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FRENCH-GERMAN INITIATIVE :**Bpifrance and KfW aim at joint investments for ambitious European growth funds**

In the past few years, France and Germany have both shown remarkable momentum in creating innovative businesses in innovation sectors, especially in digital, biotech and greentech. The momentum has been accompanied by rapid growth in Venture Capital in these sectors, with the emergence in both countries of major funds that have been very active and have played a major role in the development of start-ups.

Increasing the critical mass of this European market in tech investment capital and strengthening the ability for the key players in the ecosystem to act in both France and Germany are major challenges.

That is why Bpifrance and KfW are working together to stimulate the Venture Capital market in both France and Germany. It will enable innovative start-ups to emerge faster at the European scale, especially in digital, biotech and greentech.

Bpifrance and KfW have invested together in Venture Capital Funds focusing on digital and biotech. The parallel investment of Bpifrance and KfW in two major French funds (including Partech Growth and one leading life science fund) were the first joint investments in the field of Venture Capital.

Both Bpifrance and KfW believe that supporting the Venture Capital market is crucial to mobilize capital from private investors and therefore are looking into new European VC Fund investments to support companies in both countries.

Such a cooperation will enable operational synergies to grow and expertise to be pooled across partner funds. It will facilitate collaboration between German and French companies operating in these markets, as well as between subsidiaries or complementary technologies likely to generate new growth opportunities. It will contribute to developing and structuring the venture capital ecosystem. It will back start-ups in their growth and internationalisation phases and encourage the emergence of "unicorns".

In this way, Bpifrance and KfW intend to cooperate to develop and to support Venture Capital funds targeting both French and German start-ups. They will promote this cooperation to corporate investors that could bring capital and knowledge to the investee and increase their ability to grow.

Bpifrance and KfW will be open and willing to enlarge this cooperation to other European countries.

Statement from Dr. Ingrid Hengster, Member of the Executive Board of KfW:

"Start-ups are important for the economic development of every country, therefore supporting the Venture Capital market for start-ups, especially in innovative sectors, is crucial for European economic growth."

Statement from Mr; Pascal Lagarde, Executive Director of Bpifrance :

"This cooperation between Bpifrance and KfW will boost internationalisation and competitiveness of innovative start-ups through the development of key cross border Venture Capital players. It will contribute to a stronger integration of the two major Venture Capital markets in continental Europe "



About KfW

KfW is Germany's leading financier of SMEs. It provides enterprises with long-term investment loans as well as with working capital loans. Particular support is offered to enterprises who invest in the energy-efficient refurbishment of buildings or make their production more energy-efficient. Loans for these purposes are partly subsidised by federal budget funds and are therefore provided at particularly favourable terms.

As a general rule, KfW grants its loans through the costumers' regular banks, and to make it easier for the bank to approve the loan, KfW also partially assumes the bank's risk. Moreover, KfW promotes innovative projects with special programmes to raise equity. With the "ERP Venture Capital Fund Investments" promotional instrument, KfW is improving the promotion of technology-based start-ups and young, innovative companies in Germany. KfW is participating in selected venture capital funds in Germany and Europe that invest in young, growth-oriented technology companies.

After the Federal Government, KfW is the second largest investor in the High-Tech Start-up Fund (HTGF), Germany's biggest and most active investor in the early-stage segment. For the later-stage segment, KfW has launched together with the Federal Ministry for Economic Affairs and Energy (BMWi) the VC fund "Coparion" which invests directly in innovative start-ups together with private investors, in line with the successful equity model of the ERP Start-up Fund whose new business was terminated with the establishment of Coparion in March 2016.

About Bpifrance

Bpifrance, a subsidiary of the Caisse des Dépôts and the French State, is a trusted partner for entrepreneurs, supports companies from start-up to their listing on the stock market, through credit, guarantees and equity. Bpifrance also provides support services and enhanced support for innovation, external growth and export in partnership with Business France.

Bpifrance offers companies a funding continuum for each key stage of their development together with services adapted to different regional needs. Through its 47 regional offices (90% of decisions are taken in region), Bpifrance represents a true financially competitive service for entrepreneurs.

Bpifrance acts in support of public policies implemented by the State and the Regional authorities to meet three objectives:

- support business growth;
- prepare for future competitiveness;
- contribute to the development of an ecosystem favourable to entrepreneurship.

With Bpifrance, companies have a powerful, close and efficient partner to meet all their needs for funding, innovation and investment.

For more information go to: www.bpifrance - Follow us on Twitter: [@bpifrance](https://twitter.com/bpifrance)

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