

**25 MARCH 2021**

## 2020 RESULTS

### PRO FORMA NET LOSS OF €121 MILLION REFLECTING BPIFRANCE'S COUNTERCYCLICAL ROLE IN 2020

<b>Activity</b>	<ul style="list-style-type: none"> <li>• <b>Very substantial level of activity</b> in all business lines: <ul style="list-style-type: none"> <li>○ Financing: the Bpifrance network recorded very intense financing activity, with a total of <b>€20.5 billion</b> injected into companies (+9.5% vs 2019).</li> <li>○ Investment: the private equity activity recorded investments totalling <b>€3.6 billion (+45% vs 2019)</b>, split between direct equity investments in companies and indirect investments through the French private equity fund ecosystem.</li> <li>○ Export: International activity played its countercyclical role, with an increase in the number of credit insurance, and guarantee and bonding transactions for the Export Guarantees activity.</li> <li>○ Support was adapted to meet the needs of entrepreneurs in a crisis situation, with <b>30,000</b> managers reached via e-learning (+74%) and <b>2,000</b> through the implementation of digital self-diagnostics (+216%).</li> </ul> </li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>• <b>Bpifrance's pro forma<sup>1</sup> net loss in 2020 was €121 million:</b> <ul style="list-style-type: none"> <li>○ After a net loss of €1,268 million in the first half of 2020, <b>the result recovered to a profit of €1,147 million in the second half;</b></li> <li>○ The contribution of equity-consolidated companies<sup>2</sup> was a negative €124 million;</li> <li>○ Provisions for future risks amounted to €328 million in 2020, vs €15 million in 2019. This figure does not reflect the reality of business failures to date; it is based on a normative and, in this case, proactive approach.</li> </ul> </li> <li>• <b>The value of the Group's assets (debt portfolios, equity investments and cash) increased by €126 million in 2020, bringing cumulative value created since the Group's creation to €9.5 billion (an average annual rate of 5.9%).</b></li> </ul>
<b>Financial strength</b>	<ul style="list-style-type: none"> <li>• <b>The robustness of the balance sheet was confirmed at a high level in a period of crisis,</b> with ratios well above regulatory requirements: <ul style="list-style-type: none"> <li>○ Solvency: CET1 ratio of 30.6%, vs a regulatory requirement of 9.5%;</li> <li>○ Bpifrance benefits from an exceptional liquidity situation thanks to the TLTRO. As of 31/12/2020, the short-term liquidity coverage ratio (LCR) was 886% (prudential requirement of 100%) and available liquidity amounted to €17.2 billion.</li> </ul> </li> </ul>

<sup>1</sup> The pro forma 2020 result is the consolidated Group result over 12 months, comparable with the consolidated result for 2019. The reportable net loss for 2020 was €140 million and is discussed below. Following the merger on 18 December 2020, which is not retroactive to 1 January under IFRS, the reportable result corresponds essentially to that of the former Bpifrance Financement.

<sup>2</sup> Mainly PSA, STMicroelectronics, Eutelsat.



On 19 March 2021, the Board of Directors of Bpifrance S.A., meeting under the chairmanship of Éric Lombard, examined and approved the 2020 accounts. Commenting on these results, **Nicolas Dufourcq, Chief Executive Officer of Bpifrance, said:**

*“In 2020, Bpifrance demonstrated very great capacity to intensify its countercyclical action while keeping the prudential ratios imposed on it as a bank supervised by the ECB at an excellent level.”*

**N.B.:** This press release deals with the 2020 financial results and follows that issued on 4 February 2021,<sup>3</sup> containing the 2020 business review (in French only).

### Bpifrance SA: consolidated results

#### Pro forma results:<sup>4</sup>

€m	2019	2020	Δ 2020/2019
<b>Net banking income</b>	<b>1,454</b>	<b>1,239</b>	<b>(14.7%)</b>
of which Financing	811	848	+4.6%
of which Investment	652	427	(34.5%)
of which Export Insurance	42	44	+3.7%
of which Creation	-	(49)	n.a.
Operating expenses	(711)	(793)	+11.5%
<b>Gross operating income</b>	<b>742</b>	<b>446</b>	<b>n.a.</b>
Cost of risk	(83)	(462)	+458.8%
Proven risk	(68)	(133)	+97.2%
Future risks	(15)	(328)	n.a.
<b>Operating income</b>	<b>660</b>	<b>(15)</b>	<b>n.a.</b>
Contribution from equity-consolidated companies <sup>5</sup>	456	(124)	n.a.
<b>Pre-tax income</b>	<b>1,116</b>	<b>(139)</b>	<b>n.a.</b>
Taxes	(97)	18	n.a.
<b>Net income</b>	<b>1,018</b>	<b>(121)</b>	<b>n.a.</b>
Cost/income ratio of the financing business line	42.6%	46.1%	
Bpifrance Investissement: ratio of operating expenses to assets under management	0.46%	0.45%	
RoE	4.1%	(0.4%)	

<sup>3</sup> <https://presse.bpifrance.fr/bilan-dactivite-2020-et-perspectives-2021-de-bpifrance/>

<sup>4</sup> The pro forma 2020 result is the consolidated Group result over 12 months, comparable with the consolidated result for 2019.

<sup>5</sup> Mainly PSA, STMicroelectronics, Eutelsat.

## Reportable results:<sup>6</sup>

€m	2019	2020	Δ 2020/2019
<b>Net banking income</b>	<b>811</b>	<b>848</b>	<b>+4.6%</b>
of which Credit	647	664	+2.0%
of which Guarantee	106	101	(5.2%)
of which Innovation	46	74	+60.4%
Operating expenses	(487)	(550)	+13.0%
<b>Gross operating income</b>	<b>324</b>	<b>299</b>	<b>(7.9%)</b>
Cost of risk	(85)	(462)	+442.9%
Proven risk	(70)	(133)	+90.4%
Future risks	(15)	(328)	n.a.
<b>Operating income</b>	<b>239</b>	<b>(163)</b>	<b>(168.0%)</b>
Contribution from equity-consolidated companies	1	0	n.a.
Net gains or losses on other assets	1	0	n.a.
<b>Pre-tax income</b>	<b>241</b>	<b>(163)</b>	<b>(167.7%)</b>
Taxes	(87)	23	(126.8%)
<b>Net income</b>	<b>153</b>	<b>(140)</b>	<b>(191.5%)</b>
Financing business line RoE	6.0%	(2.3%)	

### 2020 financial performance – pro forma:

#### Net banking income

**Pro forma NBI was €1,239 million in 2020.** This amount, the result of exceptional commitment across all business lines, breaks down as follows:

- **€848 million in NBI from the Financing division (+4.6% vs 2019)**, which mainly includes income from the credit activity (€664 million), fees charged on bank financing covered by the Bpifrance guarantee (€101 million) and net banking income from the innovation financing activity (€74 million);
- **€427 million in NBI from the Investment division (-34.5% vs 2019)**, which mainly includes financial income (dividends, interest) received on financial assets (€402 million), the contribution of securities recorded at fair value through profit or loss (-€52 million) and fees (€51 million);
- **Export Insurance**, which operates public guarantees on behalf of the French government, contributed €44 million (margin on targets and payment by the government for the management of the activity);
- Bpifrance also houses a **Creation business line, which recorded negative NBI of €49 million in 2020.**

<sup>6</sup> Following the merger on 18 December 2020, which is not retroactive to 1 January under IFRS, the reportable result corresponds essentially to that of the former Bpifrance Financement.



### **Cost of risk**

**Cost of risk was conservatively provisioned in Bpifrance's financial statements for the first half of 2020. The choice of ex-ante provisioning of the entire impact of the crisis on loan portfolios, whatever the economic recovery scenario, caused cost of risk to increase to €462 million (€83 million in 2019). As expected, cost of risk breaks down as follows at the end of 2020:**

- €328 million in provisions for future risks (expected credit losses): these provisions do not reflect the reality of business failures to date;
- €133 million in proven risks;

The cost of risk **represents 109 basis points of average outstanding loans**, vs 22 basis points in 2019.

### **Operating expenses**

**The increase in operating expenses (€793 million, +11.5%) was kept under control amidst all-time high levels of activity and new missions entrusted to the Bpifrance group (digital platforms including government-guaranteed loans, support plan, initiation of the stimulus plan). In particular:**

- the cost/income ratio of the Financing business line was 46% at the end of 2020;
- Bpifrance Investissement's ratio of operating expenses to assets under management was 0.45% at the end of 2020.

### **Contribution from equity-consolidated companies<sup>7</sup>**

**The contribution to the result of equity-consolidated companies was negative €124 million in 2020 (vs positive €456 million in 2019), with a marked recovery during 2020. After a negative contribution of €1,009 million in the first half, the contribution of equity-consolidated companies to net income was €885 million in the second half.**

### **Net income**

**Bpifrance's pro forma<sup>8</sup> net loss in 2020 was €121 million. In a year marked by the consequences of the health crisis, Bpifrance returned to profit in the second half of 2020. In total, 2020 net income was at breakeven excluding the contribution from equity-consolidated companies.**

### **Value creation**

**The value created by the Group was positive at €126 million in 2020. In addition to the accounting result for the year, it includes the unrealised capital gain on the Group's investment portfolio.**

**Cumulative value creation since the Group's creation in 2013 amounts to €9.5 billion, i.e. an average annual rate of 5.9%.**

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<sup>7</sup> Mainly PSA, STMicroelectronics, Eutelsat.

<sup>8</sup> The pro forma 2020 result is the consolidated Group result over 12 months, comparable with the consolidated result for 2019.



### **Solvency and liquidity: ratios well above banking standards**

**At 31 December 2020, Bpifrance's consolidated shareholders' equity (Group share) amounted to €24.1 billion (€24.5 billion at 31 December 2019) and the consolidated balance sheet amounted to €94.3 billion (€79.8 billion at 31 December 2019, an 18% increase).**

Risk-weighted assets (RWA) amounted to €74.3 billion (€69.5 billion in 2019) in accordance with the CRR/CRD IV rules. Credit risk-weighted assets represent 96% of the total, stable compared with 2019.

**The Group's financial strength was confirmed at a high level in a period of crisis, well above regulatory requirements:**

- At 31 December 2020, Bpifrance's phased-in Common Equity Tier 1 ratio was 30.6% (33.4% at the end of 2019) and the phased-in overall solvency ratio was 30.7% (33.6% at the end of 2019). The phased-in leverage ratio was high at 20.7% (24.2% at end 2019);
- Lastly, **Bpifrance's liquidity situation remains very favourable.** As at 31 December 2020, the short-term liquidity coverage ratio (LCR) was 886% (450% at the end of 2019).

### **Methodological notes**

Merger: refers to the merger by absorption of Bpifrance SA by Bpifrance Financement that took place on 18 December 2020.

Financing division: consists of the former Bpifrance Financement and its subsidiaries.

Investment division: consists of Bpifrance Participations and its subsidiaries.

Revenue: corresponds to the sum of net banking income and the contribution of equity-consolidated companies, defined for the Investment division as the sum of the share of net income of companies accounted for by the equity method and net gains or losses on other assets, and for the Financing division as the share of net income of companies accounted for by the equity method.

Equity-consolidated companies: investments over which the Group exercises joint control or significant influence are accounted for by the equity method, which consists of substituting the value of the shares held with the Group's share of the equity and earnings of the companies concerned. The income statement then reflects the Group's share of the results of the companies accounted for using the equity method, and when impairment is noted, it is allocated to the equity investment accounted for by the equity method, which authorises the subsequent reversal of the impairment in case of an improvement in the value in use or market value.

#### RoE:

- Numerator: net income of a given year (N);
- Denominator: equity (including the annual result) at the end of N less unpaid capital at the year-end.

Cost/income ratio: indicator corresponding to operating expenses divided by net banking income.

Ratio of operating expenses to assets under management: ratio of management expenses to the total value of all financial assets under management (Bpifrance Participations).



Additionally:

- Due to rounding rules, the sum of the amounts in the tables and analyses may differ slightly from the total reported;
- Differences between the consolidated total of certain financial aggregates at Group level and the sum of these aggregates at the level of the operating divisions are attributable chiefly to intra-group transactions.

## Disclaimer

The purpose of this presentation is to illustrate the activity and results of the Bpifrance Group in 2020. It provides an overview of the activity of Bpifrance's main business lines and presents financial information for the year ended 31 December 2020.

This presentation is unaudited. The figures included in this report are taken from validated internal sources and from the financial statements (parent company and/or consolidated) of Bpifrance Participations, Bpifrance Investissement and the merged entity Bpifrance for 2020.

Those financial statements were approved by the Boards of Directors of the relevant companies on 17 and 19 March 2020 and certified by the Statutory Auditors. They will be submitted to the shareholders of the relevant companies for approval on 5 May 2021.

Neither Bpifrance nor its representatives may be held liable for any negligence or any prejudice resulting from the use of this presentation or its contents or anything related to them or any document or information to which they may refer.

## About Bpifrance

Bpifrance finances companies at every stage of their development with credit, guarantees and equity. Bpifrance supports them in their innovation and international projects and insures their export activity with a wide range of products. Consulting, training, networking and an acceleration programme for start-ups, SMEs and mid-sized companies are some of the other services it offers to entrepreneurs.

Thanks to Bpifrance and its 50 regional offices, entrepreneurs have a single local contact to help them through the challenges they face.

For more information, visit [www.Bpifrance.fr](http://www.Bpifrance.fr) – [www.presse.bpifrance.fr](http://www.presse.bpifrance.fr) – Follow us on Twitter: @Bpifrance - @BpifrancePresse

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