



Debt Investors Presentation

Bpifrance Financement, Bond Issuer

October 2017

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Executive summary

- **Bpifrance is the French National Promotional Bank, Innovation Agency, Sovereign Fund and Export Credit Agency**
 - General interest missions defined by law: public bank dedicated to promoting the financing and development of companies operating in France, and in particular of SMEs
 - Highly protected legal status and tight control by public authorities: strongest possible ownership in France (50% by the French State / 50% by the Caisse des Dépôts)
- **EPIC¹ Bpifrance and Caisse des Dépôts (CDC) ratings considered by Moody's and Fitch as aligned with those of French Government**
 - Aa2 (stable) / P1 by Moody's; AA (stable) / F1+ by Fitch Ratings
- **Bpifrance Financement's debt issued both under EPIC¹ Bpifrance's guarantee and ECB's State Agency classification**
 - HQLA level 1
 - Agency haircut with ECB
 - Eligible for the ECB's Public Sector Purchase Programme (PSPP)
- **Bpifrance is directly and fully regulated by the European Central Bank (ECB) and under domestic supervision through the Financial Markets Authority (AMF), ACPR² and Court of Auditors in particular**
 - Bpifrance successfully passed the 2014 Asset Quality Review (AQR) and 2014/2016 stress tests performed by the EBA³ and the ECB, demonstrating its financial strength
 - Bpifrance Group's fully-loaded Basel 3 CET1 ratio: 29,7% as at 30/06/2017
 - Strong capitalisation, well above minimum regulatory requirements
- **As a credit institution, Bpifrance Financement is subject to banking regulations and has access to ECB refinancing**

Bpifrance, a public investment bank, is the trusted partner to entrepreneurs, banks and investors

Strongly supported by the French State

● Set up by law on 12th July 2013, Bpifrance is:

- “A public group aiming at financing and developing companies, and acting in accordance with the public policies conducted both by the State and regional authorities”¹

Legal entity structure

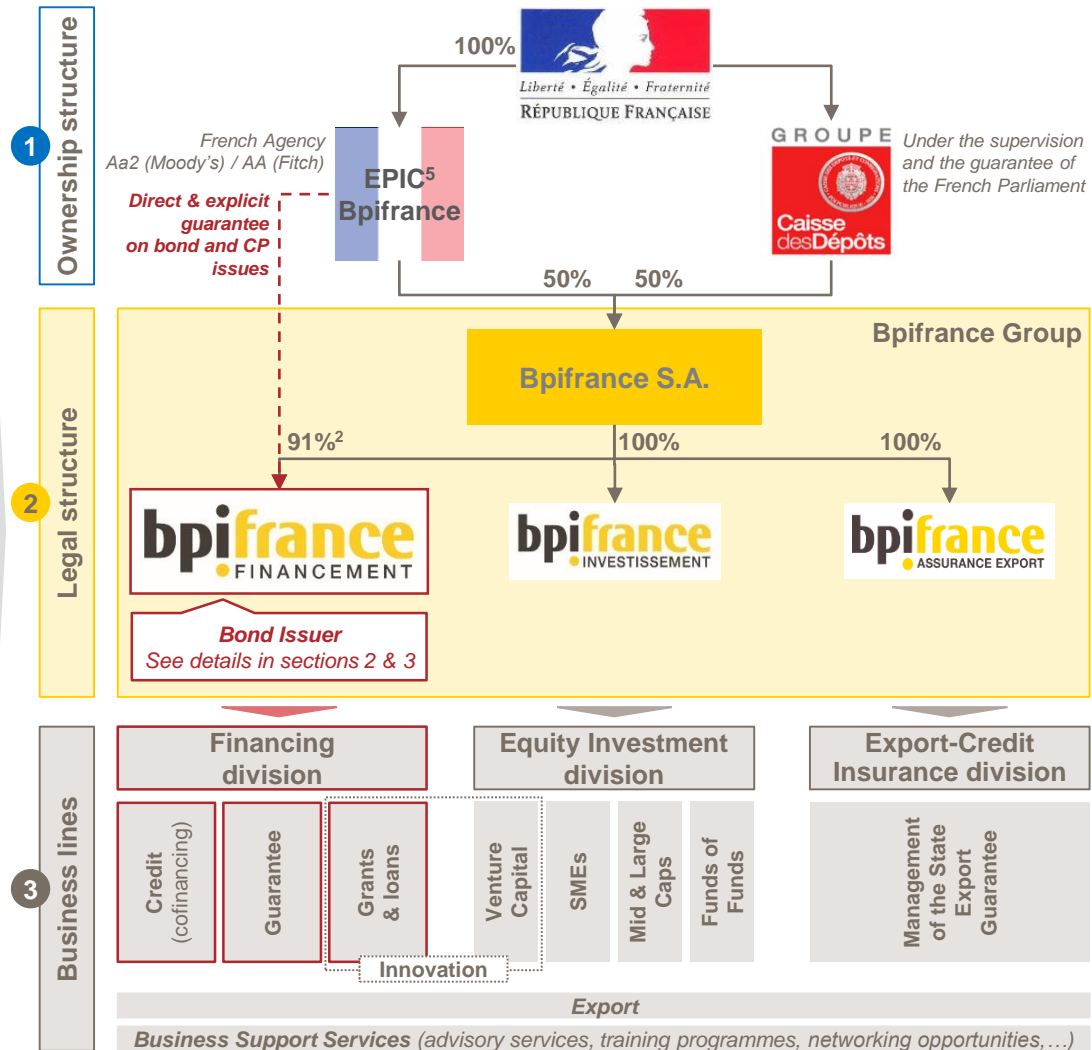
● Bpifrance is a financial company:

- 1 Held on a 50/50 basis by the French State and the Caisse des Dépôts
- 2 Structured around three main subsidiaries:
 - A bank (Bpifrance Financement)²
 - A holding company (Bpifrance Participations) and an asset management company (Bpifrance Investissement)³
 - An export credit agency (Bpifrance Assurance Export)⁴

Organizational structure

● Bpifrance is organised around:

- 3
 - Three separate primary divisions
 - 7 business lines and 2 transversal priorities
- Strict compartmentalization of financial resources between the business lines



Our strategy: bringing together the best of the public and private sectors to boost growth

Strategic roadmap: 3 central pillars

- **Bpifrance** favours growth sectors and geographical zones, in its mission to support national industrial policy (digital, biotechnology, agribusiness, aeronautic, eco-industries...)
- Similarly, **Bpifrance** adopts an approach suited to the particularities of firms operating within the Social and Solidarity Economy (SSE)
- Innovation is a key priority for **Bpifrance**. We intervene prior to the R&D phase and continue all the way through to the reinforcing of capital for innovative firms, who are an essential source of competitiveness for the French economy



- **Bpifrance** provides growing SMEs and mid-cap businesses with personalised international support
- **Bpifrance** with Business France, offers a specific package which facilitates businesses' access to information on foreign markets and tools for financing and insuring their export activities
- **Bpifrance** promotes the emergence of a fully integrated and effective ecosystem for financing and private investment in businesses
- The goal is to provide micro-businesses, SMEs and mid-caps, at all stages of development, with access to highly competent, specialized financiers and investors
- **Bpifrance** strives to attract international investors in the financing of French SMEs and mid-cap businesses



**A bank that promotes non-price competitiveness
(Internationalization / Digitalization / Energy and Environmental Transition)**

An integrated banking model based on five activities with two different but complementary natures

An integrated banking model

A Own fund-related activities:

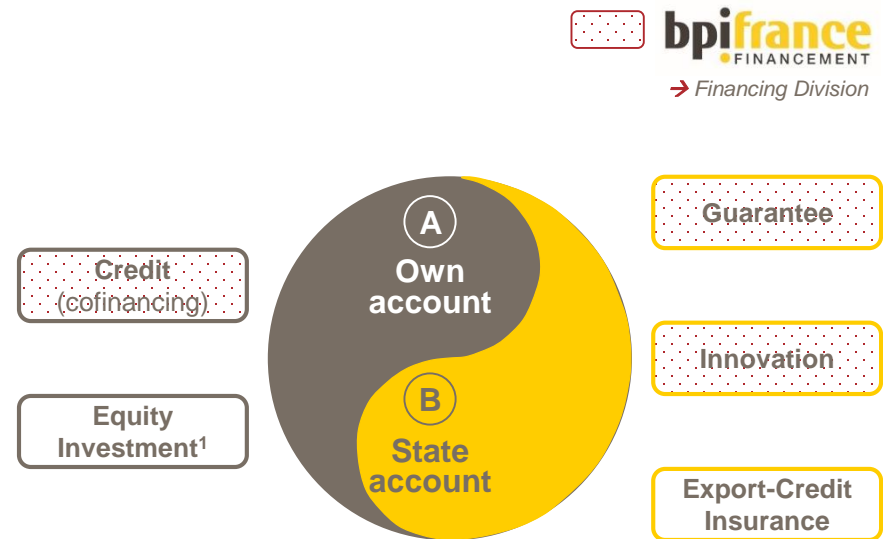
- Co-financing of **credit**, in the form of medium- and long-term loans and financing of short-term receivables
- **Equity investment**¹, either directly or through investment funds

→ **Funding: debt funding and shareholders' equity**

B Activities carried out within the scope of public policies and based, by nature, on dedicated funds² intended to cover commitments made under these assignments:

- **Guaranteeing** loans granted by banking partners and/or equity funding organizations
- Financing **innovation through** aid³ or loans
- **Export-credit insurance** (insurance covering market survey, credit, exchange risk and investment; guarantees covering pre-financing and the bonding facility)

→ **Funding: public allocations**



- These business lines are managed within an **integrated banking model** (pooling of resources, teams, branch networks, IS) for **shared customers** and based on **strictly hived-off financial resources**

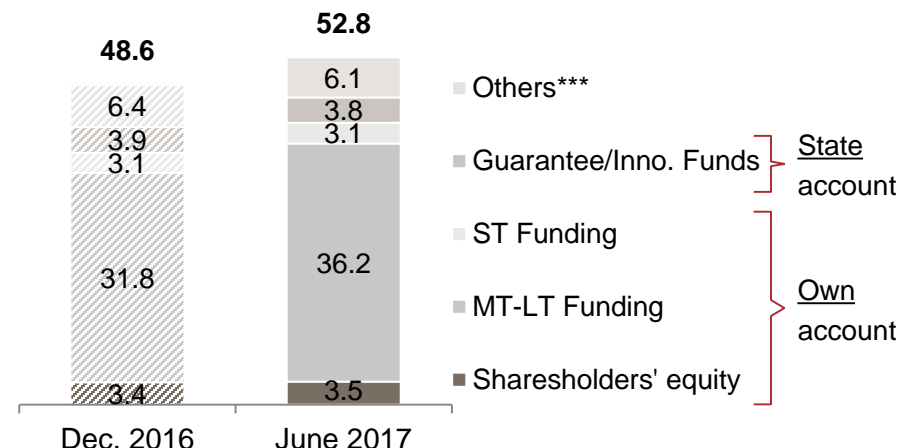
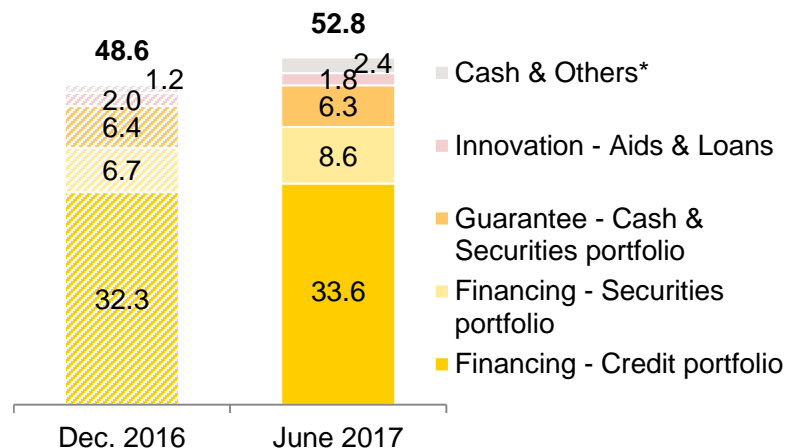
Bpifrance has a unique and a rock-solid balance sheet reflecting its safe and sound business model

Summary consolidated balance sheet (€bn)

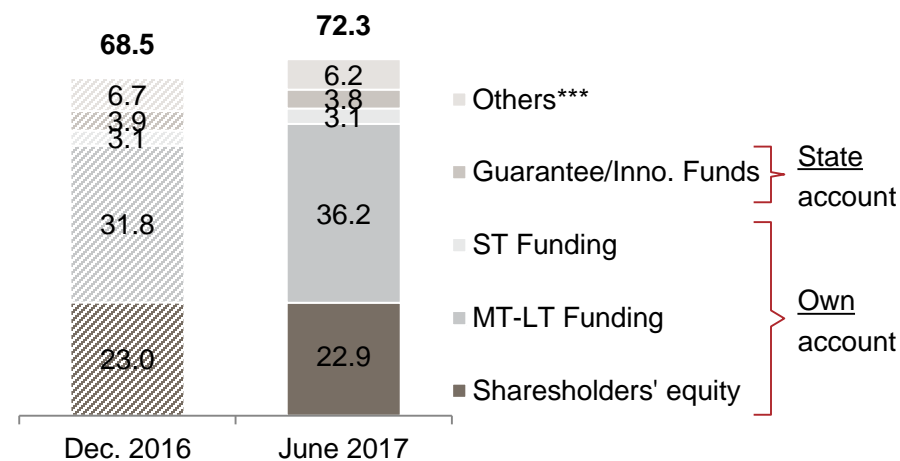
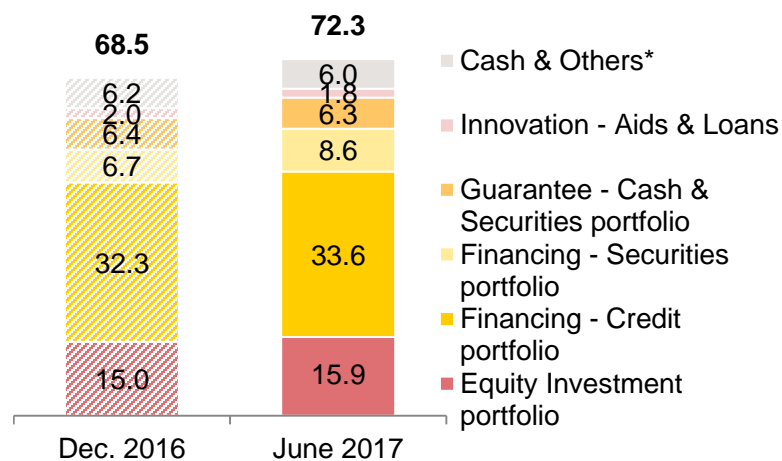
Assets

Liabilities

Bpifrance
Financement



Bpifrance



* Assets-Others: particularly subscribed but unpaid capital, securities portfolio of the Financing Division

** Financial assets held-to-maturity (> 95% of French Treasury Bonds – OAT)

*** Liabilities-Others: particularly shareholder's advance for Guarantee and Innovation, allocations to be paid, commercial resources, provisions

Solvency

Bpifrance is a solid bank

> Solvency

● Basel 3 CET1 ratio as at 30/06/2017:

- Bpifrance:
 - Phased-in: 29,3%
 - Fully-loaded: 29,7%

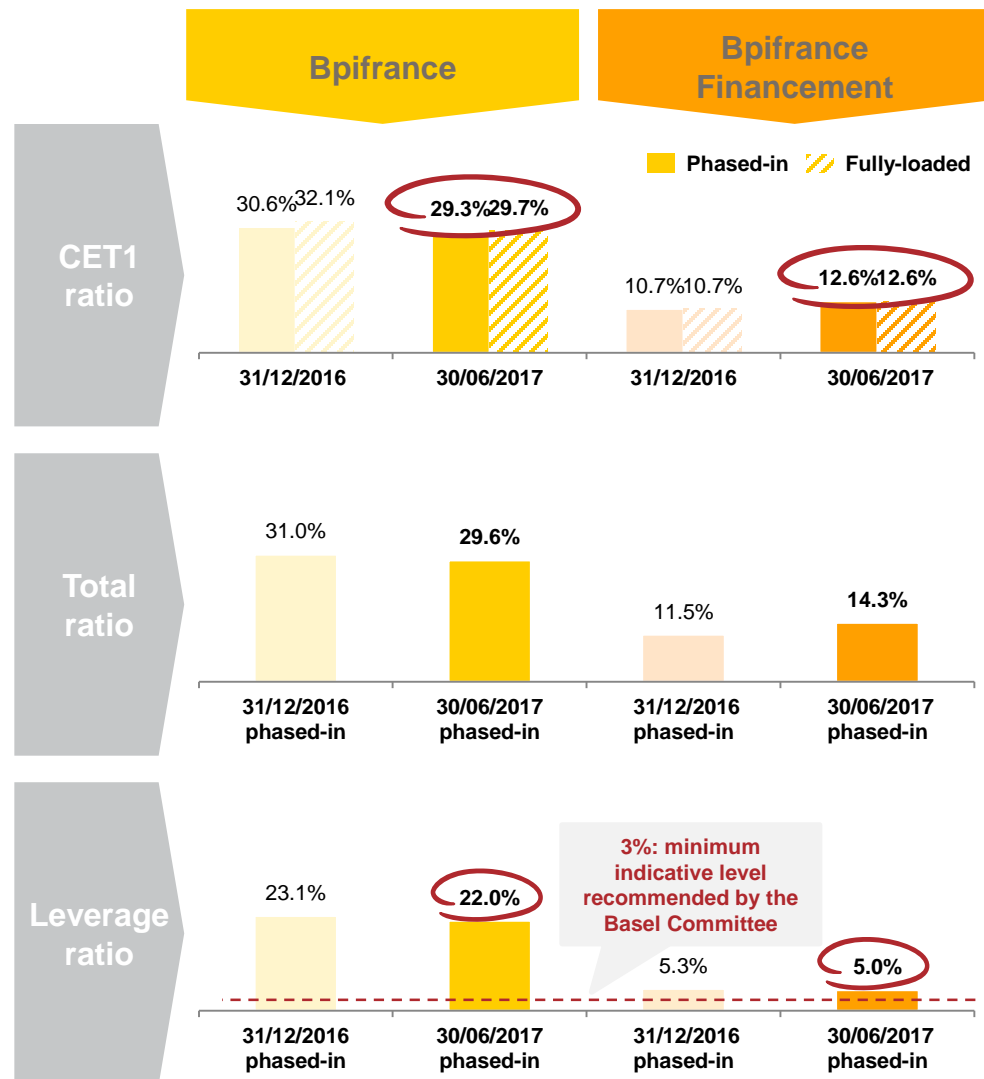
- Bpifrance Financement:
 - Phased-in: 12,6%
 - Fully-loaded: 12,6%

● Pillar 2 requirements as of 2017¹:

- Bpifrance:
 - Phased-in CET 1 ratio: 7%²
 - Phased-in Total capital ratio: 10,50%
- Bpifrance Financement:
 - Phased-in CET 1 ratio: 7,25%³
 - Phased-in Total capital ratio: 10,75%

● Phased-in Basel 3 leverage ratio as at 30/06/2017:

- Bpifrance: 22,0%
- Bpifrance Financement: 5,0%



Liquidity

Bpifrance has a strong liquidity position

> Liquidity

- **Liquidity Coverage Ratio** as at 30/06/2017:

- Bpifrance: 637%
- Bpifrance Financement: 621%

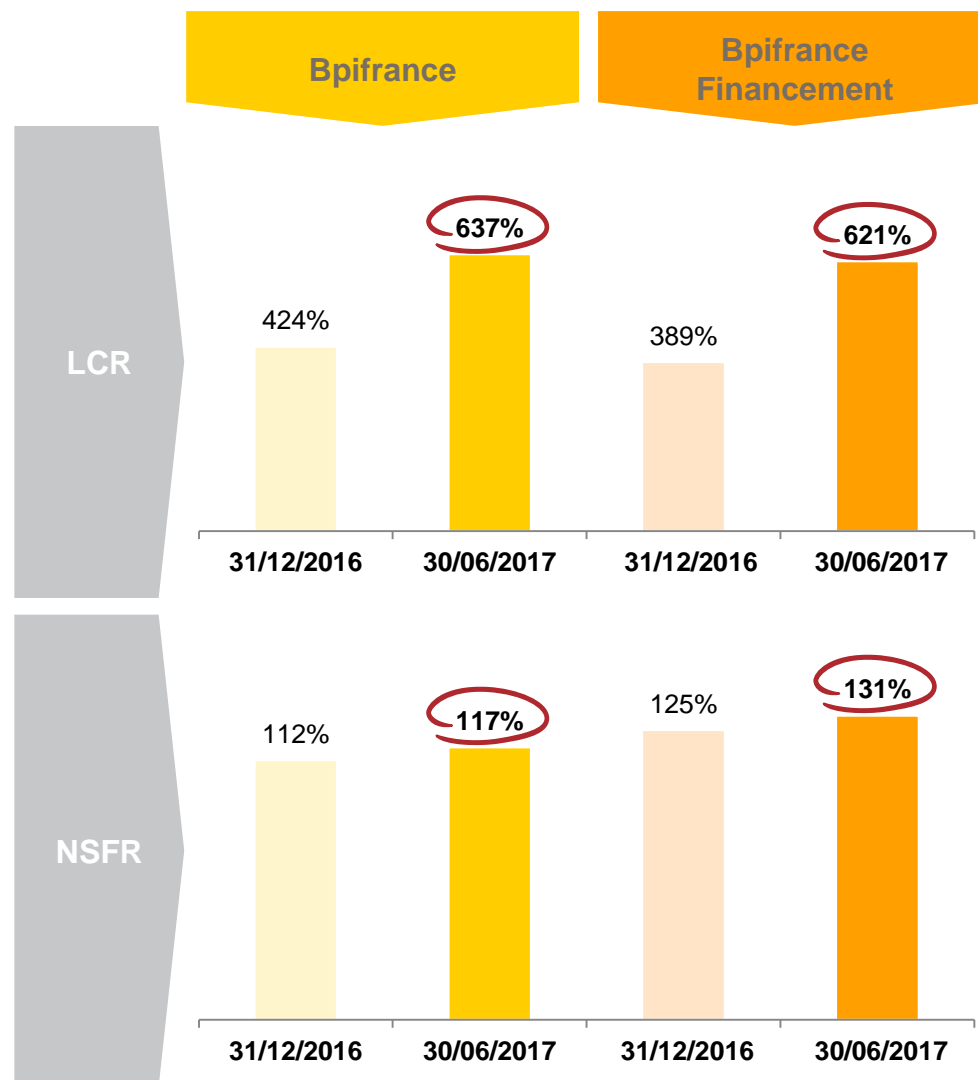
- **Net Stable Funding Ratio** as at 30/06/2017:

- Bpifrance: 117%
- Bpifrance Financement: 131%

- **Liquidity reserve¹** as at 30/06/2017:

→ € 13,8 bn, of which

- Immediately available: € 4,5 bn
- Available within a month: € 9,3 bn



Bpifrance is an accountable bank and has an ambitious policy of engagement in our society

- Bpifrance is a **responsible Group**. It has a **mission-statement which is defined by law** and includes supporting the **Energy and Environmental Transition**

Bpifrance...

... fulfills its general mission of economic interest: “to serve the future and promote sustainable development”...

... by offering companies in France better access to financing, bearing in mind:

- **Its social components:** job creation, health, occupational security schemes, personal development, due regard for social dialogue
- **Its environmental components:** environmental friendliness, sustainable use of natural resources, environmental impact management

... focuses on 4 priorities to implement its Corporate Social Responsibility policy

- **Employment** (particularly for the young)
- **Environmental and energy transition¹**
- The quality of **corporate governance and management**
- **Female entrepreneurship** promotion

... takes into account the social and environmental impacts on...

- ... its own operations: “Internal CSR”
- ... its own activities: “Responsible Investment and Financing”

(see details in appendix 1 and here <http://www.bpifrance.fr/Qui-sommes-nous/Developpement-Durable-RSE/Accueil>)

} Annual CSR Reports since 2013

and participates in market initiatives

- Signatory to the UN Principles for Responsible Investment
- Signatory to the PRI Montréal Carbon Pledge
- Signatory to the Global Investor Statement on Climate Change
- Support for the Shift Project
- As a subsidiary, Bpifrance is party to the Caisse des Dépôts’ commitments towards Climate
- Active member of AFIC’s ESG Commission² and of the Finance Club of the CSR Observatory



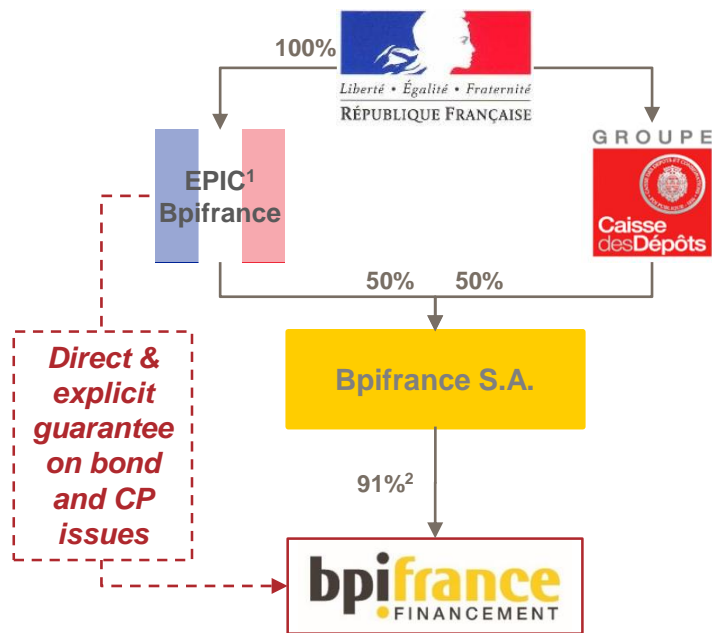
Since 2013, Bpifrance has granted ~€5 bn to 6,000+ companies (of which ~90% are micro-businesses) to finance³ the Energy and Environmental Transition (EET)

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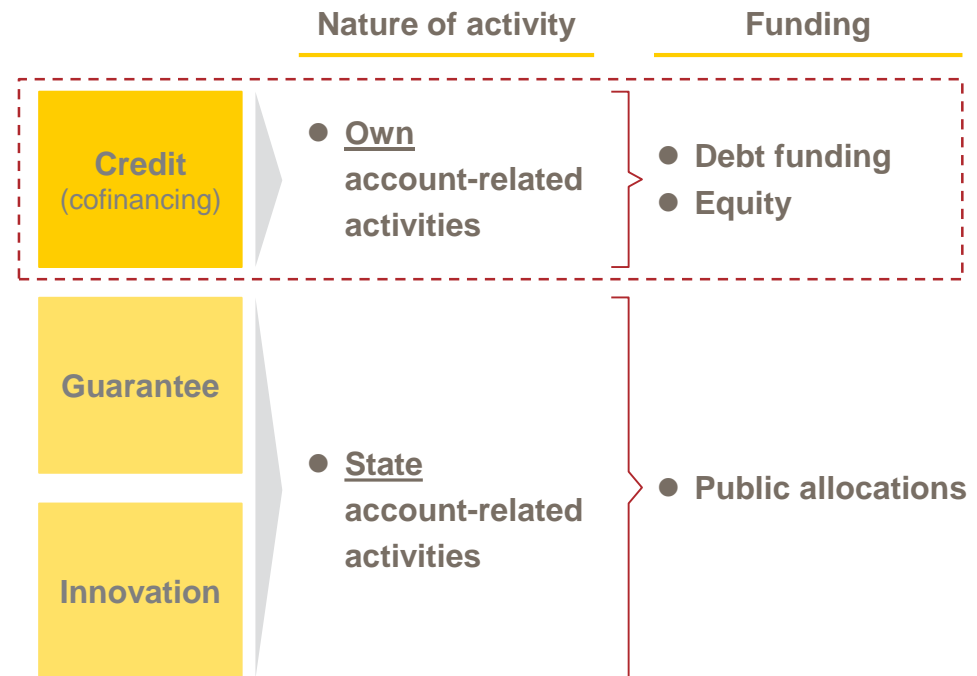
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Bpifrance Financement issues bonds and commercial paper to refinance its loan portfolio

Ownership structure



3 Business lines



The bonds and commercial paper issued by Bpifrance Financement are guaranteed by the EPIC¹ Bpifrance, by way of an autonomous, unconditional and irrevocable first-demand guarantee

EPIC¹ Bpifrance and the debt issuance programmes benefit from high quality ratings

MOODY'S > Aa2 (Stable) / P1

Rationale:

- **Intrinsic operational and financial ties with the French State**
 - High level of government involvement in its business plan and budget
 - Essential role in the development and implementation of government policies favoring companies
 - Public establishment with specific legal status
- **EPIC Bpifrance is not subject to liquidation laws thanks to its legal status of EPIC**
- **Given Bpifrance's important role in government policy concerning SMEs, the French State would timely, in case of stress, extend its support at Bpifrance Financement**

"From a credit-risk profile perspective, Moody's considers CDC and Bpifrance to be intrinsically tied to the French State through their operational and financial ties with the government. As such, CDC's deposit and senior debt ratings and Bpifrance's issuer rating derive from the application of a credit-substitution approach, whereby their ratings are aligned with those of the French government."

Rationale on Bpifrance Financement bonds programmes:

"The rating reflects the unconditional and irrevocable guarantee from EPIC Bpifrance for full and timely payments under this Programme."

FitchRatings > AA (Stable) / F1+

Rationale:

- **EPIC Bpifrance is strongly supported by the French government**
 - Its missions are defined by the French government
 - Benefits from a strong administrative, legal and financial oversight
 - Strong probability of support from the French State, given its legal status
- **EPIC Bpifrance's asset and liabilities cannot be liquidated or transferred to entities other than the French State thanks to its legal status**
- **Bpifrance is a strategic tool for French economic policy**

"The ratings are aligned with those of the French State due to expected very strong support in case of need, strong oversight from the state government and its strategic role in government policy concerning SMEs."

Rationale on Bpifrance Financement bonds programmes:

"The bonds issued under these programmes benefit from an unconditional and irrevocable first-call guarantee from EPIC Bpifrance."



The rating agencies assess EPIC¹ Bpifrance as a government-related issuer, credit-linked to the French State

Funding strategy

Refinancing Strategy in the long run

- A **diversified** and a **long-term oriented refinancing structure**
 - Medium and long-term refinancing mainly on capital markets and through bilateral loans
 - Repo operations on French Govies as part of operations to hedge the rate position
 - Short-term refinancing (commercial paper) mainly used as liquidity management and to ensure a continuing presence on capital markets

Main Funding Channels

Bond and Commercial Paper programmes

- **EMTN¹ Programme: €24 bn**
 - Mainly benchmarks but also private placements
- **NEU MTN² Programme: €4 bn**
 - Launched in 2014
- **NEU CP³ Programme: €6 bn**
 - Labelled STEP under ID 2685

“Autonomous, unconditional and irrevocable first-demand guarantee of EPIC Bpifrance”⁴

→ Ratings:

	Moody's	Fitch Ratings
Long-term ratings	AA2	AA
Outlook/Review	Stable	Stable
Short-term ratings	P-1	F1+

→ Bonds' liquidity:

- HQLA level 1
- Agency haircut with ECB
- Eligible for the ECB's Public Sector Purchase Programme (PSPP)

● Bilateral Loans

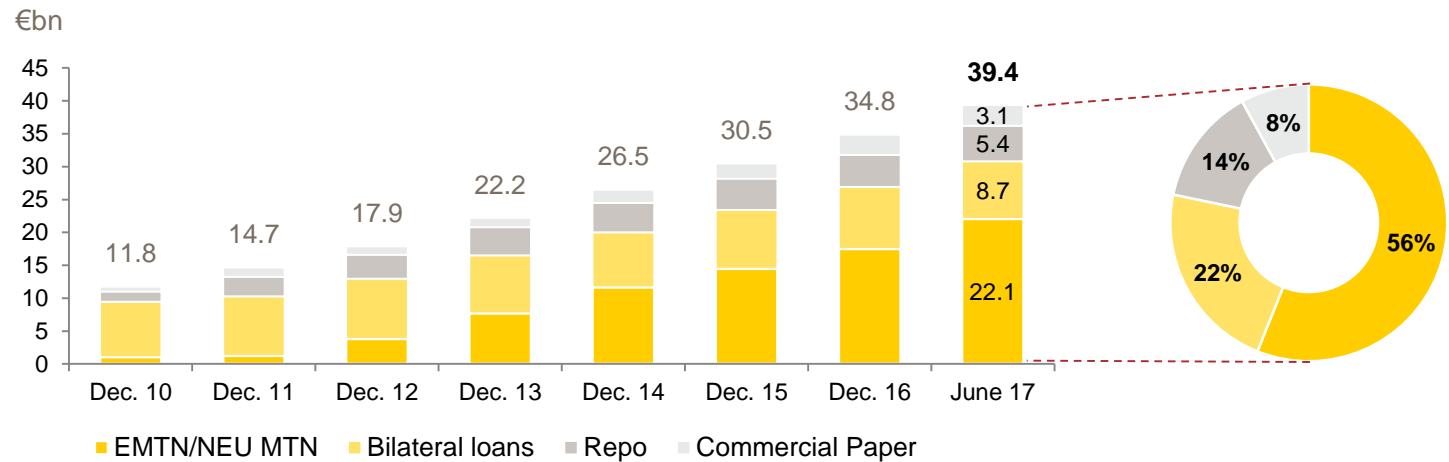
- Long-term partnerships with CDC and other public institutions (e.g. EIB, KfW)
- Access to ECB instruments

● Repo backed by French Govies

A diversified and a long-term oriented refinancing structure

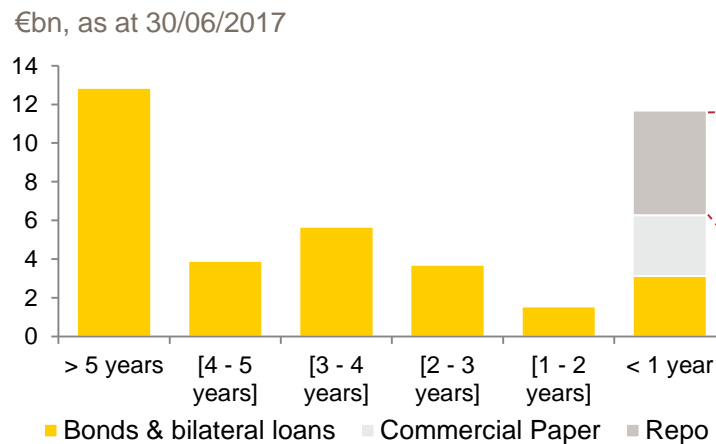
Breakdown by Instrument Type

An increasing and more diverse refinancing structure to support business growth

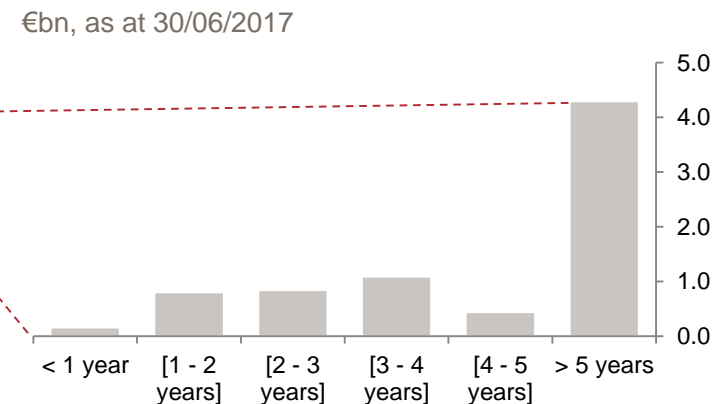


Breakdown by Remaining Maturity

Refinancing breakdown



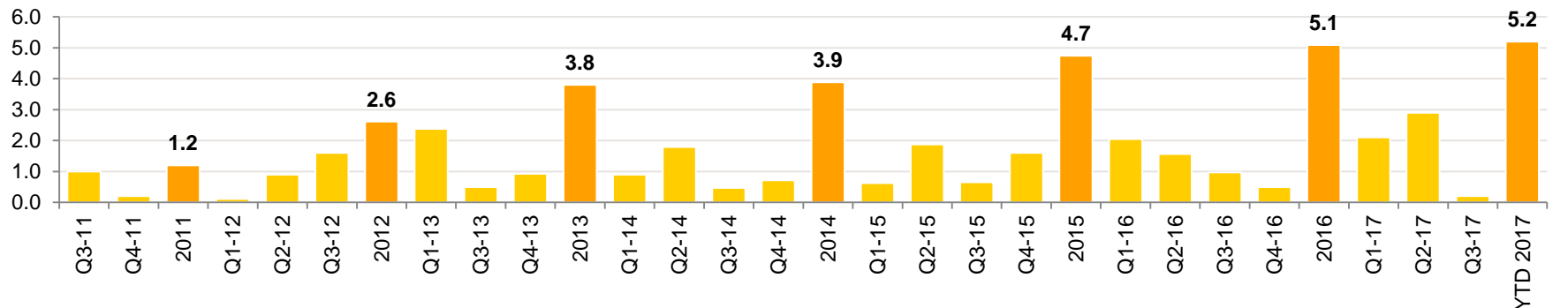
Govies portfolio breakdown



Bond issues under the EMTN/NEU MTN programmes

A demonstrated ability to access diversified market fundings

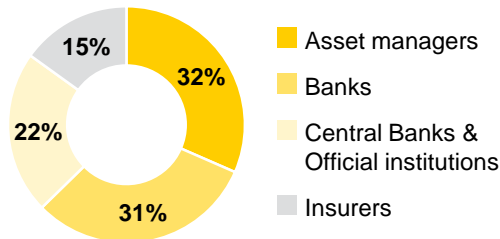
Bond issues since 2011 (€ bn)



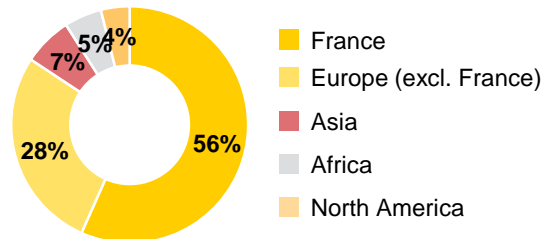
→ A continuing and growing presence on capital markets

Bond outstandings breakdown (as of 30/06/2017)

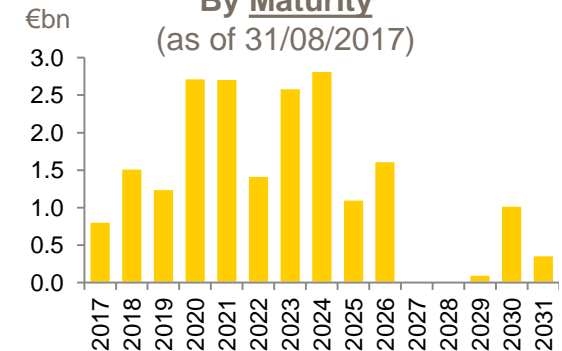
By Investor type



By Geographical area



By Maturity



→ A growing interest among international investors: ~270 investors in ~35 countries

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| ● Financials | |
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The mission of **Bpifrance Financement** is to finance and stimulate French SMEs' growth and innovation

Public Bank dedicated to financing French companies, from Entrepreneurs to MidCaps

- **3 broad categories of products:**
 - **Business loans** (cofinancing): partnership with commercial banks and financial institutions for business investments and operations
 - **Guarantees:** risk-sharing in support of bank financing and private equity investments
 - **Soft loans for innovation:** provide financing and expertise to companies with innovative, technology-based, business-focused projects
- **A bank driven by solvency and liquidity:**
 - Conservative risk management
 - Resilient financial performance

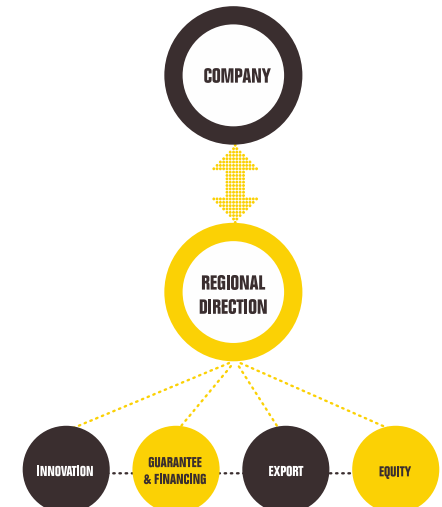
A well-established network in the heart of French Regions

- **Regional offices: ~50**
- **Staff: ~2,500**
- **Bpifrance works in cooperation with regional authorities**, to develop financial solutions adapted to territorial specificities



Close relationship between companies and regional offices

- **90% of decisions taken at regional offices**
- **Single point of contact**, in every region:
 - An innovation officer
 - A guarantee and finance officer
 - One or more Business France and Bpifrance Assurance Export officers
 - An equity investment officer



3 Business lines

Bpifrance Financement offers financing solutions suited for every stage of business development* in partnership with banks

Business lines		Credit (cofinancing)	Guarantee	Innovation
Business Model	Offer	<ul style="list-style-type: none"> ● Loans <ul style="list-style-type: none"> ● Pari-passu with banks ● + Specific unsecured loans¹ 	<ul style="list-style-type: none"> ● Guarantees provided to banks on loans to SMEs <ul style="list-style-type: none"> ● Risk sharing 40-70% 	<ul style="list-style-type: none"> ● Grants ● Repayable advances² ● Loans
	Risk Sharing & Partnership with Banks	✓	✓	✗
	State account-related activities (public allocations)	✗	✓	✓
2016 Key Figures		<ul style="list-style-type: none"> ● €6,7 bn loans³ <ul style="list-style-type: none"> ● ~6,200 SMEs financed ● €5,6 bn ST financing⁴ 	<ul style="list-style-type: none"> ● €3,8 bn risks⁵ ● €8,4 bn loans ● ~61,240 SMEs financed 	<ul style="list-style-type: none"> ● €0,9 bn Innovation aids ● €0,4 bn loans ● ~6,040 SMEs financed
H1 2017		<ul style="list-style-type: none"> ● €3,7 bn loans⁶ <ul style="list-style-type: none"> ● ~3,330 SMEs financed ● €5,0 bn ST financing⁷ 	<ul style="list-style-type: none"> ● €1,9 bn risks⁵ ● €4,2 bn loans ● ~31,960 SMEs financed 	<ul style="list-style-type: none"> ● €0,5 bn Innovation aids ● €0,1 bn loans ● ~2,930 SMEs financed

*. Creation, development, external growth, innovation, international expansion, buy-out

1. With public guarantee backing / 2. Redeemable in case of success

3. Secured loans: €4,3 bn and unsecured loans: €2,4 bn

4. o.w CICE (The Competitiveness and Employment Tax Credit): €1,3 bn (new authorisations only) / 5. Excluding internal guarantee

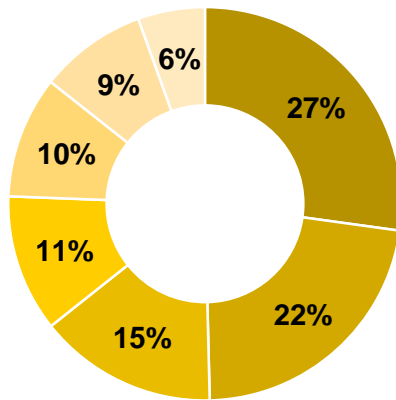
6. Secured loans: €2,4 bn and unsecured loans: €1,3 bn

7. o.w CICE: €0.8 bn (new authorisations only)

Activity

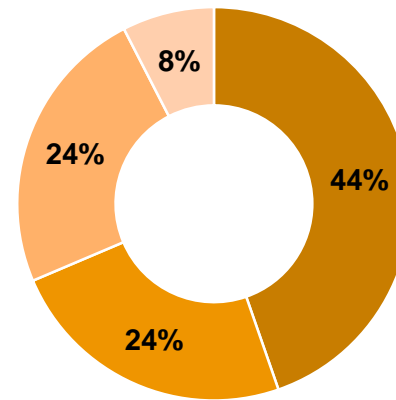
The breakdown of **Bpifrance Financement's** activity shows a good diversification by sector and a strong focus on SMEs

Breakdown by sector¹



- Trade / Transport / Hotels / Catering
- Industry
- Real Estate
- Construction
- Business services
- Others
- Information and communications technology

Breakdown by size of enterprise¹



- SMEs
- Mid Caps
- Micro Businesses
- Large Caps

Key financials

A good operating performance & a solid risk profile

Bpifrance Financement: Income Statement

€m	2015	2016	H1-16	H1-17
Net banking income	615	682	324	373
• o.w. Credit	500	550	261	304
• o.w. Guarantee	93	99	49	51
• o.w. Innovation	22	32	14	19
Operating expenses	(355)	(387)	(209)	(215)
Cost of risk (CoR)	(72)	(6)	(54)	(50)
• o.w. Specific prov.	(36)	(44)	(23)	(19)
• o.w. Portfolio-based prov.	(36)	38	(31)	(31)
Operating Income	187	289	60	109
Net Income	119	184	33	65
Key ratios				
Cost / Income ratio	57,8%	56,7%	60,8% ¹	54,5%¹
CoR (specific prov.) / outstandings	12 bps	13 bps	9 bps ²	11 bps²
RoE	3,7%	5,4%	3,7% ²	6,2%²
RoE of credit activities	6,7%	8,8%	nd.	nd.

Bpifrance Financement: Balance Sheet

€m	Dec. 15	Dec. 16	June-16	June-17
Total balance sheet	€44,6 bn	€48,6 bn	€46,0 bn	€52,8 bn
Loan outstanding	€29,0 bn	€32,9 bn	€30,6 bn	€34,3 bn
Solvability				
CET1 ratio³	9,6%	10,7%	9,1%	12,6%
Total ratio⁴	10,7%	11,5%	10,0%	14,3%
Leverage ratio⁴	5,4%	5,3%	5,3%	5,0%
Shareholders' equity⁵	3,242	3,418	3,268	3,483
Equity buffers				
• Fair value of public guarantee funds	3,289	3,135	3,117	2,959
• Ex-ante reserves ⁶	651	640	697	671
Liquidity				
LCR	349%	389%	573%	621%
NSFR	121%	125%	122%	131%

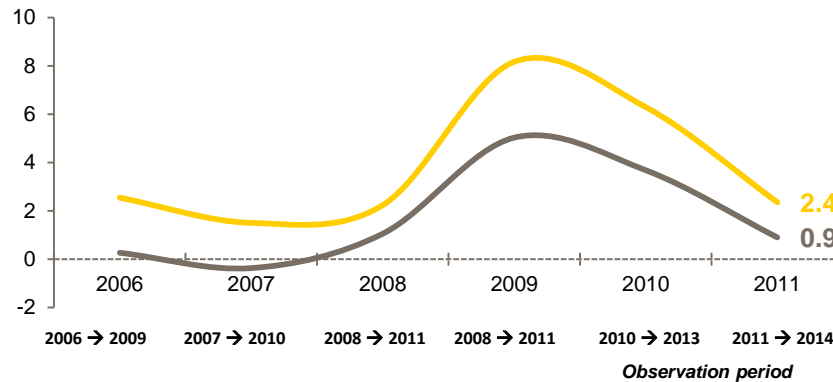
Steady performance throughout the cycle

A significant economic impact

— Companies assisted by Bpifrance
— Non-assisted comparable companies

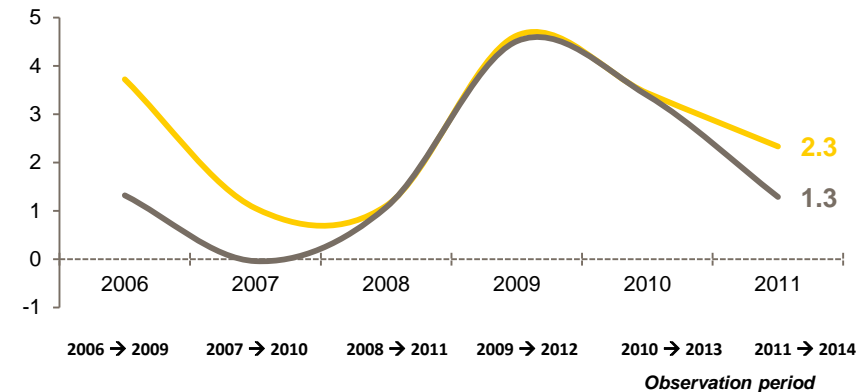
Development programmes¹

Turnover average annual growth rate over 3 years after the origination year (%)

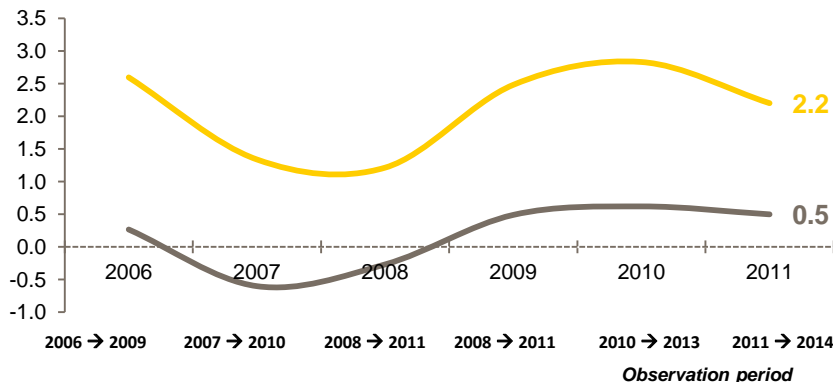


Short-term programmes²

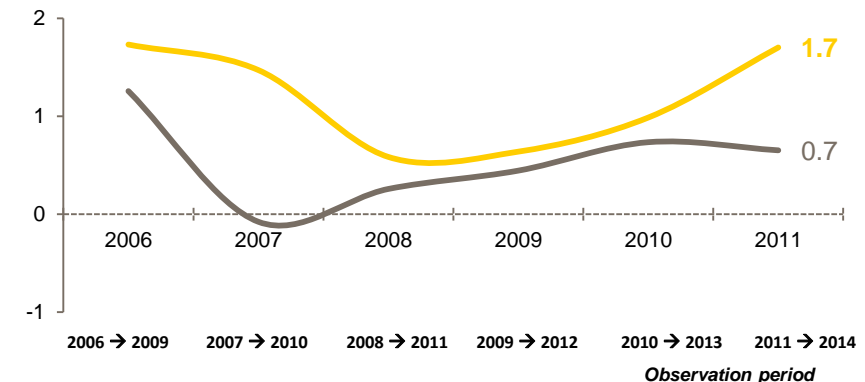
Turnover average annual growth rate over 3 years after the origination year (%)



Employment average annual growth rate over 3 years after the origination year (%)



Employment average annual growth rate over 3 years after the origination year (%)



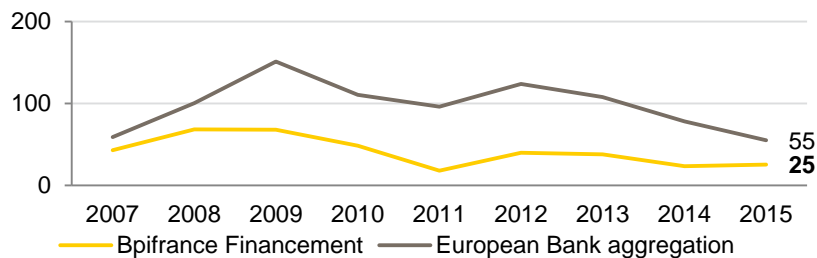
1. Development programmes refer to firms benefitting from investment loans (credit, leasing, unguaranteed loans), guarantees on mid-long term loans, innovation aids or equity funding / 2. Short-term programmes refer to firms benefitting from CICE (The Competitiveness and Employment Tax Credit) prefinancing, discounting receivable financing or guarantees on short-term credits
Source: Bpifrance Assessment and Studies Department

Steady performance throughout the cycle

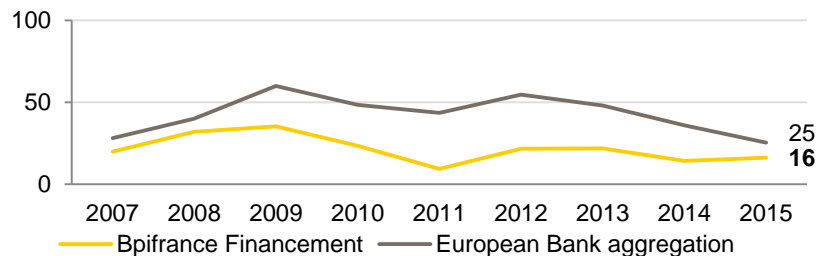
A sound risk profile and a low earnings volatility

Bpifrance Financement: a sound risk profile

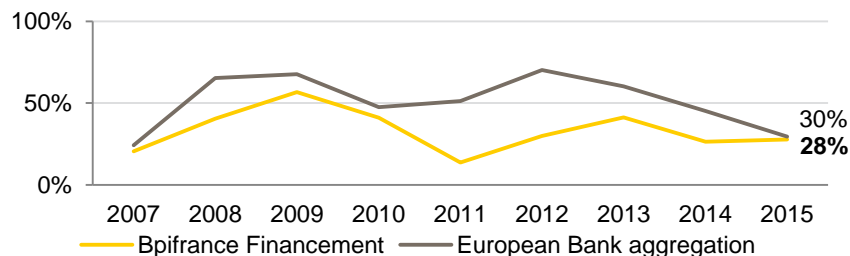
> Cost of Risk / Outstandings (in bps)



> Cost of Risk / Total Assets (in bps)

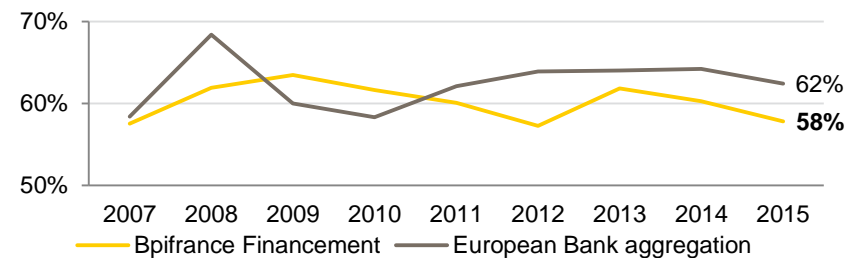


> Cost of Risk / Gross Operating Income

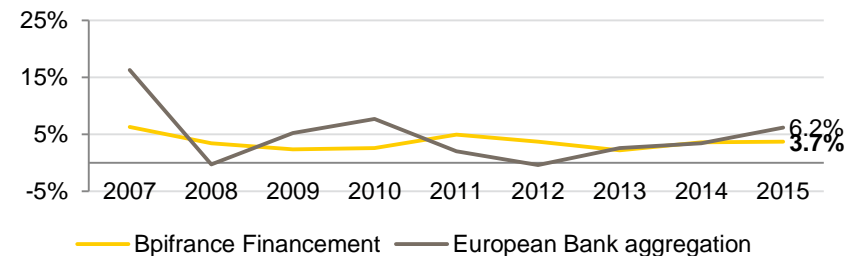


Bpifrance Financement: a strong earnings stability

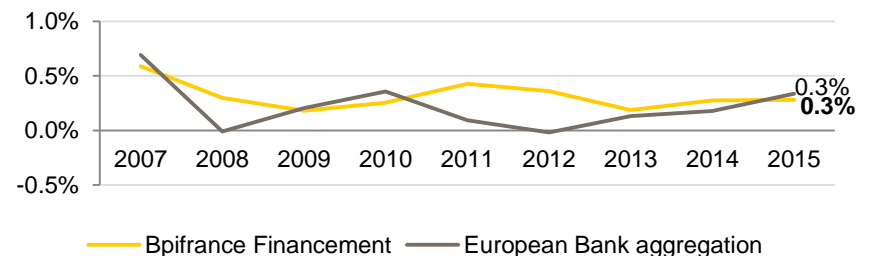
> Cost / Income ratio



> RoE



> RoA



Credit risk management

Low cost of risk proves the good quality of the loan portfolio

Through the cycle dynamic provisioning

● Objective:

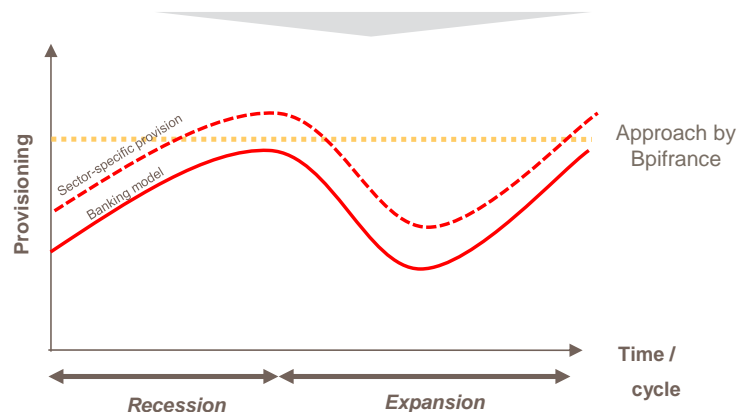
- Uncoupling the shareholders' equity requirement from temporary variations in risk levels

● Means:

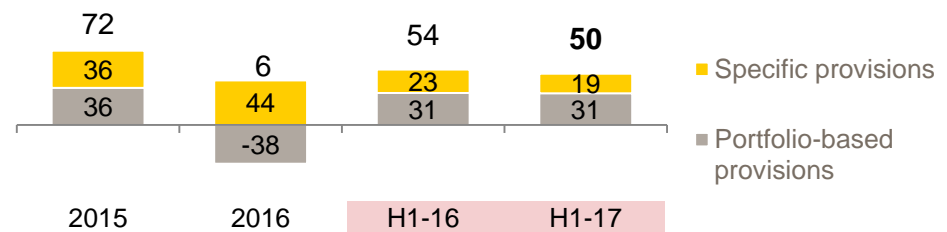
- Dynamic loans provisioning able to cope with all the credit losses of a downturn

● Constraint:

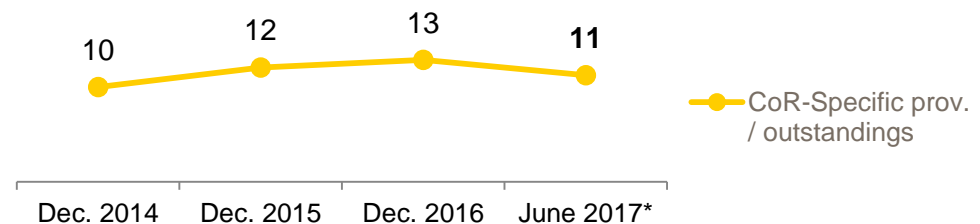
- For the guarantee activity and the innovation activity, the portfolio-based ex ante provisions are made with State allocation; for the credit activity (cofinancing), the portfolio-based ex ante provisions are made with the results



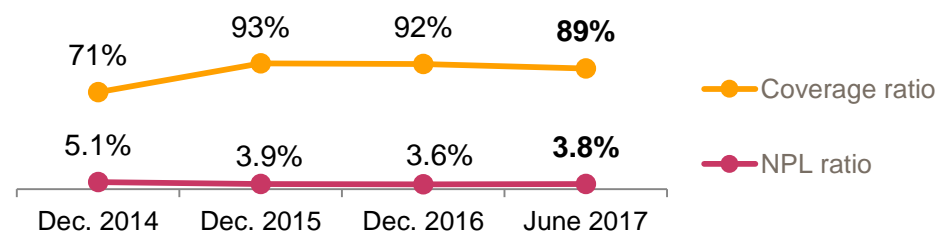
Cost of risk (€m)



Cost of risk (specific provisions) / outstandings (bps)



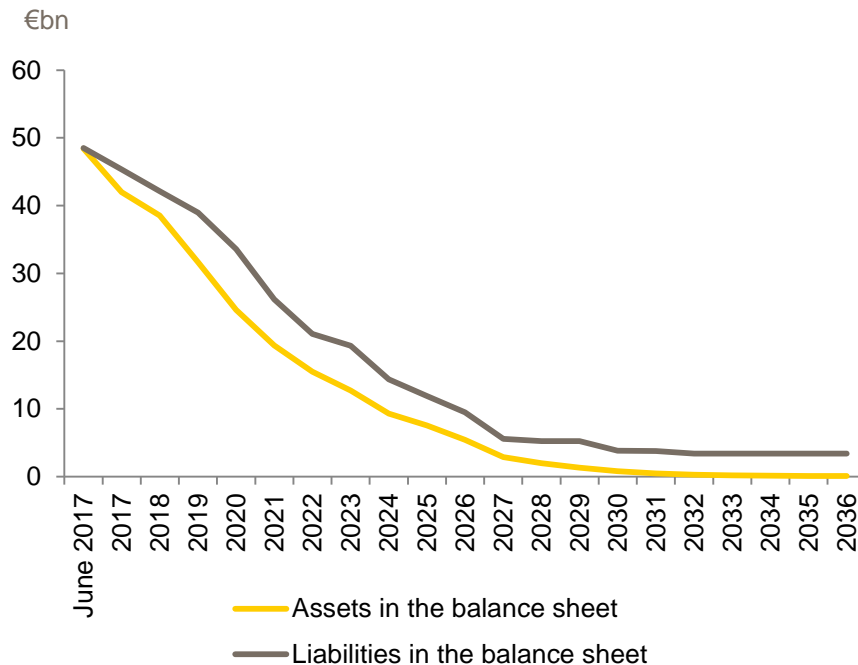
NPL ratio¹ & coverage ratio²



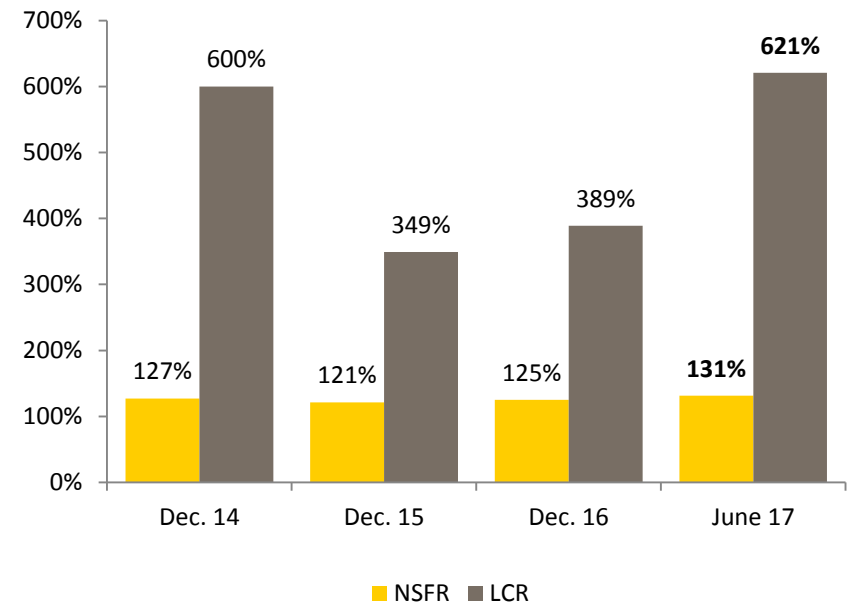
Liquidity risk management

Sound liquidity positions

Bpifrance Financement: Asset-Liability run-off



Bpifrance Financement: Liquidity ratios

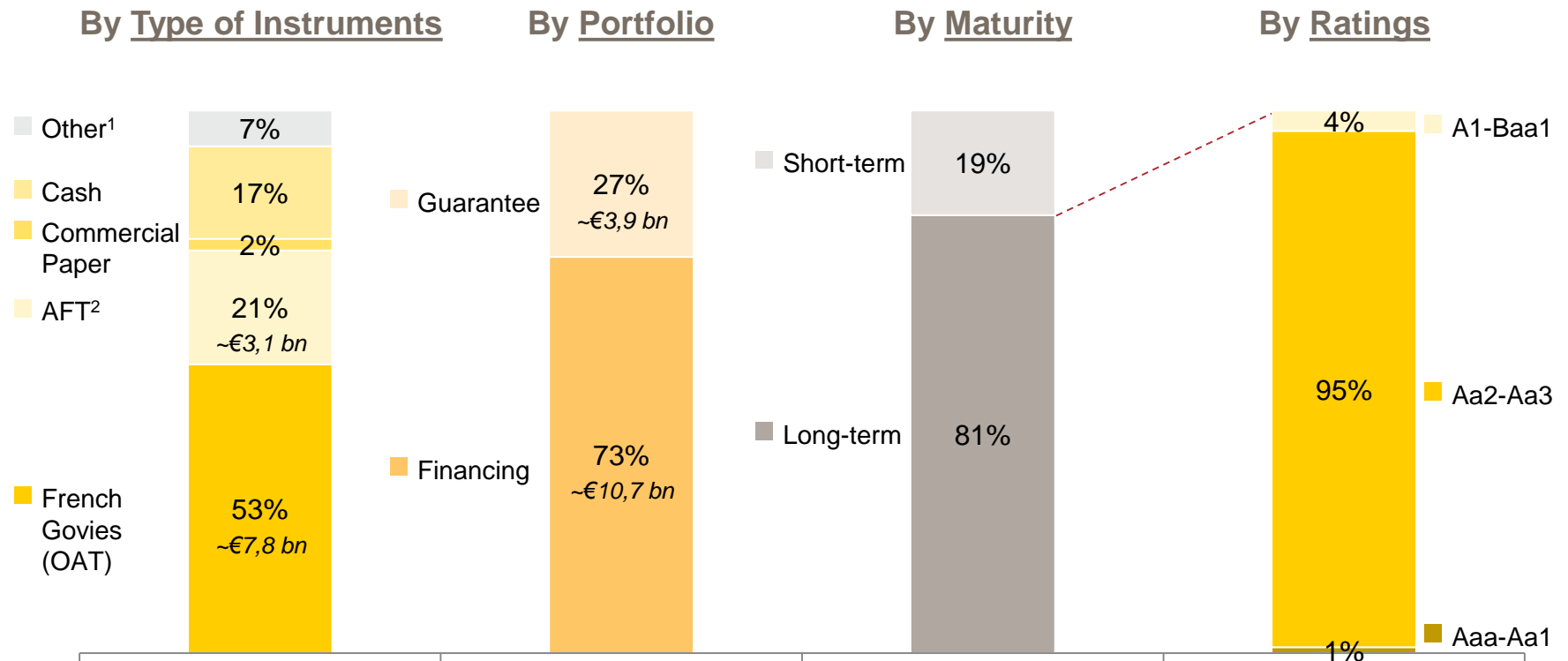


- Bpifrance Financement follows a strict liquidity containment policy by line of business. A funding gap is monitored for financing activities
- Nevertheless, the portfolio of guarantee funds is a source of mobilizable liquid assets
- Note: as enforced by its legal status, no cross-financing is allowed between Bpifrance Financement and Bpifrance Participations, the equity investment arm of Bpifrance

Treasury portfolio risk management

A conservative investment portfolio

Breakdown of Investment Portfolio: €14,6 bn (as of June 2017)



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● Websites

- www.bpifrance.fr
- www.bpifrance.fr/Investors-Center
- <http://www.bpifrance.fr/Qui-sommes-nous/Developpement-Durable-RSE/Accueil>

● Headquarters

Bpifrance

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France

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2. Bpifrance Financement: Funding Strategy	p. 12
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- **Appendix 1: Bpifrance in a nutshell**

- A century of public banking
- Bpifrance benefits from highly protected legal status
- EPIC Bpifrance benefits from highly protected legal status
- Financing continuum
- Activity of the financing division
- Equity investment division
- An accountable bank

- **Appendix 2: France: a leading Tech and VC investment country**

- **Appendix 3: Transfer of the State Export Guarantees**

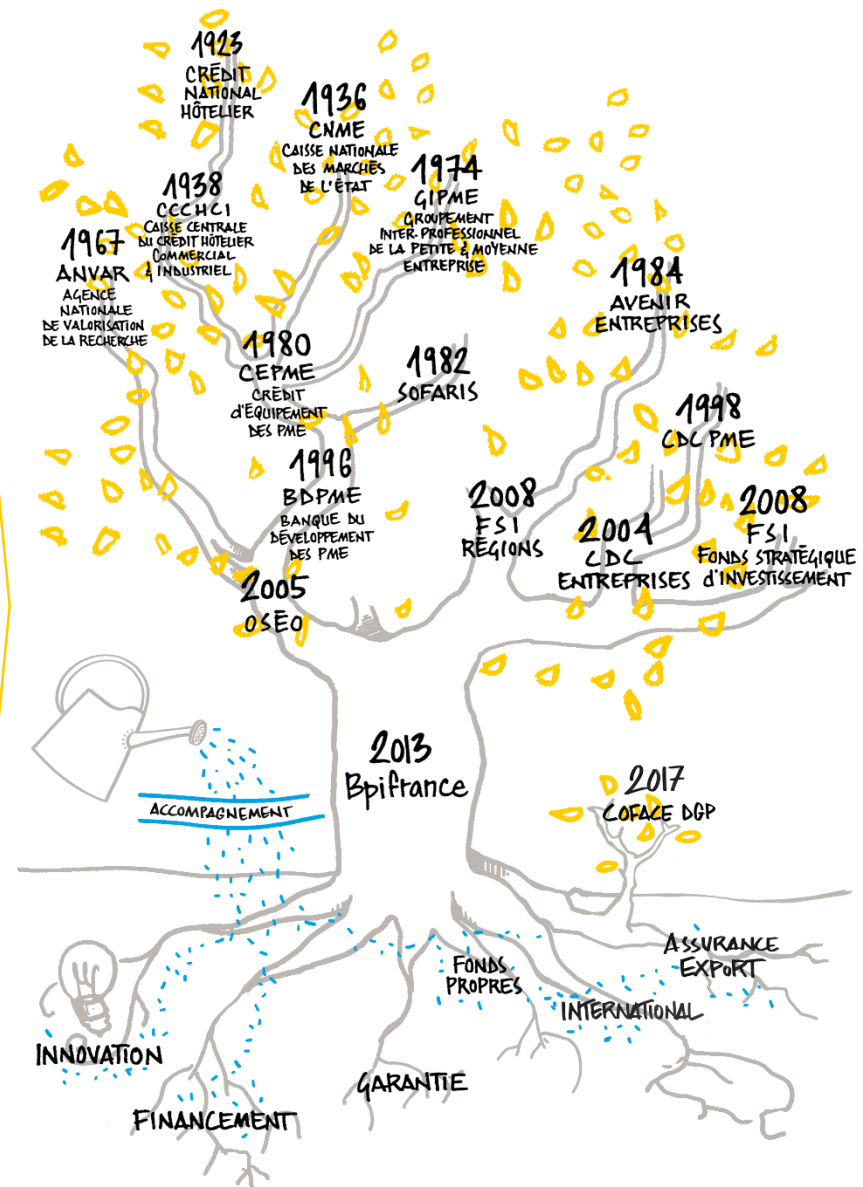
- **Appendix 4: 2016 EU-wide stress test results**

- **Appendix 5: Bond issues under the EMTN/NEU MTN programmes**

- **Appendix 6: Methodological notes**

Appendix 1 - Bpifrance: a century of public banking

- 1923** > Creation of **Crédit national hôtelier**
- 1936** > Act that sets out mutual guarantee schemes (Art. 8) and creates the **Caisse nationale des marchés de l'État (CNME)**
- 1938** > **Crédit national hôtelier** becomes **Caisse centrale de crédit hôtelier, commercial et industriel (CCCHCI)**
- 1967** > Creation of **Agence nationale de valorisation de la recherche (ANVAR)**
- 1974** > Creation of **Groupement interprofessionnel de la petite et moyenne entreprise (GIPME)**, spin-off of *Confédération générale des petites et moyennes entreprises (CGPME)*
- 1979** > Act governing state aid granted for innovation purposes, and entrusted to ANVAR
- 1980** > Creation of **Crédit d'équipement des PME (CEPME)** arising from the merger of CCCHI, CNME and GIPME
- 1982** > Creation of **Sofaris**, in charge of the management of guarantee funds
- 1984** > Creation, together with Cdc¹, of **Avenir Entreprises**, the equity investment business of CEPME
- 1996** > Creation of **Banque du développement des PME (BDPME)** resulting from the merger of CEPME and Sofaris
- 1998** > Creation of **CDC PME**, direct subsidiary of CdC, in charge of managing the « SME Programme²»
- 2002** > **CDC PME** becomes a majority shareholder of *Avenir Entreprises*
- 2004** > **CDC PME** becomes **CDC Entreprises**, a wholly owned subsidiary of CdC
- 2005** > Creation of **OSEO** formed by the merger of BDPME and ANVAR
- 2007** > *Agence de l'innovation industrielle (All)* merged into OSEO
- 2008** > Creation of **Fonds Stratégique d'Investissement (FSI)**
- 2011** > *Avenir Entreprises* becomes **FSI Régions**
- 2012** > Act on the creation of Bpifrance (31/12/2012)
- 2013** > Official set-up of **Bpifrance** formed by the merger of OSEO, CDC Entreprises and FSI (12/07/2013)
- 2014** > CDC Entreprises, FSI and FSI Régions are transferred to Bpifrance Investissement, the group's single asset management company (01/04/2014)
- 2017** > Coface DGP, the State Export Guarantees activity, is transferred to Bpifrance and becomes Bpifrance Assurance Export (01/01/2017), the new French export credit Agency (ECA) on behalf of, for and under the control of the State



Appendix 1 - **Bpifrance** benefits from highly protected legal status

The missions and organization of the EPIC Bpifrance are defined under **Act 2005-722 dated 29 June 2005**, as amended and ratified, and which referred to (i) the creation of the EPIC and (ii) the transformation of the National Agency for Research Promotion (ANVAR) from a public corporation into a limited company. This Act, together with **Act 2013-529 of 21 June 2013** and **Act 2012-1559 of 31 December 2012**, confirm the creation of Bpifrance.

→ « *Bpifrance is a public group aiming at financing and developing companies, and acting in accordance with the public policies conducted both by the State and regional authorities* »¹

- **Act 2005-722 dated 29 June 2005**

→ <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000810872>

- **Act 2012-1559 of 31 December 2012**

→ <http://www.legifrance.gouv.fr/eli/loi/2012/12/31/2012-1559/jo/texte>

- **Act 2013-529 of 21 June 2013**

→ <http://www.legifrance.gouv.fr/eli/decret/2013/6/21/2013-529/jo/texte>

Appendix 1 - EPIC Bpifrance benefits from highly protected legal status

EPIC Status

Applicable to Bpifrance

1. Set up by a specific Law or Decree

- **Law required** for the creation of a new category of EPIC
- Decree for an EPIC belonging to an existing category

- The **missions and organization of the EPIC Bpifrance are defined under Act 2005-722 dated 29 June 2005**, as amended and ratified, and which referred to (i) the creation of the EPIC and (ii) the transformation of the National Agency for Research Promotion (ANVAR) from a public corporation into a limited company. This Act, together with Act 2013-529 of 21 June 2013 and Act 2012-1559 of 31 December 2012, confirm the creation of Bpifrance.

2. General interest missions defined by the law

- With a **specific object (specialty principle)**
- With some **public law prerogatives**

- To promote and support innovation, most notably technological, and to contribute to technology transfer
- To promote the development and financing of small and medium-sized enterprises

3. Strong controls by public authorities

- **Members of the Board of Directors appointed in whole or in part by public authorities**
- **Supervision by public authorities**
- **Control of the accounts by the “Court of Auditors”²**

- The 6 members of EPIC Bpifrance’s Board of directors **are appointed by the State**
- The **Government Commissioner has the power to veto** some decisions of the Board of Directors
- The EPIC Bpifrance is **under the supervision of both the Ministry for the Economy, Industry and Employment, and the Ministry for Higher Education and Research**

4. Implicit but automatic guarantee of the State

- **No recovery or judicial liquidation proceedings for an EPIC**
- If an EPIC is unable to comply with its obligations, **the State is legally bound to fulfill them**
- **Solvency is protected by Law³**

- EPIC Bpifrance is **one of the rare EPICs to be classified as a central government body or ODAC** (Organisme Divers d’Administration Centrale) like an EPA (Etablissement Public d’Administration), which means that **its debt is consolidated with that of the State (under Maastricht’s Rules)**
- Bpifrance Financement SA benefits, as a subsidiary, **from an explicit guarantee from EPIC Bpifrance for its bond issues**. And, likewise, **Bpifrance benefits from an implicit guarantee from the State**

5. Transformation or dissolution only possible by law (Act or Decree)

- The June 2005 Act was amended in 2010 and 2012 to stipulate the missions and governance of Bpifrance, and to give specific empowerment to State representatives being members of the Board



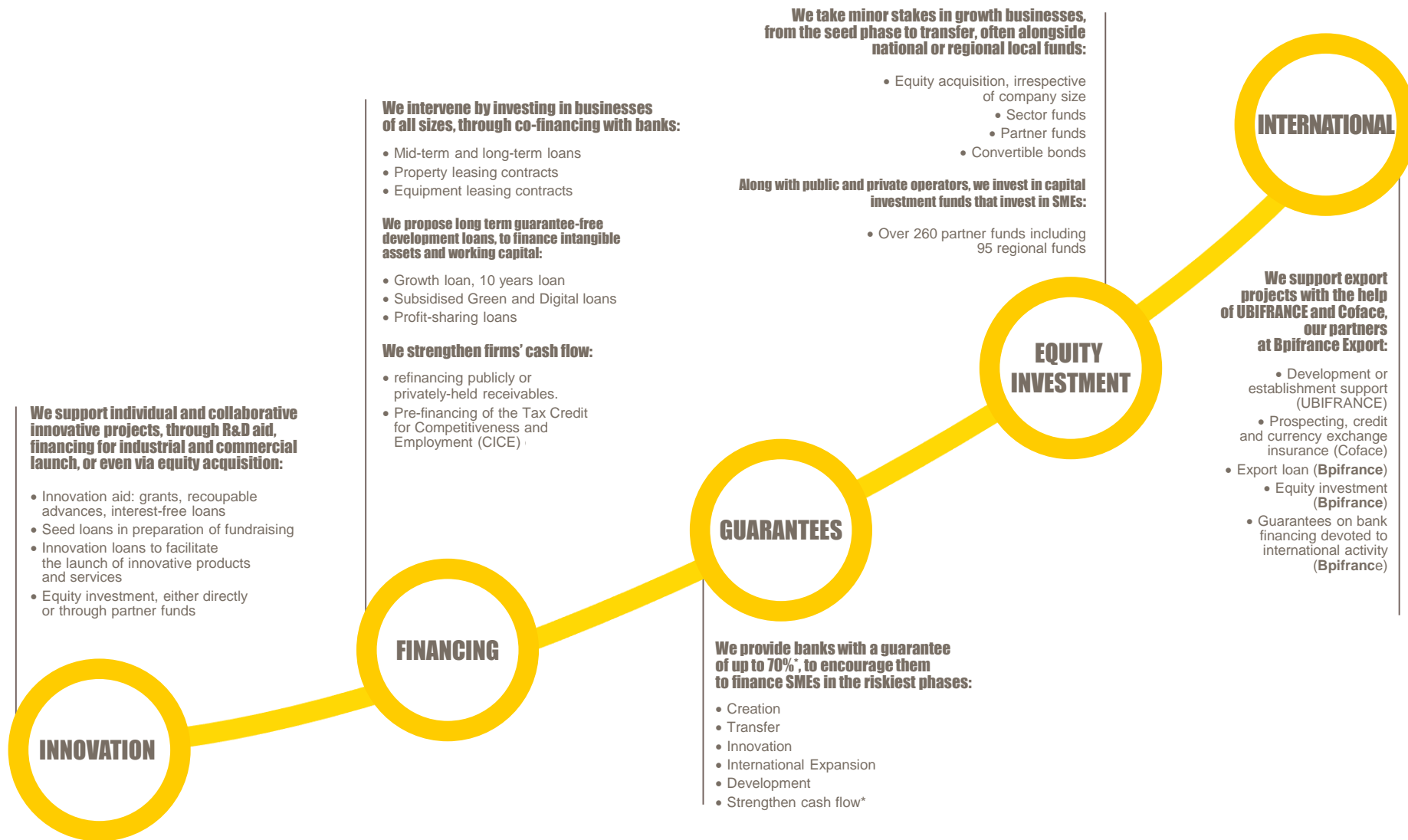
Permanence of Bpifrance’s Legal Status as a Public Institution

Appendix 1 - Solutions for businesses of all sizes

Bpifrance assists businesses of all sizes, primarily micro-businesses, SMEs, and mid-caps; but it also assists large caps that are considered strategic in terms of national or territorial economy, or employment



Appendix 1 - A financing continuum, present in every key phase of business development

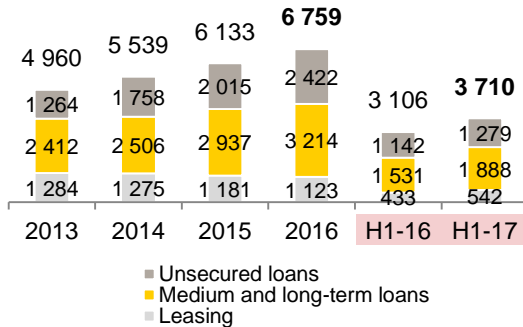


Appendix 1 - Financing division: strong business dynamics

Credit (cofinancing)

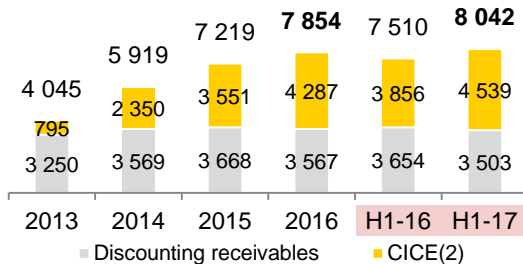
Investment loans

Annual Commitments - €m



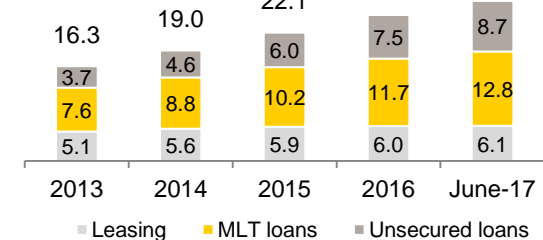
Short-term loans

Annual Authorisations - €m



Average Outstandings¹

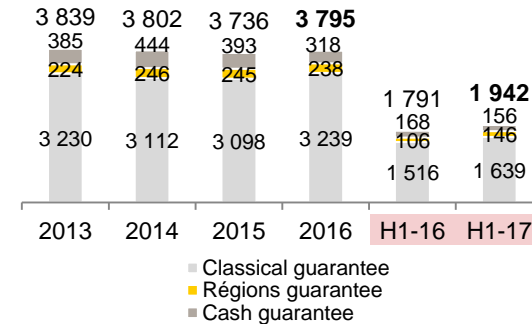
€bn



Guarantee

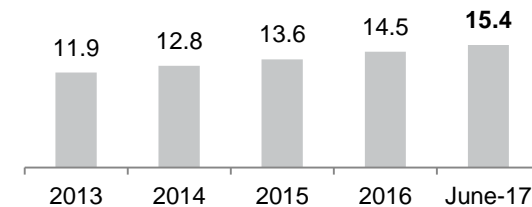
Annual Authorisations³

€m



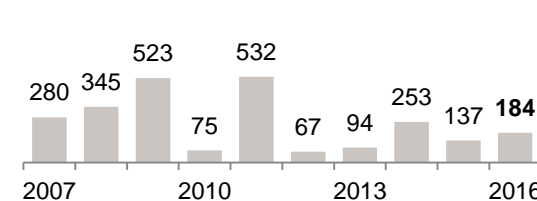
Average Outstandings³

€bn



Public allocations⁴

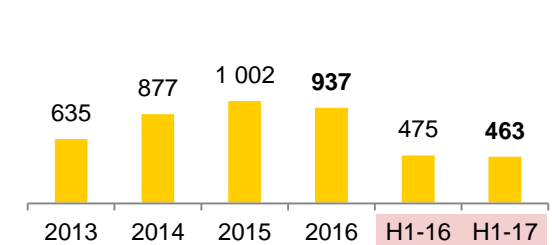
€m



Innovation

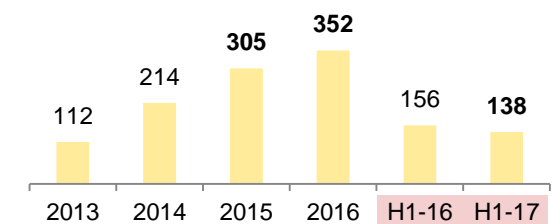
Innovation Aids

Annual Authorisations - €m



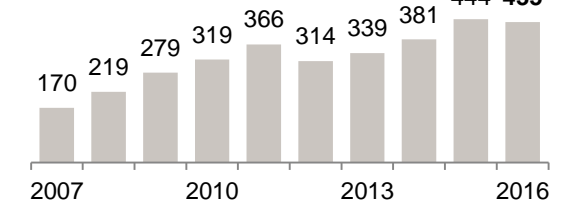
Unsecured loans

Annual Commitments - €m



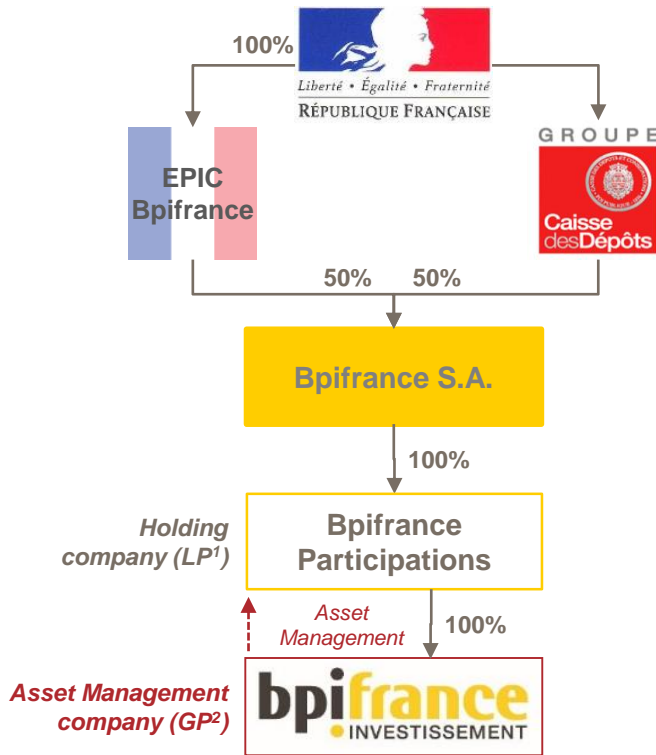
Public allocations⁵

€m



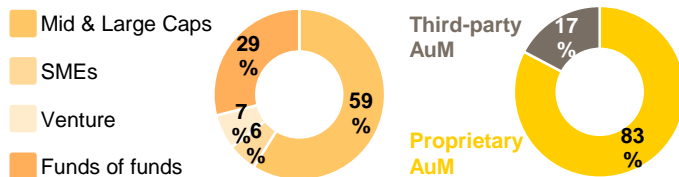
Appendix 1 - Overview of the equity investment division

Ownership structure



Assets under Management

Σ = €24,7 bn (end June 2017)



4 Business lines

- **Direct investments** → Bpifrance acquires minority stakes in growing companies, from seed to transmission, usually alongside private funds, whether national or regional:

- Equity investments in companies of all sizes
- On segments where there is a lack of private initiative
- Equity or quasi-equity
- Direct stakes or holdings through investment funds

Mid & Large Caps	2016	<ul style="list-style-type: none"> • AUM: ~€14,0 bn, of which ~9% of third-party • Investments: €1,1 bn • # deals: 42
SMEs	2016	<ul style="list-style-type: none"> • AUM: ~€1,4 bn, of which ~14% of third-party • Investments: €139 m • # deals: 96
Venture	2016	<ul style="list-style-type: none"> • AUM: ~€1,5 bn, of which ~52% of third-party • Investments: €191 m • # deals: 53

- **Funds of Funds** → Bpifrance has a portfolio of over 320 partner funds, national or regional to:

- Contribute to the growth of SMEs
- Structure the financial chain
- Have a leverage effect on the private sector's investment in SMEs
- Enhance private equity managers efficiency and share best practices with them

Funds of Funds	2016	<ul style="list-style-type: none"> • AUM: ~€7,7 bn, of which ~27% of third-party • Commitments: €729 m • # deals: 41
----------------	------	---

Appendix 1 - Guiding principles of the equity investment division

- “Bpifrance’s doctrine of intervention” was presented to the French National Assembly and to the French Senate on May 15th, 2013

• **Prudent Investors**

• **General Interest**

• **Long Term**

• **Socially Responsible**

- **Minority investments**
- **Patient investments** (average horizon of up to 8-10 years)
- **Search for profitable operations** (positive return expected on Bpifrance’s equity capital)
- **General-interest criteria** (employment, competitiveness and innovation) taken into account in the decision-making process
- **No stakes in high-leveraged deals or transactions**

Targeted Sectors and Companies

- Investment in all sectors except:
 - Infrastructure, property and real estate, banking and finance, media organizations and research institutes
- Focus on:
 - **Growth sectors**, particularly biotechnology, digital technology and energetic and ecological transition
 - **Build-up** operations
- From **small** (SME size) to **large caps**
- Limited stakes in funds involving company restructuring processes

Systematic Partnership with Partner Funds

- Systematic search for **joint investments with private investors** (both as a LP and as a GP)

Appendix 1 - **Bpifrance** is an accountable bank and has an ambitious policy of engagement in our society

“Internal CSR”

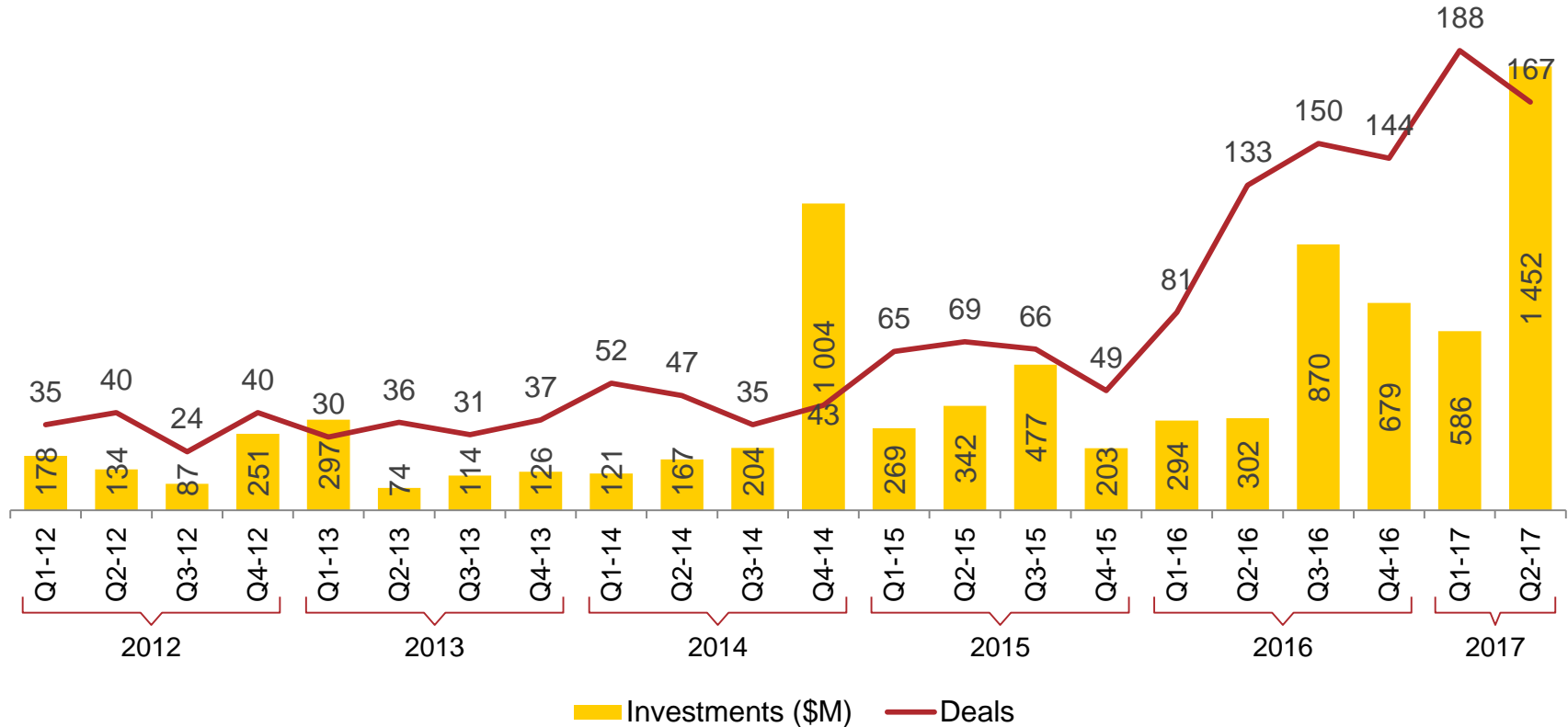
- **Social Policy**
 - Intergenerational Agreement
 - Equality at Work Agreement for Men and Women
 - Disabilities Agreement
 - QWL agreement to promote the quality of work life and to encourage equal opportunities
 - Integration of young people (hiring young professionals, taking on apprentices and trainees, ...)
 - Satisfaction survey among staff members
- **Environmental Impact Assessment**
 - HQE (High Environmental Quality) Certification from headquarters in Maisons-Alfort, and from locations in Marseille and boulevard Haussmann in Paris
 - Energy consumption measurement in all 48 sites
 - Eco-driving training for a part of the staff in regional offices
 - Widespread use of videoconference facilities,...
 - Deployment of a platform to promote eco- and social-friendly actions among staff
 - Launch of a mobility plan to optimise staff personal and professional commuting time, in order to reduce carbon footprint and to improve life/work balance

“Responsible Investment and Financing”

- **Responsible Investment**
 - Integrating ESG criteria into the investment decision process (broken down into 14 different issues encompassing governance, human capital, environment and external stakeholders)
 - Concerted approach with companies benefitting from an investment on how their performance could be improved in terms of CSR, and ongoing dialogue with company management throughout duration of investment
 - Programme to raise awareness and support entrepreneurs in identifying and managing ESG issues of key importance for their company
- **Support for Environmental and Energy Transition**
 - Dedicated investment funds: Eco-technological companies; Wood Fund; Energy and Environmental Transition fund
 - Loans to energy producers from renewable sources
 - Green Loans aimed at reducing the environmental impact of business activities (particularly relating to energy)
- **Responsible Financing**
 - CSR Assessment for companies receiving loans equal to or higher than 1 M€, as well as innovation aids granted for amounts equal to or higher than 500 k€
- **Supporting the Development of a Social Solidarity Economy**
 - Fund for social innovation
 - Social Solidarity Economy-based Loans
- **Business Support Services**
 - Helping entrepreneurs by providing CSR training and e-learning programmes
- **Provision of CSR-related Training for corporate executives of client companies**

Appendix 2 - France: a leading Tech and VC investment country (1/2)

French Tech quarterly financing trends: **x3** in 3 years

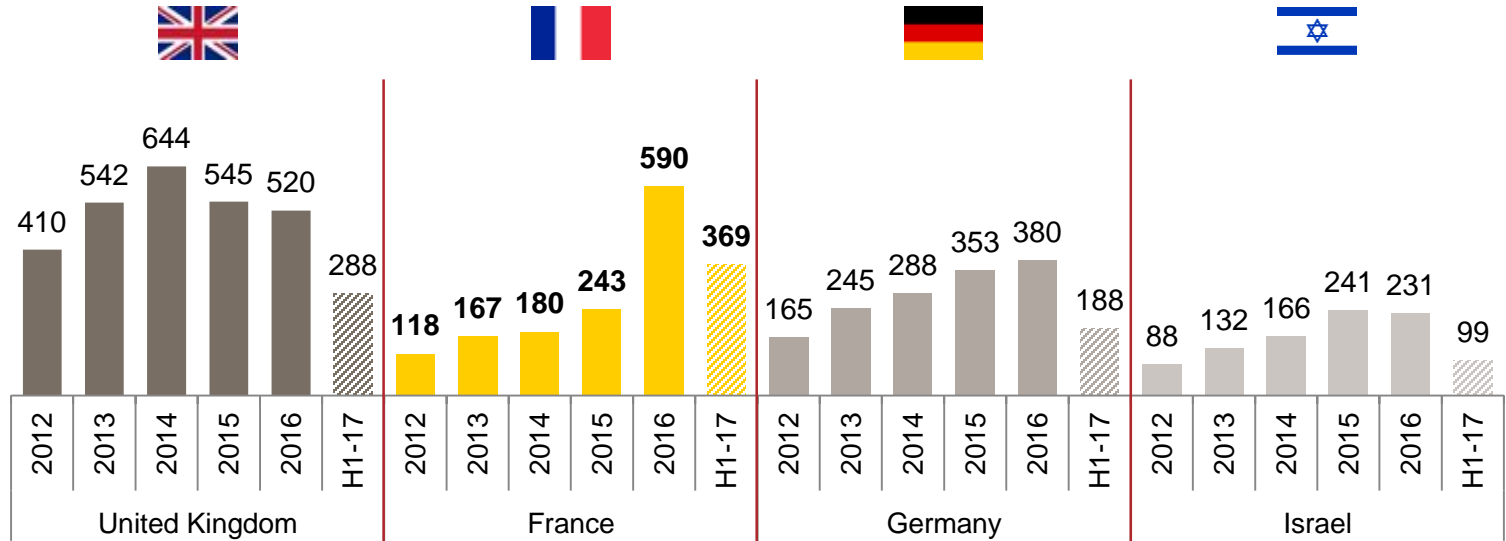


French Tech funding since 2012:
\$8,23 bn across 1,562 deals

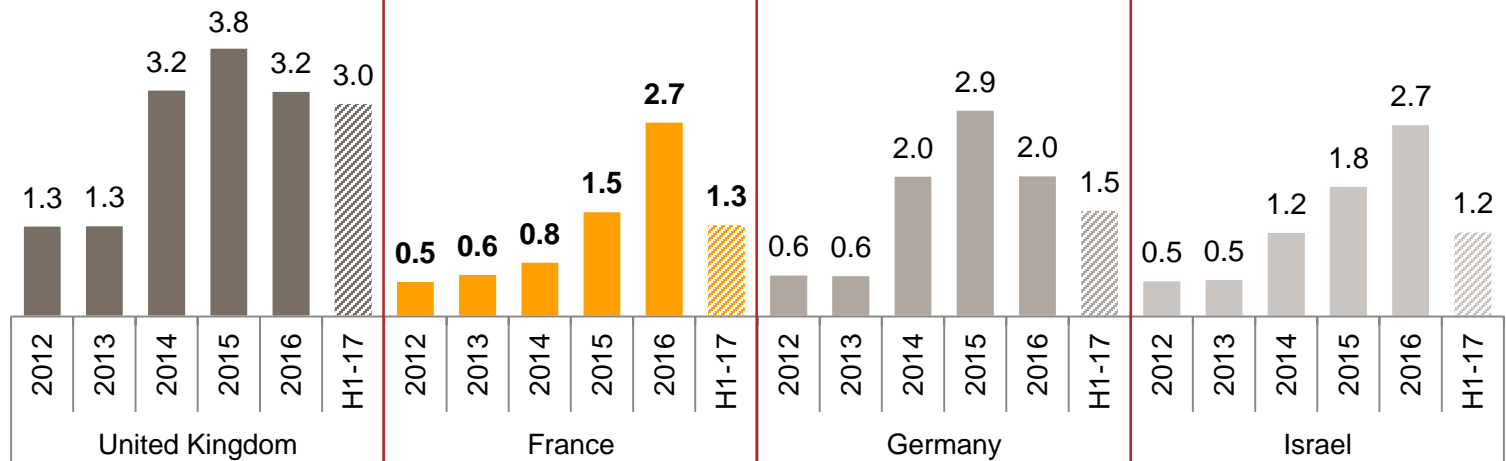
Appendix 2 - France: a leading Tech and VC investment country (2/2)

VC capital raised by European companies: France is now **#2** in Europe

Number
of rounds



Amount
raised
(in €bn)



Appendix 3 - Transfer of the State's Export Guarantees: overview

The State Export Guarantees activity has been transferred to Bpifrance. Management of French State export guarantees - or public guarantees - was a service that Coface carried out on behalf of the French State. The transfer took place on 31 December 2016

Rationale of the transfer

- **Strengthening the national interest mandate**
 - Upgrading guarantees competitiveness through **French State direct guarantee**
 - **Increase visibility** of the State support to strategic projects
 - Bpifrance: a state-owned company with **stable ownership**
- **Enhancing the customer's experience, especially for SMEs**
 - **A single point of contact** to support French SMEs globalisation
 - **Linking innovation strength at international level** is at the heart of Bpifrance's mandate
 - **A local sales distribution network** to promote services directly to firms

Overview of the transfer

- **In line with the preliminary protocol signed in July 2015, Coface and Bpifrance agreed on the terms of the transfer of the French State Export Guarantees activity on 18 April 2016; the transfer took place on 31 December 2016**
 - All employees (around 240 people) and information systems dedicated to this activity have been transferred from Coface to Bpifrance Assurance Export
 - Bpifrance Assurance Export is a new complementary business line, set up as a dedicated subsidiary, 100% owned by the group and leveraged by Bpifrance Group's shared support functions
 - The agreement defines the terms of cooperation between Coface and Bpifrance, in order to ensure a smooth transfer and a seamless service for all insured parties and export companies
- **This transfer took place under an amended and simplified legal framework for state export guarantees (Supplementary Budget Act of 29 December 2015)**
 - The law, voted by the French Parliament, regulates the transfer of the entire portfolio of guarantees from Coface to the French State, managed by Bpifrance
- **Since the transfer, Bpifrance has been delivering State Export Guarantees on behalf of the French State (Direct Guarantee), which simplifies and increases the competitiveness of the French Export Support System**



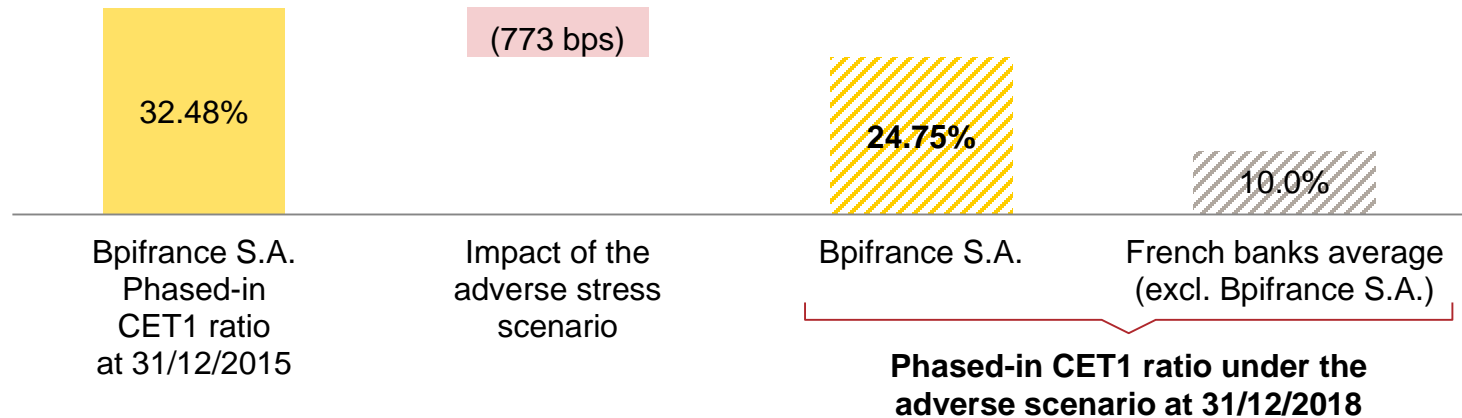
Bpifrance Assurance Export, the new French export credit Agency (ECA) on behalf of, for and under the control of the State

Appendix 4 - 2016 EU-wide stress test results

Bpifrance's financial strength is confirmed

2016 EU-wide stress test conducted by the EBA/ECB¹: main results

Normative impact on CET1 ratio



- For the second time, after the 2014 exercise, Bpifrance took part in the EU-wide stress test conducted by the EBA/ECB¹ and successfully passed it
- The adverse stress test scenario covers a three-year time horizon (2016-2018). The stress test has been carried out applying a static balance sheet assumption as at December 2015
- Adverse scenario:
 - Phased-in CET1 ratio after adverse scenario at 24.75% at 31/12/2018 (vs. 32.48% at 31/12/2015)
 - Impact of -773 bps (i.e. reduction of the CET1 by -24%, well compared to the average impact on the 51 European Union banks participating in the stress test of -29%)



Bpifrance confirms its financial robustness by the 2016 stress test results

Appendix 5 - General framework of our bond issues

Issuer	• Bpifrance Financement
Guarantor	• EPIC Bpifrance
Bloomberg ticker	• OSEOFI + Gouv (F2)
Status	• Senior Unsecured, Agency (Category II)
Rating	• Aa2 (stable) by Moody's • AA (stable) by Fitch
Guarantee	• Autonomous, unconditional, irrevocable and first-demand
Maturity	• TBC
Amount	• Benchmark size
Liquidity	• HQLA Level 1 eligible under the Delegated Act on the LCR • PSPP eligible under ECB Programme
Permanent dealers	• HSBC (Arranger), BNP Paribas, Crédit Agricole CIB, Natixis, Société Générale
Legal Framework	• French Law
Listing	• Paris

Appendix 5 - Bond issues by Bpifrance Financement under the EMTN programme

Bond Issues	Issues Date	Book size
OBL BPIFF 1,00% ECH 25/10/2019		
First issue (Benchmark)	06/05/2014	500 M€
Second issue (Private Placement)	20/04/2015	100 M€
Third issue (Benchmark)	16/07/2015	200 M€
Fourth issue (Benchmark)	22/02/2016	700 M€
OBL BPIFF 0,125% ECH 25/11/2020		
First issue (Benchmark)	24/11/2015	1 250 M€
OBL BPIFF 0.10% ECH 19/02/2021		
First issue (Benchmark)	10/02/2016	500 M€
Second issue (Benchmark)	23/02/2017	500 M€
OBL BPIFF E6M+15 BP ECH 22/10/2021		
First issue (Private Placement)	15/10/2014	100 M€
OBL BPIFF 0,75% ECH 25/10/2021		
First issue (Benchmark)	14/10/2014	600 M€
Second issue (Benchmark)	12/02/2015	400 M€
Third issue (Benchmark)	12/05/2016	600 M€
OBL OSEO-SA 2,375% ECH 25/04/2022		
First issue (Benchmark)	05/09/2012	1 250 M€
Second issue (Private Placement)	28/01/2016	100 M€
Third issue (Private Placement)	12/02/2016	150 M€
OBL OSEO-SA 0,00% ECH 25/11/2022		
First issue (Benchmark)	07/06/2017	1 000 M€
Second issue (Private Placement)	07/09/2017	250 M€
OBL OSEO-SA 3,125% ECH 26/09/2023		
First issue (Benchmark)	16/09/2011	1 000 M€
Second issue (Private Placement)	04/11/2011	200 M€
Third issue (Private Placement)	23/03/2016	200 M€
OBL BPIFF 2,50% ECH 25/05/2024		
First issue (Benchmark)	03/12/2013	800 M€
Second issue (Private Placement)	29/04/2016	300 M€
Third issue (Private Placement)	29/04/2016	250 M€
Fourth issue (Benchmark)	29/11/2016	500 M€

Bond Issues	Issues Date	Book size
OBL BPIFF 0,75% ECH 25/11/2024		
First issue (Benchmark)	08/03/2017	600 M€
OBL BPIFF 0,50% ECH 25/05/2025		
First issue (Benchmark)	09/04/2015	800 M€
Second issue (Private Placement)	17/04/2015	200 M€
Third issue (Private Placement)	11/07/2016	400 M€
OBL OSEO-SA 2,75% ECH 25/10/2025		
First issue (Benchmark)	06/02/2013	750 M€
Second issue (Private Placement)	04/03/2013	300 M€
Third issue (Private Placement)	05/03/2013	125 M€
Fourth issue (Private Placement)	22/07/2016	200 M€
OBL OSEO-SA 3,625% ECH 25/04/2026		
First issue (Private Placement)	15/02/2012	110 M€
OBL BPIFF 0,875% ECH 25/11/2026		
First issue (Benchmark)	12/01/2017	1 000 M€
OBL BPIFF 1,00% ECH 25/05/2027		
First issue (Benchmark)	09/05/2017	1 500 M€
OBL BPIFF 2,917% ECH 25/10/2027		
First issue (Private Placement)	29/10/2013	125 M€
OBL OSEO-SA E3M+115 BP ECH 27/07/2029		
First issue (Private Placement)	05/07/2012	104 M€
OBL BPIFF 1,875% ECH 25/05/2030		
First issue (Benchmark)	10/06/2015	600 M€
Second issue (Private Placement)	06/04/2017	200 M€
Third issue (Private Placement)	27/06/2017	200 M€
OBL BPIFF 1,875% ECH 25/07/2031		
First issue (Private Placement)	12/07/2016	367 M€

Appendix 5 - Bond issues by **Bpifrance Financement** under the **NEU MTN** programme

Bond Issue	Issue Date	Book size
BMTN BPIFF 0,02% ECH 19/03/2018	12/03/2015	220 M€
BMTN BPIFF 0,02% ECH 19/03/2018	13/05/2015	145 M€
BMTN BPIFF 0,02% ECH 19/03/2018	23/07/2015	30 M€
BMTN BPIFF 0,02% ECH 19/03/2018	30/03/2016	15 M€
BMTN BPIFF 0,02% ECH 19/03/2018	25/05/2016	200 M€
BMTN BPIFF 0,00% ECH 22/06/2018	15/06/2016	200 M€
BMTN BPIFF 0,00% ECH 15/03/2022	13/04/2017	149 M€
BMTN BPIFF 0,00% ECH 15/03/2022	26/04/2017	50 M€

Appendix 6 - Methodological notes

- **Financing Division:** comprises Bpifrance Financement and its subsidiaries
- **Investment Division:** comprises Bpifrance Participations and its subsidiaries
- **Export-Credit Insurance division:** comprises Bpifrance Assurance Export
- **RoE (Return on Equity):**
 - **Financing Division**
 - Numerator: net income for year N
 - Denominator: equity (of which annual earnings) at the end of year N minus unpaid capital at the end of year N, minus the distribution of dividends at N+1 as regards year N
 - **Credit activity**
 - Numerator: the operating income after tax (by convention, the overall corporation tax rate of the Financing Division is assigned to activity in proportion to its operating income)
 - Denominator: regulatory allocation of equity (on a pro rata basis of NBI for the regulatory allocation under operational risk)
- **RoA (Return on Assets):**
 - **Financing Division**
 - Numerator: net income for year N
 - Denominator: average total assets at the end of years (N-1) and N
- In addition;
 - As a result of rounding rules, the amount of the values in the tables and analyses may differ slightly from the total listed
 - The differences between the consolidated total of certain financial aggregates at Group level and the amount of those aggregates at the operating divisions level is largely explained by intra-group operations

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