bpifrance Group.

The work undertaken to improve the "Le Vaisseau" building in which the registered office is located in Maisons Alfort (94) and which was certified as a "*NF bâtiment tertiaire en exploitation*" in 2013 continued actively throughout the year with, notably, the renovation of the BTM[21], the installation of presence detectors in the sanitary facilities and circulation areas, the replacement of light fixtures with more energy-efficient ones and the replacement of single-flush toilet mechanisms with dual-flush ones. The purpose of the work was also to create a healthy work environment, by cleaning the metal ceilings and measuring air quality and flow, for example. The

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[20] *Measures detailed in this paragraph.*
[21] *Building Technical Management.*

sixth and seventh floors were renovated to Bpifrance Group standards following the departure of the lessee and before staff moved in.

Concurrently, two regional sites moved and three others were expanded. Each was first upgraded to group standards.

Employee awareness-raising activities were also undertaken during the year. A large number of photocopiers now copy on two-sided print and a memo on good printing practices was distributed. The digitisation policy for client contracts was expanded and best practices were implemented for purchasing decisions. Bpifrance will offset the CO_2 emissions of the evening that brought all Bpifrance Group employees together in mid-October by supporting a project to install thermal production capacity using biomass.

Bpifrance Financement human resources.

Bpifrance Group has a wealth of human capital recognised for its quality and commitment. In 2014, the group took action to strengthen all aspects of its employment and skills management and to support the growth of the company via an increasingly active recruitment policy.

On 31 December 2014, Bpifrance Financement had 1,865 employees, of which 83% management. The workforce is located in France and over 99% of staff have permanent contracts (1,839 at the end of 2013).

The network business lines employ 58% of staff at 42 locations. This enables Bpifrance Financement to truly be a local partner for all of its partners and to be fully integrated in the local business fabric. Bpifrance Financement fully complies with French labour law and with the fundamental conventions of the International Labour Organisation. No specific action has, therefore, been taken by Bpifrance Financement in terms of human rights.

A few facts and key figures for the HR management policy in 2014:

- an increasingly active recruitment policy: Bpifrance Financement recruited 124 employees under permanent contracts over the year. Of these, 38% were 25 years old or younger.[22] Bpifrance Financement wants to maintain a strong and active relationship with schools and universities and has developed a real partnership via apprenticeships (81 as of 31 December 2014) and internships, thereby developing a recruitment pool;
- overall, 6.8%[23] of permanent contracts were renewed again this year, leading to a decrease in the average age of employees to 44;
- the turnover rate of employees on permanent contracts[24] remains low at under 1%[25]. This illustrates the level of commitment and loyalty of the company's employees;
- as part of its training programmes, Bpifrance has emphasised the development of skills providing access to both functional and geographical mobility and, especially, shared knowledge of Group business lines. By dedicating 4.7% of payroll to training, Bpifrance Financement enabled 86% of its employees to take at least one training course in 2014;
- five new agreements were signed in 2014, including a new agreement on the employment of persons with disabilities (Bpifrance Financement, May 2014), supplementing the gender equality and intergenerational agreements. All of the HR policies are intended to promote diversity. Note also the new profit-sharing agreement including environmental paper and energy consumption criteria and an agreement on the extension of CHSCT terms[26];
- Bpifrance Financement pays particular attention to the health and safety of its employees. This concern is evident in the low number of workplace accidents (10 within the company versus 8 in 2013), the low rates of frequency and severity leading to missed work days (1.85 for frequency, 0.04 for severity) [27] and the low average number of days of absence for illness[28] (3.7 days) which remains low. In addition, as in 2013, no occupational illnesses were reported in 2014. However, the number of accidents occurring outside the company and reported over the period increased from 18 in 2013 to 22 in 2014;

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[22] Versus 151 in 2013, of which 43 were under 25 years old, i.e., 28%.
[23] Number of new hires on permanent contracts / permanent contract workforce on 31/12/N-1.
[24] Number of permanent contract resignations year N / permanent contract workforce on 31/12/N-1, excluding secondment.
[25] 0.99% in 2014, versus 1.12% in 2013.
[26] Health, Safety and Working Conditions Committee.
[27] 2013: frequency rate: 0.95; severity rate: 0.01.
[28] Excluding long-term illness.

- Bpifrance Group also joined the "confidence and diversity" project at the Caisse des Deposits Group.

APPENDICES

- Methodology note

The scope covered by this social responsibility report consists of the fully-consolidated subsidiaries by Bpifrance Financement[29] whose workforce on 31 December 2014 included the staff of SOFIRED, which was the subject of a complete transfer of assets and liabilities in November of this year.

The technical and human resources required for the operation and business activities of the subsidiaries in question are provided by Bpifrance Financement. They, therefore, do not have any personnel, premises or equipment. It should be noted that Bpifrance Régions is the only corporate structure whose activity is ongoing. It should also be noted that the registered office owns AUXI Finance and that SCI OSEO is the owner of some of Bpifrance Group's regional offices.

- Environmental indicators

ENERGY CONSUMPTION AND CO_2 EMISSIONS

The scope of energy consumption and CO_2 emissions related to real estate locations and Bpifrance Financement business travel has been expanded:

- for real estate: in addition to the registered office, consumption and emissions include the other real estate locations, excluding the overseas departments. A 93.5% allocation key is applied to the registered office, prorated to the area of the building occupied by Bpifrance Group. For the other locations, consumption and emissions are fully allocated to Bpifrance Financement through an in-house agreement;
- CO_2 emissions for business travel now include emissions created by international air travel, regardless of the airline company[30], and the CO_2 emissions of travel by taxi[31].

The scope covered is now more complete and representative of direct emissions.

ENERGY CONSUMPTION for real estate (kWh)			
	2014	2013	Change
Invoiced energy consumption for the registered office (Le Vaisseau)[32]	4,139,754	4,838,966	-14%
Invoiced energy consumption OTHER LOCATIONS	2,939,641	2,989,914	-1.7 %
Total invoiced energy consumption	7,079,395	7,828,880	-10%

CO_2 EMISSIONS at the real estate locations			
	2014	2013	Change
Emissions of CO_2 equivalent in kgs for the energy consumption invoiced[33] at the registered office	386,764	486,864	-21%
Emissions of CO_2 equivalent in kgs for the energy consumption at OTHER LOCATIONS	229,292	233,213	-1.7%
Emissions of CO_2 equivalent in kgs for energy consumption	616,056	720,077	-14%

[29] Cf. Note 4 - Scope of consolidation.
[30] With the exception of travel out of the country using local companies.
[31] With the exception of those done without membership.
[32] These data correspond with the invoiced data on the electricity (kWh) and gas consumption (kWh PCS) to which emissions factors (source Base Carbone) have been applied. The consumption of fuel oil is not significant, and therefore not included in the calculation.

CO_2 emissions (in kg) for Bpifrance Financement business travel[34]			
	2014	2013	Change
TRAIN	17,463	13,795	26.6%
AIR TRAVEL	430,351	201,791	NS
Of which national AF KLM flights	*186,274*	*201,791*	*-7.7%*
Of which, other flights	244,077	*NC*	
VEHICLE FLEET	1,331,180	1,323,951	0.5%
TAXIS	5,810	NC	NS
TOTAL	1,784,804	1,539,537	NS

The change in scope measured makes comparisons between the 2013 and 2014 periods difficult, except for train travel, national flights on AF KLM and the vehicle fleet. The significant increase in train travel includes an exceptional item related to a meeting of all Bpifrance Group staff in October. The other items were stable, despite the increase in business activity[35].

WATER CONSUMPTION

WATER AT LE VAISSEAU			
	2014	2013	Change
Recorded consumption in m^3	8,782	8,831	-0.6%

This year also, water consumption was only measured at the registered office. It was prorated for the area occupied and for the allocation between Bpifrance Financement and Investissement. It should be noted that the slight decrease in consumption does not reflect the effects of the measures taken[36], given that the cleaning work done on the pipes, courtyard and terraces, which consumed a significant amount, was required.

WASTE

WASTE			
Type of waste (in tonnes)	2014	Change	Change
Business waste	166.93	182.37	-8.5%
Maintenance waste	0	0	N/A
Works waste	12.79	0	N/A
TOTAL	179.72	182.37	-1.5%

% of waste reclamation at LE VAISSEAU		
	2014	2013
Materials	50	52
Energy content	50	48

The measurement of waste generated was also only done for the registered office. It is shown for Bpifrance Financement prorated to the area occupied and to the allocation.

[34] Excluding the use of personal and rental vehicles or taxis without membership, excluding travel by rail not with the SNCF and excluding travel outside the country not reserved by General Services.
[35] +25% for short, medium and long-term financing agreements only.
[36] Low pressure faucets, dual-flush on all toilets, etc.

PAPER

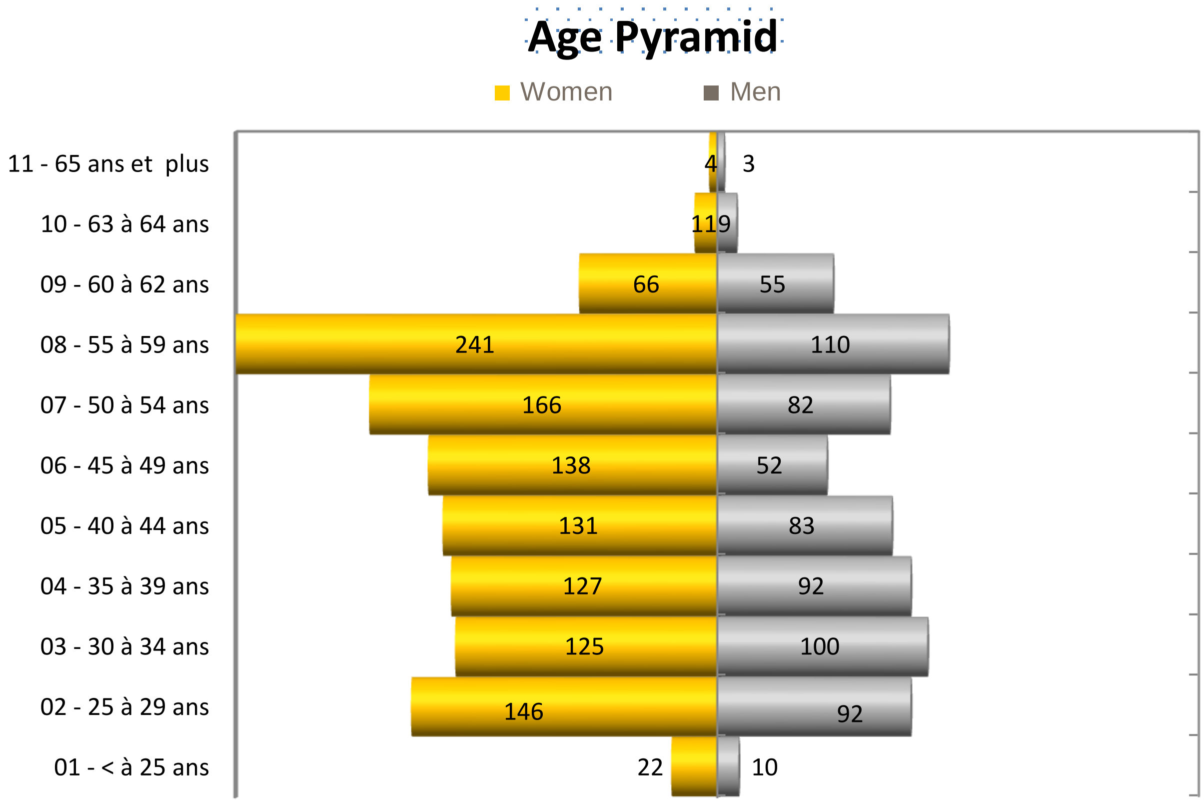
Paper consumption (tonnes) Bpifrance Financement			
	2014	2013	Change
Copy and reproduction paper	124.5	126.81	-1.8%
Other (excluding envelopes and stationery)	2.4	1.8	32.3%
TOTAL	126.9	128.6	-1.3%

Consumption of copy and reproduction paper, measured for the entire Bpifrance Financement scope, excluding overseas departments, decreased by 1.8%, despite the combined increases in staff and business activity. This trend should continue over time as a result of increased employee awareness of paper use and the goal of expanding the scope of contract document digitisation.

- Social indicators

Personnel growth to 31 December[37]	**2014**	**2013**
Total personnel	1,865	1,839
*Of which permanent contracts**	*1,853*	*1,820*
**Of which FTE*	*1,751*	*1,711*
Of which seconded permanent contracts	*9*	*13*
Of which women	*1,177*	*1,157*
Of which men	*688*	*682*
Of which executives	*1,550*	*1,504*
% of executives	*83%*	*81.8%*
Of which non-executives	*315*	*335*

[37] *Number of permanent contracts, term contracts, including seconded and unpaid leave, full-time or part-time as of 31/12/2014*, excluding CFC (end-of-career leave) and trainees.*



Network / Head Office distribution			
2014		2013	
network	head office	network	head office
1,075	790	1,054	785
58%	42%	57%	43%

New hires on permanent contracts			
2014		2013	
total	of which <= 25 years old	total	of which <= 25 years old
124	47	114	39

Renewal of term contracts					
2014			2013		
Permanent staff in 2013	New hires on permanent contracts	Rate of renewal of permanent contracts[38]	Permanent staff in 2012	New hires on permanent contracts	Rate of renewal of permanent contracts
1,820	124	6,81%	1,790	114	6.37%

[38] *Number of new hires on permanent contracts in N / Permanent contract workforce on 31/12 in N-1.*

Departures excluding secondments					
2014			2013		
Number	Of which permanent contracts	of which layoffs	Number	Of which permanent contracts	of which layoffs
99	89	9	85	79	2

Amount of the wages[39]		
2014	2013	Change
98,540,441	95,425,342	3.26%

Turnover[40]					
2014			2013		
Permanent contract resignations	Permanent staff in 2013	Turnover	Permanent contract resignations	Permanent staff in 2012	Turnover
18	1,820	0.99%	20	1,790	1.12%

Work organisation		
	2014	2013
Annualized average workweek	35 hours	35 hours
Theoretical weekly schedule	37.5 hours	37.5 hours
Number of employees with variable schedules	379	412
Number of flat-rate employees	1,477	1,414
Total Permanent contracts – Term contracts[41]	1,856	1,826
Number of part-time employees[42]	483	521

Training		
	2014	2013
Amount of the expenses	4,668,104	4,638,772
% of the payroll	4.74%	4.86%
Number of training hours	38,505	38,996
Number of trainees	1,636	1,564
% of the total personnel[43]	86.03%	82.32%

Meetings of the personnel representative bodies		
	2014	2013
Works council	12	15
Personnel delegates	12	12
Trade union organisations and trade union delegates	12	26[44]
Health and safety committee	10	12

[39] *Gross corporate wage bill of the DADS.*
[40] *Number of permanent contract resignations year N / Permanent contract workforce on 31/12/N-1, excluding secondment.*
[41] *27 excluding secondments and work-study students.*
[42] *28 permanent contracts and term contracts.*
[43] Number of employees receiving training, in average staff.
[44] The many meetings held in 2013, the year Bpifrance was legally created, led to the signature of the agreement on **Bpifrance** Group's social construction and to the creation of a Group Committee.

MAZARS SAS

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Report of the independent third party on the consolidated social, environmental and societal information in the management report

Fiscal year ending 31 December 2014

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Report of the independent third party on the consolidated social, environmental and societal information in the management report

Fiscal year ending 31 December 2014

To the shareholders,

In our capacity as an independent third party and member of the Mazars network, statutory auditors of Bpifrance Financement accredited by COFRAC under number 3-1058[45], we are presenting our report on the consolidated social, environmental and societal information, for the fiscal year ending 31 December 2014, included in the management report (hereinafter "the CSR Information") in application of the provisions of article L. 225.102.1 of the [French] Commercial Code.

Company responsibility

It is the responsibility of the Board of Directors to establish a management report containing the CSR information required by article R. 225-105-1 of the [French] Commercial Code, prepared in accordance with the reference used by the Company (hereinafter "the Reference" a summary of which is found in the management report and is available on request from the head office of the company.

Independence and quality control

Our independence is defined by the regulatory texts, the profession's code of ethics and the provisions of article L. 822-11 of the [French] Commercial Code. In addition, we have implemented a quality control system which includes documented policies and procedures intended to ensure compliance with the ethical rules, professional standards and applicable laws and regulations.

[45] *whose conclusions are available on www.cofrac.fr*

Responsibility of the independent third party

Based on our work, it is our responsibility to:

- certify that the CSR Information required is present in the management report or, in the event of omission, has been explained in application of the third paragraph of article R. 225-105 of the [French] Commercial Code ("Attestation of completeness of the CSR Information");
- to provide a moderate assurance conclusion on the fact that the CSR Information, considered overall, is presented in all of its significant aspects in a true and fair manner, in accordance with the Reference ("Reasoned opinion on the fairness of the CSR Information").

Our work was carried out by a team of five people between December 2014 and March 2015 over a period of approximately eleven weeks.

We carried out the work described below in accordance with professional standards applicable in France and with the order of 13 May 2013 determining the conditions under which the independent third party conducts its mission and, for the reasoned opinion on fairness, to international standard ISAE 3000[46].

1. Attestation of completeness of CSR information

We were informed, based on interviews with the managers of the departments concerned, of the strategic direction for sustainable development, in accordance with the social and environmental consequences of the activities of the Company and its societal commitments and, where appropriate, the resulting actions or programmes.

We compared the CSR information presented in the management report with the list provided for in Article R. 225-105-1 of the [French] Commercial Code

In the absence of some consolidated information, we verified that explanations were provided in accordance with Article R. 225-105 paragraph 3 of the [French] Commercial Code.

We verified that the CSR Information covered the scope of consolidation, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233-3 of the [French] Commercial Code within the limits specified in the methodology note contained in the introduction to the "The societal responsibility of Bpifrance Financement in its business lines" section and in the paragraph entitled "Methodology note" in the management report.

Based on this work, and taking into account the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

2. Reasoned opinion on the sincerity of the CSR information

Nature and scope of our work

We conducted around ten interviews with people responsible for the preparation of CSR Information, from departments in charge of the process of collecting information and, if applicable, with the people responsible for internal control and risk management procedures in order to:

- assess the appropriateness of the Reference with respect to its relevance, comprehensiveness, reliability, neutrality and clarity, taking into account, where appropriate, industry best practices;

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[46] *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information*

- verify the implementation of a process for collecting, compiling, processing and controlling for the completeness and consistency of CSR Information and obtain an understanding of internal control and risk management procedures relating to the preparation of CSR information.

We determined the nature and extent of our tests and controls based on the nature and importance of the CSR Information in relation to the characteristics of the Company, the social and environmental challenges of its activities, its strategic sustainable development direction and industry best practices.

For the CSR Information we considered most important[47], at the level of the Sustainable Development Department and the Human Resources Department, we:

- consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions). We implemented analytical procedures on the quantitative information and verified, on the basis of sampling, the calculations and data consolidation and we verified their agreement and consistency with the other information contained in the management report;
- conducted interviews to verify the correct application of procedures and implemented detailed tests on the basis of sampling, to verify the calculations carried out and reconcile supporting documents.

The sample selected represents on average 100% of the staff and 100% of the quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency with our knowledge of the Company.

Lastly, we assessed the relevance of the explanations, where appropriate, for the total or partial absence of certain information.

We believe that the methods of sampling and sample sizes that we selected exercising our professional judgement allow us to express a conclusion of moderate assurance; a higher level of assurance would have required more extensive review. Because of the use of sampling techniques as well as the other limits inherent to the operation of any information and internal control system, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on our work, we did not identify any material anomalies likely to call into question the fact that the CSR information, taken as a whole, is presented in a true and fair way, in accordance with the Reference

Signed in Paris La Défense on 31 March 2015

The independent third party

Mazars S.A.S.

Virginie Chauvin	Emmanuelle Rigaudias
Partner	Partner CSR & Sustainable Development

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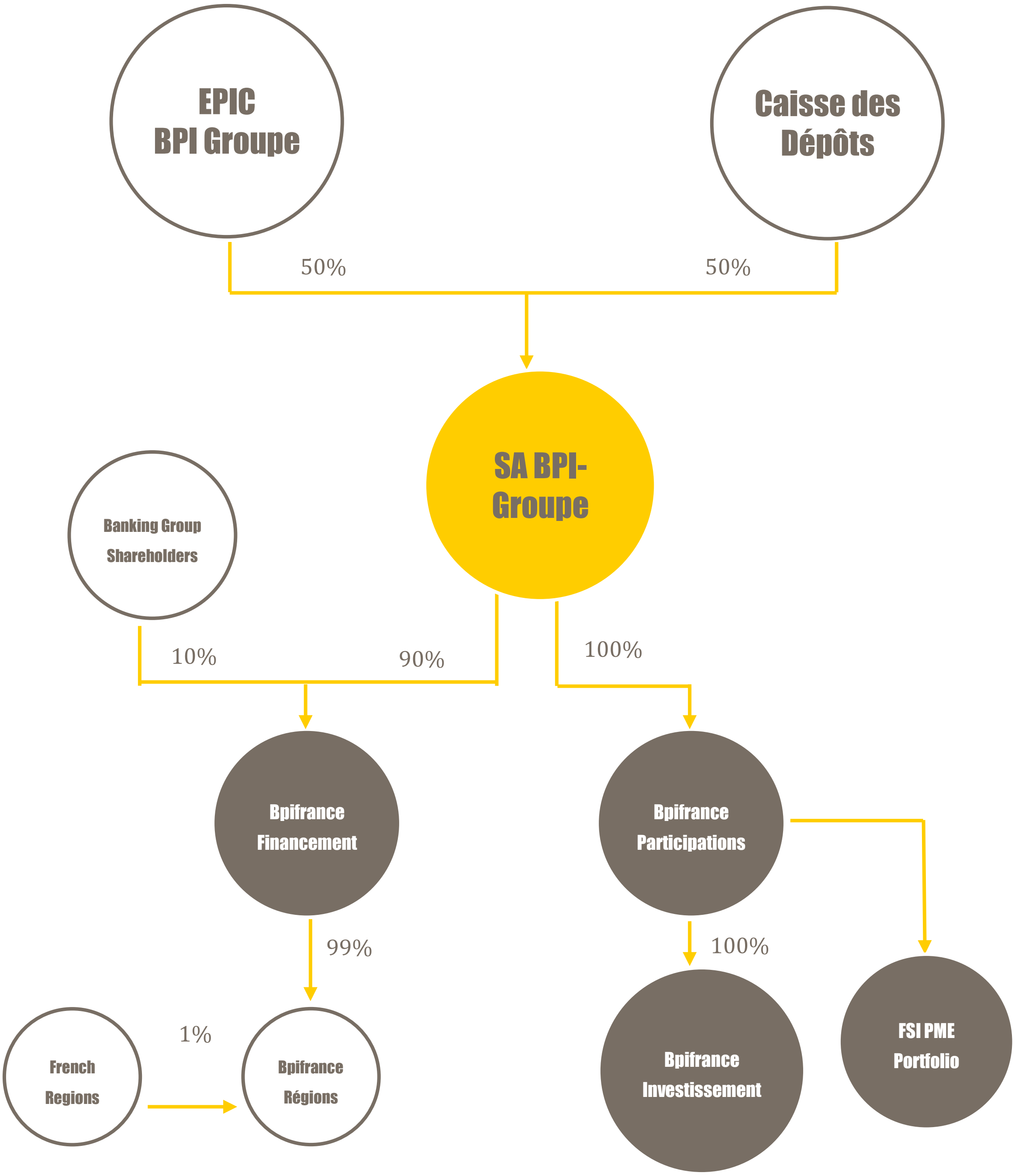
[47] Total personnel and distribution by gender; Age pyramid; Number of hires and departures; Amount of wages; Paper consumption; Energy consumption; Number of companies receiving Bpifrance Financement assistance; Amount of the risks taken by the Company; Share of the financing decisions made in the regions; Percentage of employees having completed anti-money laundering training.

3.3.9. Legal information

Group perimeter



Main equity interests

A detailed table of subsidiaries and non-consolidated investments is included in the notes to the financial statements. The following are the operations carried out by Bpifrance Financement in 2014, for which the amounts were significant:

1) reclassification of equity interests as part of the creation of Bpifrance:

- purchase from SA BPI-Groupe for €47 million of the equity interests in the capital of SOFIRED, a financing company operating in the defence sector, brought to BPI-Groupe by the State,

- absorption of SOFIRED via a complete transfer of assets and liabilities, which appeared on the Bpifrance Financement balance sheet as four new equity interests: MNR GROUP (Manurhin), FONDS LORRAIN DE CONSOLIDATION, SAEM PATRIMONIALE LOIRE and SEML CORREZE EQUIPEMENT, for a total amount of €3.5 million;

2) operations within the compartments of the AVENIR ENTREPRISE DÉVELOPPEMENT FCPR (venture capital mutual fund) that was created in 2008 to group the equity interests of OSEO and of the Caisse des Dépôts within common venture capital structures:

- transfers in the amount of €3.5 million from compartment 2 that accommodated the equity interests of the SCR AVENIR TOURISME, to compartment 4, which is the vehicle for new operations,

- amortisations of units in the amount of €13.3 million of compartment 4, which is the vehicle for new operations;

3) amortisations of units of the AVENIR ENTREPRISES MEZZANNINE fund in the amount of €1.4 million.

Compensation of corporate officers

(In euros) 2013

Name	Title	Compensation fixed	Compensation variable (1)	Benefits in kind (2)	TOTAL
Nicolas Dufourcq	General Manager as of 12 July 2013	€188,888.87	/	/	**€188,888.87**
François Drouin	Chairman and CEO until 3 June 2013	€146,189,56	€241,025.00 (3)		**€387,214.56**
Joël DARNAUD	Executive Vice President until 12 July 2013	€101,128.08	€61,457.00	€9,462.12	**€172,047.20**
Arnaud Caudoux	Executive Vice President until 12 July 2013	€92,700.76	€56,335.00	€2,794.71	**€151,830.47**
Laure Reinhart	Executive Vice President until 12 July 2013	€80,913.85	€49,507.00	€1,596.73	**€132,017.58**

(1) Awarding and payment criteria determined by the State, following a proposal from a compensation committee.
(2) The benefits in kind consist of company cars or housing.
(3) Relative to 2012 and 2013.

In all, the compensation paid to directors during fiscal 2013 was equal to €843 thousand.

The directors did not receive directors' fees in respect of the offices that they held with companies within the group.

(In euros) 2014

Name	Title	Compensation fixed	Compensation variable	Benefits in kind	TOTAL
Nicolas Dufourcq	General Manager	€400,000.00	€50,000.00	/	**€450,000.00**

The directors do not receive directors' fees in respect of the offices that they hold with companies within the group.

Nicolas Dufourcq received €135,000 in compensation for exercising of his duties at Bpifrance Financement. This amount comes from rebilling from SA BPI-Groupe, the parent company.

Compensation of executives and persons covered in Article L. 511-71 of the French Monetary and Financial Code

The General Meeting on 12 May 2015 will be consulted on the overall amount of fixed and variable compensation paid during 2014 to the executives and to the categories of employees covered in Article L. 511-71 of the French Monetary and Financial Code.

Gross compensation paid in 2014 and received at the company level is taken into account, excluding other elements of compensation.

The total amount of compensation paid for 2014 was €551,598.17.

Summary table of the delegations of competence granted by the General Meeting to the Board of Directors with regard to capital increases

In compliance with Article L. 225-100 of the French Commercial Code, the management report includes an appended summary table of the currently valid delegations granted by the General Meeting of Shareholders to the Board of Directors relative to capital increases, in accordance with Articles L. 225-129-1 and L. 225-129-2.

There were no delegations of competence granted by the General Meeting to the Board of Directors with regard to capital increases during the 2014 fiscal year.

Ratification proposal for the co-optation of new directors

Following the resignation of Mr Thomas Espiard, Head of the Capital Investment and Infrastructure Unit in the Development Department, Subsidiaries and Equity Interests Department of Caisse des Dépôts from his directorship, the Board of Directors meeting on 24 June 2014 co-opted Mr Pierre-François Koehl, Deputy Director for Financial Management of the Public Section of Caisse des Dépôts to replace him.

Likewise, following the resignation of Jean-François Roubaud, Chairman of CGPME from his directorship, the Board of Directors meeting on 26 March 2015 co-opted Mr François Asselin, the new Chairman of the CGPME to replace him.

The General Meeting on 12 May 2015 is asked to ratify these co-options.

The additional information elements regarding these persons subsequent to Article R. 225-83 of the French Commercial Code have been made available to shareholders under the conditions indicated in Articles R. 225-88 and R. 225-89 of that same code.

Agreements signed in 2014 under the terms of Articles L. 225-38 et seq of the French Commercial Code

In accordance with the provisions of Article R. 225-30 of the French Commercial Code, the Statutory Auditors were provided with a summary report of the agreements in accordance with Articles L. 225-38 et seq of the French Commercial Code, authorised by the Board of Directors of Bpifrance Financement during the fiscal year closed 31 December 2014, or which were signed earlier but continued to be in effect for that fiscal period.

In addition, it is noted that no agreements covered by Article L. 225-102-1, paragraph 13 were signed this year.

Proposed modification of the articles of association

Proposal to modify article 2.3 of the articles of association related to the approval of the beneficiaries of the guarantee.

The articles of association of Bpifrance Financement (article 2.3, last paragraph) stipulate that the beneficiaries of the guarantee must first be approved by the Board of Directors.

In order to lighten the workload of the Board of Directors, it is proposed that direct investment organisations benefiting from the guarantee no longer submit their approval to the Board of Directors and that the power to approve the new beneficiary funds be delegated to the current approval pre-committee, consisting of the representatives of the Treasury, AFIC, CDC and Bpifrance.

It is asked that the General Meeting of 12 May 2015 approve the proposed change to the articles of association.

Proposal to modify article 15.1 of the articles of association related to committees of the Board.

The governance of lending institutions was modified by the ruling of 20 February 2014 detailed in the order of 3 November 2014, which is applicable to Bpifrance Financement.

> One of the main new measures applicable is the following: The obligation for lending institutions and financing companies with a balance sheet in excess of €5 billion to implement two committees, a Risk Committee and an Appointments Committee, in addition to the Compensation Committee created by the CRD III directive and the Audit Committee (whose existence is based on Article L. 823-19 of the French Commercial Code).

It is proposed that the Bpifrance Financement articles of association be updated in light of this new regulation, taking into account the new committee set-up.

It is asked that the General Meeting of 12 May 2015 approve the proposed change to the articles of association.

Proposal to increase the capital

I Reasons for the capital increase

The significant growth in activity recorded over the past three years has led to a large increase in outstandings. The weighted outstandings calculated to determine the solvency ratio increased from €26.3 billion as of 31 December 2013 to €30.4 billion as of 31 December 2014, i.e., growth of 16%, which led to a decrease in the solvency ratio from 12.9% to 11.4% over the fiscal year.

The business outlook through 2017 and changes in banking regulations indicate that the solvency ratio will tend to continue to decline if the company's own funds are not increased.

This is the reason why the Board of Directors of Bpifrance Financement is proposing that the General Meeting agree to increase the capital of Bpifrance Financement by a minimum amount of €300,000,000.

II Valuation of Bpifrance Financement shares (estimate on interim financial statements as of 31 December 2014)

The shares of the Bpifrance Financement company are valued using the same method as the one used upon the creation of Bpifrance, i.e. the corrected net assets.

The amount of the Group share of consolidated shareholders' equity as of 31 December 2014 was €2,834,861,704.81 based on the statements, which will be presented for the approval of the General Meeting on 12 May 2015.

Unrealised capital gains net of taxes on non-operating real estate (housing rented to staff) can be estimated at €4,360,362.69 which results in valuing the company at €2,839,222,067.50 as of 31 December 2014, i.e., for 94,970,158 shares (total number of shares less 19,360 shares in treasury stock), a value per share of €29.89.

III Operation provisions

It is proposed that a capital increase in cash open to all shareholders be carried out.

On the basis of valuation of the share at €29.89, the issue will involve 9,998,897 shares, i.e., a total amount to be subscribed of €298,867,031.33.

In compliance with the regulations, the Board of Directors will simultaneously be given authorisation to carry out, by delegation, a capital increase reserved for employees.

4. REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Relative to the fiscal year ending on 31 December 2014

The information contained in this report is in response to the provisions of Article L. 225-37 of the French Commercial Code. The Bpifrance Financement company does not refer to any governance code prepared by the company's representative organisations, but rather to Regulation 97-02 of 21 February 1997 relative to internal control of lending establishments and investment companies. As such, the company is subject to an annual verification by the [French] Prudential Control and Resolution Authority, which examines the referenced document and verifies its compliance in view of the regulations of the Financial Markets Authority (AMF).

4.1. Conditions for the preparation and organisation of the works of the Board of Directors

The conditions for the preparation and organisation of the works of the Board of Directors are defined in the company's articles of association (resulting from order 2013-637 of 12 July 2013) updated on 20 June 2014 and the Rules of Procedure of the Board of Directors as adopted on 12 July 2013 and updated on 27 September 2013. A charter for directors is an integral part of these Rules of Procedure.

4.1.1. Composition and operation of the Board of Directors

The Board of Directors consists of 12 members:

- the Chairman and Chief Executive of Bpifrance Financement, appointed by the General Meeting of the shareholders;
- seven representatives of the shareholders including three State representatives appointed by decree and six members designated by the general meeting of the shareholders;
- two employee representatives elected on 24 September 2013.

On 31 December 2014, the directors consisted of five women and seven men. The Board of Directors also includes a panel of ten non-voting members. The Government Commissioner, the Secretary of the Works Council and the Statutory Auditors take part in meetings of the Board.

Each Board meeting is preceded by meetings of the "Business line" committees and of the Audit and Risk committee. A statement of the conclusions of these bodies is provided to the directors for information, and for review by the chairmen of the Committees during each Board meeting.

The members of the Board of Directors are invited by the Chairman at least eight days before each meeting, in a letter that indicates the agenda. The documents and information needed to properly fulfil their missions within the Board and Committee are, barring exceptional cases, provided to them at least five days before the meeting date.

The Chairman chairs the Board of Directors meetings, organises and directs the debates and ensures compliance with the legal, regulatory and statutory provisions, and with the rules of procedure. With the exception of certain decisions requiring the Board's authorisation with a qualified majority of 8/12ths, and of the decisions requiring a favourable vote from the State representatives, decisions are made by a simple majority. Minutes are prepared for each meeting and sent to the members at the latest on the day of the convening of the next meeting that will approve them.

4.1.2. Activities of the Board of Directors in 2014

The Board met seven times in 2014, and each of its quarterly meetings included an up-to-date presentation of the activity and risks.

Its first meeting was held on 14 March 2014, during which the Board of Directors authorised the capital increase of the company that enabled the acquisition of Sogama Crédit Associatif and Bpifrance Régions securities. The board approved the company's 2013 financial statements and its management report, convened its Annual General Meeting and appointed a new member to the Financing-Guarantee Committee.

On 18 April 2014, it approved the company's 2013 internal control report.

On 13 May 2014, the Board of Directors approved the proposals of the Appointments and Compensation Committee on the one-off payment of an additional 2013 profit-sharing payment and the company's new draft 2014/2016 profit-sharing agreement. It also officially recorded the trial of a new activity, the Credit Export.

On 20 June 2014, the Board amended the company's articles of association following its capital increase, co-opted resigning director Thomas Espiard with Pierre-François Koehl, and appointed his replacements in the Audit Committee and "Business lines" Committees, updated the company's financial memorandum and approved the questionnaire on customer protection for the banking and insurance sector required by the ACPR.

On 19 September 2014, the Board of Directors approved the interim financial statements as of 30 June 2014, relaxed its financing plan for 2014, authorised the launch of two new activities (Daily Export and Credit Export) and the termination of one activity (Company Start-up Loan). It was updated on the progress of the audit performed by the European Central Bank teams within Bpifrance (Asset Quality Review). In addition, it authorised the signing of two regulated agreements relating to the acquisition of SOFIRED securities and the implementation of a periodic audit mission of Bpifrance Financement within Sogama Crédit Associatif. Finally, it appointed a new expert member of the Innovation Committee, to replace a resigned member.

On 15 October 2014, the Board approved the dissolution without liquidation of SOFIRED through a Universal Transfer of Assets to Bpifrance Financement.

Finally, on 15 December 2014, it determined the multiplying coefficients, and adopted the budget and the financing plan for 2015. It recorded of the strategic orientations of the company for the three coming years, renewed the mandate of one of its auditors (KPMG Audit) that was approaching expiry and approved the transfer of securities held by the company in investment and private equity companies to Bpifrance Investissement. It took note of the Bpifrance intra-group service agreement and granted a request for exemption from the liquidity monitoring of Bpifrance Régions on an individual basis by Bpifrance Financement with the ACPR. Finally, it set the calendar for its meetings in 2015.

4.1.3. Committees under the responsibility of the Board of Directors

The operation of these Committees under the responsibility of the Board of Directors is defined by its Rules of Procedure.

- The Audit and Risk Committee

The Audit and Risk Committee has six members appointed from amongst the directors: Catherine Halberstadt (General Manager of the Banque Populaire du Massif Central), who is its Chairwoman, Delphine de Chaisemartin (in charge of the Financial Institutions - Development, Subsidiaries and Equity Interests Department of the Caisse des Dépôts), Marie-Christine Levet (Chairwoman of MCL Consulting), Sébastien RASPILLER (Deputy Director of "Financing of Companies and the Financial Market" of the Directorate General of the Treasury), Sabine Schimel (Advisor to the General Manager of Caisse des Dépôts) and Alain Schmitt (Head of the SME Competitiveness and Development Department at the DGE).

In compliance with French Commercial Code Article L. 823-19, the Audit and Risk Committee does not include members with Management functions within the company, and at least one of them has specific skills in financial or accounting matters and is independent in view of the criteria indicated in article 6.2.1 of the Rules of Procedure (corresponding with the independence criteria of the Afep Medef Code).

In 2014, the Audit and Risk Committee met five times and included the presence of the General Inspector of the Bpifrance group, the Director of Compliance and Internal Control, the Director of Consolidation and Risk, the Statutory Auditors and the Government Commissioner.

All of its quarterly meetings discussed the evolution of the company’s risks and financial situation. It examined the group’s financial statements to 31 December 2013 and to 30 June 2014, and the update of the memorandum on financial activities. It also reviewed the follow-up of recommendations made by the General Inspection and Audit Department (IGA). It was given a presentation on the internal control report, the 2015 audit programme, the review of customer outstandings and the tracking of limits. It was updated on the progress of the audit performed by the European Central Bank teams within Bpifrance (Asset Quality Review). It also duly noted the questionnaire on customer protection for the banking and insurance sector required by the ACPR and the Rules of Procedure of the Bpifrance group Risk Committee. It was also updated on the audit of the guarantee funds simulation models conducted within the group (Quantitative Risk Assessment mission). Finally, it recorded the 2015 financing plan of Bpifrance Financement and voted on the renewal of the mandate of one of the company's Statutory Auditors.

- The Appointments and Compensation Committee

The task of the Appointments and Compensation Committee is to provide the Board of Directors with opinions on all proposals relating to the appointment of the Chairman, of the Executive Vice Presidents and of the Senior Managers, and the recruiting of members of the Executive Committee, as well as on the determination and any change of any component of their compensation. Finally, it provided an opinion on all compensation and incentive arrangements for the Bpifrance Financement personnel and on the hiring, dismissal or signing of settlement agreements involving any employee whose gross annual compensation is more than €250,000.

Chaired by Jean-François Roubaud, it consists of three members: Sébastien Raspiller (member of the Board of Directors appointed by proposal from the State), Delphine de Chaisemartin (member of the Board of Directors appointed by proposal from Caisse des Dépôts) and Jean-François Roubaud (member of the Board of Directors who meets the independence criteria according to the Afep Medef Code).

- The “Business line” committees

There are two “Business line” committees: the Financing-Guarantee Committee and the Innovation Committee. As consultative bodies, their missions are defined by the Rules of Procedure and consist of preparing the decisions of the Board of Directors, notably on technical topics related to financing, guarantee and innovation business lines (determination of the multiplying coefficients, investment policy for the guarantee funds, budget forecasts, etc.).

The “Innovation” Committee

The Innovation Committee, chaired by Pierre Prieux, consists of three members appointed from amongst the directors and non-voting members who are: Alain Schmitt (appointed by proposal from the State), Delphine de Chaisemartin (appointed by proposal from Caisse des Dépôts), and Pierre Prieux (who meets the independence criteria according to the Afep Medef Code).

The Innovation Committee also includes a panel of experts: François Jamet (Ministry of Research), Bastien Beley (DGE), Laetitia Dubois (Budget Department) and Laurent Guerin (Directorate General of the Treasury), appointed by proposal from the State; Anatole Nef and Philippe Dewost, appointed by proposal from the Caisse des Dépôts; and Armelle Weisman (Director of the company Trois Temps) and Judith Greciet (General Manager of ONXEO), by proposal from the Chairman of the Board of Directors.

The “Financing-Guarantee” Committee

Chaired by Albert Boclé, the Financing-Guarantee Committee consists of three members appointed from amongst the directors and non-voting members: Sébastien Raspiller (appointed by proposal from the State), Anatole Nef (appointed by proposal from Caisse des Dépôts), and Jean-François Roubaud (who meets banking sector competence criteria, appointed by proposal from the Chairman of the Board of Directors).

The Financing-Guarantee Committee also includes a panel of experts: Edouard Bloch-Escoffier (Budget Department), Laure Menetrier (DGCIS), Etienne Petit (Directorate General of the Treasury) and Albert Boclé (Sales and Marketing Director of the Société Générale Retail Bank in France), appointed by proposal from the State; Delphine de Chaisemartin, Antoine Beaugendre (Research Director - Equity Manager at Caisse des Dépôts) and the Fédération Bancaire Française, appointed by Caisse des Dépôts; and BNP Paribas, Crédit Agricole, CM-CIC and the BPCE group, appointed by proposal from the Chairman of the Board of Directors.

4.1.4. Limitations of the powers of the General Manager by the Board of Directors

The General Management of the Bpifrance Financement company is provided by the Chairman of the Board of Directors. The Chairman and Chief Executive has the broadest possible powers in order to act, in all circumstances, in the company’s name. The CEO exercises these powers within the limits of the corporate purpose and subject to the powers that the law expressly attributes to the meetings of the shareholders and to the Board of Directors. He/she represents the company in its relations with third parties.

As part of the internal order, the powers of the Chairman and Chief Executive and, if relevant, of the Executive Vice Presidents are limited by article 12.3 of the company’s articles of incorporation. Pursuant to this article, certain decisions relative to the Bpifrance Financement company or, if relevant, to any one of its subsidiaries require the prior authorisation of the Board of Directors.

4.2. The internal control mechanism

Approved as a lending institution, Bpifrance Financement is subject to all of the provisions of the Monetary and Financial Code and of regulation 97-02 from the Consultative Committee on Legislation and Financial Regulation with regard to internal control until 5 November 2014 and subsequent to the statement of 3 November 2014, relating to the internal control of banking sector companies, of the Consultative Committee on Legislation and Financial Regulation with regard to internal control.

The Single Supervision Mechanism applies to the Bpifrance group as of 4 November 2014. It is based on a system of common supervision between the ECB and the ACPR.

4.2.1. Organisation and operation of the Bpifrance Financement internal control

The internal control mechanism of the Bpifrance group is structured around a set of resources, procedures, functions and actions adapted to the characteristics of the group and each of its subsidiaries.

This mechanism, which contributes to the control of activities, to the efficiency of procedures and the effective use of resources, allows for the appropriate consideration of significant risks, whether they are operational, financial or compliance-related.

Its definition, implementation and monitoring are the responsibility of the directors and management. It comprises, in particular, the following three functions:

- A Compliance and Permanent Control Department (DCCP), which brings together the Bpifrance group teams formerly known as the Risk Permanent Control Department (DCPR) of Bpifrance Financement and the role of Head of Compliance and Internal Control (RCCI) of Bpifrance Investissement.

  This department also has a functional link with the permanent control units present in the Finance and Information Systems operational departments.

  The compliance and permanent control mechanism refers to all of the procedures, systems and verifications implemented by an institution in order to ensure the compliance of its operations, its adherence to laws, regulations, marketplace rules and ethics, in addition to its control of the operational risks to which the group is exposed.

- The Risk Management function, within the meaning of the aforementioned order of 3 November 2014, for which the Risk Consolidation Department (DCR) is responsible, and the organisation of which is based on:

  - the co-ordination of all systems involved in the measurement of risk;
  - a Group Risk Committee (CRG), which monitors the follow-up and steering of the risk measurement, surveillance and control system of the Bpifrance group and its subsidiaries.

    The CRG is comprised of current Bpifrance directors, departments involved in the measurement, surveillance and control of risk, and independent employees from the operational units. It may, if required, involve any other employee of Bpifrance or any external authority.

    It is chaired by the General Manager of Bpifrance SA or, in his absence, by one of the current directors.

    It meets quarterly or on an exceptional basis, if circumstances so require.

    It monitors all risks of the Bpifrance group, whether borne by Bpifrance, its direct subsidiaries or its second-tier subsidiaries. Those approved as lending institutions or portfolio management companies are subject to a specific monitoring programme. Subsidiaries or equity interests not considered lending institutions or portfolio management companies come under the scope of the CRG when they may expose Bpifrance or group companies to significant risk. The latter then undergo the monitoring of their development and an examination of the control mechanisms implemented by these companies or the Group.

- A periodic control system, overseen by the Bpifrance General Inspection and Audit Department (IGA), covers all activities and companies of the Bpifrance group.

  The role of the IGA is to verify the quality and proper operation of the compliance, permanent control and risk control systems. It neither defines nor manages these systems, but provides recommendations which contribute to the reduction of risk.

The Bpifrance group internal control mechanism is governed by the compliance - permanent control charter, currently under revision, the audit charter for the IGA and the intervention doctrine of the DCR.

Supplemented by their application procedures, these three documents together describe the components and objectives of each of the three business lines.

They have been validated by the General Manager, presented to the Audit Committee of the companies concerned and then distributed within the group.

The bodies involved in internal control are the Audit and Risk Committee and two specific internal committees: (i) the Group Risk Committee, which ensures the existence of a suitable system of limits, compliance therewith and the periodic review thereof, and assesses the level of incurred risks; (ii) the Group Internal Control Committee is in charge of the steering and evolution of the risk control system of the institution and its subsidiaries.

- **Permanent Control**

The first permanent control level is based on all of the operational departments of Bpifrance, which constitute the fundamental and essential basis of the control system. As such, each employee, through self-supervision, is involved in the first level permanent control system of Bpifrance, by following the controls integrated within the operating procedures and the automated controls involved in transaction processing.

Each line manager is responsible for all risks associated with the area of which he is in charge, and for ensuring that his employees comply with procedures. As activity, regulations, professional standards and processes evolve, it is necessary to develop these procedures accordingly, through the integration of new controls.

First level controls ensure, in particular:

- compliance of and with transaction procedures;
- justification of transactions recorded in the management systems and ultimately in the Bpifrance accounting.

The second permanent control level, exercised on a continual basis, is performed by employees exclusively dedicated to this permanent controller function, within the DCCP.

The main parties involved in the second permanent control level are:

- the Compliance and Permanent Control Department, comprising two operationally connected teams, namely the SSI, head of permanent control of the information systems department and permanent control of the Group Finance Department (including, in particular, the accounting review);
- the Risk management function, in charge of the second permanent control level of credit risks, financial risks and foreign exchange risks;
- other permanent control functions: the legal function, which takes responsibility for the prevention and control of legal risks and Bpifrance legal risks, and the finance function, which is responsible for the correct application and communication of accounting and financial information.

These Departments work towards risk prevention and control by supplementing the first level controls performed within the operational departments.

In particular, the DCCP covers:

- verification of the commitments and business line risks ensuring compliance with the regulations and standards specific to the Bpifrance Financement business lines;
- compliance, ensuring that new products and legal actions comply with applicable regulations;
- efforts to combat money laundering and terrorist financing (LCBFT);
- ethics;
- management of the map of operational risks inherent in all the activities of Bpifrance Financement and its subsidiaries, as well as the system to declare and monitor incidents of operational risk and non-compliance.

The Charter and the permanent control procedures

The Bpifrance Financement permanent control charter stipulates the objectives and methodology of the controls. This charter shall be reviewed in 2015.

An annual control plan defines the verifications having to be performed, and their frequency. It is determined together with the permanent control managers and in collaboration with the operational departments. This plan is validated by the Executive Committee and presented to the Group Internal Control Committee before being implemented by the DCCP.

An IT tool is available in order to ensure the follow-up of the implementation of the recommendations by the departments in question, and to produce reports. This tool shall be reviewed in 2015.

The annual summary on changes to the system

The internal control, risk measurement and monitoring report is submitted to the Audit Committee and the Board of Directors for validation each year. This report is then communicated to the Prudential Control and Resolution Authority, the profession’s national control body.

The report traces the main changes to the internal control system, whether with regard to credit risk, market risk, risks relating to the preparation of accounts or operational risks (including relative to the security of information systems).

The system intended to Combat Money Laundering and Terrorist Financing (LCBFT) is also described therein. In this area, training and awareness-raising for all employees of Bpifrance Financement have been continued using an "e-learning" procedure.

In 2014, the permanent control verifications involved a large number of the Bpifrance Financement business lines, with regard to its three activities; financing, guarantee and innovation, as well as the head office’s operational departments.

By means of examining documents, they generally focused on compliance with procedures, management and compliance of the credit operations and accounting records, data quality, the security or confidentiality of a number of management and IT processes, formalization of the first level controls, and follow-up of the recommendations from the DCCP as well as the General Inspection and Audit Department’s recommendations.

- **Periodic Control**

The operation of the General Inspection and Audit Department (IGA), in charge of the Bpifrance group periodic control, is based on the following principles and processes:

- an audit charter describes the aims, powers, responsibilities and organisation of this Department, as well as the general rules applicable to the periodic control. It is completed by a procedure that defines the relations existing between the IGA and audited units, during a mission;

- an annual and multi-year audit plan, which involves a risk assessment of each activity based on the Bpifrance group organisation. This plan prepares the content and scope of IGA missions, with the objective of covering all activities and subsidiaries within a maximum interval of three years starting from 2014. For each domain, the rhythm of the missions is determined by the combination of its risk level and an audit frequency.

  The annual audit plan is validated by the General Manager, the Executive body of Bpifrance Financement and the company Audit and Risk Committee;

- a reference base describes the IGA’s operation and the implemented methodologies, which combine on-site controls and/or document verifications, and lead to findings from which recommendations result. The missions revolve around an analysis of the components of the audited domain’s permanent control system and an assessment of the risk levels, with reference to article 6 b) of regulation 97-02;

- each mission ends with a report, together with a list of recommendations. The above are managed using a dedicated tool that looks after the total preparation and production of reports. The recommendations are rated 1 to 3 according to their level of criticality;
- these recommendations are implemented by audited units, under the responsibility of their management. The management periodically reports to the IGA on its progress and must justify the complete realisation of the recommendations. The IGA performs a monthly follow-up on the level of implementation of the recommendations.
  A mission is only closed once all of the recommendations have been implemented;
- the IGA reports to the Bpifrance Financement executive and deliberating bodies on the performance of the audit plan, the conclusions of the completed verifications and the implementation of the recommendations.

In 2014, as part of its audit plan, the General Inspection and Audit Department carried out several missions involving departments at the head office or within the network, involving all or some of their activities.
The purpose of these missions was to analyse the components of the risk control mechanisms of audited departments and the level at which these risks are controlled.

The follow-up of the implementation of recommendations has observed good mobilisation, with very low levels of overdue type 3 recommendations.

With regard to Alsabail, the specialised lending institution in which Bpifrance is the reference shareholder, in 2014, the General Inspection and Audit Department carried out a mission on the operating lease as part of the periodic control agreement signed in 2011 between the company and Bpifrance.

Furthermore, an agreement was signed with the Caisse des Dépôts et Consignations (CDC), which defined the relations undertaken between the General Audit Department of the CDC (DGAU) and the General Inspection and Audit Department of Bpifrance.

4.2.2. Outlook for 2015

At the beginning of 2015, the DCCP restructured its organisation with the aim of generating group synergies and creating unity within it.

The 2015 permanent control plan prepared by the DCCP (currently undergoing validation) calls for verifications in all three of the Bpifrance Financement business lines (innovation, guarantee and financing) as well as in the head office departments.

In 2015, the General Inspection and Audit Department's audit plan calls for missions that will include several head office departments in their entirety, for all or certain of their activities. Verifications will also involve all of the network departments, as well as the subsidiaries, including Alsabail.

At the same time, three follow-up campaigns will be launched with all departments in order to measure the implementation of the recommendations. The reliability of the responses received from the departments will be the subject of a special audit.

4.3. Development and processing of accounting information

4.3.1. General framework of accounting and financial information

The Bpifrance Financement financial statements are prepared in accordance with the accounting regulations applicable to lending institutions.

Bpifrance Financement drafts individual financial statements using the French accounting standards, and consolidated financial statements using the IFRS international accounting reference base.

- The financial statements to be published

The balance sheet, income statement and off-balance sheet that describe the individual financial statements are prepared each month. These commented documents are disseminated to the Finance Department and to the Management Control department.

Since the beginning of 2014, the consolidated financial statements are produced quarterly.

The financial statements drawn up at the end of June include simplified notes to the financial statements and are accompanied by a half-year activity report. These documents are subject to limited review by the Statutory Auditors and are published in the French Legal Gazette (BALO).

The financial statements for the year to 31 December include a full set of notes to the financial statements and are verified by the Statutory Auditors. The Audit Committee examines the financial information and the accounting internal control. The annual financial statements are drawn up by the Board of Directors and submitted to the General Meeting of the Shareholders for approval. They are then deposited with the Clerk of the Commercial Court and published in the BALO. These financial statements serve as the basis for the Registration Document submitted to the French Financial Markets Authority (AMF).

- Accounting “scoreboards”

On a quarterly basis, accounting tables are prepared on the basis of these consolidated and individual statements.

On these “scoreboards”, the structure of the balance sheets, off-balance sheet and income defined by regulations are respected. Certain particularly significant headings are detailed in order to cast a more analytical light on the activity.

The accounting “scoreboards” and interim financial statements are presented to the Audit and Risk Committee and to the Board of Directors. They are completed by an analytical presentation of the formulation of the income.

- Analysis on the calculation of the operating result (profit or loss)

This analysis is performed at the consolidated level by Management Control. For the “financing” sector, it relies on allocating each commercial use with a conventional rate of resources that is based on the market rates. This analysis system identifies the contribution of the NBI (Net Banking Income) of each commercial activity within this sector (lending, finance leases and short-term financing). It is completed by an analysis on the earnings of the “guarantee” sector and of the “innovation” sector. This work is supplemented by an analysis on the risk cost during the elapsed period.

A forecast of the annual income figure is made on the same basis.

All of these figures are presented to the next meetings of the Board of Directors and Audit and Risk Committee. The presentation includes a commentary on the main charges and divergences from forecasts.

- Other reports

In addition, within the framework of the SURFI (Unified Financial Reporting System) and of FINREP statements, an accounting report is submitted to the Prudential Control and Resolution Authority, in accordance with the banking regulation in force.

Bpifrance Financement is fully consolidated into Bpifrance’s accounts. It therefore completes a half-yearly consolidation package which is approved by its Statutory Auditors.

Since November 2014, the Bpifrance group is under the supervision of the European Central Bank as part of the Single Supervision Mechanism.

4.3.2. Accounting architecture and organisation

The Bpifrance Financement accounting is integrated within the Bpifrance Accounting Department.

The Accounting Department includes:

- a cross-functional Consolidation and FINREP domain in charge of the consolidated financial statements of the EPIC BPI-Groupe, of the SA BPI-Groupe and of Bpifrance Financement;
- a cross-functional section in charge of accounting standards and IT practices, that notably has cross-functional competence with regard to harmonisation and the definition of the accounting standards and applied procedures;
- an interbank flows section in charge of managing movements of funds;
- a division in charge of the corporate accounting of Bpifrance Investissement and Bpifrance Participations;
- a division in charge of the bank-related accounting, which notably looks after the preparation of the corporate financial statements of Bpifrance Financement.

The latter division includes four domains:

- Accounting and taxation production;
- Reporting;
- Innovation and financing business plan accounting; and
- Guarantee business plan accounting.

The business plan accounting services are responsible for the accuracy of the accounting entries transferred to the general accounting. Entries are generated via an interpreter which captures reports of events from the management systems.

All accounting services are located at the Maisons-Alfort head office. Depending on the concerned products, certain inputs into management systems may be made by regional offices. However, accounting controls and processing operations are reunited at the head office.

Through its participation in the finance division's Management Committees, ALM committees, the Counterparty risk committees, and the marketing committees, the Accounting Department is informed of the policy adopted in the areas of financial management and administration.

The Finance division's permanent control service is in charge of the second level accounting controls.

Bpifrance Financement

Public limited company with capital of €759,916,144
Registered office: 27/31, avenue du Général Leclerc - 94710 Maisons-Alfort Cedex
TCR: 320 252 489

Report from the statutory auditors pursuant to Article L. 225-235 of the [French] Commercial Code on the report of the Chairman of the Board of Directors of Bpifrance Financement

Fiscal period ending 31 December 2014

KPMG AUDIT

MAZARS

Report from the statutory auditors pursuant to article L. 225-235 of the [French] Commercial Code, on the report of the Chairman of the Board of Directors of Bpifrance Financement

To the shareholders,

In our capacity as statutory auditors of Bpifrance Financement and pursuant to the provisions of article L. 225-235 of the [French] Commercial Code, we hereby present to you our report on the report prepared by your company's Chairman in compliance with the provisions of article L. 225-37 of the [French] Commercial Code for the fiscal period ending 31 December 2014.

The Chairman is responsible for preparing, and submitting for the approval of the board of directors, a report on the internal control and risk management procedures implemented within the company, and that also provides the other information required by article L. 225-37 of the [French] Commercial code, notably with regard to the corporate governance system.

It is our responsibility to:

- present our observations resulting from the information given in the Chairman’s report regarding the internal control and risk management procedures relative to the preparation and processing of the accounting and financial information, and

- certify that the report includes the other information required by article L. 225-37 of the [French] Commercial code, it being understood that we are not required to verify the truthfulness of such other information.

We have conducted our tasks in accordance with the professional standards applicable in France.

Information regarding the internal management and risk management procedures relative to the preparation and processing of the accounting and financial information

Professional standards require that we perform due diligence reviews in order to assess the truthfulness of the information given in the Chairman’s report, regarding the internal control and risk management procedures relative to the preparation and processing of the accounting and financial information.

These efforts notably entail that we:

- review the internal control and risk management procedures relative to the preparation and processing of the accounting and financial information that underpins the information presented in the Chairman’s report, as well as the existing documentation;
- review the works that led to the preparation of the said information and of the existing documentation;
- determine if the major internal control deficiencies relative to the preparation and processing of the accounting and financial information that we may have brought to light as part of our examination are properly indicated in the Chairman’s report.

On the basis of these works, we have no observations to submit regarding the information provided on the internal control and risk management procedures relative to the preparation and processing of the accounting and financial information as contained in the report from the Chairman of the board of directors, prepared in application of the provisions of article L. 225-37 of the [French] Commercial Code.

Other information

We hereby certify that the report from the Chairman of the board of directors includes the other information required by article L. 225-37 of the [French] Commercial Code.

Signed in Paris La Défense and Courbevoie, on 31 March 2015

The Statutory Auditors

KPMG AUDIT
Department of KPMG S.A.
Philippe SAINT-PIERRE

MAZARS
Virginie CHAUVIN

5. RESOLUTIONS SUBMITTED TO THE GENERAL MEETING ON 12 MAY 2015

1 - Resolutions of an ordinary nature

- **First resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, approves the report from the Board of Directors on the company's situation and activity over the fiscal year that elapsed between 1 January and 31 December 2014 and all operations discussed therein.

- **Second resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the Board of Directors' report and the Report from the Statutory Auditors on the annual financial statements, approves the corporate financial statements, namely the balance sheet, the profit and loss statement and the appendix, to 31 December 2014 as presented to it, and which show earnings of €24,122,927, as well as the transactions represented in these accounts.

- **Third resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' report on the consolidated financial statements for the fiscal year ended on 31 December 2014, approves the consolidated financial statements, namely the balance sheet, the profit and loss statement and the appendix, for the 2014 fiscal year as presented to it, and which show earnings (group share of net earnings) of €99,123,819, as well as the transactions represented in these accounts.

The General Meeting of shareholders takes note that the expenses not fiscally deductible (article 39-4 of the General Tax Code) incurred by the company during the fiscal year ending on 31 December 2014 are equal to €817,250 and correspond primarily to the fraction of the non-deductible lease payments on leased vehicles. The amount of the corresponding tax expense is €310,555.

The General Meeting of shareholders grants discharge to the directors and members of the Board of Directors for the performance of their terms of office for the fiscal year ended on 31 December 2014.

- **Fourth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, approves the proposal presented by the Board of Directors and decides to allocate earnings for the 2014 fiscal year as follows:

	Euros
Earnings for the year to be distributed	24,122,927.31
Retained earnings	49,320,330.14
Available balance	***73,443,257.45***
Transfer to the legal reserve	1,206,146.37
Distributable balance	***72,237,111.08***
Allocation to other reserves	0.00
Distribution of a dividend of €0.10 per share (face value of €8)	9,498,951.80
Retained earnings (credit)	**62,738,159.28**

On a fiscal level, in compliance with the applicable provisions, this dividend does not include a tax credit, but it gives the right, for natural person shareholders with their fiscal residence in France, to apply for a tax reduction calculated on its entire amount.

The dividend must be paid no later than 30 September 2015 (Art. L. 232-13 and R. 232-18 of the French Commercial Code), and will be paid to the shareholders registered as of the ex-dividend date.

It is recalled, in compliance with the legal provisions, that a dividend of €0.17 per share was paid for the 2011 fiscal year, and that a dividend of €0.10 per share was distributed in relation to the 2012 and 2013 fiscal years.

- **Fifth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, acknowledges and approves the Statutory Auditors' special report on agreements covered by Articles L. 225-38 et seq of the French Commercial Code.

- **Sixth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, approves the agreement relating to the acquisition of SOFIRED securities signed during the 2014 fiscal year between Bpifrance Financement and SOFIRED and mentioned in the Statutory Auditors' special report on agreements covered by Articles L. 225-38 et seq of the French Commercial Code.

- **Seventh resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, approves the periodic control agreement signed during the 2014 fiscal year between Bpifrance Financement and Sogama Crédit Associatif and mentioned in the Statutory Auditors' special report on agreements covered by Articles L. 225-38 et seq of the French Commercial Code.

- **Eighth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the Board of Directors' report, decides to ratify the co-optation of Pierre-François KOEHL as director, in replacement of Thomas Espiard for the remaining duration of the term of the latter, i.e. until the General Meeting to be held in 2018 to vote on the financial statements for the fiscal year ending on 31 December 2017.

At the time of this appointment, Pierre-François Koehl indicated to the Board of Directors that he accepts this appointment and is not subject to any incompatibility.

- **Ninth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the Board of Directors' report, decides to ratify the co-optation of François ASSELIN as director, in replacement of Jean-François Roubaud for the remaining duration of the term of the latter, i.e. until the General Meeting to be held in 2018 to vote on the financial statements for the fiscal year ending on 31 December 2017.

At the time of this appointment, François Asselin indicated to the Board of Directors that he accepts this appointment and is not subject to any incompatibility.

- **Tenth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, consulted pursuant to Article L. 511-73 of the French Monetary and Financial Code, after having reviewed the Board of Directors' report, issues a favourable opinion regarding the overall framework of the compensation of all kinds amounting to 551,598.17 euros, paid during the fiscal year ended on 31 December 2014 to the persons indicated in Article L. 511-71 of the French Monetary and Financial Code, i.e. 3 full-time equivalent persons.

- **Eleventh resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, decides to renew the mandate of the Statutory Auditors, KPMG Audit, the head office of which is at 3 cours du Triangle - Immeuble Le Palatin - 92939 Paris la Défense, for a period of six fiscal years. Its duties will expire at the end of the General Meeting to be held in 2021 to vote on the financial statements for the 2020 fiscal year.

- **Twelfth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, decides to renew the mandate of the Alternate Auditor, Mr Jean-Marc Laborie, registered at 3 cours du Triangle - Immeuble Le Palatin - 92939 Paris la Défense, for a period of six fiscal years. His duties will expire at the end of the General Meeting to be held in 2021 to vote on the financial statements for the 2020 fiscal year.

- **Thirteenth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Ordinary General Meetings, grants all powers to the bearer of originals, excerpts or copies of the present minutes in order to perform all required formalities related to filings and disclosures.

2 - Resolutions of an extraordinary nature

2.1 Capital increase in cash

- **Fourteenth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the Board of Directors' report on the terms of the transaction, and finding that the capital is paid up, decides to increase the capital of seven hundred and fifty-nine million nine hundred and sixteen thousand one hundred and forty-four euros (€759,916,144), divided into ninety-four million nine hundred and eighty-nine thousand five hundred and eighteen shares (94,989,518 shares) of eight euros (€8) each, by the sum of seventy-nine million nine hundred and ninety-one thousand one hundred and seventy-six euros (€79,991,176), thus increasing it from seven hundred and fifty-nine million nine hundred and sixteen thousand one hundred and forty-four euros (€759,916,144) to eight hundred and thirty-nine million nine hundred and seven thousand three hundred and twenty euros (€839,907,320) by issuing nine million nine hundred and ninety-eight thousand eight hundred and ninety-seven (9,998,897) new cash shares, each with a face value of 8 euros (€8), to be subscribed on an irreducible or reducible basis.

These new shares will be issued at the subscription price of twenty-nine euros and eighty-nine cents (€29.89) per share, with a share premium per subscribed share of twenty-one euros and eighty-nine cents (€21.89), representing an overall share premium of two hundred and eighteen million eight hundred and seventy-five thousand eight hundred and fifty-five euros and thirty-three cents (€218,875,855.33).

The principal terms and conditions of this capital increase are as follows:

The subscription of new shares is reserved for the owners of shares comprising the company capital. As a result, the owners of these shares shall have on the new shares to be issued an irreducible subscription right exercisable based on the ratio between the number of shares to be created and the number of existing company shares, namely two (2) new shares per nineteen (19) existing shares.

Shares not subscribed on an irreducible basis will be allocated to shareholders that have subscribed on a reducible basis a higher number of shares than they could have subscribed on an irreducible basis, and this, in proportion to the number of their subscription rights and, in any event, within the limit of their requests.

Non-subscribed shares may under no circumstances be offered to the public.

Subscriptions will be received from 11 June 2015 to 26 June 2015 (inclusive), at the company's head office. Funds paid for subscriptions will be deposited with Bpifrance Financement, the custodian bank.

Each shareholder may, if he/she so wishes, in accordance with the provisions of Article L. 225-132 of the French Commercial Code, individually waive his/her preferential subscription right, with or without notification of the beneficiary, or assign his/her preferential subscription right under the same terms as the company shares in accordance with the company's articles of association.

The total amount of the proposed capital increase for subscription amounts to the sum of seventy-nine million nine hundred and ninety-one thousand one hundred and seventy-six euros (€79,991,176), with a share premium of two hundred and eighteen million eight hundred and seventy-five thousand eight hundred and fifty-five euros and thirty-three cents (€218,875,855.33), representing a total amount in cash of two hundred and ninety-eight million eight hundred and sixty-seven thousand and thirty-one euros and thirty-three cents (€298,867,031.33).

The new shares will be issued at the price per unit of twenty-nine euros and eighty-nine cents (€29.89), with a share premium of twenty-one euros and eighty-nine cents (€21.89). The shares must be entirely paid up at the time of their subscription.

The subscription price may be paid in cash (by bank transfer or cheque) or may be offset with liquid and due claims against the company.

The new shares will be created with full rights as of 1 January 2015. On the final fulfilment date of the capital increase, they will be entirely fungible with the existing shares and will be subject to the statutory provisions and decisions of the general meetings.

- **Fifteenth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, decides, if the irreducible and reducible subscriptions do not absorb the entire issue indicated in the previous resolution, to limit the capital increase to the sum of subscriptions actually collected, provided that this amounts to at least 75% of the predicted transaction amount.

Inversely, in accordance with the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, the extraordinary general meeting decides, if the total sum of subscriptions may exceed the entire issue indicated in the previous resolution, to authorise the Board of Directors to increase the total sum of the capital increase, up to a maximum of 15% of the latter, i.e. up to a maximum capital increase amount of ninety-one million nine hundred and eighty-nine thousand eight hundred and fifty-two euros (€91,989,852). This authorisation may be implemented only within 30 days following the closure of the subscription.

- **Sixteenth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, gives all powers to the Board of Directors to:

- collect shareholder subscriptions;
- distribute preferential subscription rights;
- record payments;
- where appropriate, limit the capital increase amount under the conditions set out in the fourteenth resolution;
- where appropriate, increase the capital increase amount under the conditions set out in the fifteenth resolution;
- where appropriate, record the final completion of the capital increase.

2.2 Capital increase reserved for employees

- **Seventeenth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' special report, and acting in order to comply with the provisions of Article L. 225-129-6 of the French Commercial Code in relation to the aforementioned capital increase that is the subject of the above resolutions:

1. delegates to the Board of Directors, using its sole and unique decision, all powers in order to carry out, or not, on one or more occasions, under the conditions indicated in Article L. 3332-18 of the French Labour Code, a capital increase in cash of a maximum amount of 3% of the capital as at 31 December 2014 reserved for members of a company savings plan or a group savings plan;

2. decides that the present delegation is granted for a period of 24 months as of the current day;

3. decides that the share subscription price will be determined in accordance with the provisions of Article L. 3332-20 of the French Labour Code;

4. confers upon the Board of Directors all powers in order to implement the present delegation, and therefore to:

   - determine the seniority conditions required to participate in the operation, within the legal limits, and if relevant, the maximum number of shares that can be subscribed per employee,
   - set the number of shares to be issued as well as their possession date,
   - set the timeframes and provisions for the new shares to be paid up,
   - determine the realisation of the capital increase(s) and carry out the corresponding modifications to the articles of association,
   - carry out all operations and formalities rendered necessary by the realisation of the capital increase(s);

5. acknowledges that this delegation includes, for the benefit of the members of a company savings plan or of a group savings plan mentioned above, the express waiver of the shareholders regarding their preferential subscription right to the shares that will be issued.

- **Eighteenth resolution**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, grants all powers to the Board of Directors in order to take note of the fulfilment of the aforementioned capital increases in accordance with the above resolutions, to carry out the operations that contribute to this fulfilment, notably carrying out the corresponding modification of article 6 of the articles of association relative to the issued capital.

2.3 Modification of the articles of association

- **Nineteenth resolution: modification of the final paragraph of article 2.3**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the Board of Directors' report, decides to modify the final paragraph of article 2.3 of the articles of association which shall henceforth read as follows:

"The beneficiaries of guarantees granted by the Company must be approved in advance by the Board of Directors of the Company, it however being specified that equity investor beneficiaries of guarantees shall be exempt from this rule."

- **Twentieth resolution: modification of article 15.1**

The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the Board of Directors' report, decides to modify the two first paragraphs of article 15.1 of the articles of association which shall henceforth read as follows:

"The Board of Directors establishes an audit committee and a risk committee in charge of monitoring issues relating to the preparation and control of accounting and financial information, in accordance with Article L. 823-19 of the French Commercial Code.

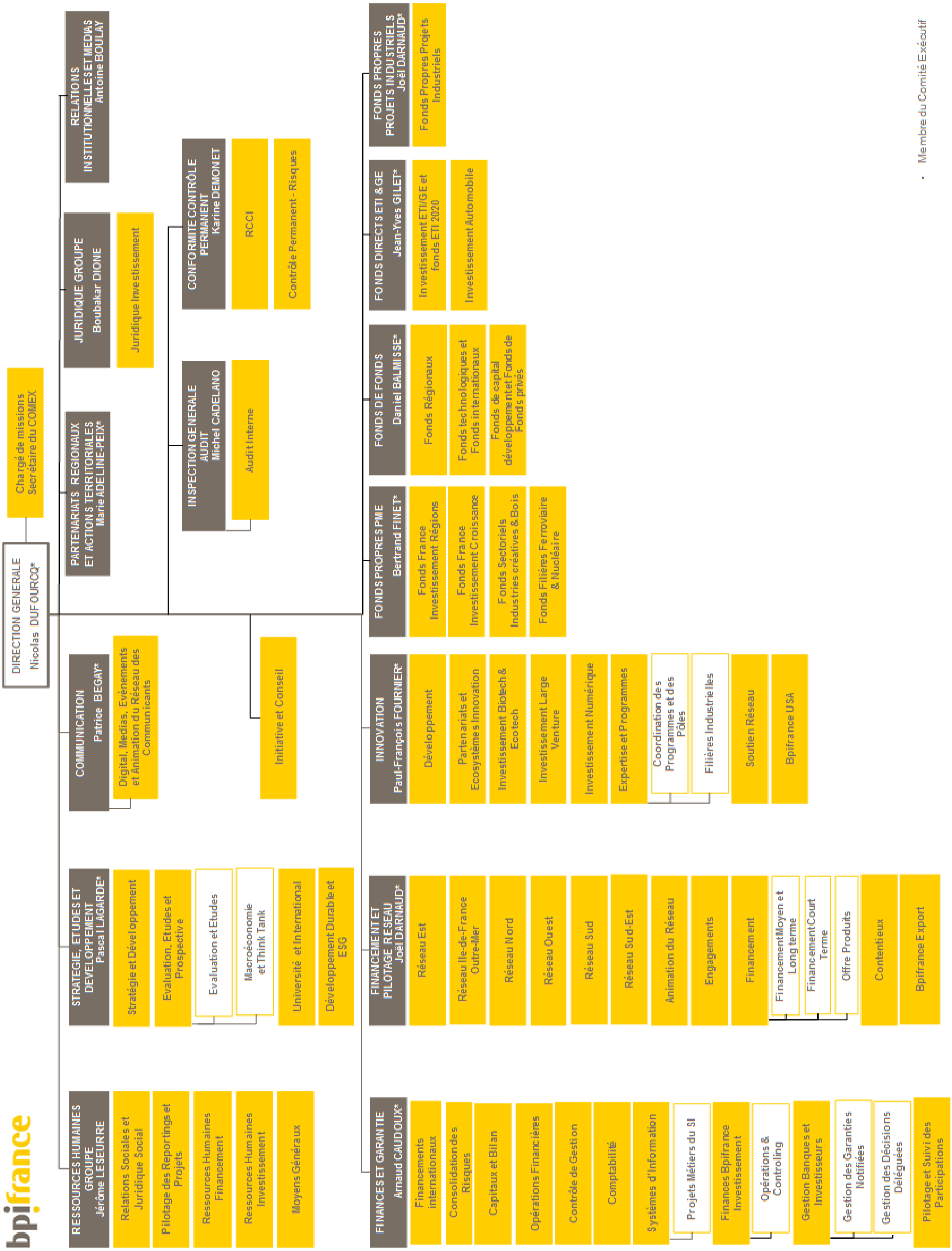
The Board also establishes an appointments committee and a compensation committee, a business line committee concerned with the financial and guarantee activities and a business line committee concerned with the innovation activity."

- **Twenty-first resolution**

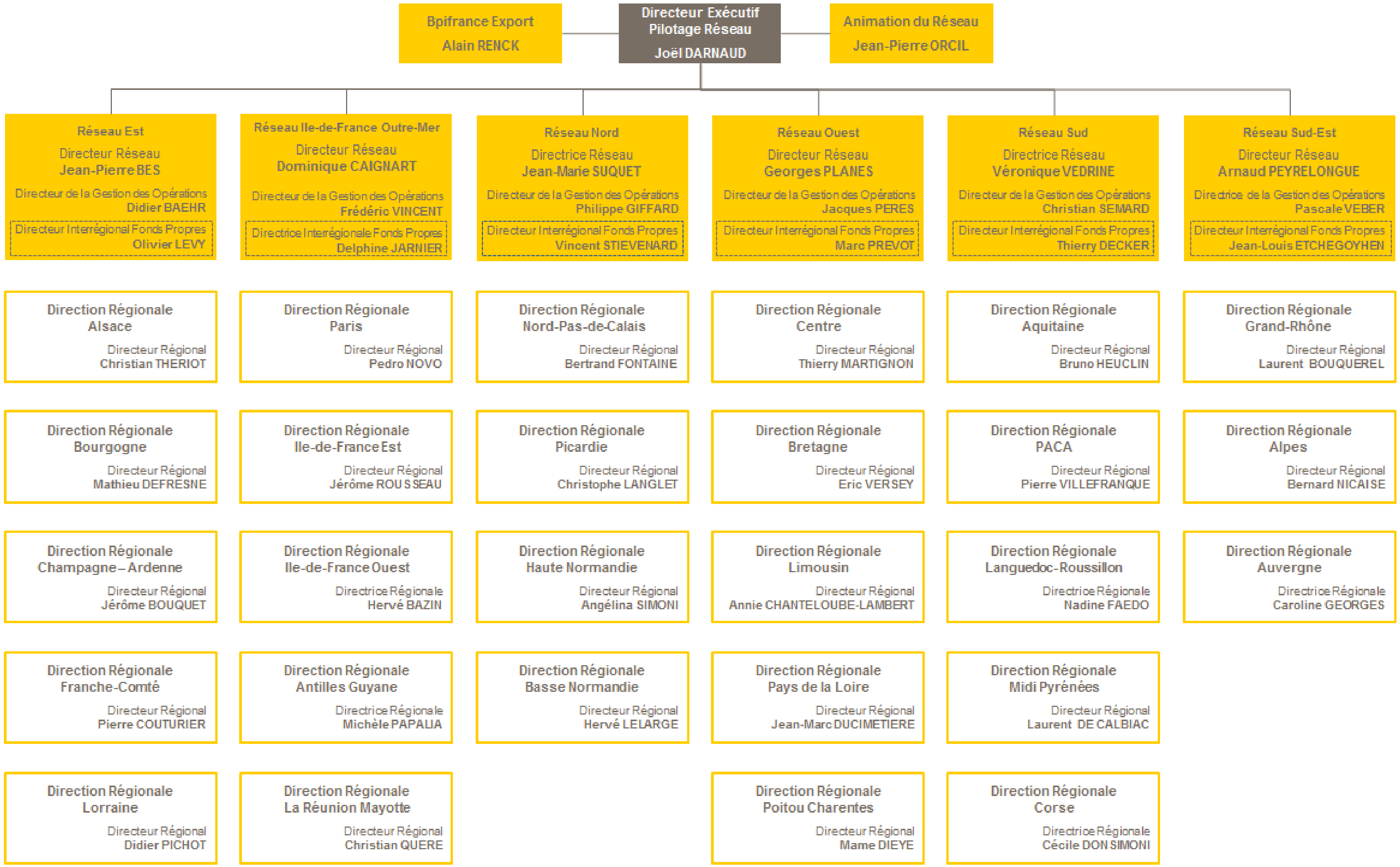
The General Meeting of shareholders, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, grants all powers to the bearer of an original, a copy or an excerpt of the minutes of the present general meeting in order to perform all legal filing and disclosure formalities.

6. ORGANISATIONAL CHART OF BPIFRANCE

6.1. Functional organisational chart



6.2. Organisational chart of the network



Rattachement : Direction Fonds Propres PME

7. FINANCIAL RESULTS FOR THE PAST FIVE FISCAL YEARS

FINANCIAL RESULTS FOR THE PAST 5 FISCAL YEARS

	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014
I - Capital at year end					
a) Capital (in euro equivalent)	594 778 400	594 778 400	750 860 784	750 860 784	**759 916 144**
b) Number of shares issued	74 347 300	74 347 300	93 857 598	93 857 598	**94 989 518**
II – Operations and results for the fiscal year (in thousands of €)					
a) Pre-tax turnover	1 614 176	1 711 483	1 853 727	1 885 234	**2 039 384**
b) Pre-tax earnings (loss), mandatory or voluntary employee profit-sharing and depreciation allowances and provisions	196 115	64 140	150 009	176 925	**157 511**
c) Profit tax	23 388	14 757	38 873	23 973	**45 887**
d) Mandatory or voluntary employee profit-sharing	6 335	6 240	6 480	7652	**9070**
e) Pre-tax earnings (loss), mandatory or voluntary employee profit-sharing and allowances for amortisations and provisions	99 066	3 756	12 835	12 759	**24 123**
f) Income paid as dividends	6 691	15 956	9 386	9 386	**9 499**
III – Earnings per share (in €)					
a) Earnings (loss) after tax, mandatory or voluntary employee profit-sharing but before depreciation allowances and provisions	2.24	0.58	1.12	1.55	**1.08**
b) Earnings (loss) after tax, mandatory or voluntary employee profit-sharing and depreciation allowances and provisions	1.33	0.05	0.14	0.14	**0.25**
c) Dividend attributed to each share	0.09	0.17	0.10	0.10	**0.10**
IV – Headcount					
a) Number of employees as of 31 December	1 641	1 641	1 655	1 677	**1 717**
b) Total payroll **(in thousands of €)**	91 670	100 697	100 584	100 187	**108 843**
c) Sums paid in respect of fringe benefits (Social Security, charitable works, etc.) **(in thousands of €)**	42 936	43 679	47 664	47 387	**50 064**

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8. CONSOLIDATED FINANCIAL STATEMENTS

Publishable Consolidated Balance Sheet of Bpifrance Financement

ASSETS *(in millions of euros)*	Notes	31/12/2014	31/12/2013
Cash, central banks	6.1	375.	173.5
Financial assets at fair value throught profit or loss	6.2	86.6	81,5
Derivative hedge instruments	6.3	588.3	367.1
Non-current assets available for sale	6.4	205.4	218.8
Loans and receivables due from credit institutions	6.5	808.0	460.0
Loans and receivables due from customers	6.6	23 262.5	18 829.9
Finance lease and equivalent operations	6.7	5 669.9	5 289.1
Innovation financing aids	6.8	569.0	614.9
Revaluation discrepancies of the rate-hedged portfolios		522.4	297.9
Financial assets held-to-maturity	6.9	7 204.3	6 634.1
Current and deferred tax assets	6.10	57.2	34.6
Accruals and miscellaneous assets	6.11	666.4	1 570.5
Non-current assets held for sale		0.0	0.0
Interests in companies accounted for using the equity method		9.5	8.7
Investment property	6.12	0.0	12.0
Tangible fixed assets	6.13	113.5	102.6
Intangible fixed assets	6.13	49.7	46.8
Goodwill		0.5	0.5
TOTAL ASSETS		40 188.3	34 733.9

Publishable Consolidated Balance Sheet of Bpifrance Financement

LIABILITIES *(in millions of euros)*	**Notes**	**31/12/2014**	**31/12/2013**
Central Banks	6.1	**0.0**	**3.0**
Financial liabilities at fair value through profit or loss	6.2	**3.1**	**5.0**
Derivative hedge instruments	6.3	**596.5**	**432.2**
Due to credit institutions	6.14	**11 028.7**	**11 179.6**
Debts due to customers	6.15	**3 593.6**	**2 568.5**
Debt securities	6.16	**13 884.4**	**9 442.2**
Revaluation discrepancies of the rate-hedged portfolios		**509.3**	**229.1**
Current and deferred tax liabilities	6.10	**30.4**	**20.0**
Accrued expenses and other liabilities	6.11	**2 917.6**	**3 148.6**
Debts related to non-current assets intended to be sold		**0.0**	**0.0**
Provisions	6.17	**1 745.8**	**1 660.6**
Net innovation intervention resources	6.18	**678.2**	**1005.0**
Public guarantee funds	6.19	**2 331.8**	**2 296.5**
Subordinated debts	6.20	**14.5**	**14.6**
Shareholders' equity		**2 854.4**	**2 732.0**
Group share of shareholders' equity		**2 834.8**	**2 712.4**
- Capital and related reserves		*1 733.0*	*1 700.2*
- Consolidated reserves		*987.5*	*937.8*
- Gains and losses directly recognised in the shareholders' equity		*15.2*	*15.7*
- Earnings		*99.1*	*58.7*
Minority interests		**19,6**	**19.6**
- Reserves		*15.9*	*18.3*
- Earnings		*3.7*	*1.3*
TOTAL LIABILITIES		**10 188.3**	**34 733.9**

Publishable Consolidated Profit and Loss Statement of Bpifrance Financement

(in millions of euros)	Notes	31/12/2014	31/12/2013
Interest and related income	7.1	1 311.2	1 179.1
Interest and related expenses	7.1	-814.8	-770.2
Commissions (income)		7.8	9.2
Commissions (expenses)		-0.6	-0.6
Net gains or losses on financial instruments at fair value through profit or loss	7.2	3.3	-1.4
Net gains or losses on financial assets available for sale	7.3	7.9	4.6
Income from other activities	7.4	74.8	95.4
Expense from other activities	7.4	-40.1	-35.3
NET BANKING INCOME		**549.5**	**480.8**
Operating general expenses	7.5	-306.5	-275.4
Amortisation & depreciation allowances on tangible & intangible fixed assets	7.6	-24.7	-21.9
GROSS OPERATING INCOME		**160.7**	**107.8**
Cost of risk	7.7	-57.6	-75.7
OPERATING INCOME		**160.7**	**107.8**
Share of net income from companies accounting for using the equity method		1.1	0.1
Net gains or losses on other assets		0.0	0.0
Changes in the value of the goodwill		0.0	0.0
PRE-TAX EARNINGS		**161.8**	**107.8**
Profits tax (on corporations)	7.8	-59.0	-47.9
Income net of taxes from discontinued activities or activities undergoing disposal		0.0	0.0
NET INCOME		**102.8**	**60.0**
Minority interests		3.7	1.3
GROUP SHARE OF NET INCOME		**99.1**	**58.7**
* Earnings per share (in euros)		1.04	0.63
* Diluted earnings per share (in euros)		1.04	0.63

Net earnings and gains and losses directly recognised in Bpifrance Financement shareholders' equity

(in millions of euros)	31/12/2014	31/12/2013
NET INCOME	**102.8**	**60.0**
Elements that could be reclassified through net profit or loss		
Revaluation of the financial assets available for sale	-0.4	-2.4
Revaluation of derivative hedge instruments	0.0	0.0
Translation differences	0.0	0.0
Share of unrealised or deferred gains or losses on companies accounted for using the equity method	0.0	0.0
Elements that could not be reclassied through net profit or loss		
Revaluation of fixed assets	0.0	0.0
Actuarial gains and losses on defined benefit plans	-1.3	-0.4
Share of unrealised or deferred gains or losses on companies accounted for using the equity method	0.0	0.0
TOTAL GAINS AND LOSSES DIRECTLY RECOGNISED IN THE SHAREHOLDERS' EQUITY	**-1.7**	**-2.8**
NET EARNIGSOSSES DIRECTLY RECOGNISED IN THE SHAREHOLDERS' EQUITY	**101.1**	**57.2**
- Of which Group share	98.6	57.1
- Of wich minority interests	2.5	0.1

Change in Shareholders' Equity (Group Share)

(in millions of euros)	Capital and related reserves	Reserves	Gains and losses directly recognised in shareholders equity	Allocation	Total
Situation to 31 December 2012	**1 700.2**	**849.5**	**17.3**	**0.0**	**2 567.0**
2012 Earnings				**98.1**	**98.1**
Earnings allocated to reserves	0.0	88.7	0.0	-88.7	0.0
Changes to gains and losses directly recognised in shareholders equity	0.0	0.0	-1.2	0.0	-1.2
Value change of financial instruments affecting shareholders equit	*0.0*	*0.0*	*1.4*	*0.0*	*1.4*
Value change of financial instruments as related to earnings	*0.0*	*0.0*	*-2.6*	*0.0*	*-2.6*
Actuarial gains and losses on defined benefit plans	0.0		-0.4	0.0	-0.4
Distribution of dividends	0.0	0.0	0.0	-9.4	-9.4
Acquisition / Disposal of treasury shares		-0.2	0.0	0.0	-0.2
Avenir Entreprises & Avenir Tourisme capital reduction	0.0	-0.9	0.0	0.0	-0.9
Miscellaneous	0.0	0.0	0.0	0.0	0.0
Reserve Fund interest		0.7	0.0	0.0	0.7
Situation to 31 December 2013	**1 700.2**	**937.8**	**15.7**	**0.0**	**2 653.7**
2013 Earnings				**58.7**	**58.7**
Earnings allocated to reserves	0.0	49.1	0.0	-49.1	0.0
Changes to gains and losses directly recognised in shareholders equity	0.0	0.0	0.8	0.0	0.8
Value change of financial instruments affecting shareholders equit	*0.0*	*0.0*	*4.3*	*0.0*	*4.3*
Value change of financial instruments as related to earnings	*0.0*	*0.0*	*-3.5*	*0.0*	*-3.5*
Actuarial gains and losses on defined benefit plans	0.0		-1.3	0.0	-1.3
Distribution of dividends	0.0	0.0	0.0	-9.6	-9.6
Acquisition / Disposal of treasury shares		0.2	0.0	0.0	0.2
Capital increase	32.8			0.0	32.8
Miscellaneous	0.0	0.3	0.0	0.0	0.3
Reserve Fund interest		0.1	0.0	0.0	0.1
Situation to 31 December 2014	**1 733.0**	**987.5**	**15.2**	**0.0**	**2 735.7**
2014 Earnings				**99.1**	**99.1**

Variation in Minority Interests

Minority interests as of 31 December 2012	**30.4**
Changes to gains and losses directly recognised in shareholders equity	-1.2
Value change of financial instruments affecting shareholders equity	*-0.1*
Value change of financial instruments as related to earnings	*-1.1*
Change in interest percentages	-6.8
Avenir Entreprise & *Avenir Tourisme* capital reduction	-4.1
Share of earnings as of 31 December 2013	1.3
Minority interests as of 31 December 2013	**19.6**
Changes to gains and losses directly recognised in shareholders equity	-1.2
Value change of financial instruments affecting shareholders equity	*1.2*
Value change of financial instruments as related to earnings	*-2.4*
Change in interest percentages	0.0
Avenir Entreprise & *Avenir Tourisme* capital reduction	-2.5
Share of earnings as of 31 December 2014	3.7
Minority interests as of 31 December 2014	**19,6**

Cash flow table

The cash flow table is presented using the indirect method model.

The **operational activities** are representative of the activities that generate earnings for the group, which includes the assets inventoried in the portfolio of investments held until maturity.

The tax flows are entirely presented with the operational activities.

The **investment activities** represent the cash flows for the acquisition and disposal of interests in the consolidated and non-consolidated companies, tangible and intangible assets, and buildings held for investment. This compartment includes the strategic equity securities listed in the portfolio of "Financial assets available for sale".

The **financing activities** result from the changes related to the financial structure operations involving the shareholders' equity and the long- term borrowing.

The notion of **net cash** includes the cash, liabilities and debts with central banks and postal accounts, as well as the demand accounts (assets and liabilities) and loans with lending institutions.

Group Cash Flow Table of Bpifrance Financement

(in millions of euros)	31/12/2014	31/12/2013
Earnings before taxes	**161.8**	**107.9**
Net depreciation/amortisation expense on property, plant and equipment, and intangible assets	24.7	22.2
Depreciation of the goodwill and other fixed assets	0.0	0.0
Net allocations to provisions	-218.4	-170.9
Share of earnings related to companies accounted for using the equity method	-1.1	-0.1
Net loss / net gain from investment activities	2.9	1.2
Other movements	-147.1	-18.0
Other movements (specific to the guarantee funds)	252.4	468.0
Total of the non-monetary elements included in the net income before taxes, and of the other adjustments	**-86.6**	**302.4**
Flows related to operations with credit institutions	-390.3	789.0
Flows related to operations with the clientele	-3 770.9	-3 801.3
Flows related to other operations affecting the financial assets or liabilities	-630.1	-1 049.3
Flows related to other operations affecting the non-financial assets or liabilities	900.1	-108.3
Flows related to other operations affecting the innovation activity	-281.0	84.2
Taxes paid	-28.1	-40.7
Net decrease / (increase) of the assets and liabilities resulting from operational activities	**-4 200.3**	**- 4126.4**
Total net cash flows generated by operational activities (A)	**-4 125.1**	**- 3716.1**
Flows related to financial assets and equity interests	1.9	-8.2
Flows linked to investment buildings	0.0	0.0
Flows related to tangible and intangible fixed assets	-26.5	-49.2
Total net cash flow related to investment operations (B)	**-24.6**	**-57.4**
Cash flows coming from or going to shareholders	17.8	-15.3
Other net cash flows resulting from financing activities	4 442.2	3 870.2
Total net cash flow related to financing operations (C)	**4 460.0**	**3 854.9**
Effects of exchange rate variations on the cash and cash equivalent (D)	**0.0**	**0.0**
Net increase / (decrease) of the cash and cash equivalents (A+B+C+D)	**310.3**	**81.4**
Net cash flows generated by operational activities (A)	-4 125.1	-3 716.1
Net cash flow related to investment operations (B)	-24.6	-57.4
Net cash flow related to financing operations (C)	4 460.0	3 854.9
Effects of exchange rate variations on the cash and cash equivalent (D)	0.0	0.0
Cash and cash equivalents upon opening	**463.4**	**382.0**
Cash, central banks (assets & liabilities)	173.4	112.0
Accounts (assets & liabilities) and demand loans / borrowing with lending institutions	290.0	270.0
Cash and cash equivalents upon closing	**773.7**	**463.4**
Cash, central banks (assets & liabilities)	375.1	173.4
Accounts (assets & liabilities) and demand loans / borrowing with lending institutions	398.6	290.0
Change in net cash position	**310.3**	**81.4**

Note to the financial statements

Note 1 - Significant events during the fiscal year and events after the closing

1.1 Significant events during the fiscal year

In accordance with the resolutions of the Extraordinary General Meeting of 14 May 2014, Bpifrance Financement carried out a €32.8 million capital increase while cancelling the pre-emptive subscription rights reserved for BPI-Groupe, €9.1 million of which in nominal amount and €23.7 million in share premiums. Following this transaction, BPI-Groupe subscribed to all of the 1,131,920 shares issued.

Bpifrance Group was one of the 130 eurozone establishments subjected to an Asset Quality Review (AQR) by the European Central Bank in 2014. This detailed review of exposure to credit and market risks had no significant accounting impact on the financial statements of Bpifrance Financement at 31 December 2014.

1.2 Events after the closing

No significant event occurred after the closing date of the financial statements.

Note 2 - Applicable accounting standards

Applicable accounting standards on 31 December 2014

The 2014 consolidated financial statements are prepared in compliance with the IFRS reference base as adopted by the European Union and applicable on 31 December 2014.

The new standards applicable within the group at 1 January 2014 (amendment to IAS 32 on offsetting financial assets and financial liabilities) had no material impact on the group consolidated financial statements at 31 December 2014.

The group had applied the new standards on consolidation early, on 31 December 2013 (IFRS 10, 11, 12, IAS 28). On 31 December 2013, the application of these new standards had no significant impact on the financial statements of the Bpifrance Financement group.

Accounting standards applicable as of 1 January 2015

The European Union has adopted new standards that will take mandatory effect as of 1 January 2015. These will not be applied early by the group.

The mandatory application on 1 January 2015 of the new IFRIC 21 interpretation relating to taxes will have an impact on the interim consolidated financial statements in that the option to stagger certain taxes within the consolidated profit and loss statement for the year has been removed.

The retrospective application of this new interpretation will not have a significant impact on group consolidated shareholders' equity in 2015.

Note 3 - Preparation principles for the group consolidated financial statements

Pursuant to regulation EC No. 1606/2002, the group’s consolidated financial statements are prepared using the international IAS/IFRS accounting standards in effect within the European Union as on 31 December 2014.

3.1 Consolidation principles

General principle

On 31 December 2013, the group decided on the early application of EU regulation No. 1254/2012 of 11 December 2012 relative to the approval of the standards IFRS 10 “Consolidated financial statements”, IFRS 11 “Partnerships” and IFRS 12 “Disclosure of interests in other entities” and of the modification of the standards 27 “Separate financial statements” and IAS 28 “Investments in associates and joint ventures” for which the application is mandatory at the latest on the opening date of their first fiscal year after 1 January 2014.

The Bpifrance Financement group consolidated financial statements include all of the companies that the group controls or over which it has significant influence, except ones for which the consolidation would be of a negligible nature relative to the preparation of the group’s consolidated financial statements. Pursuant to this general principle, the material nature of this impact can notably be assessed by means of various criteria such as the size of the earnings or shareholders’ equity of the company that is to be consolidated relative to the earnings or shareholders’ equity of the consolidated whole.

Notion of control

The notion of control is assessed irrespective of the nature of the links between the group and the entity that is the subject of an investment. Control applies when the group is exposed or is entitled to variable yields and that it has the ability to influence these yields as a result of the power that it holds.

The group therefore controls a subsidiary if and only if all of the following elements are gathered:

- the group exercises power when it is in possession of the actual rights to direct the subsidiary’s relevant activities;
- the group is exposed or is entitled to variable yields, when the yield can vary according to the subsidiary’s performance;
- the group has the ability to exercise power such as to influence the amount of the variable yields that it obtains.

Joint control is the contractual sharing of the control exercised over a partnership which can be either a joint activity or a joint venture. Joint control only exists if the decisions regarding the relevant activities require the unanimous approval of the parties sharing control.

Significant influence is the power to participate in decisions relative to the associate’s financial and operational policies, but without exerting control or joint control over the these policies. This situation is presumed when the group directly or indirectly holds 20% or more of the voting rights. It can also result, for example, from representation within the Board of Directors or an equivalent management body, participation in the process for the preparation of policies, significant transactions between the group and the associate, exchange of management personnel or supply of sensitive technical information.

Special case of the venture capital activity

When an equity interest in an associate (significant influence) or a joint venture (joint control) is held via a venture capital organisation, the group has chosen to assess this participation at fair value on the basis of the net income, in the category “Financial assets at fair value through profit or loss”, in compliance with IAS 39.

3.2 Consolidation methods

The consolidation methods result from the nature of the group’s control over the entities that can be consolidated, irrespective of their activity.

The accounts of companies that are totally controlled, including the companies with different account structures, are consolidated according to the full consolidation method.

The equity interests that the group controls together with another co-investor are recognised using the equity method.

The equity interests in which the group exercises notable influence are recognised using the equity method.

3.3 Consolidation rules

Restatements and eliminations

Restatements needed for the harmonisation of the assessment methods of the consolidated companies are carried out.

Reciprocal receivables, debts and commitments, as well as reciprocal expenses and income are completely eliminated for the totally integrated companies. Intra-group dividends, provisions on consolidated securities, capital gains on internal disposal operations and exceptional depreciation are entirely neutralised for integrated companies in their entirety, and equal with the share held with regard to companies accounted for using the equity method.

Goodwill

The acquisition cost is equal to the total of the fair values, on the acquisition date, of the delivered assets, net of accrued or assumed liabilities and of the shareholders' equity instruments issued in exchange for control of the acquired entity. The costs directly related to the operation are booked as expenses, except the expenses for the issuing of equity interests that are deducted from the shareholders' equity, as well as the direct costs of the transaction related to financial debts contracted as part of the operation that are deducted from the corresponding financial debts.

The identifiable assets, liabilities, possible liabilities and off-balance sheet elements of the acquired entities are recognised at their fair value on the acquisition date. This initial assessment can be refined within 12 months of the acquisition date.

The positive discrepancy between the entity's acquisition cost and the acquired share of the net assets revalued in this way is listed as an asset in the consolidated balance sheet, under the heading "Goodwill" when the acquired entity is globally integrated, or under the heading "Interests in companies accounted for using the equity method" when the acquired company is accounted for using the equity method. When the discrepancy is negative, it is immediately recorded in the profit or loss.

In the event of an increase of the percentage of the group's interest in an already controlled entity, the additional acquisition of securities results in the recognition of additional goodwill, determined by comparing the acquisition price of the securities and the net share of the acquired assets.

When the recoverable value is less than the book value, an irreversible depreciation of the goodwill is recorded through profit or loss. The recoverable value is generally valued according to the discounted cash flows method.

3.4 Presentation of the financial statements and closing date

Presentation of the consolidated financial statements

The employed presentation of the interim reports is compliant with the one proposed by recommendation No. 2013-04 of 7 November 2013 from the Accounting Standards Authority (ANC) relative to the format of the consolidated financial statements of banking sector establishments according to the international accounting standards.

Closing date

All companies included in the scope of consolidation close their annual financial statements on 31 December.

Note 4 - Scope of consolidation

The Bpifrance Financement group scope of consolidation to 31 December 2014 remained unchanged relative to the last closing of the consolidated financial statements on 31 December 2013.

The following table identifies the companies included in the scope of consolidation, the percentage of their capital held directly and indirectly, and the method by which they are consolidated.

Designation	Consolidation Method	31/12/2014 % holding	31/12/2014 % of voting rights	31/12/2013 % of voting rights
Bpifrance Financement	Full	100%	100%	100%
Bpifrance Régions	Full	98.99%	98.99%	98.99%
AUXI-CONSEIL	Full	100%	100%	100%
AUXI-FINANCES	Full	100%	100%	100%
AVENIR ENTREPRISES INVESTISSEMENT	Full	73.22%	73.22%	73.22%
AVENIR TOURISME	Full	58.19%	58.19%	58.19%
FCT PROXIMITE PME	Full	50%	50%	50%
Compagnie Auxiliaire Bpifrance	Full	100%	100%	100%
SCI Bpifrance (formerly SCI D'OSEO)	Full	100%	100%	100%
Alsabail	Equity method	40.69%	40.69%	40.69%
Gras Savoye Auxi Assurance	Equity method	34.00%	34.00%	34.00%

Note 5 - Accounting principles and valuation methods

5.1 Determination of the fair value

The IFRS 13 standard establishes the framework for determining the fair value and provides information on how to assess the fair value of assets and liabilities, both financial and non-financial. This corresponds with the price that would be received for the sale of an asset or paid for the transfer of a liability during a normal transaction between market participants on the valuation date. The fair value is therefore based on the exit price.

At the time of initial recognition, a financial instrument's value is normally the negotiation price (i.e. the value of the consideration paid or received).

During subsequent valuations, the fair value of the assets and liabilities must be estimated and determined while using, as a priority, observable market data, while ensuring that all of the parameters comprising this fair value align with the price that "market participants" would use during a transaction.

5.1.1 Hierarchy of the fair values

The three levels of fair value

The standard defines three levels of fair value for financial and non-financial instruments:

Level 1: valuation using market quotations on a liquid market. This involves instruments for which the fair value is determined from quotations on active markets.

Level 2: valuation using observable market data. This fair value level includes instruments listed on an inactive market, and instruments valued using a valuation technique on the basis of parameters that are either directly observable (price) or indirectly observable (price derivative).

Level 3: valuation using non-observable market data. This level includes instruments valued using unknown valuation models and/or that are based on parameters that are not observable on the market, provided that they would be likely to significantly affect the valuation.

Transfers of fair value levels

Transfers between fair value levels can occur when the instruments meet classification criteria in the new level, with these criteria being dependent on market conditions and products. Changes of the observability, the passage of time and events affecting the life of the instrument are the main factors that can result in transfers. Transfers are considered to have occurred at the end of the period.

5.1.2 Assessment techniques

General framework

The best estimate corresponds with the instrument's market price when the latter is handled on an active market (prices listed and disseminated). The group uses the price offered for the fair value of a long position (asset) and the requested price for a short position (debt).

In the absence of a market or of reliable data, the fair value is determined using an appropriate method that complies with the assessment methodologies used on the financial markets: benchmark at the market value of a comparable instrument, valuation models and, more generally, discounting of the estimated future flows.

The fair value amounts of financial assets and liabilities represent the estimates made on the closing date. These amounts are subject to change in other periods depending on the changes to market conditions or other factors. The completed calculations are based on a certain number of hypotheses. In practice, and for the purposes of business continuity, not all of these financial instruments will be the subject of an immediate realisation for the estimated value.

The consideration of the risk of non-execution on derivative liabilities (Debit Value Adjustment) and of the assessment of the counterparty risk on derivative assets (Credit Value Adjustment) has no significant incidence on the fair value valuation of the group's derivatives.

Special case of unlisted shares

The market value of unlisted shares is determined by comparison with recent transactions involving the capital of the company in question, carried out with an independent third party and under normal market conditions. In the absence of such a reference, the valuation is determined either with the help of commonly used techniques (EBIT or EBITDA multiples), or on the basis of the share of the net assets going to the group, calculated from the most recent available information.

Special case of financial assets and liabilities recognised at cost

Moreover, in a certain number of cases, the market values come close to the book value. This notably relates to:

- variable rate assets or liabilities for which interest changes have no notable influence on the fair value, since the rates of these instruments are frequently adjusted to the market rates;
- operations for which there is no reliable observable data.

5.2 Financial assets and liabilities

Financial assets and liabilities are handled according to the provisions of the IAS 39 standard as adopted by the European Union on 19 November 2004 (EC No. 2086/2004) and completed by the regulation of 15 November 2005 (EC No. 1864/2005), relative to the use of the fair value option.

The effective interest rate is the rate that exactly discounts the disbursements or collections of the future cash flows over the anticipated lifespan of the financial instrument.

The group recognises all loans and borrowing in the balance sheet on the settlement date. All derivative instruments are recognised in the balance sheet on the trading date.

5.2.1 Loans and receivables

Loans and receivables that are not held for trading purposes or that are not intended for sale as of their acquisition or granting are listed in the balance sheet amongst the “Loans and receivables owed by lending institutions” or “Loans and receivables owed by the clientele”, depending on the nature of the counterparty. After their initial recognition, they are assessed at their amortised cost on the basis of the effective interest rate and can, if relevant, be the subject of a depreciation.

Interest accrued on receivables is included in the related receivables account with changes recognised in the profit and loss statement.

Impairment of receivables

Receivables are impaired when, after the set-up of the loan, there are one or more objective signs of impairment, for which the impact on the future cash flows can be reliably measured.

Impairment on an individual basis

The established nature of the risk is assessed on an individual basis. A risk is established when it is probable that the establishment will not collect all or part of the sums owed pursuant to the commitments assumed by the counterparty, notwithstanding the existence of a guarantee or surety. The adopted criteria when considering an outstanding that shows a recognised credit risk correspond with the following situations:

- there are one or more overdue instalments aged at least three months for personal property credit and leasing and six months for property leasing;
- the establishment is aware of the degraded financial situation of the counterparty, which is represented by a risk of non-collection;
- claim and collection procedures are in place between the institution and its counterparty.

The impairment is equal to the difference between the asset’s book value and the value discounted at the original effective interest rate of the future cash flows estimated to be recoverable, while taking effective guarantees into account. The amount of this impairment is recognised as a “Risk charge” in the profit and loss statement, and a financial asset’s value is reduced by the establishment of an impairment loss.

Impairment on a collective basis

The counterparties for which there is no objective indication of individual impairment are the subject of an analysis by uniform portfolios. The existence of a credit risk involving a uniform set of receivables results in the recording of impairment, without waiting for the risk to have individually affected one or more receivables.

The methodology implemented by the group is primarily based on an analysis of the internal ratings of the overall portfolio. The assessment model for collective depreciations is based on simulations of stochastic scenarios that, with each counterparty, associate a possible default date and a loss rate given default. Previously, collective depreciations were provisioned on the basis of loss rates per product resulting from market practices.

5.2.2 Financial assets and liabilities assessed at fair value through profit or loss

Financial assets and liabilities held for trading purposes

Financial assets and liabilities held for trading purposes are assessed on the basis of their fair value on the closing date and included in the balance sheet under the heading “Financial assets or liabilities at fair value through profit or loss”. Fair value variations are recorded in the period’s income under the heading “Net gains or losses on financial instruments at fair value through profit or loss”.

Financial assets and liabilities assessed at fair value on option

Added to the financial assets and liabilities held for trading purposes are the financial assets and liabilities that the group has designated, from inception, for valuation at fair value with changes recognised in the profit and loss statement, in application of the option provided by the IAS 39 standard. The purpose of the group’s application of the fair value option is:

- firstly, the elimination or significant reduction of gaps between the between the accounting processes used with certain financial assets and liabilities;
- secondly, the fair value assessment of certain hybrid financial elements without separation of the incorporated derivatives.

Fair value variations are recorded in the period’s income under the heading “Net gains or losses on financial instruments at fair value through profit or loss”.

5.2.3 Held-to-maturity financial assets

The category of “Financial assets held to maturity” includes investments with fixed or determinable payments and fixed maturity, that the Group has the intention and ability to hold until maturity. Operations to hedge interest rate risks possibly carried out with this category of securities are not eligible for the hedge accounting defined by the IAS 39 standard.

Securities included in this category are recognised at their amortised cost using the effective interest rate method, which includes the amortisation of premiums and discounts corresponding with the difference between the acquisition value and the redemption value of the securities, as well as the acquisition cost of the securities, if significant. Earnings collected and accrued on these securities are shown under the profit and loss statement heading “Interest and related income”.

5.2.4 Non-current assets available for sale

The category of “Financial assets available for sale” includes the fixed or variable income securities not included in the previous categories.

The securities available for sale are initially recognised at their acquisition price, with transaction costs directly attributable to the acquisition and accrued coupons included. On the closing date, they are assessed at fair value and any variations to this value, excluding accrued income, are shown on a separate line in the shareholders’ equity (“Unrealised or deferred gains or losses”). Upon disposal or write-down of these securities (in case of permanent write-down), these unrealised gains or losses are transferred from shareholders’ equity to the profit or loss statement, where they are shown on the line “Net gain/loss on financial assets available for sale”.

Earnings accrued on fixed income securities are recognised at their amortised cost according to the effective interest rate method, which includes the amortisation of premiums and discounts corresponding with the difference between the acquisition value and the repayment value of the securities, as well as the acquisition cost of the securities, if significant. Earnings collected and accrued on these securities are shown under the profit and loss statement heading “Interest and related income”.

The earnings from variable income securities are recorded under the heading of “Net gains or losses on financial assets available for sale”.

5.2.5 Repurchase agreements

Securities temporarily sold as part of a repurchase agreement continue to be recorded in the group’s balance sheet, in their original portfolio. The corresponding liability is recognised under the appropriate “Debts” heading ("Debts due to credit institutions" or "Debts due to customers").

Securities temporarily purchased as part of a reverse repurchase agreement are not recognised in the group’s balance sheet. The corresponding receivable is recognised under the heading of “Loans and Receivables”.

5.3 Debts

Debts issued by the group and which are not categorised as financial liabilities assessed as a counterparty in the profit and loss statement are initially recorded at their cost, which corresponds with the fair value of the amounts borrowed, net of transaction costs. These debts are assessed at their impaired cost on the closing date by using the effective interest rate method and are recorded in the balance sheet in the “Debts to lending institutions”, and “Debts to the clientele” or in the “Debts represented by a security”.

Debts to lending institutions and Debts to the clientele

Debts payable to credit institutions and customers are broken down according to the initial maturity or nature of the debts: demand debts (overnight borrowings, demand deposits) and term borrowings for credit institutions; term borrowings, security deposits and demand deposits for customers.

Interest accrued on these debts is included in the related debts account with changes recognised in the profit and loss statement.

Debt securities

Debt securities are broken down according to their formats: interbank market securities, negotiable debt instruments and bond loans, with the exception of subordinated securities included amongst the “Subordinated debts”.

Interest accrued attached to these securities is included in a related debts account with changes recognised in the profit and loss statement. Issue or repayment premiums on bond loans are amortised using the effective interest rate method, over the lifespan of the loans in question. The corresponding expense is listed in the “Interest and related expenses” in the profit and loss statement.

5.4 Subordinated debts

This heading includes debts, whether materialised in the form of a security or not, of fixed or open duration, with which the repayment in case of the debtor’s liquidation is only possible after the other creditors have been discharged.

These debts are assessed at their impaired cost on the closing date by using the effective interest rate method. If relevant, accrued interest attached to subordinated debts is included in an account for related debts, with changes recognised in the profit and loss statement.

This item also includes mutual guarantee deposits.

5.5 Derecognition of financial assets and liabilities

The group derecognises a financial asset upon the expiry of the contractual rights to receive the cash flows linked to the financial asset, or when these contractual rights and almost all of the risks and benefits inherent to the asset's ownership have been transferred. If relevant, the rights and obligations created or retained during the transfer are recognised separately as assets or liabilities.

At the time of the complete derecognition of a financial asset, a disposal gain or loss is recorded in the profit and loss statement in an amount equal to the difference between this asset's book value and the value of the consideration received, with possible correction for any unrealised profit or loss that might previously have been recognised directly in the shareholders' equity.

The group derecognises a financial liability only when this financial liability has been completely extinguished, i.e. when the obligation indicated in the contract has been extinguished, cancelled or arrives at maturity.

5.6 Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised at their fair value. With each accounts closing date, irrespective of the management intention applicable to their retention (trading or hedging), they are assessed at their fair value.

With the exception of derivatives considered as cash flow hedging for accounting purposes, fair value variations are recognised in the period's profit and loss statement.

Derivative financial instruments are grouped into two categories:

Transaction derivatives

Transaction derivatives are included in the balance sheet under the heading "Financial liabilities at fair value through profit or loss". Realised or unrealised gains or losses are recorded in the profit and loss statement under the heading "Net gains or losses on financial instruments at fair value through profit or loss".

Hedging derivatives

Fair value variations of hedging instruments and hedged elements are recorded under the heading "Net gain/loss on financial instruments at fair value through profit or loss". To be able to use a hedge derivative instrument for accounting purposes, it is necessary to document the hedge relation as of inception (hedge strategy, nature of the hedged risk, designation and characteristics of the hedged element and of the hedge instrument). Moreover, the hedge's efficiency must be demonstrated at inception, and verified retrospectively at the time of each accounts closing date.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge. The group currently only applies fair value hedge accounting.

Fair value hedging

The purpose of fair value hedging is to reduce the risk of any variation to the fair value of the asset or liability in the balance sheet, or of a firm commitment (in particular, hedging of the rate risk from fixed rate assets and liabilities).

The hedged element's revaluation is recorded through profit or loss on a symmetrical basis with the revaluation of the derivative. The hedge's possible inefficiency therefore directly appears through profit or loss.

Interest accrued from the hedge derivative is included in the profit and loss statement on a symmetrical basis with the interest accrued from the hedged element.

With regard to the hedging of an identified asset or liability, the revaluation of the hedged component is attached to the balance sheet by type of hedged element.

Should the hedge relation be interrupted (non-compliance with the efficiency criteria or sale of the derivative or of the hedged element before maturity), the hedge derivative is transferred into the trading portfolio. The revaluation amount listed in the balance sheet relative to the hedged element is amortised over the outstanding period relative to the initial hedge lifespan, as long as the former hedged element remains recognised in the balance sheet.

Hived-off global hedging

The group's preference is for the application of the provisions of the IAS 39 standard adopted by the European Union (known as the "carve-out") for micro-hedge operations carried out within the framework of the asset-liability management of fixed rate positions.

These provisions make it possible to hedge the rate risk associated with loans with the clientele, or with borrowing and securities portfolios. Micro-hedge instruments are primarily rate swaps intended for fair value hedging of the group's fixed rate usages and of its fixed or revisable rate resources.

The accounting treatment for hived-off global hedge derivatives uses the same principles as the ones previously described as part of the fair value hedge. However, the overall revaluation of the hedged component is included under the item "Revaluation discrepancies of the rate-hedged portfolios". The efficiency of the hedges is ensured prospectively by the fact that all derivatives, on their set-up date, must serve to reduce the rate risk of the underlying portfolio of hedged securities.

Embedded derivatives

An embedded derivative is the component of a "hybrid" contract, whether financial or not, that complies with the definition of a derivative product. It must be extracted from the host contract and recognised separately if the hybrid instrument is not assessed at fair value for profit or loss, and if the economic characteristics and risks associated with the incorporated derivative are not closely tied to the host contract.

5.7 Impairment of securities

Securities, other than the ones listed as "Financial assets at fair value through profit or loss", are subject to an impairment as soon as there is an objective indication of impairment.

The impairment indicators for debt securities are, irrespective of their destination portfolio, identical with the ones used as part of the assessment of the recognised risk for the impairment of receivables on an individual basis.

Special case of "Financial assets available for sale"

As soon as there is an objective sign of a permanent impairment of a financial asset available for sale, the impairment is noted with any change recognised in the profit and loss statement.

If a temporary decrease of the fair value of a financial asset available for sale has been recognised directly on the specific shareholders' equity line entitled "Unrealised or deferred gains or losses", and if there is subsequently an objective sign of a permanent impairment of this asset, the group records, in the profit and loss statement, the total unrealised loss previously recognised in the shareholders' equity. They are recognised in "Risk cost" for debt instruments and under the heading "Net gains or losses on financial assets available for sale" for variable income securities.

The amount of this total loss is equal to the difference between the acquisition cost (net of any principal repayment and of any amortisation) and the current fair value, possibly less any impairment loss on this financial asset that had previously been recognised through profit or loss.

Impairment losses recognised through profit or loss relative to a shareholders' equity instrument listed as available for sale are not written back through profit or loss. Once a shareholders' equity instrument has been impaired, any additional impairment loss constitutes an additional impairment. On the other hand, for debt instruments, impairment losses are the subject of write-backs through profit or loss in case of subsequent appreciation of their value. For equity instruments, impairments are booked in case of an impairment loss of more than 30%, or over a period of more than 12 months. For debt instruments, the impairment criteria are the same as the ones that apply to the impairment of loans and receivables on an individual basis.

5.8 Financing commitments given and received

The financing commitments relative to the clientele are not included in the balance sheet.

Over the commitment period, a liability provision is recognised in case of probability of the counterparty's default.

5.9 Distinction between debts and shareholders' equity

Issued financial instruments are qualified as debt instruments or shareholders' equity according to whether or not there is a contractual obligation for the issuer to provide cash to the holders of the securities.

Subordinate securities of indefinite duration

In view of the conditions set down by the IAS 32 standard relative to the presentation of financial instruments in order to analyse the substance of these instruments, and given their intrinsic characteristics, subordinate securities of indefinite duration issued by the group are qualified as debt instruments.

Bpifrance Financement reserve fund

The reserve fund was set up by the shareholders of the former OSEO garantie; this advance is intended to hedge the outstandings of the guaranteed loans for which it provides backing.

In view of the discretionary nature of the decision to pay interest to the bearers, as well as its repayment if decided upon by the shareholders, the Bpifrance Financement reserve funds are qualified as shareholders' equity instruments.

5.10 Currency transactions

The accounting registration rules depend on the monetary or non-monetary nature of the elements contributing to the foreign currency operations carried out by the group.

Monetary assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are converted, using the closing price, into the group's operating currency, the euro. Exchange discrepancies are recognised through profit or loss. However, this rule has two exceptions:

- only the component of the exchange discrepancy on the amortised cost of the financial assets available for sale is recognised through profit or loss, with the rest being recorded as gains and losses directly recognised in the shareholders' equity;
- the exchange discrepancies on monetary elements designated as cash flow hedging or that are part of a net investment in a foreign entity are recorded as gains and losses directly recognised in the shareholders' equity.

Non-monetary assets expressed in foreign currencies

Non-monetary assets recognised at their amortised cost are assessed at the exchange rate on the transaction date. Non-monetary assets recognised at fair value are assessed at the exchange rate on the closing date. Exchange discrepancies on non-monetary elements are recognised through profit and loss if the gain or loss on the non-monetary element is recognised through profit or loss, in the gains and losses directly recognised in the shareholders' equity if the gain or loss on the non-monetary element is recognised in the equity capital.

5.11 Finance lease and equivalent operations

Leasing operations are qualified as finance lease operations when they result in the de facto transfer to the lessee of the risks and benefits related to the ownership of the leased asset. Failing that, they are qualified as an operating lease.

Finance lease receivables are included in the balance sheet under the item "Finance lease and equivalent operations" and represent the group's net investment in the leasing contract, which is equal to the discounted value at the contract's implicit rate of the minimum payments that are to be received from the lessee, plus any non-guaranteed residual value.

Finance lease operations are recorded in the balance sheet on the settlement/delivery date.

The interest included in the lease payments is recorded in the "Interest and related income" in the profit and loss statement such as to be able to determine a constant periodic profitability rate for the net investment. In case of the decrease of the non-guaranteed residual values used in the calculation of the lessor's gross investment in the finance lease contract, a charge is recorded in order to correct the amount of the already determined financial products.

The Assets Temporarily Not Leased (ATNL) resulting from finance lease operations are likened to stocks and are recorded as balance sheet assets under the heading "Accruals and miscellaneous assets". They are assessed at their net financial value on the termination date, net of possible depreciations booked when the recovery value is lower than the financial net value on the termination date.

5.12 Tangible and intangible fixed assets

In compliance with the IAS 16 standard relative to tangible fixed assets and IAS 38 standard relative to intangible fixed assets, a tangible or intangible fixed asset is posted as an asset if:

- it is probable that the future economic benefits associated with this asset will go to the company;
- this asset's cost can be reliably assessed.

Fixed assets are recorded at their acquisition cost, possibly increased by the acquisition expenses that are directly attributable to them.

The group applies the asset recognition method by component to all of its tangible and intangible fixed assets.

After initial recognition, the fixed assets are assessed at their cost, less the total of the amortisations and impairment losses.

Fixed assets are depreciated according to the consumption duration of the expected economic benefits, which generally corresponds with the asset's lifespan. When one or more of a fixed asset's components have a different operational life or provide different economic benefits, these components are amortised according to their own operational lives.

The following amortisation durations have been adopted:

- software: from 1 to 5 years;
- buildings: from 25 to 55 years;
- fittings, furnishings and office equipment: from 4 to 10 years;
- IT hardware: 4 years.

Fixed assets are the subject of an impairment test when signs of possible impairment losses are identified on the closing date. If affirmative, the asset's new recoverable value is compared with the fixed asset's net book value. In case of an impairment loss, a depreciation is noted through profit or loss.

This depreciation is written back in case of modification of the recoverable value or the disappearance of the signs of impairment loss.

5.13 Investment property

In compliance with IAS 40 standard relative to investment buildings, a real estate asset is recognised in "Investment buildings" if it is held in order to obtain rental payments or develop the capital. Investment buildings are assessed using the cost method.

Disposal capital gains or losses from investment fixed assets are listed through profit or loss on the lines "Earnings from other activities" or "Expenses from other activities", as are the other earnings and related expenses (notably rents and depreciation allowances).

Provided for information purposes, the fair value of investment buildings, for its part, is estimated based on "expert opinion".

5.14 Other personnel benefits

The Bpifrance group provides its employees with various types of benefits, falling into four categories:

Short-term benefits

They primarily include salaries, holidays, mandatory and voluntary profit sharing, and bonuses payable within 12 months of the closing of the fiscal year to which they pertain. They are recognised in the expenses for the fiscal year, including the amounts still owed at the time of the closing.

Post-employment benefits

They include the retirement lump sum payments, the banking sector retirement supplements and health expenses after employment.

These benefits fall under two categories: the defined contribution plans (not representative of a commitment to be provisioned for the company) and the defined benefit plans (representative of a commitment at the company's expense and resulting in an assessment and provisioning).

Defined contribution plan

A defined contribution plan is a plan for post-employment benefits according to which an entity pays defined contributions (as an expense) to a separate entity and will have no legal obligation to pay additional contributions if the fund does not have sufficient assets to provide all of the benefits corresponding with the services provided by the personnel during the periods in question.

Defined benefits plan

The obligations are assessed using an actuarial method that considers demographic and financial assumptions such as age, seniority, the probability of presence on the date of the awarding of the benefit, and the discounting rate (rate of return from the market for the bonds of high quality companies).

This calculation includes a distribution of the expense over time on the basis of the activity period of the personnel members (projected credit units method). The recognition of the obligations takes into account the value of the assets established in order to hedge the obligations and actuarial elements.

The expenses relative to defined benefit plans consist of the cost of the benefits rendered during the year, the interest on the liabilities or net assets relative to the defined benefits (at the market rate of return of the bonds of high-quality companies), the contributions to the employer’s plans, and the benefits paid.

The possible actuarial gains and losses (revaluations), the yields of the plan’s assets (excluding interest) and the consequences of the reductions and possible liquidations of plans are booked in other elements of the overall earnings.

Other long-term benefits

The long-term benefits are generally related to seniority, paid to employees who are still active, but more than 12 months after the fiscal year’s closing. This primarily involves the bonuses for labour medals.

These commitments are the subject of a provision that corresponds with the value of the commitments at the time of the closing. They are assessed using the same actuarial method as the one applied to the post-employment benefits.

For other long-term benefits, the cost of the benefits, the net interest on the liabilities (the assets) and the revaluations of the liabilities (or assets) are booked in net income.

Cessation of employment compensation

This involves compensation paid to employees at the time of the termination of their employment contract, prior to retirement, whether in case of dismissal or acceptance of a voluntary departure plan. The end of employment contract allowances are provisioned.

5.15 Provisions

A provision is established when it is likely that a resource outflow representing economic benefits will be necessary in order to fulfil an obligation resulting from a past event and when the obligation’s amount can be reliably estimated. The amount of such obligations is discounted in order to determine the provision amount, when the impact of this discounting is material.

5.16 Current and deferred taxation, tax situation

Current taxation

The payable tax on profits is determined on the basis of the rules and rates applicable in France, as the group companies are exclusively located in France.

Deferred tax

Deferred taxes are recognised when temporary differences are noted between the book value and the tax value of an asset or liability.

The overall calculation method, which involves determining all of the temporary gaps irrespective of the date when the tax will become payable or recoverable, has been adopted for the calculation of the deferred tax.

The tax rate and rules used in the calculation of the deferred taxation are the ones resulting from the applicable fiscal texts, which will be applicable when the tax becomes recoverable and payable.

Deferred taxes are compensated with one another on the level of each tax entity of the consolidated group. Deferred tax debits are only taken into account if it is probable that the entity in question has a recovery prospect over a determined horizon.

Deferred taxes are recognised as a tax income or expense in the profit and loss statement, except for the ones relating to unrealised gains or losses on assets available for sale, and to the value changes of derivatives designated as cash flow hedging, for which the corresponding deferred taxes are charged against the shareholders' equity.

Tax situation

Bpifrance Financement is the parent company of a tax consolidation group that includes the companies Auxiconseil, Auxifinances and Compagnie Auxiliaire Bpifrance.

5.17 Interest income and expenses

In compliance with ANC recommendation No. 2013-04 of 7 November 2013, the items "Interest and related income" and "Interest and related expenses" record the interest from fixed income securities recognised in the category of "Financial assets available for sale", the interest on loans / borrowing and receivables/debts owed by lending institutions and the clientele (including on the finance lease and equivalent operations). This item also records the interest on "Financial assets held until maturity" and on the "Derivative hedge instruments".

The income and expenses relative to financial instruments assessed at their amortised cost and to fixed income assets included in the "Financial assets available for sale" are recognised in the profit and loss statement using the effective interest rate method.

5.18 Commissions

The recognition provisions for the received commissions relating to services or financial instruments depend on the purpose of the services rendered or the recognition method of the financial instruments to which the service is attached.

Commissions remunerating an immediate service are recorded in the income as soon as the service is completed.

Commissions collected as part of a continuing service, such as guarantee commissions and management commissions, are staggered over the duration of the service on a proportional basis.

The commissions that are an integral part of the effective yield of an instrument, such as commissions for financing commitments given or the commissions for the granting of loans, are recognised and amortised as an adjustment of the loan's effective yield over the estimated lifespan of the loan in question, when these commissions are considered to be significant. These commissions are therefore included in the "Interest and related income" rather than in the "Commissions" item.

5.19 Net gain/loss on financial instruments at fair value through profit or loss

This item records the gains or losses at fair value through profit or loss, whether qualified as trading or fair value on option. It therefore primarily includes the fair value variations of derivatives, including interest, not used for hedging. This also applies to fair value variations of derivative instruments used for fair value hedging, but excluding interest.

5.20 Net gains or losses on financial assets available for sale

The net gains or losses on financial assets available for sale primarily include the income from the disposal of securities and the impairment losses on variable income securities.

5.21 Personnel costs

The personnel costs include the wages and salaries, as well as the personnel benefits.

5.22 Cost of risk

The net allowances of write-backs for depreciation and provisions, receivables written off as losses during the fiscal year, recoveries on amortised receivables comprise the risk expense on credit operations and fixed income securities included in “Financial assets available for sale”.

5.23 Share of earnings of associates

The entities recognised using the equity method are considered as having an operational nature that proceeds from the group’s activity.

Consequently, the share in the net earnings of companies accounted for using the equity method is presented after the operating earnings, in compliance with ANC recommendation No. 2013-04 of 7 November 2013.

5.24 Guarantee activity

5.24.1 Guarantee commitments

A financial guarantee contract is a contract that requires the issuer to make specific payments in order to repay the holder for a loss that it incurs due to the default of a specified debtor.

Most of the guarantee commitments are carried by Bpifrance Financement and Bpifrance Régions, and are backed by guarantee funds. Information on the progress of the credit risk is primarily supplied to the group by its banking partners.

When the group is informed of a customer default by a partner bank, the outstanding amounts are classified as doubtful. A provision is calculated on the basis of statistical data on the valuation of the recognised loss.

The mechanism for identifying doubtful commitments is based on the downgrading of the receivables by the partner banks, and it applies the tainting principle for outstandings in default relative to the guarantee commitments.

When the group is informed of the enforcement of its guarantee after a default event or the occurrence of collective proceedings, the outstanding loans become compromised doubtful outstandings and a provision is recognised. This provision is adjusted in order to account for the recovery potential on the basis of statistical observations.

In compliance with the IAS 39 standard, financial guarantee contracts are initially assessed at their fair value. Thereafter, in compliance with the provisions of the IAS 37 standard “Provisions, Contingent Liabilities and Contingent Assets”, the non-recognised litigation is provisioned. The fair value of the guarantees is assessed from internal default models, for bank loan guarantees, or from a maximum compensation rate for own funds guarantee operations. With the exception of risks on own funds operations, this assessment is discounted in order to take the time effect into account.

The IFRS 4 standard is not applied to insurance contracts.

The fair value of the guarantees is booked on the liabilities side of the balance sheet, under “Provisions”.

The impact on the group's earnings is nil as long as the associated guarantee funds are not used up, as future non-recognised litigation is charged against the guarantee funds.

5.24.2 The guarantee funds

The guarantee funds are similar to reimbursable debt elements, the fair value of which is assessed by deducting the anticipated losses pursuant to the guarantees provided by the group. Moreover, the debt representing the preserved capital guarantee fund is assessed from an equivalent investment rate that allows for the recognition, in the guarantee funds, of future financial earnings intended to deal with any litigation pertaining to future production generations.

In view of their specificity and importance for the group, they are included as balance sheet liabilities in a specific heading entitled "Public guarantee funds".

The assessment of the guarantee funds also takes into account:

- the assessment of the future and non-recognised litigation representing the fair value of the guarantees, as the latter is charged against the guarantee funds until used up;
- the discounting of the commissions to be received;
- the IFRS impacts on the assessment of the fixed income securities backing the guarantee funds. Primarily classified as "Financial assets held until maturity", the amortised cost assessment of these securities leads to discrepancies relative to the reference base using the French standards. This impact is charged against the guarantee funds since, by agreement, 90% of the income and expenses associated with these securities are attributable to the guarantee funds.

All flows associated with the guarantee funds are recognised as income and expenses, though with no impact on the group's earnings.

Special case of the securities backing the guarantee funds and included in the "Financial assets available for sale"

By principle, the securities included in the "Financial assets available for sale" are assessed at their fair value, with the fair value variations from one fiscal year to the next being recognised in the recyclable shareholders' equity.

However, as 90% of the earnings derived from the securities are attributable to the guarantee funds by agreement, only 10% of these fair value variations are recognised in the group's recyclable shareholders' equity, with the remaining 90% being recognised in a specific heading of the liabilities balance sheet, under the item "Accruals and miscellaneous liabilities".

5.25 Innovation activity

The innovation activity involves allocating subsidies, zero-rate loans or repayable advances on behalf of the State or of public partners. This activity is entirely financed by:

- an allocation known as the State's "intervention allocation", structured as the Intervention guarantee fund;
- allocations from the local authorities.

These allocations are recorded on the line "Net innovation intervention resources".

Such aid takes the shape of subsidies, of zero-rate loans or of repayable advances in case of the project's success, with the effect in the profit and loss statement being offset by the recovery of the intervention allocation.

In all, in terms of the method for the resources, the absence of compensation as well as the operating mode adopted for the depreciations, the innovation activity's operating account should be balanced, thereby conveying the fact that all of the risk is carried by the State or the local authorities.

As such, the IAS 20 standard: “Accounting for public subsidies and disclosure of government assistance” applies to the innovation operations.

Repayable advances are included on the balance sheet under the item "Innovation financing aids" and allocations to be received under the item "Receivables with State and Innovation Partners", also on the balance sheet. Any repayable advances not disbursed are not recognised in the balance sheet, and are contained in the off-balance sheet commitments.

Subsidies are recognised directly in the expenses, under the “Expenses on other activities” item. Subsidies granted to companies but not yet disbursed are shown on the liability side of the balance sheet in the “Accruals and miscellaneous liabilities” item, or are recognised in the off-balance sheet until their granting has been contractualised.

The intervention allocations (State and partner financing) are recognised on the liabilities side of the balance sheet in the “Net innovation intervention resources” item once the State or the other partners have signed the agreements. They are used to finance the subsidies and repayable advances and are written back through profit or loss in keeping with the granting of subsidies to the beneficiaries and the occurrence of findings of failures or of the recognition of the depreciation and losses of repayable advances or of zero-rate loans.

Individual depreciations are recognised as deductions from the repayable advances when there is a recognised risk of non-recovery of all or part of the commitments assumed by the counterparty.

Moreover, collective impairments are calculated on the production of repayable advances or zero-rate loans financed by the State’s intervention allocation, and correspond with a financial indicator that allows for an assessment of the possible amount of the repayable advances and loans that may have to be booked as expenses in future profit and loss statements. When the risk becomes recognised, a reclassification is carried out between the collective impairment and the individual impairment.

Individual and collective impairments established in this manner are recognised in the expenses in the profit and loss statement (“Expenses on other activities”). Symmetrically, the allocation consisting of the State’s intervention and the partner financing is booked as a counterparty of this item.

Reversals of individual and collective impairment occur:

- when the impaired repayable advances finally become irretrievable and are recognised as expenses;
- when the impairment reversal results from a repayment of the advance.

In the case of an impairment reversal, the liabilities are replenished accordingly.

Pursuant to the IAS 20 standard, the proceeds and expenses allocated to the Guarantee funds are offset within the profit and loss statement, under the “expenses on other activities” item. Note 6.18 and note 7.4 include the amount of the expenses and proceeds in question.

5.26 Cash and cash equivalents

The cash and cash equivalents heading includes the cash in hand and demand deposits, the very liquid short-term investments (under three months) that are easily convertible into a known cash amount and that are subject to a negligible risk of changing value. The cash equivalents are held in order to deal with short-term cash commitments.

The cash equivalents consist of current accounts, overnight borrowings and loans, cash accounts, and central bank.

5.27 Usage of estimates in the preparation of the Financial Statements

The preparation of the financial statements requires the formulation of hypotheses and estimates that include uncertainties with regard to their future realisation. Using information available on the closing date, these estimates require the managers to make use of their judgment. The future realisations depend on many factors: fluctuation of interest and exchange rates, economic situation, changes to regulations or legislation, etc.

Amongst others, the following assessments require the formulation of hypotheses and estimates:

- the fair value of the financial instruments, notably the value relating to non-listed shares included in the “Financial assets available for sale” and the value relating to instruments negotiated over-the-counter and included in the “Financial Assets or Liabilities assessed at their fair value through profit or loss” (notably rate swaps), as well as more generally the value relative to the financial instruments for which this information must be included in the notes to the financial statements;

- the future and non-recognised litigation associated with the financial guarantees provided by Bpifrance Financement and Bpifrance Régions;

- the depreciations of the credit activity calculated on an individual basis, which are estimated on a discounted basis according to a certain number of parameters (estimate of a recovery schedule, for example), or economic factors;

- depreciations of the current activity calculated on a collective basis that notably use estimates of default probabilities and expert opinions;

- the calculations relative to the charges for the retirement services and future social benefits have been established on the basis of hypotheses regarding the discounting rate, personnel rotation rate and the evolution of the salaries and social charges;

- by their nature, the provisions are also the subject of estimates, consisting of liabilities for which the maturity or amount are not precisely fixed;

- the amount of the deferred taxes, as a deferred tax asset is only recognised if it is felt that there is a probable future availability of a taxable profit against which the deferred tax debits can be charged.

Note 6 - Notes to the balance sheet

For certain of the balance sheet’s accounting categories (in particular the ones that take in financial instruments), information on the contractual terms are provided under the references “Current” and “Non-current”.

With reference to the IAS 1 standard “Presentation of Financial Statements”, the breakdown between ”Current” and “Non-current” is made in view of the contractual residual maturities and of the management intention.

As such, an asset or liability is classified as “Current” in the event of realisations or settlements that will notably take place within the 12 months that follow the closing date. Inversely, realisations and settlements that will take place more than 12 months after the closing date are classified as “Non-current”.

6.1 Cash and central banks (assets and liabilities)

(in millions of euros)	31/12/2014	31/12/2013
Assets		
Cash, Central Banks	375.1	173.5
Total Assets	**375.1**	**173.5**
Liabilities		
Central Banks	0,0	0.0
Total Liabilities	**0.0**	**0.0**

6.2 Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

(in millions of euros)	31/12/2014	31/12/2013
Financial assets held for trading purposes	**0.0**	**0.0**
Financial assets at fair value through profit or loss on option		
Bonds and other fixed income securities	1.1	2.0
Equitites and other variable income securities	62.6	70.9
Other financial assets	0.0	0.0
Total financial assets at fair value through profit or loss on option	**63.7**	**72.9**
Derivative instruments at fair value through profit or loss (*)		
Interest rate derivatives	0.0	0.0
Exchange rate derivative instruments	22.9	0.0
Derivative instruments on equities and indices	0.0	0.0
Total derivative instruments at fair value through profit or loss	**22.9**	**0.0**
Total financial assets at fair value through profit or loss	**86.6**	**72.9**

(*) not the subject of hedge accounting

Breakdown of the financial assets at fair value through profit or loss between current and non-current elements

(in millions of euros)	31/12/2014	31/12/2013
Current	0.0	0.0
Non-current	3.1	5.0
Total	**3.1**	**5.0**

Credit risk associated with the financial liabilities at fair value through profit or loss

(in millions of euros) to 31/12/2014	Book value	Cumulative amount of fair value variations attributable to credit risk	Difference between the book value and the contractually owed amount at maturity
Financial liabilities held for trading purposes	**0.0**	**0.0**	**0.0**
Financial liabilities at fair value through profit or loss on option	**0.0**	**0.0**	**0.0**
Derivative instruments at fair value through profit or loss	**3.1**	**0.0**	**0.0**
- Interest rate derivatives	0.0	0.0	0.0
- Exchange rate derivative instruments	3.1	0.0	0.0
- Derivative instruments on equities and indices	0.0	0.0	0.0
Total derivative instruments at fair value through profit or loss	**3.1**	**0.0**	**0.0**
Total financial liabilities at fair value through profit or loss	**3.1**	**0.0**	**0.0**

6.3 Derivative hedge instruments (assets and liabilities)

Asset hedging derivative instruments

(in millions of euros)	31/12/2014	31/12/2013
Fair value derivative hedge instruments	**588.3**	**367.1**
Interest rate derivatives	588.3	367.1
Exchange rate derivative instruments	0.0	0.0
Derivative instruments on equities and indices	**0.0**	**0.0**
Cash flow derivative hedge instruments	**0.0**	**0.0**
Total derivative hedge instruments (assets)	**588.3**	**367.1**
Derivative hedge instruments	**588.3**	**367.1**
Individual hedging	0.0	0.1
** including fair value hedging*	0.0	0.1
** including cash flow hedging*	0.0	0.0
Portfolio rate hedging (fair value hived-off global hedging)	588.3	367.0
Portfolio rate hedging (cash flow hedge)	0.0	0.0
Total derivative hedge instruments (assets)	**588.3**	**367.1**

Liability hedging derivative instruments

(in millions of euros)	31/12/2014	31/12/2013
Fair value derivative hedge instruments	**596.5**	**432.2**
Interest rate derivatives	596.5	432.2
Exchange rate derivative instruments	0.0	0.0
Derivative instruments on equities and indices	**0.0**	**0.0**
Cash flow derivative hedge instruments	**0.0**	**0.0**
Total derivative hedge instruments (liabilities)	**596.5**	**432.2**
Derivative hedge instruments	**596.5**	**432.2**
Individual hedging	0.0	0.0
** including fair value hedging*	0.0	0.0
** including cash flow hedging*	0.0	0.0
Portfolio rate hedging (fair value hived-off global hedging)	596.5	432.2
Portfolio rate hedging (cash flow hedge)	0.0	0.0
Total derivative hedge instruments (liabilities)	**596.5**	**432.2**

Ineffectiveness breakdown of the fair value hedging

(in millions of euros)	31/12/2014	31/12/2013
Fair value variation of the hedged item	0.3	0.4
Fair value variation of the hedging instrument	0.0	0.0
Total	**0.3**	**0.4**

6.4 Non-current assets available for sale

(in millions of euros)	31/12/2014	31/12/2013
Negotiable debt instruments	48.0	60.0
Bonds	103.7	106.0
Government bonds	*102.5*	*104.8*
Other obligations	*1.2*	*1.2*
Equities and other variable income securities	30.6	34.4
Non-consolidated equity securities	33.9	29.4
Depreciation on assets available for sale	-10.8	-11.0
Total financial assets available for sale	**205.4**	**218.8**

Variation table of impairments

(in millions of euros)	31/12/2014	31/12/2013
Balance on 1 January	**11.0**	**10.5**
Fiscal year impairment	**-0.2**	**0.5**
Impairment loss	3.0	1.3
Depreciation write-back	-3.2	-0.8
Balance on 31 December	**10.8**	**11.0**

Classification of current and non-current financial assets as being available for sale

(in millions of euros)	31/12/2014	31/12/2013
Current	165.8	81.2
Non-current	39.6	137.6
Total	**205.4**	**218.8**

6.5 Loans and receivables due from credit institutions

(in millions of euros)	31/12/2014	31/12/2013
Overdrafts	282.5	291.8
Overnight loans	120.0	0.0
Term loans	404.6	168.0
Individual impairment of loans and receivables	0.0	0.0
Collective impairment of loans and receivables	0.9	0.2
Related accounts receivable	0.9	0.2
Total loans and receivables due from credit institutions	**808.0**	**460.0**

Breakdown of the loans and receivables due from credit institutions between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	641.5	351.3
Non-current	166.5	108.7
Total	**808.0**	**460.0**

6.6 Loans and receivables due from customers

(in millions of euros)	31/12/2014	31/12/2013
Overdrafts, advances on *TAP*	2.6	2.7
Short-term credit facilities	3 443.5	1 937.9
Medium and long-term loans	9 865.7	8 446.2
Subordinated loans	292.6	199.4
Other credits	5 283.4	3 941.8
Individual impairment of loans and receivables	-258.2	-248.8
Collective impairment of loans and receivables	-496.5	-430.7
Related accounts receivable	76.6	38.0
Accounts opened with the State – Agence France Trésor-	5 052.8	4 943.4
Total loans and receivables due from customers	**23 262.5**	**18 829.9**

Variation tables of individual impairments

(in millions of euros)	31/12/2014			
	Medium and long term loans (1)	Short-term Financing (2)	Other	Total
Balance on 1 January	**227.4**	**20.9**	**0.5**	**248.8**
Fiscal year impairment	**14.9**	**-5.2**	**-0.3**	**9.4**
Individual impairment expense	39.5	2.9	0.0	**42.4**
Individual depreciation write-back	-34.9	-5.3	-0.3	**-40.5**
Accretion effect	-0.9	0.0	0.0	**-0.9**
Other movements (3)	11.2	-2.8	0.0	**8.4**
Balance on 1 December	**242.3**	**15.7**	**0.2**	**258.2**

(1) Co-financing activity – Medium and long-term loans

(2) Short-term financing activity

(3) The other movements primarily relate to the allocated guarantee funds

(in millions of euros)	31/12/2013			
	Medium and long term loans (1)	Short-term Financing (2)	Other	Total
Balance on 1 January	**206.2**	**19.8**	**0.7**	**226.7**
Fiscal year impairment	**21.2**	**1.1**	**-0.2**	**22.1**
Individual impairments expense	41.3	1.6	0.0	**42.9**
Individual impairment write-backs	-14.3	-2.7	-0.2	**-17.2**
Accretion effect	-0.9	0.0	0.0	**-0.9**
Other movements (3)	-4.9	2.2	0.0	**-2.7**
Balance on 1 December	**227.4**	**20.9**	**0.5**	**248.8**

Variation tables of collective impairments

(in millions of euros)	31/12/2014			
	Medium and long term loans (1)	Short-term Financing (2)	Other	Total
Balance on 1 January	**409.9**	**20.8**	**0.0**	**430.7**
Fiscal year impairment	**74.9**	**-9.1**	**0.0**	**65.8**
Impairment charges net of available write-backs	62.6	-6.0	0.0	**56.6**
Collective impairment write-backs	-17.7	-3.1	0.0	**-20.8**
Other movements (1)	30.0	0.0	0.0	**30.0**
Balance on 1 December	**484.4**	**11.7**	**0.0**	**496.5**

(1) The other movements primarily relate to the net innovation intervention resources

(in millions of euros)	31/12/2013			
	Medium and long term loans (1)	Short-term Financing (2)	Other	Total
Balance on 1 January	**353.3**	**15.1**	**0.0**	**368.4**
Fiscal year impairment	**56.6**	**5.7**	**0.0**	**62.3**
Impairment charges net of available write-backs	69.9	7.4	0.0	**77.3**
Collective impairment write-backs	-45.1	-1.7	0.0	**-46.8**
Other movements (1)	31.8	0.0	0.0	**31.8**
Balance on 1 December	**409.9**	**20.8**	**0.0**	**430.7**

Breakdown of the loans and receivables due from customers between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	10 496.6	8 517.1
Non-current	12 765.9	10 312.8
Total	**23 262.5**	**18 829.9**

6.7 Financial lease contracts and equivalent operations

(in millions of euros)	31/12/2014	31/12/2013
Real-estate leasing and equivalent operations	4 092.2	3 844.9
Equipment leasing and equivalent operations	1 710.8	1 582.6
Related accounts receivable	21.6	21.2
Individual impairments	-56.1	-57.6
Collective impairments	-98.6	-102.0
Total financial leases and equivalent operations	**5 669.9**	**5 289.1**

Variation tables of individual impairments

(in millions of euros)	31/12/2014		
	Real-Estate Leasing	Equipment Leasing	Total
Balance on 1 January	**38.3**	**19.3**	**57.6**
Fiscal year impairment	**-3.1**	**1.6**	**-1.5**
Individual impairment expense	11.2	8.8	**20.0**
Individual depreciation write-back	-8.8	-7.2	**-16.0**
Other movements (1)	-5.5	0.0	**-5.5**
Balance on 1 December	**35.2**	**20.9**	**56.1**

(1) The other movements primarily relate to the allocated guarantee funds

(in millions of euros)	31/12/2013		
	Real-Estate Leasing	Equipment Leasing	Total
Balance on 1 January	**24.0**	**25.9**	**49.9**
Fiscal year impairment	**14.3**	**-6.6**	**7.7**
Individual impairment expense	6.0	5.4	**11.4**
Individual depreciation write-back	-6.0	-10.0	**-16.0**
Other movements (1)	14.3	-2.0	**12.3**
Balance on 1 December	**38.3**	**19.3**	**57.6**

(1) The other movements primarily relate to the allocated guarantee funds

Variation tables of collective impairments

(in millions of euros)	31/12/2014		
	Real-Estate Leasing	Equipment Leasing	Total
Balance on 1 January	**81.4**	**20.6**	**102.0**
Fiscal year impairment	**-6.1**	**2.7**	**-3.4**
Impairment charges net of available write-backs	-3.8	6.7	**2.9**
Collective depreciation write-back	-2.3	-4.0	**-6.3**
Balance on 1 December	**75.3**	**23.3**	**98.6**

(in millions of euros)	31/12/2013		
	Real-Estate Leasing	Equipment Leasing	Total
Balance on 1 January	**74.0**	**22.2**	**96.2**
Fiscal year impairment	**7.4**	**-1.6**	**5.8**
Impairment charges net of available write-backs	6.3	1.2	**7.5**
Collective depreciation write-back	1.1	-2.8	**-1.7**
Balance on 1 December	**81.4**	**20.6**	**102.0**

Breakdown of the financial lease contracts between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	850.6	781.8
Non-current	4 819.3	4 507.3
Total	**5 669.9**	**5 289.1**

6.8 Innovation financing aids

(in millions of euros)	31/12/2014	31/12/2013
Innovation repayable advances	1 214.7	1 278.8
Individual impairments	-180.9	-197.0
Collective impairments	-464.8	-466.9
Total aid for financing innovation	**569.0**	**614.9**

6.9 Held-to-maturity financial assets

(in millions of euros)	31/12/2014	31/12/2013
Negotiable debt instruments	529.3	219.2
Bonds	6 675.0	6 414.9
Government Bonds	6 404.6	6 117.6
Other obligations	270.4	297.3
Impairment of financial assets held to maturity	0.0	0.0
Total financial assets held to maturity	**7 204.3**	**6 634.1**

Breakdown of the financial assets held to maturity between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	640.9	361.6
Non-current	6 563.4	6 272.5
Total	**7 204.3**	**6 634.1**

6.10 Current and deferred tax assets and liabilities

(in millions of euros)	31/12/2014	31/12/2013
Current taxes	57.2	34.6
Deferred taxes	0.0	0.0
Current and deferred tax assets	**57.2**	**34.6**
Current taxes	1.4	1.4
Deferred taxes	29.0	18.6
Current and deferred tax liabilities	**30.4**	**20.0**

6.11 Accrued income/expense, and other assets/liabilities

Accruals and Other Assets

(in millions of euros)	31/12/2014	31/12/2013
Discounted value of pending commissions owed to guarantee funds (guarantee activity)	133.6	150.8
Deferred expenses	75.4	76.6
Accrued income	8.4	6.8
Medium and long-term direct debits in progress	0.1	127.6
Other	28.9	52.8
Total of accruals and deferred income	**246.4**	**414.6**

Other Assets

(in millions of euros)	31/12/2014	31/12/2013
Settlement accounts for securities transactions	0.7	0.7
Guarantee margins paid on repurchase transactions and interest rate swap contracts	192.3	194.5
Receivables with State and Innovation partners	96.6	722.5
Including activities on behalf of third parties (see note 13.3)	*0.0*	*584.1*
Guarantee funds to be received	28.8	167.8
Other sundry debtors	78.5	58.2
Stocks and sundry assets	23.1	12.2
Total other assets	**420.0**	**1 155.9**

Accruals and Deferred Expenses

(in millions of euros)	31/12/2014	31/12/2013
Subsidies to be paid (innovation)	183.5	599.2
Including activities on behalf of third parties (see note 13.3)	*0.0*	*362.6*
Guarantee commissions booked in advance	192.0	164.7
Other deferred income	10.9	8.6
Other tax and social charges to be paid	67.1	56.9
Other charges to be paid	18.8	9.5
Other	212.5	263.8
Total of accruals and deferred income	**246.4**	**414.6**

Other Liabilities

(in millions of euros)	31/12/2014	31/12/2013
Outstanding payments on securities not fully paid up	3.3	3.3
Received security deposits	4.1	3.7
Other guarantees received	295.0	105.5
Litigation to be paid on proven risks relating to guarantee commitments	1 299.2	1 299.1
Allocated public sector funds – *FDES* Advances	3.3	8.5
Invoices to be paid on leasing operations	49.0	54.3
Preserved capital guarantee funds (guarantee activity)	527.9	511.7
Other tax and social debts	14.4	23.9
Guarantee commissions earned in advance from customers	1.4	0.5
Sundry creditors	35.2	35.4
Total other liabilities	**2 232.8**	**2 045.9**

6.12 Investment property

(in millions of euros)	31/12/2014	31/12/2013
Investment property		
Gross value of land and buildings	0.0	17.7
Amortisations and depreciations	0.0	-5.7
Total investment buildings	**0.0**	**12.0**

The building housing the head office is now fully occupied by Group companies.

6.13 Tangible and intangible fixed assets

(in millions of euros)	31/12/2014	31/12/2013
1 – Tangible fixed assets		
1.1 – Land and buildings	173.8	151.9
Amortisations and depreciations	-66.0	-54.9
Net Amount	**107.8**	**97.0**
1.2 – Other tangible fixed assets	23.0	21.8
Amortisations and depreciations	-17.3	-16.2
Net Amount	**5.7**	**5.6**
Total tangible fixed assets	**113.5**	**102.6**
2 – Intangible fixed assets		
2.1 – Software	152.5	141.9
Amortisations and depreciations	-104.0	-96.3
Net Amount	**48.5**	**45.6**
2.2 – Other intangible fixed assets	1.2	1.2
Amortisations and depreciations	0.0	0.0
Net Amount	**1.2**	**1.2**
Total intangible fixed assets	**49.7**	**46.8**

(in millions of euros)	Tangible fixed assets		Intangible fixed assets	
	Land & Buildings	Other tangible fixed assets	Software	Other intangible fixed assets
Gross amount as at 31/12/2013	**151.9**	**21.8**	**141.9**	**1.2**
Acquisitions	5.8	2.2	20.9	0.0
Exits	-1.6	-1.0	-10.3	0.0
Other movements (1)	17.7	0.0	0.0	0.0
Gross amount as at 31/12/2014	**173.8**	**23.0**	**152.5**	**1.2**
Total depreciation on 31/12/2014	-66.0	-17.3	-104.0	0.0
Net amount on 31/12/2014	**107.8**	**5.7**	**48.5**	**1.2**

(1) see note 6.12

6.14 Debts due to lending institutions

(in millions of euros)	31/12/2014	31/12/2013
Demand and overnight debts	**3.9**	**1.8**
Ordinary deposits and accounts	3.9	1.8
Overnight borrowings and accounts	0.0	0.0
Term debts	**10 971.6**	**11 115.7**
Term borrowings and accounts	6 489.0	6 843.9
. including resources from passbook savings accounts (Codevi / Livret de Développement Durable)	*4563.5*	*4 828.9*
. including resources from the EIB, KfW and the Council of Europe Development Bank	*864.4*	*825.0*
. including refinancing with the ECB	*1 000.0*	*1 190.0*
Securities sold on repo	4 482.6	4 271.8
Associated liabilities	**53.2**	**62.1**
Total debts to lending institutions	**11 028.7**	**11 179.6**

Breakdown of debts due to lending institutions between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	4 901.6	5 969.3
Non-current	6 127.1	5 210.3
Total	**11 028.7**	**11 179.6**

6.15 Debts due to customers

(in millions of euros)	31/12/2014	31/12/2013
Demand and overnight debts	**1 101.3**	**222.7**
Ordinary deposits and accounts	1 101.3	222.7
- including EPIC BPI-Groupe accounts	*502.9*	*116.6*
- including BPI-Groupe accounts	*525.8*	*46.6*
Overnight accounts and borrowings	0.0	0.0
Term debts	**2 174.4**	**2 027.7**
Term borrowings and accounts	2 174.4	2 022.1
. including EPIC BPI-Groupe loans	*1 620.5*	*1 621.5*
Securities sold on repo	0.0	5.6
Associated liabilities	**17.9**	**18.1**
Advance from State shareholder	**300.0**	**300.0**
Associated liabilities of the shareholder’s advance	**0.0**	**0.0**
Total debts due to customers	**3 593.6**	**2 568.5**

Breakdown of debts due to customers between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	1 388.2	439.8
Non-current	2 205.4	2 128.7
Total	**3 593.6**	**2 568.5**

6.16 Debt securities

(in millions of euros)		31/12/2014	31/12/2013
Bond Issues		11 284.0	7 993.9
Bond Loan OSEO 1995 – PIBOR Maturity 20/11/2015		*61.0*	*61.0*
EMTN (*) 2011		*1 200,0*	*1 200,0*
EMTN (*) 2012		*2 613,9*	*2 613,9*
EMTN (*) 2013		*3 800.0*	*3 770.0*
EMTN (*) 2014		*3 339.3*	*0.0*
Revaluation of micro-hedged loans (net of issue costs)		*-14.3*	*-24.3*
FCT Proximité PME December 2010	*Euribor*	*142.1*	*186.7*
FCT Proximité PME March 2011	*Euribor*	*142.0*	*186.6*
Negotiable debt instruments		2 530.1	1 394.2
Associated liabilities		70.3	54.1
Total debts represented by a security		**13 884.4**	**9 442.2**

(*) The bonds issued as part of Bpifrance Financement's EMTN (Euro Medium Term Notes) Programme are limited to a ceiling of €20 billon and benefit from the guarantee by the EPIC BPI-Groupe and the Aa1 rating by Moody's agency on 31 December 2014.

Breakdown of debts represented by a security between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	3 992.9	1 527.4
Non-current	9 891.5	7 914.8
Total	**13 884.4**	**9 442.2**

6.17 Impairment and provisions

Provisions

(in millions of euros)	31/12/2014	31/12/2013
Provisions on credit risks	2.8	2.9
Provisions for restructuring	2.2	2.5
Provisions for other employee benefit commitments	13.5	15.1
Fair value of the guarantees given	1 513.1	1 352.9
Innovation off-balance sheet commitments	196.4	263.0
Other	17.8	24.2
Total Provisions	**1 745.8**	**1 660.6**

Table of impairment flows and provisions

(in millions of euros)	Impairments and provisions to 31/12/2013	Allowances to impairments and provisions	Reversals of available impairments & provisions	Reversals of impairments and provisions used (1)	Other variations (2)	Impairments and provisions to 31/12/2014	Risks charged on guarantee funds	Non-recoverable receivables not hedged by provisions	Recoveries on impaired receivables	Impact on Earnings (3)
Impairment & provisions for doubtful loans and credit risks – Fair value of guarantees given	**2 1958**	**1 048.0**	**595.7**	**276.4**	**54.4**	**2 426.1**	**395.3**	**5.0**	**4.4**	**-57.6**
- Impairment of doubtful loans	*307.3*	*62.3*	*37.5*	*19.0*	*2.1*	*315.2*	*0.0*	*4.8*	*4.4*	*-25.2*
▫ Interbank loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
▫ Clientele loans	248.8	42.3	22.0	18.5	7.6	258.2	0.0	4.1	2.3	-22.1
▫ Leasing transactions (excluding interests=	57.6	20.0	15.5	0.5	-5.5	56.1	0.0	0.7	2.1	-3.1
▫ Securities transactions	*0.7*	*0.0*	*0.0*	*0.0*	*0.0*	*0.7*	*0.0*	*0.0*	*0.0*	*0.0*
▫ Sundry debtors	*0.2*	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*	*0.0*	*0.0*	*0.0*	*0.0*
- Provisions on credit risks	*2.9*	*765.9*	*531.0*	*257.4*	*22.4*	*2.8*	*235.1*	*0.2*	*0.0*	*0.0*
- Fair value of the guarantees	*1 352.9*	*160.2*	*0.0*	*0.0*	*0.0*	*1 513.1*	*160.2*	*0.0*	*0.0*	*0.0*
- Collective impairments	*532.7*	*59.6*	*27.2*	*0.0*	*29.9*	*595.0*	*0.0*	*0.0*	*0.0*	*-32.4*
Provisions for miscellaneous operating contingencies	**24.2**	**4.8**	**6.4**	**4.8**	**0.0**	**17.8**				
Impairment on aids for financing innovation	**663.9**	**57.0**	**71.9**	**0.0**	**-3.3**	**645.7**				
Other provisions	**17.6**	**2.6**	**0.1**	**4.4**	**0.0**	**15.7**				
- Provisions for restructuring	2.5	0.4	0.0	0.7	0.0	2.2				
- Provisions employee benefit commitments	15.1	2.2	0.1	3.7	0.0	13.5				

(1) Write-backs correspond to write-offs as losses

(2) Variations in scope, exchange rate and reclassification of provisions

(3) -/+ Net allowances or write-backs

- *+ Risks charged to guarantee funds*
- *- Non-recoverable receivables*
- *+ Recoveries on impaired receivables*

6.18 Net innovation intervention resources

(in millions of euros)	31/12/2014	31/12/2013
Strategic Industrial Innovation (*ISI*) aids	268.8	276.0
Industrial Innovation Mobilising Programme (*PMII*) – ISI 2008	83.6	77.9
FUI (Fonds Unique Interministériel) (1)	0.0	88.3
Aids on partners financing	276.3	291.7
Innovation Guarantee Regional Funds (*FRGI*)	49.5	28.4
Structuring Projects from Competitiveness Clusters (*PSPC*) (1)	0.0	173.9
Strategic sectors (1)	0.0	68.8
Total of net innovation intervention resources	**678.2**	**1 005.0**

(1) On 1 January 2014, Bpifrance Financement proceeded to reclassify innovation agreements with PSPCs, strategic sectors and the FUI as activities on behalf of third parties (see Note 13.3) in the amount of €331 million.

Net innovation intervention resources

(in millions of euros)

Net innovation intervention resources as of 31/12/2013	**1 005.0**
2014 allocations (net balance)	227.1
Subsidies	-102.0
Reclassifications	-331.0
Repayments and redeployments	-1.2
Provisions, losses and recognised failures	-120.9
Financial earnings and charges	-2.0
Miscellaneous proceeds	4.8
Appraisals and miscellaneous expenses	-1.6
Net innovation intervention resources as of 31/12/2014	**678.2**

6.19 Public Guarantee Funds

(in millions of euros)	31/12/2014	31/12/2013
Reserve funds	877.9	875.8
AFT (Agence France Trésor)	991.7	989.5
CDC	9.5	7.5
Hived-off assets	14.1	13.7
Other funds	102.2	108.4
Bpifrance Regions Fund	336.4	301.6
Total of the public guarantee funds	**2 331.8**	**2 296.5**

Public Guarantee Funds

(in millions of euros)

Public Guarantee Funds as of 31/12/2013	**2 296.5**
Appropriations to 2014 Guarantee Funds (net balance)	335.1
Repayments of Guarantee Funds	-13.6
Guarantee commissions	66.7
Financial proceeds and recoveries	42.5
Cost of risk	-397.3
Discounted provisions	1.9

Public Guarantee Funds as of 31/12/2014	**2 331.8**

6.20 Subordinated debts

(in millions of euros)	31/12/2014	31/12/2013
Subordinated perpetual debt	0.0	0.0
Mutual guarantee deposits	14.5	14.6
Associated liabilities	0.0	0.0
Total subordinated debts	**14.5**	**14.6**

Breakdown of subordinated debts between current and non-current items

(in millions of euros)	31/12/2014	31/12/2013
Current	14.2	14.3
Non-current	0.3	0.3
Total	**14.5**	**14.6**

6.21 Fair value of assets and liabilities

	31/12/2014			
(in millions of euros)	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through profit or loss	**0.0**	**23.8**	**62.8**	**86.6**
- Bonds and other fixed income securities			*1.1*	*1.1*
- Equities and other variable income securities		*0.9*	*61.7*	*62.6*
- Exchange rate derivative instruments		*22.9*		*22.9*
Derivative hedge instruments	**0.0**	**588.3**	**0.0**	**588.3**
- Interest rate derivatives		*588.3*		*588.3*
Non-current assets available for sale	**103.1**	**48.0**	**54.3**	**205.4**
- Negotiable debt instruments		*48.0*		*48.0*
- Government bonds	*102.5*			*102.5*
- Other obligations	*0.6*			*0.6*
- Equities and other variable income securities			*54.3*	*54.3*
Loans and receivables due from credit institutions		**808.6**		**808.6**
Loans and receivables due from customers		**24 704.2**		**24 704.2**
Finance lease and equivalent operations		**6 011.3**		**6 011.3**
Financial assets held to maturity	**7 763.5**	**408.2**	**0.0**	**8 171.7**
- Negotiable debt instruments	*121.4*	*408.2*		*529.6*
- Government bonds	*7 345.1*			*7 345.1*
- Other obligations	*297.0*			*297.0*
Investment property		**0.0**		**0.0**
LIABILITIES				
Financial liabilities at fair value through profit or loss	**0.0**	**3.1**	**0.0**	**3.1**
- Exchange rate derivative instruments		*3.1*		*3.1*
Derivative hedge instruments	**0.0**	**596.5**	**0.0**	**596.5**
- Interest rate derivatives		*596.5*		*596.5*
Due to credit institutions		**11 321.1**		**11 321.1**
Debts due to customers		**3 860.9**		**3 860.9**
Debt securities	**13 898.6**	**284.1**		**14 182.7**

(in millions of euros)	31/12/2013			
	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through profit or loss	**0.0**	**23.8**	**72.9**	**72.9**
- Bonds and other fixed income securities			*2.0*	*2.0*
- Equities and other variable income securities			*70.9*	*70.9*
Derivative hedge instruments	**0.0**	**367.1**	**0.0**	**367.1**
- Interest rate derivatives		*367.1*		*367.1*
Non-current assets available for sale	**106.0**	**60.0**	**52.8**	**218.8**
- Negotiable debt instruments		*60.0*		*60.0*
- Government bonds	*104.8*			*104.8*
- Other obligations	*1.2*			*1.2*
- Equities and other variable income securities			*52.8*	*52.8*
Loans and receivables due from credit institutions		**460.3**		**460.3**
Loans and receivables due from customers		**19 684.2**		**19 684.2**
Finance lease and equivalent operations		**5 528.6**		**5 528.6**
Financial assets held to maturity	**6 839.2**	**127.0**	**0.0**	**6 966.2**
- Negotiable debt instruments	*92.2*	*127.0*		*219.2*
- Government bonds	*6 428.3*			*6 428.3*
- Other obligations	*318.7*			*318.7*
Investment property		**15.4**		**15.4**
LIABILITIES				
Financial liabilities at fair value through profit or loss	**0.0**	**5.0**	**0.0**	**5.0**
- Exchange rate derivative instruments		*5.0*		*5.0*
Derivative hedge instruments	**0.0**	**432.2**	**0.0**	**432.2**
- Interest rate derivatives		*432.2*		*432.2*
Due to credit institutions		**11 479.3**		**11 479.3**
Debts due to customers		**2 739.5**		**2 739.5**
Debt securities	**9 085.1**	**373.3**		**9 458.4**

6.22 Euro equivalent of foreign currency transactions

(en millions d'euros)	31/12/2014	31/12/2013
Assets	1.9	1.6
Liabilities	226.5	21.5

These net balance sheet positions are hedged using financial instruments negotiated over-the-counter (forward foreign currency and exchange swaps).

Note 7 - Notes relative to the profit and loss statement

7.1 Interest income and expenses

Interest Income

(in millions of euros)	31/12/2014	31/12/2013
Transactions with lending institutions	**5.8**	**3.0**
Customer loans		
Overdrafts	0.0	0.0
Short-term credit facilities	53.5	29.5
Medium and long-term loans	322.2	274.3
Miscellaneous credits	317.5	278.1
Subordinated debts	8.7	6.6
Variation of discounted future guarantee commissions	-17.1	3.3
Subtotal customer loans	**684.8**	**591.9**
Finance lease operations		
Rents	1 009.4	936.4
Depreciation allowances	-734.3	-678.3
Allowances for special depreciations (Art. 64 & Art. 57)	-96.4	-90.0
Net movements on depreciation or termination compensation	-15.2	-10.5
Other proceeds	109.8	97.6
Subtotal finance lease operations	**273.3**	**255.2**
Operations involving financial instruments		
Non-current assets available for sale	1.1	1.3
Financial assets held to maturity	168.7	152.0
Hedging derivatives	170.3	173.2
Subtotal transactions on financial instruments	**340.1**	**326.5**
Other interests and similar income	**7.2**	**2.5**
Total interest and similar income	**1 311.2**	**1 179.1**

Interest and similar charges

(in millions of euros)	31/12/2014	31/12/2013
Transactions with lending institutions	**-143.3**	**-158.2**
Customer loans		
of which allocation of commission earnings to guarantee funds	*-66.0*	*-79.9*
Finance lease operations		
Allowances to depreciations (excluding Art. 64 & Art. 57)	0.0	0.0
Other expenses	-104.8	-92.7
Subtotal finance lease operations	**-104.8**	**-92.7**
Operations involving financial instruments		
Debt securities	-184.8	-138.7
Subordinated debts	0.0	0.0
Hedging derivatives	-188.9	-193.5
Subtotal transactions on financial instruments	**-373.7**	**-332.2**
Other interests and similar expenses	**-32.8**	**-24.4**
Total interest related expenes	**-814.8**	**-770.2**

7.2 Net gain/loss on financial instruments at fair value through profit or loss

(in millions of euros)	31/12/2014	31/12/2013
Net income on trading portfolio	**0.0**	**0.0**
Net income on fair value portfolio option	**1.8**	**-2.3**
Net income on derivative instruments and revaluation of hedged items	**1.0**	**0.9**
Individual hedging (ineffectiveness)	0.3	0.4
Hived-off global hedging	0.0	0.0
Isolated swaps	0.2	0.0
Other	0.5	0.5
Net income from exchange transactions	**0.5**	**0.0**
Total net gains or losses on financial instruments at fair value through profit or loss	**3.3**	**-1.4**

7.3 Net gains or losses on financial assets available for sale

(in millions of euros)	31/12/2014	31/12/2013
Dividends	**2.1**	**0.4**
Disposal income	**8.8**	**5.5**
Disposal capital gains	9.6	5.5
Disposal capital losses	-3.9	-0.3
Depreciation write-backs	3.1	0.3
Impairment losses on variable income securities	**-3.0**	**-1.3**
Total net gains or losses on financial assets available for sale	**7.9**	**4.6**

7.4 Income and expenses from other activities

(in millions of euros)	31/12/2014	31/12/2013
Proceeds		
Intervention allocations from partners – (innovation activity)	21.9	17.3
Operating allocations – (innovation activity)	0.4	33.0
Expenses charged back	5.4	3.2
Investment property	2.0	2.2
Commission on recoveries and on insurance sold	6.9	6.3
Capital gains on stock disposals	3.4	1.9
Other proceeds	34.8	31.5
Total income from other activities	**74.8**	**95.4**
Expenses		
Subsidies paid on behalf of partners	-14.0	-13.5
Subsidies paid on own funds	0.0	0.1
Provisions and losses on innovation aid	-7.2	-3.3
Investment property (see note 6.12)	0.0	-0.3
of which depreciation charges	*0.0*	*-0.3*
Capital losses on stock disposals	-3.8	-8.0
Other expenses	-15.1	-10.3
Total general operating expenses	**-306.5**	**-275.4**

7.5 Operating general expenses

(in millions of euros)	31/12/2014	31/12/2013
Staff-related expenses	-174.7	-164.2
Duties and taxes	-28.1	-22.8
Other operating expenses	-103.3	-87.9
Costs related to restructuring	-0.4	-0.5
Total general operating expenses	**-306.5**	**-275.4**

7.6 Amortisation & depreciation allowances on tangible & intangible fixed assets

(in millions of euros)	31/12/2014	31/12/2013
Depreciation allowances	-24.7	-21.9
Allowances for impairment losses	0.0	0.0
Write-backs for impairment losses	0.0	0.0
Total amortisation & depreciation allowances on tangible and intangible fixed assets	**-24.7**	**-21.9**

7.7 Cost of risk

(in millions of euros)	31/12/2014				31 Dec 2013
	Individual impairments	Collective impairments	Other liabilities	Total	Total
Net allowances or write-backs for impairments and provisions	-24.8	-32.8	0.2	**-57.0**	**-64.6**
Non-provisioned losses	-4.8	0.0	-0.2	**-5.0**	**-17.1**
Recoveries on impaired receivables	4.4	0.0	0.0	**4.4**	**6.0**
Total cost of risk	**-25.2**	**-32.4**	**0.0**	**-57.6**	**-75.7**

7.8 Taxes

(in millions of euros)	31/12/2014	31/12/2013
Corporation tax	-48.3	-28.1
Deferred taxes	-10.7	-19.8
Total income tax	**-59.0**	**-47.9**

Analysis of Income Tax Expenses

(in millions of euros)		31/12/2014	31/12/2013
Group share of earnings		99.1	58.7
Share of net earnings of minority interests		3.7	1.3
Net tax charge booked		59.0	47.9
Earnings before taxes	**(A)**	**161.8**	**107.9**
French ordinary law taxation rate	(B)	**34.43**	**34.43**
Total theoretical tax expense	**(C) = (A*B)**	**55.7**	**37.1**
Reconciliation items :			
Capital gains and profits taxed at reduced rates or tax exempted		-5.0	-0.5
Other permanent differences		1.1	-1.2
10.7% exceptional contribution for 2014 and 2015		7.0	14.4
Tax credits		-1.2	-0.8
Other items		1.4	-1.1
Total items reconciled	**(D)**	**3.3**	**10.8**
Net tax charge booked	**(C) + (D)**	**59.0**	**47.9**

• Note 8 - Exposure, management and measurement of risks

8.1 General risk management organisation

This note presents the main risks associated with the financial assets and liabilities and their management by the approved credit institution, Bpifrance Financement.

The main risks inherent to the group's banking activity are:

- credit and counterparty risks: risks of losses due to a counterparty's inability to meet its financial obligations;
- market and exchange risks: risks of losses due to changing prices and market rates;
- liquidity risks: risks that the group will be unable to meet its commitments after their maturity;
- operational risks, particularly risk of non-compliance with regulations and execution risk.

The functions coming under the internal control mechanism, attached to the effective executives, are as follows:

- compliance and permanent control;
- risk management;
- periodic control.

These functions are based on:

- an internal control mechanism and procedures;
- accounting organisation;
- risk measurement systems, to which operational consolidation of counterparty risk contributes;
- risk monitoring and control systems.

The various departments and subsidiaries of Bpifrance Financement exercise their activity under procedures that align with the body of rules set forth for the company: the credit risk reference bases and the financial activities memorandum. The permanent and periodic control functions verify the compliance with the procedures and instructions.

To manage its internal control mechanism and measure, monitor and control the risks inherent to its activities, Bpifrance Financement relies on the group risk committee and the group internal control committee.

The group internal control committee interim meeting focuses on how permanent control and compliance is organised to periodically review the risk control system and take actions to reinforce them. It validates the annual audit plan of the Compliance and Permanent Control department and is then informed of its implementation and results.

The role of the quarterly risk committee meeting is to ensure the existence of a suitable system of limits, to ensure compliance with existing limits and their periodic review, and to assess the incurred risk levels. It consolidates and analyses the risk policy on an annual basis in order to submit these to the Execution Committee.

These committees comprise effective executives and the main functions in charge of risk measurement and control and monitoring of group activities.

The departments involved in the internal control mechanism report to the quarterly audit committee meeting.

Exposure, management and measurement of the risks of the innovation aid activity

Financed by public allocations, primarily from the State, the Regions and Europe, Bpifrance Financement is active in the financing and support of innovative companies. With a general interest mission within the framework of the economic policy undertaken by the French State in order to promote and develop investment in research and innovation, it provides companies with subsidies and repayable advances.

As such, the particularities of its actions and of its financing method mean that the standards IAS 39 “Financial instruments: recognition and measurement” and IFRS 7 “Financial instruments: disclosures” are not applicable relative to Bpifrance Financement.

8.2 Credit risks

8.2.1 Selection system for operations

For each type of aid, eligibility criteria are defined within the commissioning framework. They can involve the age of the beneficiary company, the business sector, the project’s nature, the operation’s duration, and the fact of sharing with a bank establishment.

The granting of the loan is subject to an annual investigation that clarifies the risk policy for the year, as validated by the general management.

For each operation analysis, it relies on ratings of the counterparty, the project and the transaction.

The transaction’s characteristics pertain primarily to the provisions and quality of the sureties and guarantees anticipated in order to reduce the exposure to the credit risk. The sureties and guarantees are the normally adopted ones, according to the nature and duration of the credit operations: disposals of receivables, mortgages, pledges, bank guarantees and backing on guarantee funds.

For all financing, guarantee and innovation activities, the Commitments Department performs a counter-analysis of the files that exceed the delegation level of the Network Departments, for which the decision rests with the commitments committee.

8.2.2 Risk measurement and surveillance system

The surveillance and control of commitments with the clientele include a limit system that takes into account the own funds and outstandings of Bpifrance Financement.

These limits apply to the total aggregate amount of the outstandings, of the notified agreements that have not yet been used (whether the contract has been signed or not) and the internal agreements that have not yet been notified.

They must be respected when agreeing to any new operation, as well as during any decision for transfers of outstandings, and they are in addition to the possible ceiling rules that are specific to certain products.

Any granting decision resulting in an overrun of these limits is submitted to the commitments committee, and is under the responsibility of the Senior managers.

Limits by beneficiary group

The first limit is global and relates to all commitments involving a given beneficiary group. It is expressed as a net amount after consideration of the bank counter-guarantees, and is established according to the beneficiary group’s rating by means of a percentage of the Bpifrance Financement own funds.

Within the above limit, specific limits are set relative to certain groups of products on the level of each beneficiary group.

In guarantee terms, each fund’s intervention capacity also constitutes a limit. This limit is directly monitored by the Capital and Balance Sheet Department.

Sector limit

This involves the financing activity.

This limit applies to the business sector as defined by the NAF codes that are assigned to them, according to the distribution prepared by the Commitment Department in its sector-based follow-up.

It is determined in comparison with a relative weight in the Bpifrance Financement gross outstandings of Medium Long Term (MLT) and Short Term (ST) financing, and is a function of the degree of estimated risk based on expert opinions, by the Commitment Department, for each sector (low, moderate or high risk).

Monitoring compliance with these limits is the responsibility of the Commitment Department, which uses a system for alerting the Senior managers when this limit is close to being reached (outstandings > 90 % of the limit).

Any granting decision resulting in an overrun of these limits is submitted to the commitments committee, and is under the responsibility of the Senior managers.

These limits are monitored each quarter by the Risk Committee, and reviewed at least annually. An annual presentation is made to the Audit Committee.

Follow-up and analysis of the quality of the loan commitments

The quality of the credit outstandings is analysed each month as part of a re-rating exercise. A quarterly report is presented to the Risk Committee.

Second level controls

Ex-post controls (i.e. second level) on all decisions (delegated and centralised) of the business lines (financing, guarantee and innovation) have been performed by the Risk Permanent Control department.

The controllers verify compliance with the procedures and instructions. The verifications are performed based on documents and by sampling, involving all files coming from the Bpifrance Financement business lines (financing, guarantee and innovation), and are extended to a verification of the implementation and compliance with the Commitment Committee's decisions.

8.2.3 Concentration risk

A review of the major outstandings (representing 38% of the MLT outstandings and 29% of the ST outstandings in 2014) is produced each quarter and presented to the Risk Committee.

Each year, this analysis is presented to the Audit Committee.

8.2.4 Credit risk internal rating system

The credit risk internal rating system "Decision-Aid Tool" (OAD) is used for all MLT and ST financing operations, as well as for non-delegated guarantee operations.

The system is managed by the "Support and Processes" Domain within the Commitments Department, as a proprietary application.

This Domain is in charge of designing rating systems relative to the credit risks of the Bpifrance Financement clientele, their evolution and their performance, on the qualitative level.

The Capital and Balance Sheet Department is in charge of preparing statistical models and the annual backtesting report on the tracking of the models.

A new model was launched in December 2013.
The notion of "backtesting the models" refers to all surveillance techniques for the default risk models and, more specifically, statistical methods, the analysis of observed default rates relative to anticipated default probabilities, and benchmarking of the rating models.

Moreover, a validation procedure for new models has been in place since 2009.

It is based on a technical committee that prepares a decision project that includes the opinion of the Risk Permanent Control Department, and that is submitted for validation to the Senior managers that decide on the operational deployment of the models.

8.2.5 Follow-up of doubtful operations

Strict criteria govern the procedures for acceptance by the Litigation Department, as well as the same department's handling of the dossiers.

With regard to the acceptance, it occurs either as part of an automatic process, or via a decision by the Commitments Committee.

The operational processing of the dossiers is provided within the framework of procedural rules that provide for ensuring the efficiency of the collection or re-marketing measures, for quantifying the collection estimates and validating the depreciations.

A delegation diagram determines the competency limits on the basis of the nature of the decisions.

The collection estimates are examined with each dossier event and according to a frequency that is at least annual. For each product type, the most significant outstandings are reviewed every four months by the Litigation Committee, which consists of the Litigation Director, the Manager of the operational service in question, and the Support Functions Manager.

8.3 Counterparty risk on financial activities

8.3.1 Exposure to the counterparty risk

Origin

The group's exposure to the counterparty risk on financial activities originates with three types of operations:

- the investment operations of the guarantee funds;
- the long-term management operations of the liquidity position and of the rate on loan activities;
- the short-term operations to replace the group's temporarily available cash.

Measurement

A loan's risk is equal to the outstanding capital, the risk on a security is equal to the security's nominal amount, and a derivative product's risk is assessed at 0.75% per outstanding year of the underlying value, after a 67% abatement in order to account for the cash guarantee write-back systems. This calculation provides a risk valuation that is similar to the regulatory valuation method based on the market price.

8.3.2 Risk policy

In view of the public nature of most of the managed capital, the emphasis is on risk diversification and the search for the greatest possible security of the transactions:

- the authorised counterparties have at least a rating of "A" as provided by specialised agencies;
- transactions involving financial instruments are systematically the subject of collateral agreements;
- cash transactions are governed by strict duration rules.

The outcome is that long-term investments are primarily carried out with public authorities, notably for the guarantee funds, while short-term investments and operations involving financial instruments are, for their part, carried out with lending institutions.

8.3.3 Management method

The counterparty risk is managed using a limit mechanism based on the ratings assigned to each counterparty by specialised rating agencies. Counterparties are classified into eight categories, with each of them having the following:

1°) a commitment amount limit, calculated from an internal model, on the basis of:

a) a theoretical allocation of the Bpifrance Financement own funds for the overall hedging of its counterparty risks;
b) the need for own funds corresponding with the counterparty's default probability;
c) a risk division rule that limits the exposure to a given signature;
d) the consideration of the amount of the counterparty's original own funds.

The tracking of the evolution of the quality of the counterparties is performed by the Financial Operations Department, on a double level: legal entities and economic groups. For each counterparty and each group, the Counterparty Risk Committee defines separate limits for the "Financing" and "Guarantee" business lines.

2°) A commitment duration limit, defined with reference to the own funds consumption on the basis of the solvency ratio, using the standard method, for a banking counterparty.

These various parameters can be updated on the basis of changes to the environment, or to the establishment's risk policy.

8.3.4 Control and reports

The Financial Operations Department monitors these limits and their use on a daily basis and prepares a report on the possible inflows, outflows and variations of overruns recorded for each counterparty. The recipients are the managers of the Financial Operations Department, the Capital and Balance Sheet Department, and the trading room operators.

A monthly report on the main evolutions is also prepared. It is provided to the members of the Bpifrance Financement General Management, and to the Finance Committee members.

8.4 Quantitative analyses of the credit and counterparty risks on financial activities

Maximum credit risk exposure

(in millions of euros)	31/12/2014	31/12/2013
Financial assets at fair value through profit or loss	8606	72.9
Asset hedge derivative financial instruments	588.3	367.1
Non-current assets available for sale	205.4	218.8
Loans and receivables to lending institutions	808.0	460.0
Loans and receivables to customers	23 262.5	18 829.9
Finance lease operations	5 669.9	5 289.1
Financial assets held to maturity	7 204.3	6 634.1
Guarantee commitments given and signature commitments	11 898.7	11 819.0
Granting of irrevocable credit lines	4 666.5	4 238.7
Total	**54 390.2**	**47 929.6**

Quantitative information on the credit risk

In compliance with the IFRS 7 standard, Bpifrance Financement has defined, within the accounting categories of the IAS 39 financial instruments, asset classes suited to its activity and its internal reporting method. As such, the category “Loans and receivables provided to the clientele” corresponds with the following asset classes:

- PLMT (Long and Medium-Term Loans);
- FCT (Short-Term Financing);
- Other.

The category “Finance lease operations” consists of the following asset class:

- CBI (Real Estate Leasing);
- CBM (Equipment Leasing).

Breakdown by nature of loans

(in millions of euros)	31/12/2014				31/12/2013			
Nature of loans and receivables to customers	Medium and long-term loans	Short-term financing	Other	Total	Medium and long-term loans	Short-term financing	Other	Total
Loans and receivables to customers	14 765.9	3 424.1	5 072.5	**23 262.5**	11 972.1	1 899.8	4 958.0	**18 829.9**
Granting of irrevocable credit lines	1 692.7	2 068.7	20.0	**3 781.6**	1 495.1	1 879.8	20.1	**3 395.0**

(in millions of euros)	31/12/2014			31/12/2013		
Nature of finance lease operations	Property leasing	Equipment leasing	Total	Property leasing	Equipment leasing	Total
Finance lease operations	3 996.2	1 673.7	**5 669.9**	3 740.0	1 549.1	**5 289.1**
Granting of irrevocable credit lines	406.7	478.2	**884.9**	481.2	362.5	**843.7**

Risk concentration by economic activity sector

The activity of Bpifrance Financement Group is entirely concentrated within France.

(in millions of euros)	31/12/2014					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Loans & receivables to customers	**2 195.5**	**4 235.4**	**15 254.7**	**793.0**	**783.9**	**23 262.5**
Medium and long term loans	*1 939.6*	*3 698.4*	*7 976.1*	*415.7*	*736.1*	*14 765.9*
Short-term financing	*255.9*	*537.0*	*2 207.4*	*377.3*	*46.5*	*3 424.1*
Other	*0.0*	*0.0*	*5 071.2 **	*0.0*	*1.3*	*5 072.5*
Finance lease operations	**1 090.8**	**1 111.6**	**2 903.5**	**218.9**	**345.1**	**5 669.9**
CBI (Real estate leasing)	*950.7*	*670.6*	*2 007.0*	*56.2*	*311.7*	*3 996.2*
CBM (Equipment leasing)	*140.1*	*441.0*	*896.5*	*162.7*	*33.4*	*1 673.7*
Total	**3 286.3**	**5 347.0**	**18 158.2**	**1 011.9**	**1 129.0**	**28 932.4**

* including accounts opened with the State – Agence France Trésor – for € 5 052.8 million

(in millions of euros)	31/12/2013					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Loans & receivables to customers	**1 813.2**	**3 346.2**	**12 423.3**	**590.4**	**656.8**	**18 829.9**
Medium and long term loans	*1 665.0*	*3 017.0*	*6 413.8*	*241.2*	*635.1*	*11 972.1*
Short-term financing	*148.2*	*329.2*	*1 052.6*	*349.2*	*20.6*	*1 899.8*
Other	*0.0*	*0.0*	*4 956.9*	*0.0*	*1.1*	*4 958.0*
Finance lease operations	**1 038.7**	**2 604.5**	**1 199.1**	**54.0**	**392.8**	**4 289.1**
CBI (Real estate leasing)	*618.7*	*2 040.3*	*692.8*	*30.4*	*357.8*	*3 740.0*
CBM (Equipment leasing)	*420.0*	*564.2*	*506.3*	*23.6*	*35.0*	*1 549.1*
Total	**2 851.9**	**5 950.7**	**13 622.4**	**644.4**	**1 049.6**	**24 119.0**

* including accounts opened with the State – Agence France Trésor – for € 4 943.4 million

(in millions of euros)	31/12/2014					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Guarantee commitments given and signature commitments	2 115.4	2 371.4	5 334.8	836.0	1 241.1	**11 898.7**

(in millions of euros)	31/12/2013					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Guarantee commitments given and signature commitments	2 162.5	2 408.9	5 191.1	832.9	1 223.6	**11 819.0**

Risk concentration by counterparty type

(in millions of euros)		31/12/2014					
Counterparty / Issuer Type	**Central Banks**	**Central Government Agencies**	**Lending Institutions**	**Other Financial Companies**	**Non-Financial Companies**	**Households**	**Total**
Financial assets at fair value through profit or loss	0.0	0.0	23.8	61.6	1.2	0.0	**86.6**
Asset hedge derivative financial instruments	0.0	0.0	588.3	0.0	0.0	0.0	**588.3**
Non-current assets available for sale	0.0	102.5	61.9	12.3	28.7	0.0	**205.4**
Loans & receivables to lending institutions	0.0	0.0	808.0	0.0	0.0	0.0	**808.0**
Loans & receivables to customers	0.0	5 060.9	0.0	4.4	18 192.9	4.3	**23 262.5**
PMLT (Medium and long-term loans)	*0.0*	*0.0*	*0.0*	*0.0*	*14 765.9*	*0.0*	*14 765.9*
FCT (Short-term financing)	*0.0*	*0.0*	*0.0*	*0.0*	*3 424.1*	*0.0*	*3 424.1*
Other	*0.0*	*5 060.9*	*0.0*	*4.4*	*2.9*	*4.3*	*5 072.5*
Finance lease operations	0.0	0.0	0.0	0.0	5 669.9	0.0	**5 669.9**
CBI (Real Estate Leasing)	*0.0*	*0.0*	*0.0*	*0.0*	*3 996.2*	*0.0*	*3 996.2*
CBM (Equipment Leasing)	*0.0*	*0.0*	*0.0*	*0.0*	*1 673.7*	*0.0*	*1 673.7*
Financial assets held to maturity	0.0	6 492.1	705.0	7.2	0.0	0.0	**7 204.3**
Total	**0.0**	**11 655.5**	**2 187.0**	**85.5**	**23 892.7**	4.3	**37 825.0**

(in millions of euros)		31/12/2013					
Counterparty / Issuer Type	**Central Banks**	**Central Government Agencies**	**Lending Institutions**	**Other Financial Companies**	**Non-Financial Companies**	**Households**	**Total**
Financial assets at fair value through profit or loss	0.0	0.0	0.7	70.2	2.0	0.0	**12.9**
Asset hedge derivative financial instruments	0.0	0.0	367.1	0.0	0.0	0.0	**367.1**
Non-current assets available for sale	0.0	104.8	72.3	14.4	27.3	0.0	**218.8**
Loans & receivables to lending institutions	0.0	0.0	460.0	0.0	0.0	0.0	**460.0**
Loans & receivables to customers	0.0	4 950.7	0.0	4.4	1 874.8	4.4	**18 829.9**
PMLT (Medium and long-term loans)	*0.0*	*0.0*	*0.0*	*0.0*	*11 972.1*	*0.0*	*11 972.1*
FCT (Short-term financing)	*0.0*	*0.0*	*0.0*	*0.0*	*1 898.9*	*0.9*	*1 899.8*
Other	*0.0*	*4 950.7*	*0.0*	*4.4*	*3.8*	*3.5*	*4 958.0*
Finance lease operations	0.0	0.0	0.0	0.0	5 289.1	0.0	**5 289.1**
CBI (Real Estate Leasing)	*0.0*	*0.0*	*0.0*	*0.0*	*3 740.0*	*0.0*	*3 740.0*
CBM (Equipment Leasing)	*0.0*	*0.0*	*0.0*	*0.0*	*1 549.1*	*0.0*	*1 549.1*
Financial assets held to maturity	0.0	6 212.9	413.9	7.3	0.0	0.0	**6 634.1**
Total	**0.0**	**11 268.4**	**1 314.0**	**91.9**	**19 193.2**	4.4	**31 871.9**

(in millions of euros)	31/12/2014						
Counterparty / Issuer Type	**Central Banks**	**Central Govern-ment**	**Lending Institu-tions**	**Other financial com-panies**	**Non-financial com-panies**	**House-holds**	**Total**
Guarantee commitments given and signature commitments	0.0	0.0	0.0	0.0	11 898.7	0.0	**11 898.7**

(in millions of euros)	31/12/2013						
Counterparty / Issuer Type	**Central Banks**	**Central Govern-ment**	**Lending Institu-tions**	**Other financial com-panies**	**Non-financial com-panies**	**House-holds**	**Total**
Guarantee commitments given and signature commitments	0.0	0.0	0.0	0.0	11 819.0	0.0	**11 819.0**

Quantitative information on the sound outstandings, the overdue outstandings and the depreciated outstandings

Breakdown of loans and receivables by quality of credits

	31/12/2014				31/12/2013			
(in millions of euros)	**Sound**	**Overdue**	**Impaired**	**Total**	**Sound**	**Overdue**	**Impaired**	**Total**
Loans and receivables to lending institutions	**808.0**	**0.0**	**0.0**	**808.0**	**459.6**	**0.4**	**0.0**	**460.0**
Loans and receivables to customers	**22,488.5**	**648.2**	**125.8**	**23,262.5**	**18,250.8**	**479.8**	**99.3**	**18,829.9**
PLMT (long and medium-term loans)	*14,285.7*	*358.4*	*121.8*	*14,765.9*	*11,549.7*	*328.7*	*93.7*	*11,972.1*
FCT (Short-term financing)	*3,130.6*	*289.8*	*3.7*	*3,424.1*	*1,745.6*	*151.1*	*3.1*	*1,899.8*
Other	*5,072.2*	*0.0*	*0.3*	*5,072.5*	*4,955.5*	*0.0*	*2.5*	*4,958.0*
Finance lease operations	**5,482.9**	**170.2**	**16.8**	**5,669.9**	**5,101.3**	**170.1**	**17.7**	**5,289.1**
CBI (real estate leasing)	*3,853.7*	*137.9*	*4.7*	*3,996.3*	*3,588.0*	*146.4*	*5.6*	*3,740.0*
CBM (equipment leasing)	*1,629.2*	*32.3*	*12.1*	*1,673.6*	*1,513.3*	*23.7*	*12.1*	*1,549.1*
Total	**28 779.4**	**818.4**	**142.6**	**29 740.4**	**23 811.7**	**650.3**	**117.0**	**24 579.0**

Breakdown of sound loans and receivables by financial class (neither impaired nor overdue)

(in millions of euros)	31/12/2014						
Internal Rating	**Loans & receivables to customers**				**Finance lease operations**		
	PLMT	**FCT**	**Other**	**Total**	**CBI**	**CBM**	**Total**
No risk (1)	0.0	0.0	5 060.9	**5 060.9**	0.0	0.0	**0.0**
Low risk	8 504.0	1 066.7	0.0	**9 570.0**	2 103.8	919.9	**3 023.7**
Average risk	4 114.4	1 537.3	0.0	**5 651.7**	1 166.7	629.8	**1 796.5**
High risk	496.3	466.2	0.0	**962.5**	153.6	39.8	**193.4**
Not rated	1 171.0	60.4	11.3	**1 242.7**	429.6	39.7	**469.3**
Total sound loans and receivables	**14 285.7**	**3 130.6**	**5 072.2**	**22 488.5**	**3 853.7**	**1 629.2**	**5 482.9**

(1) including accounts opened with the State – Agence France Trésor – for €5 052.8 million

(in millions of euros)	31/12/2013						
Internal Rating	**Loans & receivables to customers**				**Finance lease operations**		
	PLMT	**FCT**	**Other**	**Total**	**CBI**	**CBM**	**Total**
No risk (1)	0.0	0.0	4 950.7	**4 950.7**	0.0	0.0	**0.0**
Low risk	6 525.3	522.4	0.0	**7047.7**	1 797.5	846.6	**2 644.1**
Average risk	3 319.6	865.7	0.0	**4 185.3**	1 117.7	505.7	**1 623.4**
High risk	239.4	325.7	0.0	**565.1**	136.4	80.9	**217.3**
Not rated	1 465.4	31.8	4.8	**1 502.0**	536.4	80.1	**616.5**
Total sound loans and receivables	**11 549.7**	**1 745.6**	**4 955.5**	**18 250.8**	**3 588.0**	**1 513.3**	**5 101.3**

(1) including accounts opened with the State – Agence France Trésor – for €4 943.4 million

Breakdown of the other sound assets by accounting category (neither depreciated nor past due)

(in millions of euros)	31/12/2014				
Moody's scale rating	**Financial assets designated at fair value through profit or loss**	**Non-current financial assets available for sale**	**Loans and receivables to lending institutions**	**Financial assets held to maturity**	**Total**
Aaa	0,0	0,0	0,0	98,0	**98,0**
Aa3 to Aa1	0,0	102,5	228.3	6 757.8	**7 088.6**
A3 to A1	22,9	48.8	420.5	348.5	**840.7**
<A3	0,0	0,0	0.2	0,0	**0.2**
Not rated	63,7	54.1	159.0	0.0	**276.8**
Total sound assets	**86.6**	**205.4**	**808.0**	**7 204.3**	**8 304.3**

(in millions of euros)	31/12/2013				
Moody's scale rating	**Financial assets designated at fair value through profit or loss**	**Non-current financial assets available for sale**	**Loans and receivables to lending institutions**	**Financial assets held to maturity**	**Total**
Aaa	0,0	0,0	0,0	110,1	**110,1**
Aa3 to Aa1	0,0	105,1	21,0	6 430,7	**6 556,8**
A3 to A1	0,0	60,5	255,7	93,3	**409,5**
<A3	0,0	0,0	0,0	0,0	**0,0**
Not rated	72,9	53,2	183,3	0,0	**309,4**
Total sound assets	**72,9**	**218,8**	**460,0**	**6 634,1**	**7 385,8**

Non-impaired overdue financial assets, by age of default

(in millions of euros)	31/12/2014				
	Under 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Loans & receivables to lending institutions	0,0	0.0	0.0	0.0	**0.0**
Loans & receivables to customers	204.1	92.9	126.8	224.4	**648.2**
PLMT (Medium and long-term loans)	*116.2*	*53.7*	*70.0*	*118.5*	*358.4*
FCT (Short-term financing)	*87.9*	*39.2*	*56.8*	*105.9*	*289.8*
Other	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*
Finance lease operations	43.2	17.1	32.8	77.1	**170.2**
CBI (Real Estate leasing)	*28.6*	*14.3*	*27.6*	*67.4*	*137.9*
CBM (Equipment leasing)	*14.6*	*2.8*	*5.2*	*9.7*	*32.3*
Total	**247.3**	**110.0**	**159.6**	**301.5**	**818.4**

(in millions of euros)	31/12/2013				
	Under 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	Total
Loans & receivables to lending institutions	0,0	0,4	0,0	0,0	**0,4**
Loans & receivables to customers	192,9	45,7	43,4	197,8	**479,8**
PLMT (Medium and long-term loans)	*179,1*	*41,3*	*38,5*	*69,8*	*328,7*
FCT (Short-term financing)	*13,8*	*4,4*	*4,9*	*128,0*	*151,1*
Other	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*
Finance lease operations	55,5	18,4	13,6	82,6	**170,1**
CBI (Real Estate leasing)	*51,5*	*17,0*	*8,3*	*69,6*	*146,4*
CBM (Equipment leasing)	*4,0*	*1,4*	*5,3*	*13,0*	*23,7*
Total	**248,4**	**64,5**	**57,0**	**280,4**	**650,3**

Individually impaired financial assets by economic activity sector

(in millions of euros)	31/12/2014															
	Loans receivables to lending institutions		Loans and receivables to customers								Finance lease operations					
			Medium & long-term loans		Short-term financing		Other		Total		Real estate leasing		Equipment leasing		Total	
Business sectors	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount
Trade	0,0	0,0	57.2	22.9	3.7	0.2	0,0	0,0	**60.9**	**23.1**	5.5	0.7	1.0	0.3	**6.5**	**1.0**
Industry	0,0	0,0	72.1	25.8	1.3	0.1	0.0	0.0	**73.4**	**25.9**	15.4	2.6	15.9	6.9	**31.3**	**9.5**
Services	0.0	0.0	181.7	66.8	6.4	2.5	1.3	0.3	**189.4**	**69.6**	9.9	0.8	11.0	3.9	**20.9**	**4.7**
PW&CE	0.0	0.0	12.4	5.3	8.0	0.9	0.0	0.0	**20.4**	**6.2**	2.8	0.3	2.8	1.0	**5.6**	**1.3**
Tourism	0.0	0.0	9.1	1.0	0.0	0.0	0.0	0.0	**9.1**	**1.0**	4.4	0.3	0.2	0.0	**4.6**	**0.3**
Total	**0.0**	**0.0**	**332.5**	**121.8**	**19.4**	**3.7**	**1.3**	**0.3**	**353.2**	**125.8**	**38.0**	**4.7**	**30.9**	**12.1**	**68.9**	**16.8**

(in millions of euros)	31/12/2013															
	Loans and receivables to lending institutions		Loans and receivables to customers								Finance lease operations					
			Medium & long-term loans		Short-term financing		Other		Total		Real estate leasing		Equipment leasing		Total	
Business sectors	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount
Trade	0,0	0,0	53,6	14,4	2,2	0,2	0,0	0,0	**55,8**	**14,6**	7,1	0,8	5,0	2,1	**12,1**	**2,9**
Industry	0,0	0,0	64,3	20,1	3,9	1,4	0,0	0,0	**68,2**	**21,5**	24,7	3,5	17,0	6,4	**41,7**	**9,9**
Services	0,0	0,0	183,1	54,7	4,4	0,4	1,7	1,4	**189,2**	**56,5**	7,7	0,9	7,9	3,1	**15,6**	**4,0**
PW&CE	0,0	0,0	12,2	3,5	13,4	1,1	0,0	0,0	**25,6**	**4,6**	0,3	0,0	1,2	0,4	**1,5**	**0,4**
Tourism	0,0	0,0	8,0	1,0	0,0	0,0	1,3	1,1	**9,3**	**2,1**	4,1	0,4	0,3	0,1	**4,4**	**0,5**
Total	**0,0**	**0,0**	**321,2**	**93,7**	**23,9**	**3,1**	**3,0**	**2,5**	**348,1**	**99,3**	**43,9**	**5,6**	**31,4**	**12,1**	**75,3**	**17,7**

Offsetting of the assets and financial liabilities

	31/12/2014					
	Posted gross amounts	Amounts offset in the balance sheet	Net amounts shown in the balance sheet	Amounts related to financial instruments not offset in the balance sheet		
(in millions of euros)				Impact of offsetting agreements	Collateral given/received	Net amounts
ASSETS						
Derivative hedge instruments	588.3	-	588.3	395.5	211.7	-
Repurchase agreements, securities lending and similar agreements	213.2	-	213.2	-	-	213.2
LIABILITIES						
Derivative hedge instruments	596.6	-	596.6	395.5	192.3	8.6
Repurchase agreements, securities lending and similar agreements	4 482.4	-	4 482.4	-	83.3	4 399.0

	31/12/2013					
	Posted gross amounts	Amounts offset in the balance sheet	Net amounts shown in the balance sheet	Amounts related to financial instruments not offset in the balance sheet		
(in millions of euros)				Impact of offsetting agreements	Collateral given/received	Net amounts
ASSETS						
Derivative hedge instruments	367,1	-	367,1	270,8	105,5	-
Repurchase agreements, securities lending and similar agreements	-	-	-	-	-	-
LIABILITIES						
Derivative hedge instruments	432,2	-	432,2	270,8	153,0	8,4
Repurchase agreements, securities lending and similar agreements	4 277,9	-	4 277,9	-	41,5	4 236,4

Quantitative information relating to guarantees held

The financial effect of the guarantees held on loans and advances (excluding innovation activity) is measured by the maximum amount of the eligible sureties and guarantees under European Directive CRD4 and European Regulation CRR, which went into effect on 1 January 2014. On 31 December 2014, total sureties and guarantees amounted to €14,244 million.

8.5 Market risks

Financial risks are defined as the risks of losses of economic value resulting from an unfavourable evolution of the market parameters, which affect the overall balance sheet. The market parameters to which Bpifrance Financement is subject are primarily interest rates and exchange rates. The risks related to the usage of the cash of the guarantee funds are managed separately.

8.5.1 Objectives of the financial risks management policy

The financial management implemented by Bpifrance Financement strives to maintain the financial balances in terms of liquidity, interest rates and exchange positions. To optimise the usage of its financial means, the bank strives to limit the risks inherent to the financial markets, while minimising its exposure to risks that are not part of its core business, such as financial, counterparty and operational risks. Within this framework, it should be noted that Bpifrance Financement has no trading book in the regulatory sense.

8.5.2 Actors involved in the management of the financial risks

The executive body makes decisions relative to financial risks management within the framework of the powers attributed to it by the Board of Directors. It also decides on isolated overruns of the limits, or on corrective actions to be undertaken in order to absorb these overruns.

The ALM Committee and the financial management committee, including the members of the executive committee and the relevant managers, examine the interest and exchange rate risks, while also ensuring the compliance with the established limits.

Outside of these periodic meetings, the ALM Committee can be called on to meet, notably in case of a sudden change to the market parameters or if the fixed limits are exceeded.

8.5.3 Centralisation of the management of financial risks

Bpifrance Financement manages its balance sheet in such a way that its overall structure is balanced in terms of interest rate and foreign exchange rate risk. The backing sought between usages and resources is intended to limit the establishment's exposure to financial risks. The overall rate and exchange risks are measured each month, and governed by a system of limits. The rate and exchange risks are hedged by means of future financial instruments negotiated on organised markets or over-the-counter (primarily interest rate and currency swap contracts), or by means of operations involving State securities.

8.5.4 Measurement of the risks and limits

Though the financial risks are presented in an aggregated manner, in keeping with the State's request, the specificity of the general interest missions carried out within the framework of the guarantee funds requires separate and specific management of the financial risks of the guarantee funds.

The rate risk

Bpifrance Financement manages its overall rate risk: all of the rate positions are monitored by macro-hedging on the level of the ALM domain of the Capital department and of the balance sheet. As such, hedge instruments are kept in an overall management portfolio, and the assessment of their contribution to the establishment's rate risk reduction is integrated into the follow-up system.

The establishment's rate risk is assessed through the variations of two indicators, namely the sensitivity of the short-term interest margin in the case of an earnings risks, and the sensitivity of the balance sheet net present value in case of value risks. The charts of the deadlocks by maturity complete the system.

Analysis of the sensitivity of the cash flows

An interest rate variation of 100 basis points on the closing date would result in an increase (decrease) of the earnings equal to the amounts indicated below. For the purposes of this analysis, all other variables are presumed to remain constant. As a reminder, using the same basis, a similar analysis is provided for 2013.

(in millions of euros)	Increase of 100 basis points	Decrease of 100 basis points
31 December 2014		
Interest-margin sensitivity, 2014	1.63	1.55
Sensitivity of 2014 balance sheet net present value	-11.7	-1.7
31 December 2013		
Interest-margin sensitivity, 2013	-6.0	6.0
Sensitivity of 2013 balance sheet net present value	-9.5	-8.9

The exchange risk

In view of the characteristics of its funding for companies, Bpifrance Financement is only occasionally active in the exchange market. The established limits are intended to desensitise the establishment to the risk of changing exchange rates.

For a currency, the measurement of the exchange risk is the exchange loss due to an immediate variation of +/-15% of the currency price (excluding structural position impact). The overall exchange risk is the sum of the risks per currency. No account is taken of possible correlations between currencies.

Sensitivity analysis

A 15% increase of the euro relative to the USD and GBP currencies on 31 December 2014 would have resulted in a decrease of the earnings in the amount of €0.293 million. For the purposes of this analysis, all other variables, and notably interest rates, are presumed to remain constant.
A 15% decrease of the euro relative to the USD and GBP currencies, on 31 December 2014, would have the same impacts but in the opposite direction from the ones previously mentioned, while assuming that all other variables remain constant.

8.6 Liquidity risk

The liquidity risk corresponds with the bank's inability to meet its obligations at an acceptable price, for a given location and currency. This risk can occur in case of non-concomitance of the cash flows. The refinancing risk (an integral part of the liquidity risk) arises when the funds needed to finance the non-liquid assets cannot be obtained within acceptable timeframes and at acceptable prices.

The group's liquidity risk is monitored as part of a liquidity risk management policy validated by the ALM Committee. The liquidity situation of Bpifrance Financement is assessed on the basis of internal standards, alarm indicators and regulatory ratios.

8.6.1 Objectives of the liquidity risk management policy

From the viewpoint of cash management, the financial activity of Bpifrance Financement involves gathering the necessary resources and managing them as well as possible in view of the usages, with a general objective of operational balance for Bpifrance Financement and the preservation of its own funds. It is also intended to comply with the standards imposed by the banking supervisor.

Overall, the establishment measures its medium and long-term financing needs on the basis of the schedule of operations, new business hypotheses and outflow agreements for the transactions without maturities. On these bases, the financing stalemate is externalised.

The forecasts for the financing of new activity needs are updated each month, on a monthly basis for the 12 coming months, then on an annual basis beyond this horizon.

The limits relate to liquidity ratios at one month.

8.6.2 Actors involved in the management of the liquidity risk

The Executive Committee makes decisions relative to the liquidity risk management within the framework of the powers attributed to it by the Board of Directors. It also decides on isolated overruns of the limits, or on corrective actions to be undertaken in order to absorb these overruns.

The ALM Committee, which includes members of the Executive Committee and the relevant managers, examines the liquidity risk, while also ensuring compliance with the established limits. Meeting on a monthly basis, this Committee makes proposals regarding the management of financial risks on the basis of dossiers prepared by the ALM domain Capital and Balance Sheet Department.

Outside these periodic meetings, the ALM Committee can be called on to meet, notably in case of a sudden change to the market parameters or if the fixed limits are exceeded.

8.6.3 Basic principle of the liquidity policy

The establishment measures its overall liquidity risks. A limit system has been established.

The finance division’s organisation is based on the principle of the separation of the market operation functions from the steering, scheduling, control and reporting functions, since:

- the operational functions are carried out by the Financial Operations Department through the Markets department, which alone is authorised to be active in the capital markets on behalf of the overall Bpifrance Financement;
- the steering and follow-up functions are provided by the Capital and Balance Sheet Department.

8.6.4 Refinancing sources

Bpifrance Financement manages its balance sheet in such a way that its overall structure is balanced in terms of liquidity. The backing sought between usages and resources is intended to limit the establishment’s exposure to financial risks.

Bpifrance Financement is active in the financial markets, and notably on the domestic bond market. Bpifrance Financement also has access to the LDD resources available through the Caisse des Dépôts. Moreover, Bpifrance Financement adds to a portfolio of State securities, for which a repurchase agreement secures access to interbank liquidity under the best rate conditions. Finally, Bpifrance Financement has a stock of private liabilities available for use and eligible for refinancing with the ECB.

8.7 Financial risks and liquidity risks of guarantee funds

8.7.1 Financial management objectives of the guarantee funds

The allocations received from the public authorities are partitioned into guarantee funds that are themselves grouped into financial management blocks, for which the differentiation criterion now revolves around the backer. The financial management blocks correspond with portfolios of similarly managed financial assets. There are three main financial management blocks:

- the AFT (Agence France Trésor) block that includes all of the funds provided by the State. It represents the bulk of the managed assets of the guarantee funds;
- the CDC block as part of the France Investissement funds;
- the “Hived-off assets” block that includes the other small funds allocated by other backers including ERDF Ile de France, UIMM, textile, Garantie de Valeur Liquidative.

It should be noted that other financial management blocks exist within the Bpifrance Financement procedures. As such, the regional guarantee funds are managed in a similar manner as two of the financial management blocks.

8.7.2 Actors involved in the financial management of the guarantee funds

The guarantee financing Business Line Committee

The guarantee financing Business Line Committee reports to the Bpifrance Financement Audit Committee. Its role is to validate the general asset management orientations and provisions with regard to the investment of the guarantee funds.

The Financial Management Committee

On the basis of the orientations adopted by the guarantee financing Business Line Committee, the Financial Management Committee meets every quarter in order to implement the investment policy for the guarantee funds.

8.7.3 Measurement of the financial management indicators of the guarantee funds

The financial management of the guarantee funds involves analysing, for the portfolio backing the activities of the guarantee funds, the period’s financial activity, the liquidity of the portfolios, their accounting and financial performances and the financial risks relating to them.

Evolution of the portfolios

The evolution of the portfolios lists all of the operations and traces the evolution of the portfolio’s composition over the course of the period in question. The securities are classified according to the applicable regulatory texts.

Liquidity

The guarantee funds are primarily divided into three blocks (AFT block, CDC and “Hived-off assets”), for which the differentiation criterion revolves around the backer. The liquidity analysis involves ensuring that a financial management block’s available assets (capital and interest from the securities) are higher than the expected compensation.

The accounting and financial performances

The purpose of the performance analysis tables is to highlight the accounting and financial profitability of the portfolios during the period in question, and to compare their financial performances with the market rates and indices.

The performances are analysed by classifying the portfolio’s securities according to accounting and internal standards (bond, State, money market and other risks).

The financial risks

The rate risk of the assets being used in the guarantee funds is measured using two indicators:

- The value risk: impairment loss of the fixed rate asset portfolio in case of a 1% increase of the rates;
- The sensitivity of the financial earnings to rate changes over the course of the next 12 months: loss of financial earnings on the assets in case of a 1% decrease of the rates.

8.8 Cash flows payable by the Bpifrance Financement group relative to its financial debts, broken down by residual contractual maturity

Annual flows (in million of euros)	**31/12/2014**						
	Book value	Total incoming (outgoing) flows	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	After 5 years
Repayment of term borrowings	**20 318**	**-22 017**	**-71**	**-1 062**	**-1 328**	**-11 156**	**- 8400**
State-guaranteed bond loans	11 284	-12 439		-1 002	-737	-4 624	-6 076
Lending establishments borrowings & term accounts	6 542	-7 174		-50	-514	-5 549	-1 061
Customer borrowings & term accounts	2 492	-2 404	-71	-10	-78	-982	-1 263
Repayment of short-term financing	**8 118**	**-8 153**	**-1 105**	**-4 326**	**-2 476**	**-246**	**0**
Ordinary accounts	1 105	-1 105	-1 105				
JJ loans	0	0	0				
Deposit certificates & MTN (medium-term notes)	2 530	-2 565		-831	-1 488	-246	
Securities sold under forward repurchase agreements	4 483	-4 483		-3 495	-988		
Derivative instruments							
Non-hedging derivatives : outgoing flows		-1	0	0	0	0	-1
Non-hedging derivatives : incoming flows		48	0	6	6	35	0
Hedging derivatives : outgoing flows		-30	0	-15	0	0	-15
Hedging derivatives : incoming flows		37	0	0	0	37	0

Annual flows (in million of euros)	**31/12/2013**						
	Book value	Total incoming (outgoing) flows	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	After 5 years
Repayment of term borrowings	**17 264**	**-19 309**	**-8**	**-1 458**	**-612**	**-7 836**	**-9 395**
State-guaranteed bond loans	8 018	-9 157	0	-2	-149	-3 509	-5 497
Lending establishments borrowings & term accounts	6 906	-7 712	0	-1 440	-385	-3 485	-2 402
Customer borrowings & term accounts	2 340	-2 440	-8	-16	-78	-842	-1 496
Repayment of short-term financing	**5 891**	**-5 988**	**-225**	**-4 905**	**-858**	**0**	**0**
Ordinary accounts	225	-225	-225	0	0	0	0
JJ loans	0	0	0	0	0	0	0
Deposit certificates & MTN (medium-term notes)	1 394	-1 398	0	-722	-676	0	0
Securities sold under forward repurchase agreements	4 272	-4 365	0	-4 183	-182	0	0
Derivative instruments							
Non-hedging derivatives : outgoing flows		-2	0	0	0	0	-2
Non-hedging derivatives : incoming flows		33	0	6	5	22	0
Hedging derivatives : outgoing flows		-28	0	-7	-21	0	0
Hedging derivatives : incoming flows		45	0	0	0	22	22

The financing commitments given, i.e. €5.1 billion at the end of 2014, versus €4.8 billion at the end of 2013, have no contractual schedule. After the contract's signing, they are disbursed at the customer's request. The guarantee commitments given (€11.9 billion at the end of 2014, versus €11.8 billion at the end of 2013) can take the shape of disbursement flows if the company receiving the guaranteed loan is in default and at the end of the recovery process carried out by the guaranteed institution.

Faced with these financial liabilities, the Bpifrance Financement group has recourse to securities that can be mobilised, either at the ECB, or through repurchase agreements, depending on the more favourable rate conditions.

• Note 9 - Disclosure of interests in other entities

9.1 Important assumptions and judgements

Certain subsidiaries and associated companies have not been included in the scope of consolidation in view of their negligible or of contractual provisions indicating that control is in the hands of another investor.

Setting aside these exclusions, the group does not have control over a not-insignificant subsidiary in which it holds less than half of the voting rights, nor does it exercise significant influence on associated companies in which it holds less than 20% of the voting rights.

9.2 Interests in subsidiaries

Minority interests in the group's activities

The group does not have any equity interests in subsidiaries holding minority interests that are considered to be significant.

Nature and extent of the significant restrictions

The group is subject to no significant legal, regulatory or contractual restrictions that would limit its ability to access the group's assets or to settle the group's liabilities.

9.3 Interests in partnerships and associated companies

Interests in associated companies considered to be insignificant

The group holds interests in associated companies that are individually considered to be insignificant.

(in millions of euros)	31/12/2014	31/12/2013
Overall book value	6.4	6.4
Overall amount of the shares		
Net earnings from ongoing activities	1.7	1.5
Net of tax earnings from discontinued operations	0.0	0.0
Other elements of the overall earnings	0.0	0.0
Overall earnings	1.7	1.5

9.4 Interests held in non-consolidated structured entities

All of the interests held by Bpifrance Financement in non-consolidated structured entities are venture capital structures organised into several funds and sub-funds. These structures, financed by Bpifrance and its partners, globally represent €250.8 million of assets as on 31 December 2014 (€186.5 million as on 31 December 2013), the majority of which are presented at fair value through profit or loss.

(in millions of euros)	31/12/2014	31/12/2013
Nature and evolution of the risks in the structured non-consolidated entities		
Book value of the assets / liabilities	81.7	74.3
Item in the financial statements under which these assets / liabilities are booked	AFS & JVR & Loans and advances	AFS & JVR
Amount of maximum risk of loss exposure (balance sheet and off- balance sheet) (1)	81.7	74.3
Difference between the book value and the maximum risk of loss	0.0	0.0

(1) The maximum risk of loss exposure was valued by adding the balance sheet outstandings to the ones from the off-balance sheet commitments, considering that the sum of the amounts already committed and the ones having to be disbursed provide the best representation of the maximum risk of loss in the structured non-consolidated entities.

Note 10 - Personnel benefits and other remuneration

10.1 Personnel costs

(in millions of euros)	31/12/2014	31/12/2013
Salaries and wages	-103.9	-97.8
Other social charges	-38.9	-36.6
Fiscal expenses	-10.3	-9.6
Defined contribution retirement expenses	-11.1	-10.7
Defined benefit retirement expenses	-3.0	-1.8
Incentive and profit-sharing	-9.1	-7.7
Allowances / write-backs for commitments relative to the personnel	1.6	0.0
Total personnel expenses	**-174.7**	**-164.2**

10.2 Other personnel benefits

Post-employment benefits: defined benefits plan

The defined benefits post-employment benefits are calculated in compliance with the June 2011 of the IAS 19 standard: “employee benefits”, and are hedged by means of provisions or group insurance contracts.

Bpifrance Financement contributes to two defined benefit plans, one relative to retirement lump sum benefits and the other relative to the health expenses of pensioners.

Retirement lump sum benefits

All obligations relative to the retirement lump sum payments are covered by a group insurance policy and are estimated on the basis of the commitments assumed for the employees who opted for retirement leave, and hypotheses concerning the retirement provisions for the other employees.

Health expenses of pensioners

The estimated commitments for the health expenses of pensioners have been provisioned in compliance with the agreement of 20 December 2006 relative to the health provident fund.

Characteristics and risks

Bpifrance Financement based its estimates on its employee age pyramid, their date of entering active employment and on a preliminary approach to social policy as it may emerge in the light of the provisions of the law of 21 August 2003 on pensions reform, the branch agreement by the Fédération Bancaire Française on 29 March 2005, and the applicable Social Security Financing law. These hypotheses will need to be reviewed in the light of future established practice.

The plan benefits for retirement lump sum payments are acquired throughout the career on the basis of the seniority within the company, with a ceiling of six months of gross wages, settled upon retirement.

The plan benefits for health expenses cover the employees and their successors in title, who retired before 31 December 2006. They receive a monthly fixed contribution from the employer in the amount of €27.54.

The fund, set up to hedge the commitments relative to retirement lump sum payments, has been contractually externalised with the CNP. It is managed by the CNP within the framework of an orientation set by the group, which provides its governance.

These defined benefit plans expose Bpifrance Financement to an actuarial risk that is notably linked to the longevity risk (especially for the health expenses plan), to the interest rate risk and to the market risks with regard to the hedge assets.

The fund's assets

The breakdown of the fair value of the plan's assets between different categories on the basis of the nature of the assets and attached risks is the following:

(in %)	31/12/2014	31/12/2013
UCITS		
Monetary	8%	10%
Equities	12%	12%
Bonds	80%	78%
	100%	**100%**

Significant actuarial hypotheses

The actuarial mortality assumptions are based on the public statistical mortality tables (TH 00-02 and TF 00-02).

The retirement hypotheses are estimated on the basis of the employee's age: 5% of the employees in question would be under 60 years of age, 35% would be between the ages of 60 and 62 years, 55% would be between 62 and 65 years old and 5% would be above 67 years of age.

The job turnover provisions primarily evolve on the basis of the employee's age:

	31/12/2014		31/12/2013	
	Executive	Non-executive	Executive	Non-executive
Under 35 years of age	**6.3%**	**4.2%**	**7.6%**	**4.9%**
Between 35 and 44 years	**2.9%**	**0.6%**	**3.6%**	**0.6%**
Between 45 and 54 years	**1.0%**	**1.0%**	**1.0%**	**1.3%**
55 years of age or more	**0.9%**	**1.6%**	**1.4%**	**1.9%**

The adopted discount rate, rate of first category bonds, was determined based on the term for which these commitments would be carried.

The economic hypotheses regarding the annual rate of wage increases and the revaluation rate of the commitments for long-service medals are also part of the actuarial hypotheses.

Financing of the fund

Each quarter, the fund produces an analysis of the investment policy. Based on a prudence principle, it is primarily invested in bond UCITS.

The defined benefit plans are entirely supplied by Bpifrance Financement. The contribution obligations are determined by the contractual provisions based on actuarial elements.

Bpifrance Financement estimates that its contribution to the defined benefit plans for the 2015 fiscal year is equal to €2 million.

As on 31 December 2014, the average duration of the obligation relative to the defined benefit plans was 15.7 years for retirement lump sum benefits and 13.01 years for health expenses (respectively 10.6 years and 12.9 years in 2013).

An upward variation of 0.5% of the discounting rate would lead to a decrease of the commitment by €1.3 million, while a 0.5% decrease would result in an increase of the commitment of €1.5 million.

Other long-term benefits

Long service awards

Group employees receive bonus payments to mark the awarding of Medals of Honour in recognition of a long working life. These commitments are provisioned on the basis of the agreement signed on 15 December 2011.

Supplementary pensions

The AFB professional agreement dated 13 September 1993 on the reform of retirement schemes for the banking profession applies to the Bpifrance Financement staff. The payment of a supplementary banking pension and rebates not covered by the fund for the vested rights of the staff on 31 December 1993 is covered by a reserve fund with sufficient resources to meet pensioners' needs.

Early departures

With regard to early departures, Bpifrance Financement is committed to its personnel. These commitments are provisioned.

Variation of the obligations pursuant to post-employment benefits

Variation of obligations pursuant to post-employment benefits	Retirement lump sum benefits			Health expenses	Long-service awards	Total 31/12/2014		
(in millions of euros)	Obligations relating to defined benefits	Plan assets	Liabilities/ (assets) net	Obligations relating to defined benefits	Obligations relating to other long-term benefits	Bonds	Plan assets	Liabilities/ (assets) net
Opening balance	**23.6**	**21.9**	**1.7**	**2.3**	**0.8**	**26.7**	**21.9**	**4.8**
Impact on profit and loss statement	**-0.4**	**0.2**	**-0.6**	**-0.1**	**0.1**	**-0.4**	**0.2**	**-0.7**
- Cost of services rendered during period	1.0	-	1.0	-	0.1	1.1	-	1.1
- Interest on liabilities / assets relating to defined benefits	0.6	0.5	0.1	0.1	0.0	0.7	0.5	0.1
- Cost of past services	-	-	-	-	-	-	-	-
- Effects of variations of foreign currency prices (n/a)	-	-	-	-	-	-	-	-
- Contribution to employer's plan (*)	-	1.7	-1.7	-	-	-	1.7	-1.7
- Contribution to participant's plan (*)	-	-	-	-	-	-	-	-
- Profit or loss resulting from liquidation	-	-	-	-	-	-	-	-
- Paid services	-2.0	-2.0	-	-0.2	-0.0	-2.2	-2.0	-0.2
- Actuarial discrepancies (relating to other long-term benefits)	n/a	n/a	n/a	n/a	0.0	0.0	n/a	0.0
Impact on gains and losses booked in shareholders' equity	**2.8**	**1.0**	**1.9**	**0.1**	**-**	**2.9**	**1.0**	**2.0**
- Actuarial discrepancies:	2.8	1.0	1.9	0.1	n/a	2.9	1.0	2.0
→of which actuarial gains and losses related experience adjustments	0.7	-	0.7	-0.0	n/a	0.7	-	0.7
→of which actuarial gains and losses on adjustments related to demographic hypotheses	0.9	-	0.9	-	n/a	0.9	-	0.9
→of which actuarial gains and losses on adjustments of financial hypotheses	1.2	1.0		0.1		1.3	1.0	
- Rate of return of the plan's assets	-	-	-	-	-	-	-	-
- Change of the effect of the asset ceiling	-	-	-	-	-	-	-	-
Closing balance	**26.0**	**23.1**	**3.0**	**2.3**	**0.9**	**29.2**	**23.1**	**6.1**

Variation of obligations pursuant to post-employment benefits	Retirement lump sum benefits			Health expenses	Long-service awards	Total 31/12/2013		
(in millions of euros)	Obligations relating to defined benefits	Plan assets	Liabilities/ (assets) net	Obligations relating to defined benefits	Obligations relating to other long-term benefits	Bonds	Plan assets	Liabilities/ (assets) net
Opening balance	**22.6**	**20.7**	**2.0**	**2.4**	**1.5**	**26.5**	**20.7**	**5.8**
Impact on profit and loss statement	**-0.4**	**0.5**	**-0.9**	**-0.1**	**-0.6**	**-1.2**	**0.5**	**-1.7**
- Cost of services rendered during period	0.9	-	0.9	-	0.1	1.0	-	1.0
- Interest on liabilities / assets relating to defined benefits	0.6	0.5	0.1	0.1	0.0	0.7	0.5	0.2
- Cost of past services	-	-	-	-	-0.5	-0.5	-	-0.5
- Effects of variations of foreign currency prices (n/a)	-	-	-	-	-	-	-	-
- Contribution to employer's plan (*)	-	1.9	1.9	-	-	-	1.9	-1.9
- Contribution to participant's plan (*)	-	-	-	-	-	-	-	-
- Profit or loss resulting from liquidation	-	-	-	-	-	-	-	-
- Paid services	-1.9	-1.9	-	0.2	-0.3	-2.4	-1.9	-0.4
- Actuarial discrepancies (relating to other long-term benefits)	n/a	n/a	-	n/a	-0.0	-0.0	n/a	-0.0
Impact on gains and losses booked in shareholders’ equity	**1.4**	**0.7**	**0.7**	**-0.0**	**-**	**1.4**	**0.7**	**0.7**
- Actuarial discrepancies:	1.4	0.7	0.7	-0.0	n/a	1.4	0.7	0.7
→of which actuarial gains and losses related experience adjustments	1.2	0.7	0.5	-0.0	n/a	1.2	0.7	0.5
→of which actuarial gains and losses on adjustments related to demographic hypotheses	0.2	-	0.2	-	n/a	0.2	-	0.2
→of which actuarial gains and losses on adjustments of financial hypotheses	-	-		-	-	-	-	-
- Rate of return of the plan's assets	-	-	-	-	-	-	-	-
- Change of the effect of the asset ceiling	-	-	-	-	-	-	-	-
Closing balance	**23.6**	**21.9**	**1.7**		**0.8**	**26.7**	**21.9**	**4.8**

10.3 Compensation paid to members of executive and supervisory boards

The amount of compensation paid to corporate officers for duties performed within Bpifrance Financement was €135,000 on 31 December 2014. This amount comes from rebilling from BPI-Groupe, the parent company.

Directors do not receive any attendance fees.

Note 11 - Sector-specific information

The Bpifrance Financement group is primarily active in the following business lines:

- long and medium-term loans: this involves long- and medium-term financing in the form of direct loans, leasing on plant & equipment and property, and financial leases; it also includes zero-rate innovation loans;
- short-term financing which includes the operations to participate in the financing of public sector receivables in France and its overseas departments and territories, either directly or by signature;
- the guarantee actions cover banks and equity investment institutions from risks of the failure of the beneficiaries of the financing;
- innovation financing aid in the form of repayable advances or subsidies,

Under the "Other" heading are notably the venture capital activities carried out through specialised capital investment funds (FPCI Avenir Entreprises Développement, FPCI Avenir Entreprises Mezzanine) and the income from equity interests.

(in millions of euros)

31/12/2014	Financing	Guarantee	Innovation	Other	Total
NBI	421.2	90.5	19.8	18.1	549.6
Operating costs	-205.2	-49.0	-77.0	0.0	-331.2
Cost of risk	-53.9	0.0	-3.7	0.0	-57.6
Operating income	162.0	41.6	-60.9	18.1	160.7

31/12/2013	Financing	Guarantee	Innovation	Other	Total
NBI	336.9	84.4	51.0	8.3	480.8
Operating costs	-166.4	-61.4	-69.4	0.0	-297.2
Cost of risk	-76.4	0.6	0.0	0.0	-75.8
Operating income	94.2	23.6	-18.4	8.3	107.8

(in millions of euros)

Gross outstandings	31/12/2014	31/12/2013
Long and medium-term loans	21,317.6	18,058.1
- including zero rate Innovation loans	*584.1*	*427.2*
Short-term financing	3,451.5	1,941.5
Innovation financing aids	569.0	614.9
Guarantees given	11,898.7	11,819.0

Reminder:

The guarantee funds amounted to €2,331.8 million in 2014, versus €2,296.5 million in 2013.

The subsidies provided as part of the innovation activity amounted to €102.0 million in 2014, versus €246.9 million in 2013.

Note 12 - Financing and guarantee commitments

(in millions of euros)	31/12/2014	31/12/2013
Commitments given	**16 976.9**	**16 661.2**
Loan financing commitments	**4,666.5**	**4,238.7**
in favour of lending institutions	*10.0*	*10.5*
in favour of the clientele	*4,656.5*	*4,228.2*
Innovation aid financing commitments	**411.7**	**603.5**
Guarantee commitments	**11,898.7**	**11,819.0**
in favour of lending institutions	*0.0*	*0.0*
in favour of the clientele	*11,898.7*	*11,819.0*
Commitments on securities (securities to deliver)	**0.0**	**0.0**
Commitments received	**2 325.5**	**3 495.6**
Financing commitments received from lending institutions	**1,591.7**	**2,479.5**
Guarantee commitments received from lending institutions	**733.7**	**1,016.1**
Commitments on securities (securities to receive)	**0.1**	**0.0**

Note 13 - Other information

13.1 Related parties

The Bpifrance Financement group's related parties are the companies included in the scope of consolidation shown in note 4, non-consolidated interests, as well as the companies exerting control over the group.

Information relative to related companies

The transactions common to the fully integrated companies are eliminated in the consolidated financial statements.

The transactions with companies exercising control over the group are listed in the column "Companies exercising joint control". These are transactions carried out with the EPIC BPI-Groupe and the Caisse des Dépôts.

The transactions with companies integrated using the equity method are listed in the "Associated companies" column.

The transactions with other related but non-consolidated entities are shown in the column "Other related parties".

31 December 2014

Balance sheet

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Assets					
Loans and advances	0.0	0.3	103.8	0.0	**104.1**
Equity instruments	0.0	0.0	6.4	71.6	**78.0**
Other receivables	0.2	96.3	0.0	0.2	**96.7**
Total assets	**0.2**	**96.6**	**110.2**	**71.8**	**278.8**
Liabilities					
Deposits	525.8	502.9	0.0	0.2	**1,028.9**
Term borrowings	0.0	5,285.5	0.0	0.0	**5,285.5**
Other liabilities	0.0	0.2	0.9	3.3	**4.4**
Total liabilities	**525.8**	**5 788.6**	**0.9**	**3.5**	**6 318.8**
Miscellaneous information					
Guarantees issued by the group	10.0	0.0	12.7	0.0	**22.7**
Guaranties received by the group	0.0	0.0	0.0	0.0	**0.0**
Impairment of doubtful receivables	0.0	0.0	0.0	0.1	**0.1**

Profit and loss statement

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Total expenses, including:	**0.4**	**181.7**	**0.0**	**0.0**	**182.1**
Interest expenses	0.2	181.7	0.0	0.0	**181.9**
Fees and commissions	0.0	0.0	0.0	0.0	**0.0**
Services received	0.2	0.0	0.0	0.0	**0.2**
Other	0.0	0.0	0.0	0.0	**0.0**
Total proceeds, including:	**1.2**	**1.1**	**3.5**	**2.5**	**8.3**
Interest income	0.0	1.0	1.7	0.0	**2.7**
Fees and commissions	0.0	0.0	0.0	0.0	**0.0**
Services provided	1.2	0.1	1.4	0.0	**2.7**
Dividend income	0.0	0.0	0.4	0.0	**0.4**
Other	0.0	0.0	0.0	2.5	**2.5**
Other information					
Charges for the year pertaining to doubtful loans	0.0	0.0	0.0	0.0	**0.0**

31 December 2013

Balance sheet

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Assets					
Loans and advances	0.0	1.2	82.2	0.0	**83.4**
Equity instruments	0.0	0.0	6.4	76.5	**82.9**
Other receivables	0.4	97.8	0.0	0.8	**99.0**
Total assets	**0.4**	**99.0**	**88.6**	**77.3**	**265.3**
Liabilities					
Deposits	46.6	116.6	0.0	0.2	**163.4**
Term borrowings	0.0	5 469.3	0.0	0.0	**5 469.3**
Other liabilities	0.1	0.0	2.3	3.3	**5.7**
Total liabilities	**46.7**	**5 585.9**	**2.3**	**3.5**	**5 638.4**
Miscellaneous information					
Guarantees issued by the group	10.0	0.0	12.2	0.0	**22.2**
Guaranties received by the group	0.0	0.0	0.0	0.0	**0.0**
Impairment of doubtful receivables	0.0	0.0	0.0	0.1	**0.1**

Profit and loss statement

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Total expenses, including:	**0.1**	**194.3**	**0.0**	**2.5**	**196.9**
Interest expenses	0.0	194.3	0.0	0.0	**194.3**
Fees and commissions	0.0	0.0	0.0	0.0	**0.0**
Services received	0.1	0.0	0.0	0.0	**0.1**
Other	0.0	0.0	0.0	2.5	**2.5**
Total proceeds, including:	**0.4**	**1.3**	**1.7**	**0.9**	**4.3**
Interest income	0.0	1.1	1.3	0.0	**2.4**
Fees and commissions	0.0	0.0	0.0	0.0	**0.0**
Services provided	0.4	0.2	0.3	0.8	**1.7**
Dividend income	0.0	0.0	0.1	0.0	**0.1**
Other	0.0	0.0	0.0	0.1	**0.1**
Other information					
Charges for the year pertaining to doubtful loans	0.0	0.0	0.0	0.0	**0.0**

13.2 Fees paid to the Statutory Auditors and members of their networks

	Mazars				KPMG Audit			
	Pre-tax amount		%		Pre-tax amount		%	
(in thousands of euros)	2014	2013	2014	2013	2014	2013	2014	2013
AUDIT								
Auditing, certification, examination of the individual and consolidated financial statements								
- Bpifrance Financement	430	332	76%	73%	381	332	87%	90%
- Globally integrated subsidiaries	73	83	13%	18%	-	-	0%	0%
Other reviews and services directly related to the mission of the statutory auditors								
- Bpifrance Financement	32	23	6%	5%	58	35	13%	10%
- Globally integrated subsidiaries	11	-	2%	0%	-	-	0%	0%
SUBTOTAL AUDIT	**546**	**438**	**97%**	**96%**	**439**	**367**	**100%**	**100%**
OTHER SERVICES								
Legal, fiscal and social								
- Bpifrance Financement	-	-	0%	0%	-	-	0%	0%
- Globally integrated subsidiaries	-	-	0%	0%	-	-	0%	0%
Other								
- Bpifrance Financement	19	16	3%	4%	-	-	0%	0%
- Globally integrated subsidiaries	-	-	0%	0%	-	-	0%	0%
OTHER SERVICES SUBTOTAL	**19**	**16**	**3%**	**4%**	**-**	**-**	**0%**	**0%**
TOTAL	**565**	**454**	**100%**	**100%**	**439**	**367**	**100%**	**100%**

13.3 Activities on behalf of third parties

Operations managed by Bpifrance Financement (agent) on behalf of third parties (principals) are not included in the Bank's consolidated balance sheet.

	31/12/2014							
	Assets				Liabilities			Off-Balance sheet
(in millions of euros)	Receivables	Principal's account	Cash	Total	Debts	Principal's account	Total	
Financing activity								
ARI (*)	109,0	0,0	0,0	109,0	0,0	109,0	109,0	54,5
Securitisation	87,6	0,0	0,0	87,6	0,0	87,6	87,6	0,0
Guarantee activity								
DROM managed funds	0,0	0,0	62,4	62,4	0,0	62,4	62,4	244,6
Camulor	0,0	0,0	0,2	0,2	0,0	0,2	0,2	0,0
FGRU (*)	0,0	0,0	11,4	11,4	0,0	11,4	11,4	10,6
Student loans	0,0	0,0	19,1	19,1	0,0	19,1	19,1	196,6
Innovation aid activity								
Atout	0,2	0,0	42,1	42,3	0,0	42,3	42,3	0,0
FSN(*)	24,9	273,6	0,0	298,5	298,5	0,0	298,5	120,8
PSIM(*)	0,0	6,3	0,0	6,3	6,3	0,0	6,3	0,2
PSPC	40,4	25,4	0,0	65,8	65,8	0,0	65,8	126,4
Strategic sectors	0,0	48,8	0,0	48,8	48,8	0,0	48,8	44,4
FUI	0,1	288,7	0,0	288,8	288,8	0,0	288,8	30,6
Total	**262,2**	**642,8**	**135,2**	**1 040,2**	**708,2**	**332,0**	**1 040,2**	**828,7**

(*) ARI : Reindustrialisation aids

FGRU : Guarantee Fund for Urban Renewal

FSN : Fonds national pour la Société Numérique

PSIM : Programme de Soutien à l'Innovation Majeure

9. INDIVIDUAL FINANCIAL STATEMENTS

Publishable balance sheet of Bpifrance Financement

(in millions of euros

ASSETS	Notes	31/12/2014	31/12/2013
Cash, central banks		**375,1**	**173,5**
Public bills of exchange and similar securities	6	**6 322,6**	**6 063,6**
Receivables from credit institutions	3	**709,2**	**342,5**
- Sight a/c		*318,8*	*192,9*
- Term a/c		*390,4*	*149,6*
Customer loans	4	**23 843,4**	**19 361,6**
- Other customer loans		23 414,3	18 891,6
- Overdrafts		429,1	470,0
Bonds and other fixed income securities	6	**608,6**	**372,4**
Equities and other variable income securities	6	**0,0**	**0,0**
Investments in subsidiaries, other long-term investment securities	7	**90,6**	**96,6**
Investments in affiliates	7	**78,1**	**81,6**
Fin. & plain leasing with purchase option	5	**5 384,4**	**5 047,8**
Operating lease	5	**262,1**	**243,3**
Intangible fixed assets	8	**49,8**	**46,9**
Tangible fixed assets	8	**13,2**	**12,8**
Subscribed but unpaid capital		**0,0**	**0,0**
Treasury shares		**0,0**	**0,0**
Innovation financing aids	9	**1 034,2**	**1 081,9**
Other assets	10	**426,4**	**1 161,5**
Accruals	11	**244,9**	**362,7**
TOTAL ASSETS		**39 442,6**	**34 448,7**

Publishable balance sheet of Bpifrance Financement

(in millions of euros)

LIABILITIES	Notes	31/12/2014	31/12/2013
Central banks		**0,0**	**0,0**
Due to credit institutions	12	**11 016,4**	**11 162,5**
- Sight a/c		*3,9*	*1,8*
- Term a/c		*11 012,5*	*11 160,7*
Customer loans	13	**3 903,1**	**2 959,1**
- Other debts		3 903,1	2 959,1
. Sight a/c		*1 126,7*	*240,0*
. Term a/c		*2 776,4*	*2 719,1*
Debt securities	14	**13 636,1**	**9 123,1**
- Interbank market securities & negotiable debt instruments		*2 542,0*	*1 395,4*
- Bond loans		*11 094,1*	*7 727,7*
Other liabilities	15	**2 523,3**	**2 328,5**
Accruals	16	**885,7**	**1 273,0**
Provisions	17	**472,7**	**448,2**
Subordinated debts, mutual guarantee deposits	18	**26,6**	**26,6**
Public guarantee funds	19	**3 260,6**	**3 073,0**
Net innovation intervention resources	20	**1 448,6**	**1 835,7**
Fund for general banking risks		**235,2**	**235,2**
Shareholders equity excluding contingencies fund (FRBG)	21	**2 034,3**	**1 983,8**
- Subscribed capital		*759,9*	*750,9*
- Issue premiums		*752,8*	*729,1*
- Merger premiums		*211,9*	*211,8*
- Reserves		*189,6*	*188,9*
- Regulated provisions, investment subsidies		*46,7*	*43,7*
- Retained earnings		*49,3*	*46,6*
- Profit or loss for the fiscal year		*24,1*	*12,8*
TOTAL LIABILITIES		**39 442,6**	**34 448,7**

Publishable off-balance sheet of Bpifrance Financement

(in millions of euros)	Note	31/12/2014	31/12/2013
Commitments given	24		
- Financing commitments			
. Commitments to lending institutions		10,0	10,5
. Commitments to customers		5 068,2	4 831,7
- Guarantee commitments			
. Commitments on behalf lending institutions		0,0	0,0
. Commitments on behalf customers		11 311,2	11 278,3
- Commitments on securities			
. Securities acquired with buyback or recovery option		0,0	0,0
. Other commitments given		0,0	0,0
Commitments received			
- Financing commitments			
. Commitments received from lending institutions		1 591,7	2 479,5
. Commitments received from customers		0,0	0,0
- Guarantee commitments			
. Commitments received from lending institutions		931,0	1 198,1
- Commitments on securities		0,0	0,0
. Securities sold with buyback or recovery option		0,1	0,0
. Other commitments received			

Bpifrance Financement publishable profit and loss statement

(in millions of euros)	Notes	31/12/2014	31/12/2013
Interest and related income	26	836,6	729,2
Interest and similar expenses	27	-512,9	-507,6
Income on leasing and related transactions	28	1 021,1	947,3
Expense on leasing and plain renting operations	29	-909,5	-810,6
Proceeds from plain renting operations	28	110,2	96,9
Charges on plain renting operations	29	-129,1	-115,8
Income from variable income securities	30	1,8	1,5
Commissions (income)	31	7,8	19,7
Commissions (expenses)	31	-0,6	-0,6
+/- Gains or losses on trading portfolio transactions	32	0,3	0,0
+/- Gains or losses on long-term portfolio & similar transactions	33	0,0	0,3
Other bank operating income	34	61,6	90,3
Other bank operating expenses	35	-29,6	-23,6
NET BANKING INCOME		**457,7**	**427,0**
Operating general expenses	36	-308,8	-278,4
Depreciation allowances & allowances for depreciation on tangible & intangible fixed assets		-20,8	-18,6
GROSS OPERATING EARNINGS		**128,1**	**130,0**
Cost of risk	37	-54,8	-80,2
OPERATING INCOME		**73,3**	**49,8**
+/- Gains or losses on non-current assets	38	-0,3	0,2
CURRENT EARNINGS BEFORE TAXES		**73,0**	**50,0**
Extraordinary profit or loss		0,0	0,0
Income tax	41	-45,9	-24,0
Charges to/recoveries from the FGBR & regulatory provisions		-3,0	-13,2
NET EARNINGS		**24,1**	**12,8**

Note to the financial statements

Note 1 - Presentation and assessment rules

The annual financial statements are drawn up and presented in accordance with regulation No. 91-01 from the French Banking and Financial Regulations Committee (CRBF) as amended by regulation No. 2000-03 from the French Accounting Regulations Committee (CRC).

Regulation No. 2014-07 of the Accounting Standards Authority (ANC) on the financial statements of banking sector companies published in the Official Journal on 31 December 2014 shall apply as from 1 January 2015.

1.1 Presentation of the financial statements

Balance sheet

- Loans and related debts are classified under the asset or liability items on which interest is due to or from.
- The securities portfolio is broken down according to the types of securities that comprise it: public sector bills, bonds and other fixed income securities, shares and other variable income securities. The breakdown depends on the intended economic purpose of the securities (trading, short-term or long-term investment) and is described in note 6.2.
- Subordinated assets are classified according to their type either as amounts due from banks or amounts due from customers, or as “bonds and other fixed income securities”.
- Doubtful loans are recorded according to their nature under the asset items to which they are attached, in the net depreciation amount.
- On the liabilities side, mutual guarantee deposits are included under the heading of “subordinated debt”.
- The section “Shareholders’ equity excluding FGBR” covers the following items: “subscribed capital”, “share premiums”, “merger premiums”, “reserves”, “regulatory provisions and investment subsidies”, “retained earnings” and “net income”.
- The equipment subsidies received for leasing transactions are shown in the “Other liabilities” section.

Profit and loss statement

In accordance with amended CRC Regulation No. 2000-03 as amended, the presentation of the profit and loss statement is now based on five intermediate balances, each precisely defined: Net Banking Income, Gross Operating Income, Operating Income, Pre-tax Income and Net Income.

The significant components of the profit and loss statement are described in notes 26 to 41.

1.2 Accounting principles and methods

- **Credit risk**

Transactions that generate a credit risk are recognised in accordance with the provisions of the modified CRC regulation No. 2002-03.

A distinction is made between sound loans, restructured loans, doubtful loans and doubtful compromised loans.

The classification of credit transactions is based on the concept of established credit risk. The risk is considered to be recognised once it is probable that part of the amounts owed by a counterparty will not be received and that this probability of loss is associated with one of the following situations:

- there are one or more overdue instalments aged at least three months for personal property credit and leasing, and six months for property leasing;
- the establishment is aware of the degraded financial situation of the counterparty, which is represented by a risk of non-collection;
- claim and collection procedures are in place between the institution and its counterparty.

Sound outstandings

The credit transactions that do not generate a confirmed risk, on the other hand, are acknowledged as being sound outstandings.

Restructured outstandings

The receivables said to be restructured are defined as receivables held on counterparties that have experienced financial difficulties, such that the establishment has had to review the receivable's initial characteristics.

Doubtful loans

Credit transactions that generate a recognised risk are doubtful outstandings, or "bad debt." For a particular counterparty, all these credit transactions will be classified by "tainting" as doubtful outstanding loans.

Credit operations become compromised if the recovery prospects are significantly deteriorated, and if an eventual transfer to losses is envisaged (cf. note 4).

The events that lead to downgrading as a compromised doubtful outstanding loan are:

- expiry of loan term;
- the contract's cancellation;
- closure of relations with the customer.

One year after the classification as a doubtful loan, the loan is considered to be compromised, except if the transfer to losses is not envisaged. The existence of guarantees is taken into account in the consideration of compromised outstandings.

When it is confirmed that the outstanding loans are non-collectible, these assets are transferred to losses.

The compromised doubtful outstanding loans are identified within doubtful outstanding loans.

Segmentation of outstanding loans

The kind of activity of the institution leads to the outstanding loans being segmented by:

- residual maturity;
- business sector;
- main counterparty types.

As part of its commercial policy, its selection process and its risk control, Bpifrance Financement uses an internal rating system.

Depreciations allocated to doubtful loans with the clientele

Depreciations charged against doubtful loans are deducted from the corresponding assets.

Provisions which Bpifrance Financement has deemed necessary to hedge doubtful off-balance sheet commitments are entered as liabilities on the balance sheet.

The amount of depreciations for medium and long-term loans and other loans, whether or not backed by guarantee funds, is determined dynamically, receivable by receivable, after analysis of the loss estimated on the basis of probable recoveries, guarantees included, discounted at the original loan rate.

On the closing date, the net depreciation outstanding is equal to the lower of the historical cost and the current value of the future cash flows expected from interest, repayment of the capital and the value of the guarantees.

The depreciation allowances and write-backs for non-recovery risk are recorded in the cost of risk. The increase of the book value related to the discount amortisation and the depreciation recovery as a result of passing time being recorded as part of the interest margin.

Depreciations of the guarantee commitments given and of the innovation aids

With regard to the guarantee commitments given, the depreciation corresponds with the capital loss as well as with the contractual interest covered by the guarantee funds. The capital loss is assessed on the basis of a statistical model for estimating potential recoveries. These depreciation do not impact the profit and loss statement, but are charged against the guarantee funds.

Regarding innovation aids, the depreciations are statistically estimated on the basis of the operative events that resulted in the transfer to doubtful loans. These depreciation do not impact the profit and loss statement, but are charged against the innovation guarantee funds.

Dynamic collective provisioning

In 2000, a method for the dynamic provisioning of new loans on generation was implemented by the group.

In 2007, in view of the change to the IFRS standards for the consolidated financial statements, Bpifrance Financement reviewed its methodology for estimating the collective provisioning.

The counterparties for which there is no objective indication of individual impairment are the subject of an analysis by uniform portfolios. The existence of a credit risk involving a uniform set of receivables results in the recording of a provision, without waiting for the risk to have individually affected one or more receivables.

The methodology implemented by Bpifrance Financement is primarily based on an analysis of the internal ratings of the overall portfolio. The assessment model for collective provisions is now based on simulations of stochastic scenarios that, with each counterparty, associate a possible default date and a loss rate given default. Previously, collective provisions were provisioned on the basis of loss rates per product resulting from market practices.

The approach proposed is open-ended and pragmatic, bearing in mind that the laws of statistics can offer no certainties.

The collective provision is booked on the balance sheet under liabilities. As risks arise, depreciations for doubtful debts are booked and charged against the outstanding loans concerned, while the collective provision is recovered at the same rate.

- **Early repayments of loans granted to customers**

Bpifrance Financement directly records, through profit or loss, the compensation for early repayment of loans granted to the clientele, on the realisation date.

- **Leasing transactions**

Bpifrance Financement engages in equipment leasing, finance leasing and real estate leasing activities, a residual part of which is subject to the SICOMI regime.

In the corporate financial statements, these transactions appear on the balance sheet in the sections "leasing and rental agreements with purchase option" and "plain leasing" and in the income statement in the sections "proceeds from leasing transactions and similar," "charges for leasing and similar" and "proceeds from plain leasing," "charges for plain leasing."

The leased or rented property, plant and equipment are reported on the corporate balance sheet at their purchase value, which, for leasing, includes the acquisition costs, the cost of construction and the purchase price of the land.

Accounting depreciation, subject to the limits of both maximum fiscal depreciation and the minimum straight-line allowance, is calculated item by item, with the exception of land which is not depreciated.

If a contract becomes delinquent, if the estimated value of the likely recoveries is less than the property's book value, the difference is the subject of depreciation in the Net Banking Income.

Compensation for contract terminations is posted to "Proceeds from leasing transactions and similar". The depreciations that are designed to cover the compensation due are also recorded in this account.

Linked to this corporate presentation is a financial presentation, which translates the economic substance of the transactions. Rents are broken down into (a) interest and (b) amortisation of the capital referred to as financial amortisation.

On the financial balance sheet, the financial outstanding appears which is equivalent to the gross value of property, plant and equipment minus the financial amortisation and financial depreciations.

In the profit and loss statement, the Net Banking Income takes in the interest included in the rents incurred during the fiscal year and the financial capital gains or losses on the sound financial loans, and in the cost of risk, variations in financial depreciations and financial capital gains or losses on the delinquent financial loans.

The financial data are outlined in notes 5, 39 and 40.

- **Operations involving financial instruments**

Balance sheet transactions

Operations involving securities are posted in compliance with the amended CRBF regulation No. 90-01.

The portfolio consists of marketable securities, Treasury bills, negotiable debt instruments and interbank market certificates.

Depending on the intended economic purpose of the transactions and the risks associated with each, securities are divided into four categories, each subject to specific accounting rules:

Trading securities

These are securities which are:

- either acquired or sold with the intention of reselling them or buying them in the short term;
- or held by an establishment as a result of its market maker activity;
- or acquired or sold within the framework of specialised portfolio management;
- or the subject of a sale commitment as part of an arbitrage operation.

They are recorded on the date of acquisition at their purchase price, with accrued interest but less expenses. At each accounts closing date, they are marked to market. The overall balance of the differences resulting from price variations is included in the Net Banking Income.

Marketable securities

This portfolio consists of securities that cannot be included amongst the trading securities, nor amongst the long-term investment securities, nor amongst the portfolio activity's securities, other securities held for long-term, equity interests and shares in related companies.

They are recorded at their acquisition cost, but without accrued interest or expenses.

The differences between the acquisition price of fixed income securities and their redemption price are staggered over the residual lifespan of these securities, by using the actuarial method.

At the accounts closing date, they are marked to market in the case of listed securities or valued on the basis of their share in the net situation of the firm. If this price is lower than their book value, they are subject to a provision for depreciation which is charged against Net Banking Income.

Investment securities

These are fixed-income securities acquired with the intention to hold to maturity.

They are financed from specific resources or interest rate hedged. They are recorded at their acquisition price, but excluding accrued coupon and expenses at purchase. The difference between the acquisition cost and the redemption price is actuarially spread over the remaining life of the security. At the accounts closing date, unrealised capital losses are not provisioned unless they carry a counterparty risk.

Should some of these securities be sold before their maturity for a significant amount, the entire portfolio would be downgraded to short-term investment securities, for the current fiscal year and the two following fiscal years, barring exceptions indicated in the texts.

Securities used for portfolio activity

Portfolio investment relates to securities acquired on a regular basis with the aim of realising a medium-term capital gain and with no intention of long-term investment in the development of issuing company, or of active participation in its management. The activity must be exercised on a significant and ongoing scale within a structured framework that provides the institution with a recurrent return on investment deriving principally from the capital gains on disposals. Included in this category are securities held in the context of a venture capital activity; such securities are posted, depending on their type, to the accounts “Bonds and other fixed income securities” and “Shares and other variable income securities”.

They are measured at the accounts closing date at the lower of cost price or utility value determined in the light of the general development outlook for the issuer and the length of time for which the securities will be held. If necessary, they are subject to depreciation, which is set against Net Banking Income.

Repurchase agreements

Operations involving securities in repo transactions are recorded in compliance with the amended CRBF regulation No. 89-07.

Securities received in repo transactions are shown as assets in an account which reflects the liability generated. The corresponding income is recorded in Net Banking Income.

Securities sold in repo transactions give rise to a liability. They are maintained in their original portfolio and continue to be valued according to the rules applicable to that portfolio.

Off-balance sheet operations

These transactions are recorded in compliance with the provisions of CRBF amended regulations No. 88-02, No. 89-01 and No. 90-15 and of CRC amended regulation No. 2002-03.

They are classified on the basis of the notional amount and of the market value of the contracts and are distinguished according to their intended economic purpose (see note 25).

Results from these operations are reported in Net Banking Income

Hedging transactions make up the bulk of the transactions negotiated:

- income and expenses relating to forward financial instruments intended, and so designated from the outset, to hedge an item or homogenous group of items (micro-hedging[1]), are automatically recognised as income and expenses when the hedged elements are booked;
- income and expenses relating to instruments used to adjust the nature of resources to requirements defined within the framework of overall management of interest rate or currency positions (macro-hedging[2]) are recognised pro rata temporis in Net Banking Income.

In the event of cancellation of interest rate or currency swap contracts negotiated as part of overall management of interest rate positions, any payments received or made are spread over the residual life of the cancelled contract.

As regards transactions that constitute opening isolated open positions:

- Transactions negotiated on an organised or related market are valued at each accounts closing date. the corresponding gains or losses impact directly on Net Banking Income;
- The results of transactions negotiated on an over-the-counter market are recognised according to the nature of the instruments, either on unwinding of the contracts or pro rata temporis. Unrealised losses recognised at the accounts closing date impact upon Net Banking Income.

- **Equity interests and shares in related companies, other long-term investment securities**

These securities are listed at the acquisition price, excluding expenses.

Equity investments, investments in non-consolidated subsidiaries

The provisions governing these categories of securities are set out in the CRC regulations No. 2000-02 and No. 2005-01 as amended.

Investments in non-consolidated subsidiaries are shares in the capital of companies. Their long-term ownership is considered useful to the activity of the companies which own them, either because it permits the owner to exercise an influence on the issuing company, or because it reflects a partnership relationship.

These securities are valued at the lower of either their cost price or their going price at the year-end. Going price represents the amount the company would be prepared to pay to acquire the securities in view of its intention in holding them. It may be determined by reference to market value, net asset value, the future earnings prospect of the issuing company, the outlook for realisation, economic circumstances. If this value is less than book value, a provision for depreciation is charged to “Gains or losses from fixed assets”.

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[1] Transactions classified as micro-hedging include interest rate swap contracts negotiated as hedging for operations to refinance business activities or as hedging for the long-term investment securities portfolio, operations on futures markets to hedge interest rate risks on this portfolio, and foreign exchange operations (forward exchange rate agreements, currency swap agreements).

[2] Transactions classified as macro-hedging include interest rate and currency swap contracts negotiated as part of the overall management of the Bpifrance Financement positions under the terms of article 2.1c of modified CRBF regulation No. 90-15. This heading also includes operations on futures markets to hedge global interest rate risks.

Other long-term investment securities

These are investments in securities made with the intention of promoting the development of lasting professional relationships by creating a privileged relationship with the issuing company, but one that does not create a position of influence on the management of that company in view of the limited number of voting rights held. These securities are valued by the same method as investments in non-consolidated subsidiaries and in affiliates.

- **Tangible and intangible fixed assets**

Fixed assets are recorded in compliance with CRC regulation No. 2002-10.

Fixed assets are depreciable or non-depreciable assets from which the company expects to derive future economic advantage.

The depreciation of a fixed asset is the systematic distribution of its depreciable amount in accordance with its use.

The depreciation allowance appears in the "Depreciation allowances and depreciations on intangible and tangible fixed assets" in the profit and loss statement.

Exceptional depreciation resulting from the application of the General Tax Code is recognised under "Charges to/recoveries from the FGBR and regulatory provisions" in the income statement.

- **Guarantee funds and net innovation intervention resources**

In order to deal with its economic general interest mission, the State provides Bpifrance Financement with public resources intended to cover the commitments resulting from this mission. The activities covered by these funds are firstly guarantees for bank loans, and secondly the distribution of innovation aids primarily in the form of subsidies and repayable advances.

The resources provided by the State are shown on the asset side of the balance sheet and are decreased by losses and provisions established on the operations in question. For the bulk of the provided resources, the financial proceeds resulting from cash investments are reallocated.

The main affected items for these economic general interest activities are:

- on the asset side, aid for innovation financing (cf. note 9) and allocations to be received (cf. note 10);
- in the off-balance sheet, the guarantees given (cf. note 24);
- on the liabilities side, guarantee funds (cf. note 19), innovation intervention resources (cf. note 20).

Given that they are repayable, the guarantee funds meet the definition of debt instruments. In view of their specificity and importance for the group, they are included as balance sheet liabilities in the specific headings entitled "Public guarantee funds" and "Innovation guarantee funds".

They are assessed at cost. This assessment includes the allocations collected, in addition to the share of the earnings paid to the funds (commissions, net financial proceeds, participation in the capital gains on securities), net of any recognised bad debts (expenses, litigation provisions and pre-litigation provisions).

The gains, losses and provisions assigned to the guarantee funds, as described in notes 19.2 and 20.2, do not transit via the profit and loss statement. The expenses and proceeds are not taxable.

Similarly, public partners, primarily regions, provide Bpifrance Financement with resources intended to finance subsidies and repayable advances. The net amount of these resources is grouped together with the innovation guarantee funds, under the heading "Net innovation intervention resources".

- **Fund for general banking risks**

In accordance with amended CRBF regulation 90-02, appropriations to the Fund for General Banking Risks are made at the discretion of the directors in order to meet expenses and risks of an exceptional nature in the banking sector.

- **Currency transactions**

Currency transactions are treated in accordance with amended CRBF regulation No. 89-01.

Assets, liabilities and off-balance sheet items are converted into euros at the rate prevailing on the accounts closing date.

Differences arising from the mark to market of currency positions are reported in Net Banking Income.

- **Interest and commissions**

Interest and commissions are reported in Net Banking Income using the accrual method.

The commissions and handling charges for insignificant amounts are not the subject of spreading.

- **Borrowing charges**

Bond issue expenses and redemption or issue premiums are spread over the life of the issue pro rata to the accrued interest. The resulting charge is reported in Net Banking Income.

The annual interest expense of loans with a rising interest rate or with a single coupon is accounted for on the basis of the yield to maturity cost.

- **Tax situation**

Bpifrance Financement is the parent company of the tax consolidation group, which includes the following companies: AUXICONSEIL, AUXIFINANCES and the Compagnie Auxiliaire Bpifrance. Bpifrance Financement is the beneficiary of the overall tax savings, income or expenses achieved by the tax consolidation group due to the application of the consolidation regime.

- **Pensions and other social commitments**

Post-employment benefits

They include the retirement lump sum payments, the banking sector retirement supplements and health expenses after employment.

These benefits fall under two categories: the defined contribution plans (not representative of a commitment to be provisioned for the company) and the defined benefit plans (representative of a commitment at the company’s expense and resulting in an assessment and provisioning).

- Defined contribution plan

A defined contribution plan is a plan for post-employment benefits according to which an entity pays defined contributions (as an expense) to a separate entity and will have no legal obligation to pay additional contributions if the fund does not have sufficient assets to provide all of the benefits corresponding with the services provided by the personnel during the periods in question.

- Defined benefits plan

The obligations, hedged by an insurance contract, are assessed using an actuarial method that considers demographic and financial assumptions such as age, seniority, the probability of presence on the date of the awarding of the benefit, and the discounting rate (rate of return from the market for the bonds of high quality companies).

This calculation includes a distribution of the expense over time on the basis of the activity period of the personnel members (projected credit units method). The recognition of the obligations takes into account the value of the assets established in order to hedge the obligations and actuarial elements.

The expenses relative to defined benefit plans consist of the cost of the benefits rendered during the year, the interest on the liabilities or net assets relative to the defined benefits (at the market rate of return of the bonds of high-quality companies), the contributions to the employer's plans, and the benefits paid.

Possible actuarial gains and losses (revaluations), the yields on plan assets (excluding interest) and the consequences of reductions and possible liquidations of plans are booked through profit or loss in compliance with the second method listed in recommendation No. 2013-02 of the Accounting Standards Authority (ANC).

Other long-term benefits

- Long service awards

Group employees receive bonus payments to mark the awarding of Medals of Honour in recognition of a long working life. These commitments are provisioned on the basis of the agreement signed on 15 December 2011.

- Supplementary pensions

The AFB professional agreement dated 13 September 1993 on the reform of retirement schemes for the banking profession applies to the Bpifrance Financement staff. The payment of a supplementary banking pension and rebates not covered by the fund for the rights acquired by staff at 31 December 1993 is covered by a reserve fund with sufficient resources to meet pensioners' needs.

- Early departures

With regard to early departures, Bpifrance Financement is committed to its personnel. These commitments are provisioned.

Cessation of employment compensation

This involves compensation paid to employees at the time of the termination of their employment contract, prior to retirement, whether in case of dismissal or acceptance of a voluntary departure plan. The end of employment contract allowances are provisioned. The benefits paid more than 12 months after the closing date are the subject of discounting.

Significant actuarial hypotheses

The actuarial mortality assumptions are based on the public statistical mortality tables.

The job turnover provisions primarily evolve on the basis of the employee's age, based on historical statistical data.

The adopted discount rate, rate of first category bonds, was determined based on the term for which these commitments would be carried.

The economic hypotheses regarding the annual rate of wage increases and the revaluation rate of the commitments for long-service medals are also part of the actuarial hypotheses.

Note 2 - Significant events during the fiscal year and events after the closing

2.1 Significant events during the fiscal year

In accordance with the resolutions of the Extraordinary General Meeting of 14 May 2014, Bpifrance Financement carried out a €32.8 million capital increase while cancelling the pre-emptive subscription rights reserved for BPI-Groupe, i.e. €9.0 million in nominal amount and €23.7 million in share premiums. Following this transaction, BPI-Groupe subscribed to all of the 1,131,920 shares issued.

Bpifrance Group was one of the 130 eurozone establishments subjected to an Asset Quality Review (AQR) by the European Central Bank in 2014. This detailed review of exposure to credit and market risks had no significant accounting impact on the financial statements of Bpifrance Financement at 31 December 2014.

2.2 Post-balance sheet events

No significant event occurred after the closing date of the financial statements.

Note 3 - Receivables from credit institutions

(in millions of euros)	31/12/2014	31/12/2013
Demand deposits and overnight loans	318.8	192.9
Term accounts and loans	176.3	149.0
Subordinated loans	0.0	0.0
Securities received in repo transactions	213.2	0.0
Doubtful debts		
. Gross amount	*0.0*	*0.4*
. Depreciations	*0.0*	*0.0*
Net amount	0.0	0.4
attached receivables	0.9	0.2
Total (*)	**709.2**	**342.5**
(*) Of which refinancing loans for subsidiaries or equity interests	103.4	82.2

Breakdown of sound outstandings (excluding accruals) by residual maturity at 31 December 2014

(in millions of euros)	D < 3 m.	3m. < D <1 year	1 year < D <5 years	D > 5 years
Outstandings	533.4	8.4	65.2	101.3
708.3				

Note 4 - Transactions with customers - Assets

This note describes loan and financing transactions for short-term receivables.

(in millions of euros)	31/12/2014		31/12/2013	
Overdrafts	16,1		33,9	
Short-term credit facilities	3 134,3		1 762,9	
Medium and long-term loans (1)	9 189,0		7 822,9	
of which credits restructured at non-market conditions		*5,4*		*2,8*
Accounts opened with *Agence France Trésor*	5 052,8		4 943,4	
. Sight a/c		*413,0*		*436,1*
. Term a/c		*4 639,8*		*4 507,3*
Credit Export	3,9		0,0	
Other loans and subordinated loans	5 589,6		4 175,9	
of which credits restructured at non-market conditions		*9,1*		*2,9*
Doubtful debts				
. Gross amount (2)		*1 032,3*		*826,7*
. Impairments		*-129,0*		*-124,8*
. Allocated callable guarantee funds (3)		*-122,2*		*-117,2*
Net amount	781,1		584,7	
Inter-company receivables	76,6		37,9	
Total (4)(5)	**23 843,4**		**19 361,6**	
(1) Of which receivables used as guarantee for loans contracted with the :				
- Council of Europe Development Bank (CEBD)	0,0		57,3	
- « Proximity SME » Fund	358,9		447,3	
Bpifrance Financement continues to manage these receivables.				
(2) Before deduction of any guarantees :				
(3) This item represents the impairments established on guarantee funds				
(4) – Excluding collective provisions shown as balance sheet liabilities				
(5) - Of which eligible debts with the *Eurosystème* (ECB)	3 083,2		2 864,4	

Without modifying the total amount of doubtful receivables, amended CRC regulation No. 2002-03 has them broken down as follows:

(en millions d'euros)	Doubtful Outstandings	Impaired doubtful Loans	TOTAL
Outstandings	678,8	353,5	**1 032,3**
Impairments	0,0	-129,0	**-129,0**
Allocated callable guarantee funds	-30,6	-91,6	**-122,2**
Net Amount	**648,2**	**132,9**	**781,1**

Breakdown of loans outstanding (excluding related receivables) on 31 December 2014

- By residual maturity

(in millions of euros)	D ≤ 3 m	3m < D ≤ 1 yr	1 yr < D ≤ 5 yr	D > 5 years
Sound outstandings	6 417,5	3 483,9	7 823,7	5 260,6
	22 985,7			

- By economic business sectors

(in millions of euros)	Trade	Industry	Services	PW&CE	Tourism	TOTAL
Sound outstandings	2 199,4	4 140,6	15 114,2 (*)	758,3	773,2	**22 985,7**
Doubtful outstandings	89,5	312,4	535,2	59,1	36,1	**1 032,3**
Impairments	-20,2	-25,7	-69,7	-5,9	-7,5	**-129,0**

(*) Including €5 052.8 million with the *Agence France Trésor*

- By major types of counterparty

(in millions of euros)	Central government agencies	Lending institutions	Non-lending institutions	Companies	Retail customers	TOTAL
Sound outstandings	5 052,8	0,0	4,3	17 773,5	155,1	**22 985,7**
Doubtful outstandings	0,0	0,0	0,0	1 029,7	2,6	**1 032,3**
Impairments	0,0	0,0	0,0	-128,7	-0,3	**-129,0**

Note 5 - Financial leasing and operating lease transactions

Fund flows recorded during the 2014 fiscal year

(in millions of euros)	Finance lease & rental immovables	Finance lease & rental movables	TOTAL
Gross value of prop., plant & equip. as at 31/12/2013	**6 506,5**	**2 747,4**	**9 253,9**
Entries	708,7	642,5	1 351,2
Exits	-378,6	-390,1	-768,7
Gross value of prop., plant & equip. as at 31/12/2014	**6 836,6**	**2 999,8**	**9 836,4**
Total amortisation on 31/12/2014	-1 953,8	-1 713,9	-3 667,7
Total depreciation on 31/12/2014 (*)	-525,2	-2,6	-527,8
Total allocated guarantee funds on 31/12/2014	-22,8	-5,7	-28,5
Net value of prop., plant & equip. on 31/12/2014	**4 334,8**	**1 277,6**	**5 612,4**
Net receivables	19,3	14,8	34,1
Subtotal	**4 354,1**	**1 292,4**	**5 646,5**
Unrealised reserve	41,9	468,3	510,2
Net financial outstanding on 31/12/2014	**4 396,0**	**1 760,7**	**6 156,7**
(*) Of which – Provisions Art. 64 of the Sicomi Regime	28,6	0,0	28,6
– Provisions Art. 57	480,6	0,0	480,6

Note 6 - Securities portfolio

6.1 Fund flows recorded during the 2014 fiscal year

(in millions of euros)	Treasury notes & similar securities	Bonds & other fixed income securities	Equities & other variable income securities
Gross amount as at 31/12/2013	**6 063,6**	**373,1**	**1,1**
Entries & other movements (1)	281,7	1 109,2	0,0
Exits	-23,3	-873,0	0,0
Change in related receivables	0,6	0,0	0,0
Gross amount as at 31/12/2014	**6 322,6**	**609,3**	**1,1**
Total impairments as at 31/12/2014 (2)	0,0	-0,7	-1,1
Net amount as at 31/12/2014	**6 322,6**	**608,6**	**0,0**

(1) Including depreciation of premiums / discounts

(2) Impairments for unrealised capital losses and bad debts

The following table gives details of the share of securities held for the use of the guarantee funds:

(in millions of euros)	Treasury notes & similar securities	Bonds & other fixed income securities	Equities & other variable income securities
Gross amount as at 31/12/2014	**0,0**	**415,1**	**0,0**
Total impairments as at 31/12/2014	0,0	0,0	0,0
Net amount as at 31/12/2014	**0,0**	**415,1**	**0,0**

Breakdown of the fixed income securities portfolio by residual maturity on 31 December 2014

(in millions of euros)	D ≤ 3 m	3 m < D ≤ 1 yr	1 yr < D ≤ 5 yr	D > 5 yr	Receivables	TOTAL
Treasury notes & similar securities	100,1	26,0	1 590,1	4 520,1	86,3	**6 322,6**
Bonds & other fixed income securites	105,0	312,0	146,8	41,1	3,7	**608,6**
	205,1	**338,0**	**1 736,9**	**4 561,2**	**90,0**	**6 931,2**
	6 841,2					

6.2 Breakdown by portfolio type (net amounts, including related receivables)

(in millions of euros)	31/12/2014						31/12/2013
	Treasury notes & similar securities	Bonds & other fixed income securities		Equities & other variable income securities		TOTAL	TOTAL
		Listed securities	Non-listed securities	Listed securities	Non-listed securities		
Placements	102,4	64,6	0,6	0,0	0,0	167,6	164,5
Investments	6 220,2	543,4	0,0	0,0	0,0	6 763,6	6 271,5
Total	**6 322,6**	**608,6 (*)**		**0,0**		**6 931,2**	**6 436,0**

(*) Of which : - Securities issued by the State or local bodies : 0,0

- Securities issued by other issuers : 608,6

Securities sold on repo amounted to €3,757.8 million at the end of 2014, compared with €4,080.8 million at the end of 2013 (amounts expressed in net book value).

The net value of investment securities contains a provision for counterparty risk of €1.5 million.

6.3 Transfers between portfolios and sale of investment securities before maturity

There were no transfers between portfolios over the course of the year.

6.4 Portfolio valuation (including related receivables) on 31 December 2014

(en millions d'euros)	Gross accounting value	Market value	Difference	Unrealised capital loss (excluding doubtful receivables)	Unrealised capital gains
Market securities	167,8	167,6	-0,2	-0,2	0,0
Investment securities (*)	6 763,6	7 702,0	938,4		

(*) Long-term investment securities, for the most part OAT-government bonds, are used in the overall management of the establishment's liquidity and interest rate positions, with the general objective of hedging against risks. In particular, they are used to meet requirements for securities arising from the process of securitisation of interbank transactions and exchange systems.

Note 7 - Equity investments and other long-term securities, investments in non-consolidated subsidiaries

7.1 Fund flows recorded during the 2014 fiscal year

(in millions of euros)	Equity interests	Other long-term investment securities	Investments in affiliates	
Gross amount as at 31/12/2013	**11,6**	**94,5**	**81,7**	
Entries and other movements	3,5	3,5	47,1	(2)
Exits and other movements	-0,3	-14,9	-50,6	(2)
Change in related receivables	0,0	0,0	0,0	
Gross amount as at 31/12/2014	**14,8**	**83,1**	**78,2**	
Total impairments as at 31/12/2014	-0,2	-7,1	-0,1	
Net amount as at 31/12/2014 (1)	**14,6**	**76,0**	**78,1**	
(1) Of which : - Listed securities	0,0	0,0	0,0	
- Non-listed securities	14,6	76,0	78,1	

(2) SOFIRED was acquired in 2014 and subsequently transferred to Bpifrance Financement through a Universal Transfer of Assets

7.2 Equity interests and subsidiaries

(in thousands of euros) Corporate name	Registration with the Companies Register	% of capital owned		Value of the securities held by the company		Share capital	Shareholders' equity before profit and loss results	Current earnings before taxes	Net earnings	Pre-tax turnover for fiscal year 2014	Loans & advances not granted and not yet repaid	Amount of the sureties & endorsements given by the Company	Dividends collected on during the fiscal year
		Directly	Indirectly	Gross	Net								
I – ASSOCIATED COMPANIES (1) (Article L. 233-1 of the (French) Commercial Code)													
Companies included in the scope of consolidation :													
Guarantee													
Bpifance Régions	Créteil B 319 997 466	98,99%		9 599	9 599	4 800	16 343	2 484	1 654	4 667			
Equity investment :													
FPCI AED C1		100,00%		1 096	1 096	30 868	30 870	-14	-14				
FPCI AED C2		100,00%		6 895	6 895	29 686	29 711	-14	-14				
Counterparty activities													
Compagnie Auxiliaire Bpifrance	Créteil B 562 007 963	100,00%		3 199	3 199	2 592	15 112	27	18	106			
Property													
AUXI-FINANCES	Créteil B 352 780 605	100,00%		57 168	57 168	57 188	66 605	3 638	2 279	9 495	9 757		1 400
Other													
AUXI-CONSEIL	Créteil B 352 792 667		100,00%	2 896	2 896	2 850	3 479	30	30	361			
FCT PROXIMITE PME													
Companies not included in the scope of consolidation :													
SCI TOPOR MONTAUBAN	Créteil B 340 905 389	100,00%		270	150	1	1	56	56	112			
II – EQUITY INTERESTS (2) (Article L. 233-2 of the (French) Commercial Code)													
Companies included in the scope of consolidation :													
ALSABAIL - 7 place Sébastien Brant - 67000 STRASBOURG	Strasbourg B 718 504 004	40,69%		5 365	5 365	9 704	17 973	3 042	2 078		103 376		144
Gras Savoye Auxi Assurance - 27-31, Av du Gal Leclerc 94710 MAISONS-ALFORT	Créteil B 351 596 572	33,99%		1 000	1 000	306	735	1 425	919	1 425			217
Companies not included in the scope of consolidation :													
FPCI AED C3 - 27-31, Av du Gal Leclerc 94710 MAISONS-ALFORT		24,56%		967	967	10 419	10 419	-12	-12				
FPCI AED C4 - 27-31, Av du Gal Leclerc 94710 MAISONS-ALFORT		43,90%		45 990	43 174	78 892	86 383	1 149	1 149	3 073			
FPCI AED C5 - 27-31, Av du Gal Leclerc 94710 MAISONS-ALFORT		47,30%		3 500	3 270	6 967	6 969	-560	-560	94			
FPCI AVENIR ENT. MEZ - 27-31, Av du Gal Leclerc 94710 MAISONS-ALFORT		33,17%		18 071	15 111	35 157	35 301	1 917	1 917	2 580			
EUREFI - Maison de la Formation, Centre Jean Monnet -54414 LONGWY	Briey B 382 532 554	10,55%		2 919	2 918	27 675	[4] 26 134	[4] -43	[4] -344				
FIST SA - 83 bld Exelmans-75016 PARIS	Paris B 388 461 154	30,40%		343	343	1 128	[4] 2 023	[4] 11	[4] 23				
IFCIC - 46 avenue Victor Hugo -75016 PARIS	Paris B 327 821 609	25,65%		722	722	2 817	[4] 10 499	[4] 1 482	[4] 1 038				
INCOM - 62 rue Pierre Charron -75008 PARIS	Paris B 335 040 838	10,62%		956	81	2 922	[4] 1 524	[4] -760	[4] -760				
MNR GROUP - 15, rue de Quimper - 68200 MULHOUSE	Mulhouse 400 781 837	21,56%		2 018	2 018	7 011	[4] -3 920	[4] 4 407	[4] 3 882				
SEML CORREZE EQUIPEMENTS - 9, rue René et Emile Fage - 19000 TULLE	Brive 502 687 817	10,67%		200	150	1 875	[4] 1 479	[4] -79	[4] -74				
SIAGI - 2 rue Jean-Baptiste Pigalle -75009 PARIS	Paris B 775 691 074	15,42%		4 165	4 165	6 595	[4] 30 255	[4] 2 435	[4] 793				
SOGAMA Crédit Coopératif -75, rue Saint-Lazare - 75009 PARIS	PARIS B 352 086 003	41,49%		6 011	6 011	9 075	[4] 14 478	[4] 302	[4] 207				
III – OTHER SUBSIDIARIES AND INVESTMENTS IN AFFILIATES (3)													
French companies				5 717	5 186								54
Foreign companies				80	80								

(1) Net book value in excess of €50 000.00 and holding in excess of 50%

(2) Net book value in excess of €50 000.00 and holding in excess of 10%

(3) Percentage of holding less than 10%

(4) Accounts as of 31/12/2013

7.3 Outstanding loans from transactions with affiliates or companies in which an equity interest is held

(in millions of euros)

RECEIVABLES	
Lending institutions	105.2 **(1)**
Customers	24.8 **(2)**
Bonds and other fixed income securities	26.0 **(3)**
Other assets and accruals	85.9 **(4)**
DEBTS	
Lending institutions	3,647.2 **(5)**
Customers	2,977.9 **(6)**
Debt securities	21.5 **(7)**
Subordinated debts	0.0
Other liabilities and accruals	2.7
COMMITMENTS GIVEN	
Financing commitments	
- Lending institutions	10.0 (8)
- Customers	10.0 (9)
Guarantee commitments	
- Lending institutions	0.0
- Customers	3.3
Commitments on securities	
- Lending institutions	0.0
- Customers	0.0

(1) - of which Alsabail: 103.8
(2) - of which AUXIFINANCES: 14.2
SCI Bpifrance: 5.6
Compagnie Auxiliaire Bpifrance: 17,9
(3) of which Caisse des Dépôts : 3,829.7
(4) of which EPIC BPI-Groupe : 70.3
SCI Bpifrance: 9,1 Bpifrance Régions : 3.8
(5) of which Caisse des Dépôts : 3,647.2
(6) of which EPIC BPI-Groupe: 2,120.7
FCT Proximité PME: 284,1 BPI-Groupe: 525.8
(7) of which Compagnie Auxiliaire Bpifrance : 21.5
(8) of which ALSABAIL : 10.0
(9) of which BPI-Groupe : 10.0

Operations with related parties are negotiated at arm’s length.

Note 8 - Tangible and intangible fixed assets

(in millions of euros)	Intangible fixed assets	Tangible fixed assets		
		Land and buildings		Other
		Operating	*Non-Operating*	
Gross amount as at 31/12/2013	**143,1**	**19,0**	**2,1**	**21,4**
Acquisitions	20,9	3,4	0,0	2,2
Exits	-10,3	-1,6	-0,1	-1,0
Gross amount as at 31/12/2014	**153,7**	**20,8**	**2,0**	**22,6**
Total depreciation as at 31/12/2014	-103,9	-13,8	-1,4	-17,0
Net amount as at 31/12/2014	**49,8**	**7,0**	**0,6**	**5,6**
Total	**49,8**	**13,2**		

Fixed assets are depreciated annually, on a straight line basis for buildings, or fixtures and fittings, or on an accelerated basis for IT equipment, according to their estimated useful life, in general:

- software from 1 to 5 years;
- buildings from 25 to 55 years;
- fittings, furnishings and office equipment from 4 to 10 years;
- IT hardware 4 years.

The amount of exceptional amortisation & depreciation was €46.6 million on 31 December 2014.

Note 9 - Innovation financing aids

(in millions of euros)

FUND	Gross sound amounts	Gross doubtful amounts	Impairments	Allocated guarantee funds	TOTAL 31/12/2014	TOTAL 31/12/2013
Innovation aid - ISI(1)	676.7	152.6	-0.2	-130.1	**699.0**	**735.4**
PMII - ISI 2008 **(1)**	183.8	50.1	0.0	-50.1	**183.8**	**185.4**
FRGI**(1)**	12.7	0.4	0.0	0.0	**13.1**	**6.0**
PSPC**(2)**	0.0	0.0	0.0	0.0	**0.0**	**12.7**
Aid on partners financing	138.3	0.0	0.0	0.0	**138.3**	**142.4**
Total	**1 011.5**	**203.1**	**-0.2**	**-180.2**	**1 034.2**	**1 081.9**

(1) ISI (Strategic Industrial Innovation): Innovation Stratégie Industrielle
PMII : Programme Mobilisateur pour l'Innovation Industrielle (Mobilising Programme for industrial innovation) initiated by the former AII (Industrial Innovation Agency)
FRGI: Innovation Guarantee Regional Funds (Fonds Régionaux de Garantie de l'Innovation)

(2) On 1 January 2014, Bpifrance Financement proceeded to reclassify innovation agreements (see note 20)

Note 10 - Other assets

(in millions of euros)	31/12/2014	31/12/2013
Purchased conditional instruments	0.2	0.3
Settlement accounts for securities transactions	0.7	0.7
Guarantee margins paid on repurchase transactions and interest rate swap contracts	192.3	194.5
Allocation to be received on guarantee funds	5.1	150.1
Subsidies to be received on leasing operations	3.6	3.7
Allocation to be received on innovation aid financing	96.6	722.5 [1]
Other sundry debtors	127.5	89.3
Stocks and sundry assets	0.4	0.4
Total	**426.4**	**1 161.5**

(1) Of which: €584.1 million allocation to be received on innovation guarantee funds reclassified as of 1 January 2014 as Activities on behalf of third parties (see note 43)

Note 11 - Accruals - Assets

(in millions of euros)	31/12/2014	31/12/2013
Securities deposited for settlement	3.4	7.3
Mark to market of off-balance sheet currency in foreign currencies (1)	19.5	0.0
Loan issue fees awaiting allocation	10.5	9.5
Loan issue premium awaiting allocation	27.2	14.8
Other prepaid expenses	9.4	7.0
Income receivable on forward financial instruments (2)	65.3	66.3
Proceeds to be received on leasing operations	6.1	5.1
Medium and long-term direct debits in progress	0.1	127.6
Guarantee commissions to be spread Epic BPI-Groupe EMTN	70.2	71.7
Other	33.2	53.4
Total	**244.9**	**362.7**

(1) This item includes revaluation differences on off-balance sheet transactions put in place for hedging purposes involving balance sheet transactions.
(2) This income essentially represents the total difference between interest receivable and interest payable on each interest rate swap contracts.

• Note 12 - Debts due to credit institutions

(in millions of euros)	31/12/2014	31/12/2013
Demand deposits	2.6	1.3
Overnight borrowings	0.0	0.0
Term borrowings	5,476.8	5,636.8
. including Livret Développement Durable (LDD or Sustainable Development Passbook) resources	*4,551.2*	*4,736.2*
. including EIB, KfW and BDCE loans	*864.4*	*825.0*
Refinancing with the ECB	1,000.0	1,190.0
Securities sold under forward repurchase agreements (*)	4,482.5	4,271.8
Other payables	1.3	0.5
Attached debts	53.2	62.1
Total	**11 016.4**	**11 162.5**
(*) Of which - Public sector bills	4,482.5	4,271.8
- Bonds and other fixed income securities	0.0	0.0

Breakdown of debts (excluding accruals) by residual maturity on 31 December 2014

(en millions d'euros)

D ≤ 3 m	3m < D ≤ 1 yr	1 yr < D ≤ 5 yr	D > 5 years
3 501,8	1 342,1	5 011,3	1 108,0
10 963,2			

• Note 13 - Transactions with customers - Liabilities

(in millions of euros)	31/12/2014	31/12/2013
Loan with the EPIC BPI-Groupe	1 620,5	1 621,5
Loan with the SME Proximity Fund	284,1	373,3
Security deposits	483,0	389,1
Demand deposits (1)	1 126,7	240,0
Customer term deposits	0,0	3,8
State shareholder advance	300,0	300,0
Securities sold under forward repurchase agreements (2)	0,0	5,6
Funds received awaiting allocation :		
- Short-term financing	62,9	0,4
- Medium and long-term loans	5,3	3,5
Other payables	20,6	21,9
Total	**3 903,1**	**2 959,1**
(1) Of which - BPI-Groupe	525,8	46,6
- EPIC BPI-Groupe	502,9	116,6
(2) Of which - Public sector bills	0,0	5,6
- Bonds & other fixed income securities	0,0	0,0

Breakdown of customer deposits by residual maturity on 31 December 2014

(in millions of euros)

D ≤ 3 m	3m < D ≤ 1 yr	1 yr < D ≤ 5 yr	D > 5 yr
1 303,7	187,6	956,9	1 454,9
3 903,1			

Note 14 - Debt securities

Breakdown of outstanding debts by residual maturity on 31 December 2014

(in millions of euros)	D ≤ 3 m	3 m < D ≤ 1 yr	1 yr < D ≤ 5 yr	D > 5 yrs	Dettes ratta-chées	TOTAL
Interbank market securities & negotiable debt instruments	810,3	1 484,6	245,9	0,0	1,2	**2 542,0**
Bonds(*)	1 000,0	561,0	4 000,0	5 464,0	69,1	**11 094,1**
Total	**1 810,3**	**2 045,6**	**4 245,9**	**5 464,0**	**70,3**	**13 636,1**

(*) Of which €10.960 million of bonds issued under the EMTN (Euro Medium Term Notes) programme. Issues are subject to a ceiling of €20 billion and benefit from a guarantee from the EPIC BPI-Groupe and an Aa1 rating from Moody's at 31 December 2014.

Note 15 - Other liabilities

(en millions d'euros)	31/12/2014	31/12/2013
Payments due on securities not fully paid up	3,3	3,3
Tax and company receivables	15,5	24,4
Guarantee margins received on repurchase agreements & interest rate swap contracts	295,0	105,5
Advances from lessees	268,2	230,7
Equipment subsidies to be received on leasing operations	35,4	41,2
Suppliers of lease finance	49,0	54,3
Other miscellaneous creditors for leasing operations	9,7	9,3
Debts backing the preserved capital fund	580,0	580,0
Guarantee commissions earned in advance from customers	1,4	0,5
Disputes to be paid on guarantee funds	1 230,6	1 234,1
Other sundry creditors	12,0	14,7
Miscellaneous advances	23,2	30,5
Total	**2 523,3**	**2 328,5**

• Note 16 - Accruals - Liabilities

(in millions of euros)	31/12/2014	31/12/2013
Allocation spread Development Participatory Loan	56,6	33,5
Mark to market of off-balance sheet currency in foreign currencies (1)	0,0	5,0
Adjustments related to negotiation or cancellation operations for interest rate swap contracts	9,2	10,6
Early repayment and loan restructuring penalties	0,2	0,4
Other deferred income	23,6	0,4
Expenses payable on forward financial instruments (2)	65,0	70,7
Provisions for paid holidays	26,4	24,6
Deferred lease rent	66,8	61,5
Subsidies to be paid on innovation aids	183,5	599,2 (3)
Guarantee commissions booked in advance	192,0	164,7
Innovation pending accounts	14,7	17,8
Miscellaneous	247,7	284,6
Total	**885,7**	**988,4**

(1) This item includes revaluation differences on off-balance sheet transactions put in place for hedging purposes involving balance sheet transactions. These expenses primarily represent the total negative difference between interest receivable and interest payable for each interest rate swap contract.
(2) Of which: €362.6 million in subsidies to be paid on innovation aids reclassified as of 1 January 2014 as "activities on behalf of third parties" (see note 43).

• Note 17 - Provisions

(in millions of euros)	31/12/2014	31/12/2013
Provisions on credit risks	439,2	406,3
Provisions for employee benefit commitments (*)	13,9	15,5
Provisions related to innovation activity	10,1	11,0
Other	9,5	15,4
Total	**472,7**	**448,2**

• Note 18 - Subordinated debts, mutual guarantee deposits

(in millions of euros)	31/12/2014	31/12/2013
Reserve fund (*)	12,1	12,0
Mutual guarantee deposits	14,5	14,6
	26,6	**26,6**

(*) The reserve fund was created by former OSEO guarantee shareholders; its purpose being to hedge the outstanding guaranteed loans backed by it. Reimbursements to the latter require a decision from the shareholders.

Note 19 - Public guarantee funds

19.1 Accounting position of the guarantee funds

(in thousands of euros) Guarantee Fund	Balance of guarantee funds to 31/12/2013	2014 Allowances	Repayments & redeployments 2014	2014 Earnings	Balance of guarantee funds to 31/12/2014	Bad debts & interest to be paid	Accounting assets of the guarantee funds
Reserve Fund	875 882	-6 500		8 487	877 869		877 869
AFT (Agence France Trésor)							
Creation of SMEs and VSEs	330 171	102 040		-61 910	370 301	466 018	836 319
Business start-up loans	90 284		-41 670	-9 842	38 772	2 818	41 590
Transfer / buy-out of SMEs and VSEs	205 889	19 010		-4 617	220 282	235 806	456 088
Strengthening of the financial structure of SMEs and VSEs	25 660	4 460		1 260	31 380	52 247	83 627
Over-mutualisation fund	48 088			468	48 556		48 556
Innovation of SMEs and VSEs	19 092		-2 640	1 663	18 115	65 307	83 422
Specific short-term financing for SMEs and VSEs	128 092	10 948		-2 976	136 064	24 148	160 212
Cash-strengthening SMEs and mid-tier companies	70 823		-49 000	29 669	51 492	122 341	173 833
Cash strengthening CCE	40 673	20 000		5 009	65 682	7 932	73 614
Supplementary guarantee cash strengthening SMEs & mid-tier companies	20 773		-11 999	-536	8 238	83 897	92 135
Confirmed credit lines for SMEs, VSEs and mid-tier companies	39 813		-36 898	3 888	6 803	8 702	15 505
Supplementary guarantee cash strengthening SMEs & mid-tier companies	101 893		-101 200	1 225	1 918	14 543	16 461
Increased cash		32 890		1	32 891		32 891
FGKP	153 409			1 714	155 123	116 527	271 650
FASEP	33 251	8 330		-711	40 870	736	41 606
Own funds guarantee	95 784	14 900		-9 810	100 874	1 946	102 820
Participatory Priming loans (PPA)	18 260	14 800		-2 515	30 545	1 606	32 151
Sureties on innovative projects	7 602	1 000		76	8 678		8 678
Biotechnology guarantee	81 418			969	82 387	2 000	84 387
Structured financing	13 026	7 500		1 003	21 529		21 529
Strengthening top of the balance sheet	217 817	45 000		-13 467	249 350	43 082	292 432
PPMTR	16 465	4 000		-37	20 428	2 289	22 717
Green Loans	48 446			897	49 343	2 400	51 743
Sustainable Development Innovation	7 204			93	7 297	69	7 366
Wood PPD	3 430	2 000		-750	4 680	791	5 471
CICE pre-financing	23 951		-9 650	1 654	15 955		15 955
Innovation loans	16 144	20 800		-458	36 486	1 472	37 958
Eco-Energy Loans (PEE)	19 910			1 067	20 977		20 977
« Entreprendre Croissance » Network	1 181	433		14	1 628		1 628
Digital loans	8 000	26 285		732	35 017		35 017
LICC	4 000			47	4 047		4 047
Robotics Loans				2	2		2
Interdependent Economy (French acronym ESS) Loan		780		0	780		780
SOFIRED		2 400		19	2 419		2 419
EIB – State	2 194			21	2 215		2 215
Development of SMEs and VSEs	37 016			4 750	41 766	28 502	70 268
Eastern countries	16			0	16		16
PIC SME	3 169		-1 600	116	1 685	748	2 433
Development capital & equity loans	340			294	634	214	848
Set-up of young entrepreneurs in rural settings	53			1	54	43	97
DROM		168 683		-22 168	146 515	64 866	211 381
CDC (Caisse des Dépôts et Consignations)							
France Investissement Garantie	135 872	15 700		-4 752	146 820	3 181	150 001
Other funds							
Own funds guarantee – IDF ERDF	1 823			-355	1 468	1 413	2 881
Net asset value guarantee	5 724			28	5 752		5 752
UIMM	950	869		-172	1 647	189	1 836
PPD UIMM Midi-Pyrénées	1 513			-13	1 500		1 500
UIMM Méditerranée	1 907		-900	-15	992		992
UIM M Limousin Poitou Charentes		500		-18	482		482
EIB – Technological Development	6 640			14	6 654		6 654
CCI – Innovation Pays de Loire	1 000		-9	5	996		996
BEST WESTERN		980		4	984		984
NATIONAL CLOTHING FEDERATION		990		-20	970		970
PPD UIMM GRAND NORD EST		500		-20	480		480
Other management (*)	108 356	12 000		-18 181	102 175	606	102 781
GUARANTEE FUND	**3 073 004**	**531 298**	**-255 566**	**-88 153**	**3 260 583**	**1 356 439**	**4 617 022**

(*) Other management : Territorial Revitalisation National Fund, Hotel Renovation Fund, PCE (business start-up loan), Professional Loan and miscellaneous.

19.2 Earnings of the guarantee funds on 31 December 2014

Guarantee Fund (in thousands of euros)	Net financial proceeds and fees	Participation in capital gains & recoveries	Commissions	Disputed expenses & provisions	Pre-litigation expenses	Results
Reserve Funds						
Reserve Fund	8 487					8 487
AFT (Agence France Trésor)						
Creation of SMEs and VSEs	7 671	236	21 900	-102 735	11 018	-61 910
Business start-up loans	853	1 969	326	-13 478	488	-9 842
Transfer / buy-out of SMEs and VSEs	4 438	58	13 069	-40 857	18 675	-4 617
Strengthening of the financial structure of SMEs and VSEs	808	205	1 837	-6 114	4 524	1 260
Over-mutualisation fund	468					468
Innovation of SMEs and VSEs	640		2 303	-8 699	7 419	1 663
Specific short-term financing for SMEs and VSEs	1 469		1 123	-4 669	-899	-2 976
Cash-strengthening SMEs and mid-tier companies	2 026	5	2 655	-6 359	31 342	29 669
Cash strengthening CCE	605		2 162	-4 110	6 352	5 009
Supplementary guarantee cash strengthening SMEs & mid-tier companies	953	1	2 611	-6 792	2 691	-536
Confirmed credit lines for SMEs, VSEs and mid-tier companies	385		36	143	3 324	3 888
Supplementary guarantee cash strengthening SMEs & mid-tier companies	703	59	8	455		1 225
Increased cash	1					1
FGKP	1 434	182	12 450	-23 834	11 482	1 714
FASEP	69		287	-2 915	1 848	-711
Own funds guarantee	966	1 336	-15	-15 433	3 336	-9 810
Participatory Priming loans (PPA)	197	-1	382	-3 400	307	-2 515
Sureties on innovative projects	76					76
Biotechnology guarantee	805	986	185	-1 130	123	969
Structured financing	155	614	234			1 003
Strengthening top of the balance sheet	2 689		13 572	-34 065	4 337	-13 467
PPMTR	1 079		90	-1 273	67	-37
Green Loans	497		861	-907	446	897
Sustainable Development Innovation	71		29	-7		93
Wood PPD	41			-167	-624	-750
CICE pre-financing	176		225	288	965	1 654
Innovation loans	230		784	-152	-1 320	-458
Eco-Energy Loans (PEE)	1 058		9			1 067
« Entreprendre Croissance » Network	12		2			14
Digital loans	218		514			732
LICC	39		8			47
Robotics Loans	0		2			2
Interdependent Economy (French acronym ESS) Loan	0					0
SOFIRED	19					19
EIB – State	21					21
Development of SMEs and VSEs	686	32	309	2 279	1 444	4 750
Eastern countries	0					0
PIC SME	32		2	78	4	116
Development capital & equity loans	8			286		294
Set-up of young entrepreneurs in rural settings	1					1
DROM	468	22	1 271	-25 819	1 890	-22 168
CDC (Caisse des Dépôts et Consignations)						
France Investissement Garantie	740	4 155	197	-20 187	10 343	-4 752
Other funds						
Own funds guarantee – IDF ERDF	14		20	-1 414	1 025	-355
Net asset value guarantee	28					28
UIMM	9		8		-189	-172
PPD UIMM Midi-Pyrénées	-13					-13
UIMM Méditerranée	-15					-15
UIM M Limousin Poitou Charentes	-18					-18
EIB – Technological Development	14					14
CCI – Innovation Pays de Loire	5					5
BEST WESTERN	4					4
NATIONAL CLOTHING FEDERATION	-20					-20
PPD UIMM GRAND NORD EST	-20					-20
Other management (*)	102		710	-18 993		-18 181
GUARANTEE FUND	**41 384**	**9 859**	**80 166**	**-339 980**	**120 418**	**-88 153**

Note 20 - Net innovation intervention resources

20.1 Accounting position of the guarantee funds

(in millions of euros)

Fund	Balance to 31/12/2013	Reclassi-fications	Allowances 2014	Reimbur-sements & Redeploy-ments 2014	Results	Balance to 31/12/2014	Bad debts & interest to be paid	Repayable advances
Innovation aids – ISIS	920,8	0,0	179,2	0,0	-167,1	932,9	0,0	676,7
PMII – ISI 2008	245,0	0,0	0,0	0,0	-5,6	239,4	0,0	183,8
FRGI	0,0	0,0	0,0	0,0	0,0	0,0	0,0	12,7
Aid on partner financing	291,9	0,0	10,0	0,0	-25,6	276,3	0,0	138,3
FUI (1)	88,3	-88,3	0,0	0,0	0,0	0,0	0,0	0,0
PSPC(1)	221,0	-221,0	0,0	0,0	0,0	0,0	0,0	0,0
Strategic sectors (1)	68,7	-68,7	0,0	0,0	0,0	0,0	0,0	0,0
Total	**1 835,7**	**-378,0**	**189,2**	**0,0**	**-198,3**	**1 448,6**	**0,0**	**1 011,5**

20.2 Earnings of the guarantee funds on 31 December 2014

(in millions of euros)

Fund	Subsidies	Provisions, losses & recognised failures	Appraisals & miscellaneous expenses	Financial earnings & charges	Miscellaneous proceeds	2014 Earnings
Innovation aids - ISI	-83,9	-87,4	-0,8	0,0	5,0	**-167,1**
PMII - ISI 2008	10,4	-17,9	0,0	0,2	1,7	**-5,6**
Aid on partner financing	-15,6	-7,2	-0,8	0,0	-2,0	**-25,6**
Total	**-89,1**	**-112,5**	**-1,6**	**0,2**	**4,7**	**-198,3**

• Note 21 - Change in shareholders' equity

Shareholders' funds prior to appropriation of results changed as follows:

(in millions of euros)	31/12/2013	Allocation of 2013 earnings		Other		31/12/2014
Capital	750,9	0,0		9,0	(1)	759,9
Share premiums	729,1	0,0		23,7	(1)	752,8
Merger premiums	211,8	0,0		0,1		211,9
Legal reserve	24,3	0,7		0,0		25,0
Other reserves	164,6	0,0		0,0		164,6
Regulated provisions, investment, subsidies	43,7			3,0	(2)	46,7
Retained earnings	46,6	2,7		0,0		49,3
Profit or loss for the fiscal year	12,8	-12,8		24,1	(3)	24,1
Total	**1 983,8**	**-9,4**	(4)	**59,9**		**2 034,3**

(1) Capital expenses at 14 May 2014, see note 2.1
(2) Exceptional amortisation allowance for software
(3) 2014 earnings
(4) Dividends of €9.4 million were distributed for the 2013 fiscal year

The share capital consists of 94,989,518 ordinary shares with a face value of €8, all fully paid-up.

The majority of the share capital must remain in the ownership of the French state, a state institution, public body or public corporation.

• Note 22 - Euro equivalent of foreign currency transactions

(en millions d'euros)	31/12/2014	31/12/2013
Assets	2,1	1,6
Liabilities	226,6	21,5

These net balance sheet positions are covered by off-balance-sheet operations.

Note 23 - Table of depreciation flows and provisions

(in millions of euros)	Depreciations & provisions to 31/12/2013	Allowances in depreciations & provisions	Reversals of depreciations & provisions available	Reversals of depreciations & provisions used (1)	Other variations	Depreciations & provisions to 31/12/2014	Non-recoverable receivables not hedged by provisions	Recoveries on amortised receivables	Impact on Earnings (3)
Depreciations & provisions bad debts and credit risk	**532,7**	**102,0**	**49,2**	**18,5**	**2,7**	**569,7**	**4,1**	**2,1**	**-54,8**
- Impairment of doubtful loans	*126,4*	*42,4*	*21,9*	*18,5*	*2,1*	*130,5*	*4,0*	*2,1*	*-22,4*
. Interbank loans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Customer loans	124,8	42,4	21,8	18,5	2,1	129,0	4,0	2,1	-22,5
. Securities & other transactions	1,6	0,0	0,1	0,0	0,0	1,5	0,0	0,0	0,1
- Collective credit risk provision	*403,5*	*59,6*	*27,2*	*0,0*	*0,5*	*436,4*			-32,4
- Other provisions	*2,8*	*0,0*	*0,1*	*0,0*	*0,1*	*2,8*	*0,1*	*0,0*	0,0
Other operating provisions	**39,4**	**7,0**	**6,6**	**8,5**	**0,0**	**31,3**			
Fund for general banking risks	**235,2**	**0,0**	**0,0**	**0,0**	**0,0**	**235,2**			
Provisions for non-recurring events	**2,5**	**0,4**	**0,0**	**0,7**	**0,0**	**2,2**			
- Provisions for restructuring	2,5	0,4	0,0	0,7	0,0	2,2			

(1) Write-backs correspond to write-offs as losses

(2) Variations in scope, exchange rate and reclassification of provisions

(3) -/+ Net allowances or write-backs

- Non-recoverable receivables

+ Recoveries on impaired receivables

Note 24 - Off-balance sheet commitments

(in thousands of euros)	31/12/2014	31/12/2013
AFT (Agence France Trésor)		
Creation of SMEs and VSEs	3 326 733	3 233 244
Transfer / buy-out of SMEs and VSEs	1 794 442	1 727 654
Strengthening of the financial structure of SMEs and VSEs	178 142	185 927
Innovation of SMEs and VSEs	233 898	260 335
Specific short-term financing for SMEs and VSEs	316 636	332 687
Cash-strengthening SMEs and mid-tier companies	124 328	229 494
Cash strengthening CCE	401 837	291 845
Supplementary guarantee cash strengthening SMEs & mid-tier companies	53 369	131 137
Confirmed credit lines for SMEs, VSEs and mid-tier companies	429	340
Supplementary guarantee confirmed credit lines SMEs & mid-tier companies	2 263	2 262
FGKP	1 632 307	1 534 323
FASEP	75 420	73 409
Own funds guarantee (excluding IDF ERDF)	170 999	188 289
Participatory Priming Loans (PPA)	40	0
Sureties on innovative projects	0	40
Biotechnology guarantee	67 753	72 156
Structured financing	17 027	18 464
PPMTR	300	0
Sustainable Development Innovation	4 594	5 205
Wood PPD	0	0
CICE pre-financing	792	416
Development of SMEs and VSEs	27 463	43 407
PIC SME	421	748
CDC (Caisse des Dépôts et Consignations)		
France Investissement Garantie	458 077	477 193
Other funds		
Own funds guarantee (IDF ERDF)	7 192	7 998
UMM	647	1 262
Other management	273 381	271 559
DROM		
DROM	190 124	300 890
Guarantee commitments	**9 358 614**	**9 390 284**
Doubtful guarantee commitments	**1 952 616**	**1 888 034**
Total guarantee commitments	**11 311 230**	**11 278 318**

Guarantee commitments correspond to repayment guarantees on loans distributed by other institutions. They are primarily backing guarantee funds.

Financing commitments amounting to €5,078.2 million correspond chiefly to confirmed credit agreements issued by Bpifrance Financement.

Note 25 - Foreign currency transactions and forward financial instruments

(in millions of euros)	31/12/2014								31/12/2013	
	Hedge				Management of positions (*)		TOTAL		TOTAL	
	Micro		Macro							
	Nominal	Market value	Nominal	Market value	Nominal	Market value	Nominal	Market value	Nominal	Market value
OTC transactions performed										
-										
. Currency swap contracts	44,0	-3,1	389,3	22,8	0,0	0,0	433,3	19,7	48,0	-5,0
. Interest rate swap contracts	2 114,6	238,7	13 078,5	-240,3	0,0	0,0	15 193,1	-1,6	13 220,7	-53,3
. Purchase of rate caps & floors & floor	0,0	0,0	21,6	0,0	0,0	0,0	21,6	0,0	24,9	0,1
Operations carried out on official Markets										
-										
. Interest rate contracts sold firm	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Interest rate contracts purchased firm	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total	**2 158,6**	**235,6**	**13 489,4**	**-217,5**	**0,0**	**0,0**	**15 648,0**	**18,1**	**13 293,6**	**-58,2**

(*) Isolated open positions

No provisioning for credit risk was made on the forward instruments.

Breakdown by residual maturity on 31 December 2014

(in millions of euros)	D ≤ 1 yr	1 yr < D ≤ 5 years	D > 5 years
OTC transactions performed	1 135,0	9 292,7	5 220,3
Operations carried out on official markets	0,0	0,0	0,0

As such, it takes account of the impact of the offset contracts in effect at that date and of the guarantees received.

The notional amount of contracts listed above serves only as an indication of activity volume; the counterparty risk attached to the forward financial instruments used by Bpifrance Financement is assessed according to the methodology used to calculate European prudential ratios as at 31 December. As such, it takes account of the impact of the offset contracts in effect at that date and of the guarantees received. The amount is broken down as follows:

(in millions of euros)	**31/12/2014**	**31/12/2013**
Positive replacement cost (1)	*623.4*	*346.7*
Risk with central administrations and equivalents	**0.0**	**0.0**
Risks with lending establishments in zone A (3)	**623.4**	**346.7**
Customer risks	**0.0**	**0.0**
Potential credit risk (2)	*131.3*	*115.9*
Total exposure (1)+(2)	**754.7**	**462.6**
Incidence of offsetting agreements	**-455.0**	**-305.9**
Incidence of guarantees received	**-209.7**	**-105.5**
Equivalent weighted credit risk (4)	**42.1**	**10.2**
(1) Corresponds with the positive net unrealised capital gains before application of the weighting rates associated with the nature of the counterparty: - interest rate instruments - exchange rate instruments	 **598.8** 24.6	 **346.7** 0.0

(2) The potential credit risk is calculated from the nominal total multiplied by mark-up factors related to the residual maturity of the transactions and the nature of the contracts, before allocation of weighting rates. This estimated amount represents the potential modification to the replacement cost up to maturity.

(3) Zone A consists of European Union member states or parties to the European Economic Area agreement, other Organisation for Economic Cooperation and Development (OECD) member countries, countries with special lending agreements with the International Monetary Fund (IMF) within the IMF's general framework of lending agreements.

(4)The exposure after the effect of the offsetting agreements and guarantees received is weighted according to the nature of the counterparty.

Note 26 - Interest and related income

(in millions of euros)	31/12/2014		31/12/2013	
Transactions with lending institutions	15,0		28,5	
Customer transactions (*)	570,2		469,5	
- Overdrafts		*0,1*		*0,1*
- Short-term credit facilities		*53,5*		*29,5*
- Medium & long-term loans		*271,5*		*239,4*
- Sundry loans & subordinated debt		*149,7*		*113,6*
- Off-balance sheet operations		*95,4*		*86,9*
Bonds and other fixed income securities	250,6		230,6	
Financial instruments for hedging purposes	0,8		0,6	
Total	**836,6**		**729,2**	
(*) Of which recovery of depreciation for doubtful loans as a result of the time elapsed (see note 1.2)	0,9		0,9	

Note 27 - Interest and related expenses

(in millions of euros)	31/12/2014		31/12/2013	
Transactions with lending institutions	-143,8		-180,8	
Customer transactions (*)	-95,5		-81,8	
Bonds and other fixed income securities	-183,7		-137,3	
- Bonds		*-179,8*		*-135,0*
- Negotiable debt instruments		*-3,9*		*-2,3*
- Subordinated securities		*0,0*		*0,0*
- Result of micro-hedging		*0,0*		*0,0*
Other interest and similar charges	-0,1		-0,1	
Macro-hedging financial instruments	-89,8		-107,6	
Total	**-512,9**		**-507,6**	

Note 28 - Proceeds from finance lease and operating lease operations

(in millions of euros)	31/12/2014	31/12/2013
Rents	1 024,0	945,6
Other proceeds	97,8	87,2
Capital gains	31,3	23,5
Cost of risk	-21,8	-12,1
Total	**1 131,3**	**1 044,2**

Note 29 - Expenses on finance lease and operating lease operations

(in millions of euros)	31/12/2014	31/12/2013
Depreciation charge	-815,2	-714,6
Allocation to special provisions	-96,4	-90,0
Capital losses	-32,5	-38,3
Other expenses	-94,5	-83,5
Total	**-1 038,6**	**-926,4**

Note 30 - Income from variable income securities

(in millions of euros)	31/12/2014	31/12/2013
Equity interests	0,3	0,1
Other long-term investment securities	1,4	0,1
Investments in affiliates	0,1	1,3
Total	**1,8**	**1,5**

Note 31 - Commissions

(in millions of euros)	31/12/2014	31/12/2013
Proceeds		
OSEO Industrie business introducer commissions	0,0	10,5
Commissions on operations with customers	7,6	8,2
Commissions on the delivery of financial services	0,2	1,0
Total	**7,8**	**19,7**
Expenses		
Expenses on securities operations	-0,6	-0,6
Total	**-0,6**	**-0,6**

Note 32 - Gains or losses on trading portfolio transactions

(in millions of euros)	31/12/2014	31/12/2013
Trading securities	0,0	0,0
Exchange operations	0,3	0,0
Operations involving financial instruments	0,0	0,0
Total	**0,3**	**0,0**

Note 33 - Gains or losses on long-term portfolio and similar transactions

(in millions of euros)	31/12/2014	31/12/2013
Net allocations to or write-backs from depreciations	0,0	0,2
Disposal capital losses	0,0	0,0
Disposal capital gains	0,0	0,1
Total	**0,0**	**0,3**

Note 34 - Other bank operating income

(in millions of euros)	31/12/2014	31/12/2013
Income charged to Group companies	6,0	5,2
Other expenses charged back	1,5	1,2
Usage of partner resources to finance innovation aids	21,9	17,3
Innovation operation allocation	0,4	33,0
Commissions on recoveries and insurance products	6,9	6,3
Recovery of available provisions	5,5	0,7
Share of investment subsidies	1,6	1,9
Innovation activity regularisation products	2,0	10,8
Management fees on partner agreements	6,1	2,8
Management proceeds on DROM managed funds	0,9	2,1
Other proceeds	8,8	8,9
Total	**61,6**	**90,3**

Note 35 - Other expenses on banking operations

(in millions of euros)	31/12/2014	31/12/2013
Amortisation & depreciation allowances on non-operating tangible & intangible fixed assets	0,0	0,0
Allocations to provisions for liability litigations & bank operations	-4,5	-3,3
Investment income paid back to mutual guarantee funds	-0,1	-0,1
Repayment of proceeds of subsidies from the Regional Department of Industry, Research & Environment	-0,6	-0,8
Subsidies paid on partner resources	-14,0	-13,5
Losses & recognised failures on partner resources	-7,2	-3,2
Other expenses on banking operations	-3,2	-2,7
Total	**-29,6**	**-23,6**

• Note 36 - Operating general expenses

(in millions of euros)	31/12/2014	31/12/2013
Personnel costs		
- Salaries & wages	-103,2	-97,7
- Defined contribution retirement expenses	-11,1	-10,8
- Defined benefit retirement expenses	-3,1	-1,8
- Other social charges	-37,8	-36,1
- Profit-sharing	-9,1	-7,7
- Fiscal expenses	-10,3	-9,6
- Allowances / write-backs for commitments relating to the personnel	-2,4	-1,7
Subtotal	**-177,0**	**-165,4**
Duties and taxes (*)	-26,2	-24,1
Other administrative costs	-105,6	-88,9
Total	**-308,8**	**-278,4**
(*) including the Systemic Risk Tax and Contribution for Supervisory Review Costs of the Authority for Prudential Supervision and Resolution (ACPR)	-13,6	-11,3

36.1 Breakdown of fair value of assets covering retirement commitments

The breakdown of the fair value of the plan's assets between different categories is based on the nature of the assets and on the attached risks.

	31/12/2014	31/12/2013
	in %	in %
UCITS		
Monetary	8%	11%
Equity	12%	11%
Bond	80%	78%
Total	**100%**	**100%**

36.2 Variation of obligations pursuant to post-employment benefits

(in millions of euros)	Retirement lump sum benefits			Health Services	Long-service awards	TOTAL 31/12/2014		
	Obligations relating to defined benefits	Plan assets	Liabili-ties / (assets) net	Obligations relating to defined benefits	Obligations relating to other long-term benefits	Bonds	Plan assets	Liabilities / (assets) net
Opening balance	***23,6***	***21,9***	***1,7***	***2,3***	***0,8***	***26,7***	***21,9***	4,8
- Cost of services rendered during the period								
- Interest on liabilities / assets relating to defined benefits								
- Cost of past services								
- Effects of variations of foreign currency prices								
- Contribution to the employer's plan								
- Contribution to the participant's plan								
- Profit or loss resulting from the liquidation								
- Paid services								
- Actuarial discrepancies	2,8	1,5	1,3	0,0	0,0	2,8	1,5	1,3
> of which actuarial gains & losses for the period relating to experience adjustments	*0,7*	*0,0*	*0,7*	*0,0*	*0,0*	*0,7*	*0,0*	*0,7*
> of which actuarial gains & losses on adjustments relating to demographic hypotheses	*0,9*	*0,0*	*0,9*	*0,0*	*0,0*	*0,9*	*0,0*	*0,9*
> of which actuarial gains & losses on adjustments of financial hypotheses	*1,2*	*1,5*	*-0,3*	*0,0*	*0,0*	*1,2*	*1,5*	*-0,3*
Closing balance	**26,0**	**23,1**	**2,9**	**2,3**	**0,9**	**29,2**	**23,1**	**6,1**

(in millions of euros)	Retirement lump sum benefits			Health Services	Long-service awards	TOTAL 31/12/2013		
	Obligations relating to defined benefits	Plan assets	Liabili-ties / (assets) net	Obligations relating to defined benefits	Obligations relating to other long-term benefits	Bonds	Plan assets	Liabilities / (assets) net
Opening balance	***22,6***	***20,7***	***1,9***	***2,4***	***1,5***	***26,5***	***20,7***	5,8
- Cost of services rendered during the period	0,9	0,0	0,9	0,0	0,1	1,0	0,0	1,0
- Interest on liabilities / assets relating to defined benefits	0,6	0,0	0,6	0,1	0,0	0,7	0,0	0,7
- Cost of past services	0,0	0,0	0,0	0,0	-0,5	-0,5	[illegible]	-0,5
- Effects of variations of foreign currency prices	0,0	0,0	0,0	0,0	0,0	0,0	[illegible]	0,0
- Contribution to the employer's plan	0,0	1,9	-1,9	0,0	0,0	0,0	[illegible]	-1,9
- Contribution to the participant's plan	0,0	0,0	0,0	0,0	0,0	0,0	[illegible]	0,0
- Profit or loss resulting from the liquidation	0,0	0,0	0,0	0,0	0,0	0,0	[illegible]	0,0
- Paid services	-1,9	-1,9	0,0	-0,2	-0,3	-2,4	[illegible]	-0,5
- Actuarial discrepancies	1,4	1,2	0,2	0,0	0,0	1,4	[illegible]	0,2
> of which actuarial gains & losses for the period relating to experience adjustments	*0,2*	*0,0*	*0,2*	*0,0*	*0,0*	*0,2*	[illegible]	*0,2*
> of which actuarial gains & losses on adjustments relating to demographic hypotheses	*1,2*	*1,2*	*0,0*	*0,0*	*0,0*	*1,2*	[illegible]	*0,0*
> of which actuarial gains & losses on adjustments of financial hypotheses								
Closing balance	**23,6**	**21,9**	**1,7**	**2,3**	**0,8**	**26,7**	**21,9**	**4,8**

Note 37 - Cost of risk

(in millions of euros)	31/12/2014 Subtractive assets	Collective provision	Other liabilities	TOTAL
Net allowances or write-backs for impairments & provisions	-20,5	-32,4	0,1	-52,8
Non-provisioned losses	-4,0	0,0	-0,1	-4,1
Recoveries on loans & receivables previously written-off	2,1	0,0	0,0	2,1
Balance	**-22,4**	**-32,4**	**0,0**	**-54,8**

(in millions of euros)	31/12/2013 Subtractive assets	Collective provision	Other liabilities	TOTAL
Net allowances or write-backs for impairments & provisions	-40,0	-36,4	0,1	-52,8
Non-provisioned losses	-5,6	0,0	-0,1	-4,1
Recoveries on loans & receivables previously written-off	1,4	0,0	0,0	2,1
Balance	**-44,2**	**-32,4**	**0,0**	**-54,8**

Note 38 - Gains or losses on non-current assets

		31/12/2014			31/12/2013
(in millions of euros)	Investment securities	Operating intangible & tangible fixed assets	Equity interests & other securities held for long-term subsidiaries & affiliated companies	TOTAL	TOTAL
Allowances to impairments	0,0	0,0	-0,6	-0,6	-2,8
Write-back of impairments	0,0	0,0	2,7	2,7	0,0
Disposal capital losses	0,0	0,0	-3,7	-3,7	0,0
Disposal capital gains	0,0	0,0	1,3	1,3	3,0
Balance	**0,0**	**0,0**	**-0,3**	**-0,3**	**0,2**

Note 39 - Reconciliation of corporate result and financial result

(in millions of euros)	31/12/2014 Finance lease & rental immovables	31/12/2014 Finance lease & rental movables	31/12/2014 TOTAL
Allocations to accounting depreciation & amortisation	-285,7	-529,5	-815,2
Accounting capital gains or losses	-6,3	5,1	-1,2
Total	**-292,0**	**-524,4**	**-816,4**
Allocations to financial depreciation & amortisation	-281,7	-455,2	-736,9
Financial capital gains or losses	-6,3	0,6	-5,7
Financial depreciation on asset items	-0,6	-4,0	-4,6
Total	**-288,6**	**-458,6**	**-747,2**
Variation in latent reserve	3,4	65,8	69,2

Note 40 - Main interim financial management balances

(in millions of euros)	31/12/2014	31/12/2013
NET BANKING INCOME	**533,3**	**471,5**
Operating general expenses	-308,8	-278,4
Amortisation & depreciation allowances on tangible & intangible fixed assets	-20,8	-18,6
GROSS OPERATING INCOME	**203,7**	**174,5**
Cost of risk	-61,2	-81,9
OPERATING INCOME	**142,5**	**92,6**
Gains or losses on non-current assets	-0,3	0,2
CURRENT EARNINGS BEFORE TAXES	**142,2**	**92,8**
Extraordinary profit or loss	0,0	0,0
Income tax	-45,9	-24,0
Charges to/recoveries from the FGBR & regulatory provisions	-3,0	-13,2
Net Earnings	**93,3**	**55,6**

Note 41 - Tax situation

Company tax is booked on the tax payable method.

The taxable income of the company for 2014 (provisional) at the basic rate is a profit in the area of €121.3 million, taking into account the main net add-backs or deductions as follows:

(in millions of euros)	
Pre-tax book income for the year	70,0
Net allowance of collective provision	32,9
Provision for headcount reduction schemes	0,9
Income from penalties net of early repayment	-3,9
Loan restructuring & staggering of the cash balances	23,1
Loan advances on participatory development loans (PPD)	-1,2
Depreciations of doubtful loans and other provisions	-0,5
Taxable income	**121,3**

At the basic rate of tax, i.e. 38%, these earnings for tax purposes give rise to a tax charge of €44.9 million.

At the reduced tax rates, the taxable result for 2014 does not generate any tax charge.

• Note 42 - Sector-specific information

Bpifrance Financement operates primarily in the following business lines:

- long and medium-term loans (PLMT): this involves long- and medium-term financing in the form of direct loans, leasing operations on plant & equipment and property, and financial leases; it also includes zero-rate innovation loans;
- short-term financing which includes the operations to participate in the financing of public sector receivables in France and its overseas departments and territories, either directly or by signature;
- the guarantee actions cover banks and equity investment institutions from risks of the failure of the beneficiaries of the financing;
- innovation financing aid in the form of repayable advances or subsidies.

By agreement, the “Other” heading includes the proceeds from the investment of the own funds, re-invoicing and, to a lesser degree, income from equity interests.

(in millions of euros)	31/12/2014		31/12/2013	
Activity	**Financial NBI**	**Average outstandings**	**Financial NBI**	**Average outstandings**
Medium and long-term loans	327,7	19 036,4	269,8	16 254,4
- of which lease	*158,5*	*5 566,8*	*153,6*	*5 065,8*
Short-term financing	96,3	2 747,4	63,4	1 328,3
Guarantee	87,4	12 201,5	81,5	11 196,0
- of which commissions	*79,7*		*72,6*	
- of which financial earnings	*5,7*		*5,5*	
Innovation	12,0		48,7	
Other	9,9		8,1	

Note 43 - Activities on behalf of third parties

Operations managed by Bpifrance Financement (agent) on behalf of third parties (principal) are not included in the bank's balance sheet.

	31/12/2014							
	Assets				Liabilities			Off-Balance sheet
(in millions of euros)	Receivables	Principal's account	Cash	Total	Debts	Principal's account	Total	
Financing activity								
ARI (*)	109,0	0,0	0,0	109,0	0,0	109,0	109,0	54,5
Securitisation	87,6	0,0	0,0	87,6	0,0	87,6	87,6	0,0
Guarantee activity								
DROM managed funds	0,0	0,0	62,4	62,4	0,0	62,4	62,4	244,6
Camulor	0,0	0,0	0,2	0,2	0,0	0,2	0,2	0,0
FGRU (*)	0,0	0,0	11,4	11,4	0,0	11,4	11,4	10,6
Student loans	0,0	0,0	19,1	19,1	0,0	19,1	19,1	196,6
Innovation aid activity								
Atout	0,2	0,0	42,1	42,3	0,0	42,3	42,3	0,0
FSN(*)	24,9	273,6	0,0	298,5	298,5	0,0	298,5	120,8
PSIM(*)	0,0	6,3	0,0	6,3	6,3	0,0	6,3	0,2
PSPC	40,4	25,4	0,0	65,8	65,8	0,0	65,8	126,4
Strategic sectors	0,0	48,8	0,0	48,8	48,8	0,0	48,8	44,4
FUI	0,1	288,7	0,0	288,8	288,8	0,0	288,8	30,6
Total	**262,2**	**642,8**	**135,2**	**1 040,2**	**708,2**	**332,0**	**1 040,2**	**828,7**

(*) ARI : Reindustrialisation aids
FGRU : Guarantee Fund for Urban Renewal
FSN : Fonds national pour la Société Numérique
PSIM : Programme de Soutien à l'Innovation Majeure

Note 44 - Personnel

The average paid staff, including seconded personnel, consisted of 1,717 full-time equivalent employees in 2014, of which 83% are executives.

The balance of vested rights in respect of individual training entitlement (*Droit Individuel à la Formation*) stood at 30,079 days at the end of December 2014.

Note 45 - Compensation paid to members of executive and supervisory boards

Directors do not receive any attendance fees.

10. REPORTS FROM THE STATUTORY AUDITORS

10.1. Report on the consolidated financial statements

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KPMG Audit
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1 Cours Balmy
CS 50034
92923 Paris La Défense Cedex
France

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Tour Exaltis
61 rue Henri Régnault
92400 Courbevoie
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Bpifrance Financement S.A.

Report from the statutory auditors
on the consolidated financial statements

Fiscal period ending 31 December 2014
Bpifrance Financement SA
27/31, avenue du Général Leclerc – 94710 Maisons-Alfort
This report contains 90 pages
Reference: PSP – 151.135 RCC

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Bpifrance Financement S.A.

Registered office: 27/31, avenue du Général Leclerc – 94710 Maisons-Alfort

Capital: €759 916 144

Report from the statutory auditors on the consolidated financial statements

Fiscal period ending 31 December 2014

Ladies, Gentlemen, Shareholders,

In execution of the mission entrusted to us by your General Meeting, we are presenting our report on the fiscal period ending 31 December 2014 on:

- the audit of the consolidated financial statements of Bpifrance Financement, as provided with this report;
- justification of our assessments;
- the specific verification required by law.

The consolidated financial statements were prepared by your Board of Directors. It is our responsibility to express an opinion on these statements based on our audit.

1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we apply the procedures necessary to obtain reasonable assurance that the consolidated financial statements do not contain any significant misstatements. An audit involves verifying, by sampling and other selection methods, the elements underlying the amounts and information contained in the consolidated financial statements. It also consists in assessing the accounting principles used and the significant estimates made and the overall presentation of the financial statements. We believe that the elements we have collected provide a sufficient and appropriate basis for our opinion.

We certify that, in accordance with the IFRS reference base adopted by the European Union, the consolidated financial statements are truthful and in order and present a fair picture of the asset base, the financial situation and the results of the organisation consisting of the persons and entities included in the consolidation.

Without calling into question the opinion expressed above, we draw your attention to note 2 of the notes to the consolidated financial statements entitled "Applicable accounting standards" which details the changes in methods resulting from the application of new standards and interpretations applied as of 1 January 2014.

2. JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of article L. 823-9 of the French Commercial Code relative to the justification of our assessments, we draw your attention to the following items.

Accounting rules and principles

- Guarantee and innovation activities:

Notes 5.24 and 5.25 of the notes to the consolidated financial statements detail the accounting methods used for the guarantee and innovation activities.

As part of our assessment of the accounting rules and principles used by your group, we have verified the appropriate nature of the above-mentioned accounting methods and of the information provided in the appendixes and their correct application.

- Securities and financial instruments:

Notes 5.2 and 5.6 of the notes to the consolidated financial statements detail the accounting rules and methods used for the securities and financial instruments held. We examined the control system used for the accounting classification. We have verified the appropriateness of the accounting methods used by the company and of the information provided in the appendixes and ensured that they were applied correctly.

Accounting estimates

- Credit risk impairment:

Your group recognises impairments intended to cover the credit risk inherent to its activities as described in note 5.2.1 "Loans and receivables" of the notes to the consolidated financial statements. As part of our assessment of the significant estimates used to produce the financial statements, we examined the control system used to monitor credit risk, assessment of the risk of non-collection and its covering of assets by impairments determined on an individual and collective basis.

- Valuation of financial instruments:

Your group holds positions in financial instruments. Note 5.1, "Determination of the fair value", of the notes to the consolidated financial statements details the valuation methods used for financial instruments. We examined the control system used for the setting of parameters for the valuation of these positions and we verified the appropriate nature of the information provided in the appendix notes.

- Provisioning of social commitments:

Your group creates provisions to cover its social commitments We have examined the valuation methodology for these commitments as well as the assumptions and parameters used and we verified the appropriate nature of the information provided in notes 5.14 of the and 10.2 of the notes to the consolidated financial statements.

The assessments made are part of our audit approach to the consolidated financial statements, taken overall, and they therefore contributed to forming the opinion we expressed in the first part of the report.

3. SPECIFIC VERIFICATION

We also proceeded, in accordance with the professional standards applicable in France, with the specific verification required by law of the information provided in the report on group management.

We have no comments to make regarding their sincerity or their consistency with the consolidated financial statements.

The statutory auditors

Paris La Défense, 31 March 2015	Courbevoie, 31 March 2015
KPMG Audit Department of KPMG SA	Mazars
Philippe Saint-Pierre Partner	Virginie Chauvin Partner

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Bpifrance Financement S.A.

Report from the statutory auditors on the individual financial statements

Fiscal period ending 31 December 2014
Bpifrance Financement SA
27/31, avenue du Général Leclerc – 94710 Maisons-Alfort
This report contains 59 pages
Reference: PSP – 151.134 RCA

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Bpifrance Financement S.A.

Registered office: 27/31, avenue du Général Leclerc – 94710 Maisons-Alfort

Capital: €759 916 144

Report from the statutory auditors on the individual financial statements

Fiscal period ending 31 December 2014

Ladies, Gentlemen, Shareholders,

In execution of the mission entrusted to us by your General Meeting, we are presenting our report on the fiscal period ending 31 December 2014 on:

- the audit of the individual statements of Bpifrance Financement S.A. as provided with this report;
- justification of our assessments;
- the verifications and specific information required by law.

The individual financial statements were prepared by your Board of Directors. It is our responsibility to express an opinion on the statements based on our audit.

1. OPINION ON THE INDIVIDUAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we apply the procedures necessary to obtain reasonable assurance that the individual financial statements do not contain any significant misstatements. An audit involves verifying, by sampling and other selection methods, the elements underlying the amounts and information contained in the individual financial statements. It also consists in assessing the accounting principles used and the significant estimates made and the overall presentation of the financial statements. We believe that the elements we have collected provide a sufficient and appropriate basis for our opinion.

We certify that the individual financial statements are, with respect to French accounting rules and principles, truthful and sincere and provide a fair picture of the results of the operations of the past fiscal year and of the financial situation and asset base of the company at the end of the fiscal period.

2. JUSTIFICATIONS OF OUR ASSESSMENTS

Pursuant to the provisions of article L. 823-9 of the [French] Commercial Code relative to the justification of our assessments, we draw your attention to the following items.

Accounting rules and principles

- Guarantee funds and net innovation intervention resources:

The paragraph of note 1.2 of the appendix to the individual statements entitled "Guarantee funds and net innovation intervention resources" describes the rules of presentation for the aid to innovation and the guarantee funds managed by your company. As part of our assessment of the accounting rules and principles used by your company, we have verified the appropriate nature of the above-mentioned accounting methods and the information provided in the appendixes and their correct application.

- Securities and financial instruments:

The paragraph of note 1.2 of the appendix to the individual financial statements entitled "Operations involving financial instruments" presents the accounting rules and methods used for the securities and financial instruments held. We examined the control system used for the accounting classification. We have verified the appropriateness of the accounting methods used by the company and of the information provided in the appendixes and ensured that they were applied correctly.

Accounting estimates

- Credit risk provisioning:

Your company implements impairments and provisions intended to cover the credit risk inherent to its activities as described in the paragraph of note 1.2 of the appendix to the individual financial statements entitled "Credit Risk". As part of our assessment of the significant assessments used to produce the statements, we examined the control system used to monitor credit risk, assessment of the risk of non-collection and its covering of assets by impairments determined on an individual basis and liabilities by provisions intended to cover the non-allocated credit risk.

- Securities and financial instruments:

Your company holds securities and financial instruments. The paragraphs of note 1.2 of the appendix to the individual financial statements entitled "Operations on financial instruments" and "Equity interests and shares in related companies, other long-term investment securities" present the valuation methods used for the securities and financial instruments held. We examined the control system used for the setting of parameters for their valuation and verified the appropriate nature of the information provided in the appendix notes.

- Provisioning of social commitments:

Your company creates provisions to cover your social commitments. We have examined the valuation methodology for these commitments as well as the assumptions and parameters used and we verified the appropriate nature of the information provided in the paragraph of note 1.2 of the appendix to the individual financial statements entitled "Pensions and other social commitments".

The assessments made are part of our audit approach to the individual financial statements, taken overall, and they therefore contributed to forming the opinion we expressed in the first part of the report.

3. VERIFICATIONS AND SPECIFIC INFORMATION

We also proceeded, in accordance with the professional standards applicable in France, with the specific checks required by law.

We have no comments to make regarding the sincerity and consistency with the individual financial statements of the information provided in the Board of Directors' management report and in the documents provided to the shareholders regarding the financial situation and individual financial statements.

With respect to the information provided in application of the provisions of article L. 225-102-1 of the [French] Commercial Code on the remuneration and benefits paid to corporate officers and the commitments made in their favour, we have verified their consistency with the financial statements or with the data used to establish the financial statements and, if applicable, with the items collected by your company from the companies controlling your company or controlled by it.

Based on this work, we attest to the accuracy and sincerity of this information.

(The statutory auditors)

Paris La Défense, 31 March 2015	Courbevoie, 31 March 2015
KPMG Audit Department of KPMG SA	Mazars
Philippe Saint-Pierre Partner	Virginie Chauvin Partner

Bpifrance Financement SA

Public limited company with capital of €759,916,144 €
Registered office: 27-31, avenue du Général Leclerc 94710 Maisons-Alfort Cedex
TCR 320 252 489

Statutory Auditor's special report on regulated agreements and commitments

General Meeting for the approval of the financial statements for the fiscal year ending 31 December 2014

KPMG AUDIT

MAZARS

Statutory Auditor's special report on regulated agreements and commitments

To the shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements and commitments.

It is our responsibility to provide you, based on the information provided to us, with the characteristics and essential provisions of the agreements and commitments of which we have been informed or which we have discovered in the course of our mission, without having to express an opinion as to their usefulness or merit or to seek the existence of other agreements or commitments. It is also our responsibility, according to the terms of the article of the French Commercial Code, to assess why it was important to sign these agreements and commitments in view of their approval.

It is also our responsibility, where applicable, to provide you with the information indicated in the article of the Commercial Code regarding the execution, over the past fiscal year, of the agreements and commitments already approved by the General Meeting.

We have carried out the due diligence reviews we considered necessary in view of the professional doctrine of the *Compagnie nationale des commissaires aux comptes* for this mission. These due diligence reviews consisted in verifying that the information provided to us is in accordance with the underlying documents from which it was produced.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

Pursuant to article L. 225-40 of the Commercial Code, we have been advised of the following agreements and commitments which were previously approved by your Board of Directors.

Agreements and commitments approved over the past fiscal year

1. Agreement on the acquisition SOFIRED securities between Bpifrance Financement and BPI-Groupe

Nature and purpose

On 19 September 2014, your Board of Directors authorised the signing of this agreement. The sales contract was signed on 26 September 2014 for the purpose of the acquisition of the shares held by SA BPI-Groupe in SOFIRED for the benefit of Bpifrance Financement.

Operation provisions

This agreement defines the provisions and conditions of sale for 3,002,500 shares at a sale price of €47,091,578.

In application of this agreement, a loss on the merger of €3,706,842.11 was recorded for fiscal year 2014.

Persons involved:

- Nicolas Dufourcq, as Chairman of the Board of Directors of Bpifrance Financement and General Manager of SA BPI-Groupe;
- Elisabeth Henry Perez, as a director of both Bpifrance Financement and SA BPI-Groupe;
- Eric Verkant as a director of both Bpifrance Financement and SA BPI-Groupe.

Reason for the benefit of the agreement:

Pursuant to the law, we inform you that the prior approval decisions for the regulated agreements taken by your Board of Directors on 19 September 2014 do not provide a reason as required by article L.225-38 of the Commercial Code as amended by order n°2014-863 of 31 July 2014.

2. **Agreement on the periodic audit of SOGAMA Crédit Associatif between Bpifrance Financement and SOGAMA Crédit Associatif**

Nature and purpose:

On 19 September 2014, your Board of Directors authorised the signing of this agreement between Bpifrance Financement and SOGAMA Crédit Associatif.

The agreement was signed on 28 October 2014 and entrusts Bpifrance Financement with the mission of providing periodic audit services to SOGAMA Crédit Associatif. This agreement defines the framework of the relationship between Bpifrance Financement and SOGAMA Crédit Associatif.

The agreement took effect on 1 January 2015 for a period ending 31 December 2017. It is tacitly renewable for periods of three years.

Operations provisions:

Pursuant to this agreement, the missions carried out within this framework will be invoiced in the set amount of fifteen thousand euros excluding taxes per year. This can be revised at the end of the first agreement period;

There was no financial impact during the fiscal period.

Persons involved:

- Bpifrance Financement, as the shareholding legal entity with over 10% of the voting rights;

Reason for the benefit of the agreement:

Pursuant to the law, we inform you that the prior approval decisions for the regulated agreements taken by your Board of Directors on 19 September 2014 do not provide a reason as required by article L.225-38 of the Commercial Code as amended by order n°2014-863 of 31 July 2014.

Agreements and commitments approved since the close of the period.

We have been informed of the following agreements and commitments, authorised since the close of the last fiscal period, which were previously approved by your Board of Directors.

Agreements on the transfer to Bpifrance Investissement of securities held by Bpifrance Financement in investment and private equity companies.

Nature, purpose, and operation provisions

On 15 December 2014, the Board of Directors approved the transfer of twenty securities holdings from the "Investissement" division of Bpifrance to the FFI B Prime Fund for closed-end funds managed by Bpifrance and to the FPMEI Fund for funds managed by third-party management companies.

This represented a transfer of twenty holdings in entities with an activity, related by their nature, to the Bpifrance "Investissement" division.

The holdings were acquired or subscribed by OSEO (now Bpifrance Financement) before the creation of Bpifrance. On 31 December 2014, these holdings were recorded in the individual statements of Bpifrance Financement for a net book value of €78.4 million (for a market value of €98.8 million). They consist primarily of funds of funds units managed by the Bpifrance group. Equities of regional companies and units in a sectoral entity account for the remainder of the portfolio.

Your Board of Directors set the definitive financial provisions for these agreements on 26 March 2015.

Persons involved:

- Nicolas Dufourcq, as the Chairman of the Board of Directors of Bpifrance Financement and Chairman of the Board of Bpifrance Investissement;

Eleven agreements were signed on 30 March 2015. They are the following agreements:

1. **Sales contract between Bpifrance Financement, FSI-PME Portefeuille and Bpifrance Investissement**

1.1.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C2 – Class A2.1

Nature and purpose:

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FSI-PME Portefeuille (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of the units in the Fonds Avenir Entreprises Développement C2 – Class A2.1.

Operations provisions:

Pursuant to this sales contract, the 2,000,433 units were sold in exchange of the payment of €24,675,341.06 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

1.2.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C1 – Class A1.1

Nature and purpose:

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FSI-PME Portefeuille (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of units in the Fonds Avenir Entreprises Développement C1 – Class A1.1.

Operations provisions:

Pursuant to this sales contract, the 964,371 units were sold in exchange of the payment of €17,775,006.54 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

1.3.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C3 – Class A3.1

Nature and purpose:

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FSI-PME Portefeuille (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of units in the Fonds Avenir Entreprises Développement C3 – Class A3.1.

Operations provisions:

Pursuant to this sales contract, the 7,688 units were sold in exchange of the payment of €2,555,675.71 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

1.4.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C4 – Class B4

Nature and purpose:

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FSI-PME Portefeuille (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of units in the Fonds Avenir Entreprises Développement C4 – Class B4.

Operations provisions:

Pursuant to this sales contract, the 345 units were sold in exchange of the payment of €129,062.78 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

1.5.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C4 – Class A4.1

Nature and purpose:

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FSI-PME Portefeuille (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of units in the Fonds Avenir Entreprises Développement C4 – Class A4.1.

Operations provisions:

Pursuant to this sales contract, the 68,503.46 units were sold in exchange of the payment of €42,882,480.93 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

1.6.Contract for the sale of FPCI units – Fonds France Investissement Régions 3 – Class D1

Nature and purpose:

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FSI-PME Portefeuille (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of units in the Fonds France Investissement Régions 3 – Class D1.

Operations provisions:

Pursuant to this sales contract, the 5,500 units were sold in exchange of the payment of €5,190,131.00 corresponding to the sale price, calculated based on the net asset value of the 3,500 units held on 31 December 2014 and the nominal value of the 2,000 units subscribed on 11 February 2015.

2. Agreements between Bpifrance Financement, FFI-B Prime and Bpifrance Investissement

2.1.Contract for the sale of FPCI units – Fonds Avenir Entreprises Mezanine C4 – Class A4.1

Nature and purpose:

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FFI-B Prime (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of the Class A units of the Fonds Avenir Entreprises Mezanine.

Operations provisions:

Pursuant to this sales contract, the 20,000 units were sold in exchange of the payment of €12,356,560.00 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

2.2.Contract for the sale of FPCI units – Fonds Avenir Entreprises Mezanine - Class B

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor), FFI-B Prime (the transferee) and Bpifrance Investissement (the portfolio management company). The purpose of the contract was the sale of the Class B units of the Fonds Avenir Entreprises Mezanine.

Operations provisions:

Pursuant to this sales contract, the 100 units were sold in exchange of the payment of €24,713.30 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

3. Assignment contract between Bpifrance Financement and Bpifrance Investissement

3.1.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C1 – Class A1.1

The sale contract was signed on 30 March 2015 between Bpifrance Financement (the transferor) and Bpifrance Investissement (the transferee). The purpose of the contract was the sale of one unit of the Fonds Avenir Entreprises Développement C1 – Class A1.1.

Operations provisions:

Pursuant to this sales contract, the unit was sold in exchange of the payment of €18.43 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

3.2.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C2 – Class A2.1

The sales contract was signed on 30 March 2015 between Bpifrance Financement (the transferor) and Bpifrance Investissement (the transferee). The purpose of the contract was the sale of one unit of the Fonds Avenir Entreprises Développement C2 – Class A2.1.

Operations provisions:

Pursuant to this sales contract, the unit was sold in exchange for a payment of €12.34 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

3.3.Contract for the sale of FPCI units – Fonds Avenir Entreprises Développement C3 – Class A3.11

The sale contract was signed on 30 March 2015 between Bpifrance Financement (the transferor) and Bpifrance Investissement (the transferee). The purpose of the contract was the sale of one unit in the Fonds Avenir Entreprises Développement C3 – Class A3.1.

Operation provisions: :

Pursuant to this sales contract, the unit was sold in exchange of the payment of €332.42 corresponding to the sale price, calculated based on the net asset value of the units on 31 December 2014.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING.

Pursuant to the article of the Commercial Code, we were informed that the execution of the following agreements and commitments already approved by the General Meeting during previous fiscal periods continued over the past fiscal year.

1. Assignment contract between Bpifrance Financement and Bpifrance Investissement

On 29 November 2013, your Board of Directors authorised the signing of this agreement which defines the conditions and provisions for the assignment of securities held by Bpifrance Financement in Bpifrance Investissement Régions for the benefit of Bpifrance Investissement.

The agreement was signed on 11 February 2014 and a capital gain on the sale of €1,232,320.75 was recorded by Bpifrance Financement in its statements closed on 31 December 2014.

2. Agreements with Bpifrance Régions

2.1.ERDF fund agreement

Authorised by your Board of Directors on 25 March 2004, this agreement defines the operating provisions relative to the ERDF mechanism.

The agreement had no financial impact relative to the fiscal year ending on 31 December 2014.

2.2. Agreement for the provision of services for the implementation of the Fonds Régionaux de Garantie Innovation between Bpifrance Financement and Bpifrance Régions.

This agreement approved by the Board of Directors on 16 December 2011 was intended to define the operation of the FRGI mechanism and the nature of the services between Bpifrance Financement and Bpifrance Régions. As part of this mechanism, local authorities provide Bpifrance Régions with funds to create the FRGI whose purpose is to hedge the risks and cost of liquidity resulting from the assistance granted by your Company's network.

The agreement sets the remuneration for services provided at 4.80%, net of taxes, of the amount of funds paid out as part of the eligible innovation assistance to the FRGI.

Pursuant to this agreement, your company recorded income of €1,716,246.22 for the period ending 31 December 2014.

3. Intra-group services agreement signed with EPIC BPI-Groupe - Bpifrance Financement - Bpifrance Régions - AUXI FINANCES - SCI de Bpifrance

The agreement, whose purpose is to define the framework of cross-company services and set the general principles for re-invoicing between the different parties, was authorised by the Supervisory Board on 11 March 2008.

On 29 March 2011, the Board of Directors also approved an amendment to the agreement with Bpifrance Régions. The agreement defines the types of services provided by your company to its subsidiary and sets the conditions of compensation, i.e.:

- €300,000 net of taxes for services related to accounting and financial management, the monitoring of the guarantee funds and legal follow-up for Bpifrance Régions;
- 0.45% of the amounts charged to the guarantee funds during the previous year for services related to the marketing and granting of guarantees provided by Bpifrance Régions;
- 0.2% net of taxes of the amounts charged to the guarantee funds during the previous year for operation management services.

Pursuant to the agreement, for the period ending 31 December 2014, your company recorded income of €66,666.67 for re-invoicing to EPIC BPI-Groupe for wage costs and income of €1,757,950 for re-invoicing to Bpifrance Régions of marketing and wage costs. No financial impact resulted from this agreement with AUXI FINANCES and SCI Bpifrance over the fiscal year.

4. Agreement with EPIC-BPI-Groupe

4.1. Guarantee agreement with EPIC-BPI Groupe relative to the issues as part of the Bpifrance Financement EMTN programme.

Approved by your Board of Directors on 16 December 2011, this agreement calls for EPIC BPI-Groupe to grant a guarantee for the benefit of investors who subscribed to EMTN issued by your company.

The compensation for this guarantee is equal to 0.15% of the outstandings of the security issues as part of EMTN programme.

In application of this agreement, a charge of €12,945,191.11 was recorded by your company for the fiscal year ending 31 December 2014.

4.2. Current account and cash pooling agreement between EPIC BPI-Groupe and Bpifrance Financement.

Authorised by your Supervisory Board on 29 June 2007, the agreement defines the operation and the compensation provisions for the current account opened in your company's name within the framework of the centralised cash pooling.

In application of this agreement, an interest charge of €45,887.25 was recorded by your company for the fiscal year ending on 31 December 2014.

4.3. Financial management agreement signed with EPIC BPI-Groupe

This agreement approved by your Supervisory Board on 29 June 2007, defines the types of services and the implementation and management provisions for investment and refinancing transactions on the financial markets, which your company undertakes for EPIC BPI-Groupe. As part of this set-up, EPIC BPI-Groupe has delegated the power to implement the transactions to the Financial Operations Department of your company.

The agreement had no impact relative to the fiscal year ending on 31 December 2014.

4.4. Agreement relative to the implementation of the Restaurant Modernization Fund of 22 October 2009 between the State, EPIC BPI-Groupe and Bpifrance Financement

The Board of Directors approved the agreement on 27 September 2011. The agreement on the implementation of the Restaurant Transmission and Modernization Loans system ("PPMTR") calls for the set-up of two funds: The PMR guarantee fund (formerly the PPMTR guarantee fund) and the subsidy compensation fund for the zero-rate PMR.

The State pays the amounts from the proceeds of the annual contribution on restaurant sector sales as anticipated by the law to EPIC BPI-Groupe which releases them to the funds based on your company's calls for funds.

The agreement, signed on 10 October 2011, had no financial impact relative to the fiscal year ending on 31 December 2014.

5. Management mandate signed between Bpifrance Financement and Auxifinances

Through this agreement, authorised by the Board of Directors on 25 March 1998, your company provides the overall management of its subsidiary Auxifinances, owner of the Bpifrance Financement head office.

Your company's compensation relative to this mandate was €272,341.44 for the fiscal year ending 31 December 2014.

6. Counterparty agreements signed between Bpifrance Financement and the Agence Française de Développement (AFD)

These agreements were approved by your Board of Directors on 15 December 2000. They relate to the contribution of counter-guarantees for the FASEP and DOM funds.

The agreements had no financial impact relative to the fiscal year ending on 31 December 2014.

7. Agreements with Bpifrance Investissement Régions

7.1. Agreement relative to the set-up of Bpifrance Investissement Régions within the network.

On 29 June 2012, your Board of Directors authorised the signing of this agreement which is intended to define the physical and material organisation of fourteen sites for the location of Bpifrance Investissement Régions employees in the regional premises of Bpifrance Financement, notably:

- signage specific Bpifrance Investissement Régions is installed in the regional premises where employees of Bpifrance Investissement Régions will be working,
- your company authorises the installation of the Bpifrance Investissement Régions IT networks in its regional premises.

Pursuant to this collaboration, your company receives an annual pre-tax contribution of €20,000 per installation, payable on 15 December of each year at the latest.

The agreement was signed on 12 July 2012.

The agreement had no impact relative to the fiscal year ending on 31 December 2014.

7.2. Agreements relative to the procedure for requesting a proposal of files as part of the Régions Mezzanine FCPR and of the FSI Régions 1 FCPR

On 29 June 2014, your Board of Directors approved the signing of two agreements intended to clarify the procedure according to which Bpifrance Investissement Régions can ask your company to propose files within the framework of the investments undertaken by the FSI Régions Mezzanine FCPR and by the FSI Régions 1 FCPR, i.e.:

- The files are submitted to the regional managers of Bpifrance Investissements Régions and accounting follow-up is provided by Bpifrance Investissement Régions,

- the annual objectives are set by Bpifrance Investissement Régions management in agreement with the directors of the Bpifrance Financement network.

Your company receives a study and marketing commission calculated as follows:

- all files submitted exclusively by your company to the FCPR's advisory committee is invoiced €6,000 net of tax

- for the disbursed files, compensation of 1% of the amount of the granted outstandings is paid to your company.

The total compensation cannot exceed €20,000, before tax, per file.

The agreements, signed on 12 July 2012 are applicable for the duration of the investment period of both FCPRs.

The agreements had no financial impact relative to the fiscal year ending on 31 December 2014.

7.3 Agreement on the contribution and study of OC+ files between Bpifrance Financement and Bpifrance Investissement Régions

This agreement defines the framework for the business getter relations between Bpifrance Investissement Régions and your company. In consideration of the OC+ files coming from the target companies brought by the Bpifrance Financement networks, Bpifrance Investissement Régions will pay your company a set commission of €6,000 net of tax per file submitted plus a commission supplement of 1% net of tax of the invested amounts.

This agreement was approved by the Supervisory Board on 14 December 2009 and signed on 16 December 2009 and was the subject of an amendment authorised by your Board of Directors on 29 June 2012.

The amendment results in modifications to the compensation for the files submitted by your company as part of the investments of the OC+B FCPR, i.e.:

- all files submitted exclusively by your company to the FCPRs advisory committee are invoiced €6,000, net of tax

- for the disbursed files, compensation of 1% of the amount of the granted outstandings is paid to your company.

The total compensation cannot exceed €20,000, before tax, per file.
The agreement had no impact relative to the fiscal year ending on 31 December 2014.

7.4 Cooperation agreement between Bpifrance Financement and Bpifrance Investissement Régions for the Avenir Entreprises Développement FCPR

As part of the creation of the Développement Venture Capital Mutual Fund (FCPR), on 11 March 2008, your Supervisory Board authorised a cooperation agreement between and Bpifrance Financement and Bpifrance Investissement Régions which defines the cooperation provisions. The agreement was signed on 30 May 2008.

The agreement had no impact relative to the fiscal year ending on 31 December 2014.

7.5 Cooperation agreement between Bpifrance Financement and Bpifrance Investissement Régions for the Avenir Entreprises Mezzanine FCPR

As part of the creation of the Avenir Entreprises Mezzanine Venture Capital Mutual Fund (FCPR), on 21 December 2007, your Supervisory Board authorised a cooperation agreement between and Bpifrance Financement and Bpifrance Investissement, which defines the cooperation provisions.

The agreement had no impact relative to the fiscal year ending on 31 December 2014.

8. Carried interest retrocession agreement signed with FSI PME Portefeuille (formerly CDC Entreprises Portefeuille)

This agreement, signed by the Supervisory Board on 11 March 2008 and signed on 30 May 2008 defines the carried interest provisions between the parties within the framework of their holdings in the Avenir Entreprises Développement FCPR.

The agreement had no impact relative to the fiscal year ending on 31 December 2014.

9. Periodic control service agreement signed between Bpifrance Financement and Alsabail

This agreement, authorised by your Board of Directors on 16 December 2011, is intended to define the nature and provisions of the periodic control services stipulated by amended CRBF Regulation n°97-02 provided to Alsabail by your company's Inspectorate General-Audit.

This agreement stipulates that the services will be provided in accordance with the Bpifrance Financement audit charter and will be described in an audit plan, the contents and procedures of which are approved annually.

The agreement had no impact relative to the fiscal year ending on 31 December 2014.

10. Agreements for shareholder advances agreed between Bpifrance Financement and the State

These agreements relate to the set-up of advances granted by the State to your company as part of the creation of the over-mutualisation fund and the preserved capital fund.

The agreement had no impact relative to the fiscal year ending on 31 December 2014.

Signed in Paris La Défense and Courbevoie, on 15 April 2015

The Statutory Auditors

MAZARS	KPMG AUDIT Department of KPMG SA
Virginie CHAUVIN	Philippe SAINT-PIERRE

11. GENERAL INFORMATION REGARDING THE ISSUER

11.1. Background and evolution of the Issuer

The EPIC (Public Establishment with an Industrial and Commercial Nature) OSEO was born in 2005 from the merger of ANVAR (*Agence nationale de valorisation de la recherche*), the BDPME (Banque du Développement des PME) and its subsidiary Sofaris (*Société française de garantie des financements des PME*). Through these three companies, which have become subsidiaries of EPIC and have been renamed OSEO Innovation, OSEO Financement and OSEO Garantie, EPIC OSEO was entrusted with the financing and support of SMEs across three business lines: support for innovation, the financing of investments and of the operating cycle in partnership with banks, as well as bank financing and equity investment guarantees.

In 2007, as part of the Government's policy to promote and develop the investments devoted to research and innovation, priority was given to supporting innovation within medium-sized companies. For this purpose, the Government decided to merge the Agence de l'Innovation Industrielle (AII) with OSEO, in view of the general interest mission shared by them: financing and supporting companies during the most decisive phases of their existence. As such, on 1 January 2008 and after the dissolution of the AII, the "Industrial Strategic Innovation" activity was transferred to OSEO innovation by the State.

In order to improve OSEO's responsiveness and effectiveness, and therefore the quality of its services, while also helping to clarify and simplify its organisation, the project to merge the group's operational entities was initiated in 2008. It was made possible by law n°2010-1249 on banking and financial regulation of 22 October 2010, and took the form of a merger through absorption by the OSEO financement company, that became the SA OSEO, of the companies OSEO garantie, OSEO innovation and OSEO bretagne.

On 6 June 2012, the Minister for the Economy announced the creation of the Banque Publique d'Investissement (BPI - Public Investment Bank). A public group intended to support the financing and development of companies, acting in accordance with public policies implemented by the State and by the Regions, the group gathers the activities of OSEO, CDC Entreprises and the Strategic Investment Fund. The creation of the Public Investment Bank was made official under Order n°2012-1559 of 31 December 2012, which amended Order n°2005-722 of 29 June 2005 relating to the creation of the EPIC OSEO that became the EPIC BPI-Groupe, and the creation of the limited liability company OSEO SA that became the limited liability company BPI-Groupe SA. A *société anonyme* (public limited company) and finance company, it has been held in equal shares by the State via the EPIC BPI-Groupe, and the Caisse des Dépôts since 12 July 2013. The SA OSEO, now called Bpifrance Financement, became a subsidiary of SA BPI-Groupe, just like the entities that include the own funds activities of CDC Entreprises and the FSI, that have become Bpifrance Investissement and Bpifrance Participations.

11.2. Company name, registration, incorporation date and term, registered offices

The *Société Anonyme* Bpifrance Financement is registered on the Créteil Trade and Companies Register under number Créteil TCR 320 252 489 (APE code 6492 Z).

Bpifrance Financement was created on 22 December 1980 under the name of Crédit d'Equipement des PME. The term of the company is set at 99 years starting on 14 November 1980.

The registered office is located at 27-31 avenue du Général Leclerc, 94710 Maisons-Alfort, Paris (Tel: +33 (0) 41 79 80 00).

11.3. Legal form, regulatory texts and applicable legislation

11.3.1. Information included for reference

Pursuant to article 28 of European Commission regulation (EC) n°809/2004, the following information is included for reference in the reference document:

- for the 2013 fiscal year, the reference document for 2013 was deposited with the Financial Markets Authority (*Autorité des Marchés Financiers*) on 23 April 2014, under deposit number D.14-0394. The consolidated financial statements appear in pages 68 to 155 and the corresponding audit report is on page 205. The certificate from those in charge of verifying the financial statements appears on page 232;

- for the 2012 fiscal year, the reference document for 2012 was deposited with the Financial Markets Authority (*Autorité des Marchés Financiers*) on 30 April 2013, under deposit number D.13-0485. The consolidated financial statements appear in pages 68 to 143 and the corresponding audit report is on page 190. The certificate from those in charge of verifying the financial statements appears on page 212. This reference document was updated on 24 May 2013, under filing n° D.13-0485-A01, with the information regarding the decision of the General Meeting on 14 May 2013 to distribute a dividend per share of €0.10, rather than €0.15 as proposed by the Board of Directors on 29 March 2013.

11.3.2. Trend information

Bpifrance Financement certifies that no significant deterioration has affected its prospects since the date of its last audited and published financial statements.

11.3.3. Legal proceedings and arbitration

Bpifrance Financement certifies that over the last 12 months, no government, legal or arbitration proceedings of which it is aware, which are pending or by which it is threatened, are likely to have or have had any significant effect on the financial position or profitability of the company or the group.

11.3.4. Significant change in the issuer's financial position

Bpifrance Financement certifies that no significant change in the group's financial position has taken place since the end of the last fiscal year for which audited financial statements were published.

11.3.5. Conflicts of interest on the levels of the administration and management bodies

To the best of Bpifrance Financement's knowledge, there is no conflict of interest between the obligations to the issuer of any of the members of the Board of Directors and their private interests and/or other obligations.

11.3.6. Documents available to the public

Bpifrance Financement certifies that:

- copies of the act of incorporation and bylaws of the issuer may be consulted at its registered offices, 27-31 avenue du Général Leclerc 94710 Maisons-Alfort Cedex;
- the 2014 annual report of the Bpifrance Financement company can be accessed on its website: bpifrance.fr;
- the 2012 and 2013 annual reports, serving as reference documents, are available for consultation on the website: bpifrance.fr.

12. PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AND THE AUDITS

12.1. Responsible person

The Chairman and Chief Executive of Bpifrance Financement, Mr. Nicolas Dufourcq, is responsible for the information contained in the present document.

12.1.1. Statement of the Chairman and Chief Executive

I hereby certify having taken all reasonable measures to that effect so that the information contained in this document is, to the best of my knowledge, a true representation of the facts and contains no omission likely to affect its interpretation.

I certify that, to the best of my knowledge, the financial statements have been prepared in compliance with the applicable accounting standards, and provide a fair picture of the assets, financial situation and earnings of the issuer and of all of the companies included in the consolidation, and that the management report includes a faithful listing of the evolution of the business, results and financial situation of the issuer and of all of the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are faced.

From the Statutory Auditors, I have obtained a certificate of completion in which they indicate that they have examined the information bearing on the financial position and financial statements contained in the present reference document and that they have read the document in its entirety.

The historical financial information presented in this document is the subject of reports by the statutory auditors, for the consolidated financial statements appearing on pages 194 to 197 of the said document, while including an observation on page 195. Moreover, the financial information presented in the reference documents for 2012 and 2013 were the subject of reports by the legal controllers, that contain, for the 2013 reference document, an observation on page 206.

The Chairman and Chief Executive
Nicolas Dufourcq

12.2. Statutory auditors

12.2.1. Current

MAZARS, member of the regional association of Versailles, Exaltis - 61 rue Henri Regnault 92075 La Défense Cedex- appointed for the first time in 1996 and whose term of office was renewed by the Ordinary General Meeting on 27 May 2010 and that expires at the close of the General Meeting examining the financial statements of the fiscal year to 31 December 2015, represented by Virginie Chauvin.

The individual and consolidated financial statements for the fiscal years ended on 31 December 2012 and 31 December 2013 were audited and certified by Virginie Chauvin.

KPMG Audit, member of the regional association of Versailles–3 cours du Triangle - Immeuble Le Palatin - 92 939Paris la Défense – appointed for the first time in 2009 and whose term of office expires at the close of the Ordinary General Meeting examining the accounts of the fiscal year to 31 December 2014, represented by Philippe Saint-Pierre.

The individual and consolidated financial statements for the fiscal year ended on 31 December 2012 were audited and certified by Marie-Christine Ferron-Jolys and Philippe Saint-Pierre, and the individual and consolidated financial statements for the fiscal year ended on 31 December 2013 were audited and certified by Philippe Saint-Pierre.

12.2.2. Alternate auditors

Mr. Franck Boyer
61 rue Henri Regnault - 92075 La Défense Cedex
Appointed by the General Meeting of 27 May 2010 for a term of 6 fiscal years
Member of the Regional Association of Versailles
The term of office for Bpifrance Financement expires in 2016.

Mr. Jean-Marc Laborie
3 cours du Triangle - Immeuble Le Palatin - 92939 Paris la Défense
Appointed by the General Meeting of 28 May 2009 for a term of 6 fiscal years
Member of the Regional Association of Versailles
The term of office for Bpifrance Financement expires in 2015.

13. CROSS-REFERENCE TABLE

Bpifrance Financement
Public Limited Company with Board of Directors
With capital of €759,916,144
CRETEIL TCR number 320 252 489

Registered office
27-31, avenue du Général Leclerc
94710 Maisons-Alfort cedex
Tél. : +33 (01 41 79 80 00 - Fax: +33 (0)1 41 79 80 01

www.bpifrance.fr