

CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS
30 JUNE 2020
BPIFRANCE
FINANCEMENT

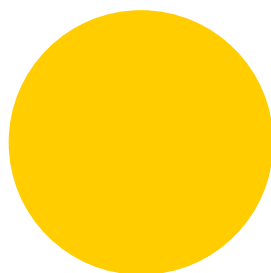




TABLE OF CONTENTS

I. Half-year activity report -----	3
II. Consolidated financial statements at 30 June 2020 --	9
III. Accounting appendix -----	16
IV. Report of the statutory auditors on the 2020 interim information -----	33
V. Person responsible for the interim consolidated financial statements -----	35



I. HALF-YEAR ACTIVITY REPORT

of the Bpifrance Financement Group at 30 June 2020

1. ACTIVITY

Bpifrance Financement's financing activity in support of small and medium-sized enterprises, as well as very small businesses, is part of the mission of general economic interest entrusted to it by the public authorities. This work is carried out in partnership with banks, private equity professionals, local authorities, particularly the regions, and other public institutions operating in the field of corporate finance.

Bpifrance Financement works directly with banks to finance the investment of businesses through medium- and long-term loans and leasing operations. Some of these loans are granted without taking guarantees on the companies' balance sheets, enabling them to finance intangible expenses. Through its offer of short-term loans, the bank also finances the cash requirements of small and medium-sized enterprises, in particular by pre-financing credits held in public principals or certain large private groups. Finally, it should be noted that since 2015 the bank has been offering export credit that enables the financing of export markets involving French exporters.

Bpifrance Financement also intervenes indirectly supporting credit for businesses through its bank loan guarantee offer. This activity is backed by guarantee funds, held in its balance sheet and endowed by the public authorities.

Finally, Bpifrance Financement intervenes in the field of innovation financing, in the form of subsidies, interest-free loans for innovation (PTZI), and repayable advances to companies. This activity is also predominantly backed by resources allocated to Bpifrance by the public authorities.

Co-financing investment activity increased significantly (+55.5%) compared to the first half of 2019, driven by Covid-19 facilities and unsecured loans in particular. Excluding Covid-19 facilities, business was up +4.7%. Innovation financing through grants and lending activity also increased by 56.5% and 165.5% respectively over the same period.

Conventional guarantee activity was down by -24.1% while fund-backed unsecured loan guarantee financing was up sharply 358.8% due to the unsecured loan activity. Lastly, short-term financing activity continued to fall by the decline forecast for competitiveness and employment tax credit (CICE) financing (-29.6%), while Advance + trade receivable financing increased by 3.1%.

At 30 June 2020 the total amount of customer loans and commitments of the Bpifrance Financement Group amounted to €65.0 billion against €60.0 billion at 31 December 2019.



1.1 Customer loans

At 30 June 2020, assets comprising all financing activities rose sharply to €43.8 billion against €40.4 billion at 31 December 2019.

Investment loans and liquidity loans (excluding collective impairment) amounted to €21.5 billion against €21.8 billion at 31 December 2019.

Leasing operations (excluding collective impairment) remained stable at €6.3 billion as at 31 December 2019.

Total collective impairment was €614.1 million at 30 June 2020.

1.2 Guarantee commitments

At 30 June 2020, assets comprising all financing activities rose sharply to €12.4 billion against €12.8 billion on 31 December 2019.

2. RESULTS COMMENTARY

Net banking income amounted to €402.3m in the first half of 2020, representing growth of 2.2% compared to the first half of 2019 (€393.5m). This change is primarily due to the growth of outstanding loans during the period.

The cost/income ratio reached 69.8% at 30 June 2020 compared to 62.5% at 30 June 2019, notably due to a 14% increase in operating expenses in H1 2020 following the implementation of a revised budget of +11% for 2020 due to the health crisis. Moreover, the cost/income ratio was structurally higher during the first half of the year than at the end of the year (60.0% at the end of 2019) as operating expenses include the recognition of certain taxes for their annual amount in accordance with accounting standard IFRIC 21 and therefore without pro rata temporis.

The cost of risk amounted to €387.3 million in H1 2020, up sharply from €41.5 million in H1 2019. This reflects the €324 million revaluation of the stock of provisions following the health crisis. There was €284 million in buckets 1 and 2 and €40 million in bucket 3.

Overall, net profit at 30 June 2020 was -€202.1 million, a decrease of 360.5% compared to 30 June 2019 (€77.6 million). This was mainly due to the revaluation of credit risk provisions on the entire portfolio in the wake of the health crisis.



3. RISKS

3.1. Credit and counterparty risks

As a banking institution, Bpifrance Financement is exposed to credit and counterparty risk on its corporate financing transactions.

Credit and counterparty risk represents potential loss. It is manifested by a decrease in the value of an asset or by a payment default that Bpifrance Financement may suffer as a result of the deterioration of a counterparty's solvency.

At Bpifrance Financement, credit risk is mainly related to credit activities for VSE/SMEs, mid-size companies, and large companies.

All Bpifrance Financement commitments, including financing, guarantee, and innovation operations, involving credit and counterparty risks, are subject to an initial analysis by the Finance Department and the network steering unit responsible for monitoring and customer relations. The Credit Risk Department, within the Risk Management Department, is responsible for counter-analysing the dossiers and presenting them to these committees for decision. This is the responsibility of the Credit Risk Committee as well as the Credit Committee.

Credit risks are mainly incurred in the commercial, industrial, and real estate sectors.

According to IFRS standards, Bpifrance Financement's maximum exposure to credit risk is €82,009.0 million at 30 June 2020, compared with €74,521.2 million at 31 December 2019.

3.2. Liquidity, interest rate, and foreign exchange risk

The Group's liquidity, interest rate, and foreign exchange risk management framework is defined in the Group Risk Management Policy, the Risk Appetite Framework, and the Risk Appetite Statement.

These three financial risks are managed by the ALM Committee.

In view of their nature and duration, the financial transactions undertaken are almost exclusively carried out with credit institutions and public administrations, mainly the French State.

The first half of 2020 was impacted by the health and economic crisis caused by the Covid-19 pandemic.

In order to provide support to the affected companies, Bpifrance implemented a substantial support plan granting significant financing to these companies, in particular by deploying unsecured and state guaranteed loans. The refinancing of these loans was carried out on the financial markets, in particular through the issuance of a Covid-19 Response Bond in April. Bpifrance is the first French bank to issue this type of bond.

In line with the substantial plan to support the economy, the Boards of Directors of Bpifrance Financement and EPIC Bpifrance approved the increase of the 2020 refinancing plan under



EPIC (a public industrial and commercial establishment) guarantees for €17.5 billion for the year 2020 (compared with €9.1 billion at the December 2019 Board of Directors meetings). In addition, Bpifrance opportunistically drew down funds from the European Central Bank (ECB) via the Targeted Long Term Refinancing Operation (TLTRO) 3 facility, bringing its outstanding ECB refinancing to €10.3 billion at 30 June 2020.

In addition, the Risk Management Policy was significantly amended. In particular, the list of authorised refinancing instruments was extended and the operational and structural foreign exchange risk management framework was revised.

3.3. Operational risk

Bpifrance Financement defines operational risk as losses resulting from faulty or inadequate internal processes or external factors, whether deliberate, accidental, or natural events.

Bpifrance Financement is subject to compliance with the regulatory framework governing operational risk management by banking institutions. This is mainly based on the Decree of 3 November 2014 relating to the internal control of companies in the banking sector, Directive 2013/36/EU, known as "CRD IV", of the European Parliament, and Regulation (EU) 575/2013 known as "CRR".

Within the Bpifrance Group, the operational risk management and control system has been defined and supervised since March 2020 by the Operational Risk Department reporting to the Compliance - Permanent Control Department.

By way of example, Bpifrance Financement's operational risk management and control system is based on the mapping of operational risks. It relies on collecting operational incidents generating losses as they occur, categorised according to the seven Basel classes, i.e. *internal fraud, external fraud, employment practices and safety at work, customers - products and business practices, damage to material assets, IT malfunction, execution, delivery and process management*. The system is also underpinned by quarterly committees dedicated to monitoring and managing the Bpifrance Group's operational risks, in which the Risk Department, the Information Systems Department, the Legal Department, and the Bpifrance Group's General Inspection Department participate.

3.4. Risk of non-compliance

Risk of non-compliance is understood to be the risk of judicial, administrative, or disciplinary sanctions, significant financial loss or damage to reputation arising from failure to comply with legal and regulatory provisions, professional and ethical standards and practices specific to Bpifrance's businesses, or directives issued by the executive body in application of the guidelines of the supervisory body.

Bpifrance Financement is subject to a set of banking and financial regulations. Requirements of a prudential nature are specifically referred to in the regulatory risk, AML/CFT, and corruption regulations referred to under dedicated risks.

In this context, in 2016 Bpifrance adopted a Group compliance policy that includes subjects on which the Compliance and Control Department must be consulted to implement formal compliance processes that include key departments, including the Risk Department, the Legal Department, and the Inspectorate General of Administration (IGA). Bpifrance also established an internal control charter setting out the three existing lines of defence, thus underlining the universal nature of the internal control bodies' intervention.

During the first half of 2020, a restructuring of the Bpifrance Group's outsourcing system was initiated in order to comply with the applicable recent legal and regulatory changes in this area. To this end, a new governance structure was determined and an analysis of the risk level of each service is now carried out and formalised.

Due to the COVID-19 health crisis that began in March 2020, the Bpifrance Group, relying on the expertise of several external service providers, implemented solutions (State-guaranteed loans, Rebound loans, etc.) based on digital platforms to support companies during this unprecedented crisis. These outsourced service providers thus enabled it to test the new system and ensure its suitability.

Finally, subsequent to its second audit at the end of 2019, the French Anti-Corruption Agency (AFA) confirmed that the Bpifrance Group now complies with the eight pillars of Article 17 of the Sapin 2 Act.

4. FORESEEABLE EVOLUTION IN 2020

Finally, the results at 30 June 2020 consolidate the achievement of the 2020 budgetary targets of Bpifrance Financement in terms of Gross Operating Income.

APPENDIX

Key figures

1. Activity of Bpifrance Financement in the first half of 2020

(In millions)	2018	2019	Evolution 2019/2018	First half of 2019	First half of 2020
ACTIVITY					
Innovation aid (State, Partners, F2I, Single Inter-ministerial Fund (FUI), Future Investment Programme (PIA))	727	832	14.4%	301	471
Amount of risk guaranteed (excluding internal funds)	3,728	3,629	-2.7%	1,811	1,375
Amount of risk guaranteed by Bpifrance Régions	310	336	8.4%	172	133
Investment co-financing	8,216	8,708	6.0%	4,114	6,003
Receivables discounting	3,771	3,961	5.0%	3,852	3,970
Pre-financing of CICE	5,375	4,146	-22.9%	4,870	3,427
STAFF (Bpifrance Financement)	2,008	2,135		2,137	2,209

2. Financial data at 30/06/2020 consolidated at the level of EPIC Bpifrance

(In €M)	2018	2019	Evolution 2019/2018	First half of 2019	First half of 2020
SHAREHOLDERS EQUITY, GROUP SHARE	24,963.8	24,213.2	-3%	25,330.0	20,980.7
RESULTS					
Operating income before other income and expenses	-6.5	-14.5	-123%	-3.1	-135.8
Operating income	-306.5	-14.5	+95%	-3.1	-135.8
Operating income after share of net income from equity-consolidated companies	194.3	463.7	+139%	283.7	-768.6
Pre-tax Income	510.2	678.6	+33%	486.6	-708.9
Net income, group share	485.6	660.5	+36%	468.4	-713.6

(Unaudited financial data)

II. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet of Bpifrance Financement at 30 June 2020

ASSETS (in €M)	30/06/2020	31/12/2019
Cash in hand, central banks	7,959.7	1,045.9
Financial assets at fair value through the income statement	93.6	735.0
Hedging derivatives	7.6	5.2
Financial assets at fair value through equity	2,350.0	1,267.5
Securities at amortised cost	8,802.0	7,538.2
Loans and advances to credit institutions and related entities, at amortised cost	1,153.7	900.2
Loans and advances to customers, at amortised cost	42,461.9	39,184.2
Finance leases and similar operations, at amortised cost	6,272.1	6,223.2
Innovation financing aid	1,024.9	982.8
Fair value adjustments to debt portfolios hedged against interest rate risks	594.9	435.6
Current and deferred tax assets	213.4	52.4
Accruals and miscellaneous assets	689.9	469.2
Non-current assets held for sale	0.0	0.0
Holdings in equity-consolidated companies	10.8	11.5
Investment property	0.0	0.0
Tangible fixed assets	197.2	211.0
Intangible fixed assets	97.8	99.1
Goodwill	2.1	2.1
TOTAL ASSETS	71,931.6	59,163.1

Consolidated balance sheet of Bpifrance Financement at 30 June 2020

LIABILITIES <i>(in €M)</i>	30/06/2020	31/12/2019
Central banks	0.0	0.0
Financial liabilities at fair value through the income statement	20.4	1.8
Hedging derivatives	51.5	20.7
Amounts owed to credit institutions and related entities	14,925.3	11,011.7
Amounts owed to clients	3,441.8	3,585.3
Debt represented by a security	38,799.2	30,267.4
Fair value adjustments to debt portfolios hedged against interest rate risks	765.0	538.5
Current and deferred tax liabilities	33.9	6.5
Accruals and miscellaneous liabilities	1,305.4	1,344.8
Rental liabilities	85.5	96.7
Debt related to non-current assets held for sale	0.0	0.0
Provisions	129.0	104.4
Net resources for innovation-related activity	1,913.9	1,829.2
- <i>Assigned to commitments</i>	903.7	860.9
- <i>Not assigned</i>	1,010.2	968.3
Public guarantee funds	6,221.8	5,906.7
- <i>Assigned to commitments</i>	2,764.8	2,166.4
- <i>Not assigned</i>	3,457.0	3,740.3
Subordinated debt	538.5	539.4
Shareholders' equity	3,700.4	3,910.0
Shareholders' equity - Group share	3,700.4	3,910.0
- <i>Capital and related reserves</i>	2,031.8	2,031.8
- <i>Consolidated reserves</i>	1,881.7	1,729.0
- <i>Gains and losses recognised directly under shareholders equity</i>	-11.0	-4.2
- <i>Result</i>	-202.1	153.4
Minority interests	0.0	0.0
- <i>Reserves</i>	0.0	0.0
- <i>Result</i>	0.0	0.0
TOTAL LIABILITIES	71,931.6	59,163.1

Publishable consolidated income statement of Bpifrance Financement

<i>(In €M)</i>	30/06/2020	31/12/2019	30/06/2019
Interest and related income	795.1	1,580.3	799.5
Interest and related expenses	-457.5	-864.4	-455.0
Net gains or losses resulting from net position hedging	0.0	0.0	0.0
Fees (income)	5.8	14.8	6.4
Fees (expenses)	-0.6	-2.6	-0.5
Net gains or losses on financial instruments at fair value through the income statement	10.0	6.3	2.6
Net gains or losses on financial instruments at fair value through equity	3.9	0.0	0.0
Net gains or losses resulting from the de-recognition of financial assets at amortised cost	0.0	0.0	0.0
Net gains or losses resulting from reclassification of financial assets at amortised cost as financial assets at fair value through the income statement	0.0	0.0	0.0
Net gains or losses resulting from reclassification of financial assets at fair value through equity as financial assets at fair value through the income statement	0.0	0.0	0.0
Income from other activities	73.9	189.5	67.5
Expenses from other activities	-28.3	-113.0	-27.0
NET BANKING INCOME	402.3	810.9	393.5
General operating expenses	-247.4	-422.9	-215.6
Amortisation and depreciation of intangible and tangible assets	-33.2	-63.6	-30.3
GROSS OPERATING INCOME	121.7	324.4	147.6
Credit risk cost	-387.3	-85.0	-41.5
NET OPERATING INCOME	-265.6	239.4	106.1
Share of net income from equity-consolidated companies	-0.7	0.2	0.4
Net gains or losses on other assets	0.4	1.2	0.1
Change in value of goodwill	0.0	0.0	0.0
INCOME BEFORE TAX	-265.9	240.8	106.6
Corporation tax	63.8	-87.4	-29.0
Net income after tax from discontinued operations	0.0	0.0	0.0
NET INCOME	-202.1	153.4	77.6
Minority interests	0.0	0.0	0.0
NET INCOME - GROUP SHARE	-202.1	153.4	77.6
* Net income per share (in euros)	-1.92	1.46	0.74
* Diluted net income per share (in euros)	-1.92	1.46	0.74

Net income and gains and losses recognised directly in Bpifrance Financement equity

(In €M)	30/06/2020	31/12/2019	30/06/2019
NET INCOME	-202.1	153.4	77.6
Items that can be reclassified (recyclable) in the net result			
<i>Currency conversion difference</i>	0.0	0.0	0.0
<i>Revaluation of financial assets at fair value through equity</i>	-9.5	4.4	5.5
<i>Revaluation of hedging derivatives on recyclable items</i>	0.0	0.0	0.0
<i>Share of gains and losses recognised directly in the equity of equity-consolidated companies</i>	0.0	0.0	0.0
<i>Other recyclable items recognised through equity</i>	0.0	0.0	0.0
<i>Related taxes</i>	2.7	-1.5	-1.6
Items that cannot be reclassified (non-recyclable) in the net result			
<i>Revaluation of fixed assets</i>	0.0	0.0	0.0
<i>Revaluation or actuarial gains and losses on defined benefit plans</i>	0.0	-3.0	0.0
<i>Revaluation of own credit risk of financial liabilities recognised at fair value through the income statement</i>	0.0	0.0	0.0
<i>Revaluation of equity instruments recognised at fair value through equity, not recyclable</i>	0.3	-0.3	-0.2
<i>Share of gains and losses recognised directly in the equity of equity-consolidated companies, not recyclable</i>	0.0	0.0	0.0
<i>Other elements recorded recognised through equity, not recyclable</i>	0.0	0.0	0.0
<i>Related taxes</i>	-0.4	1.1	-0.1
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	-6.9	0.7	3.6
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	-209.0	154.1	81.2
Of which group share	-209.0	154.1	81.2
Of which share of minority interests	0.0	0.0	0.0
For information: Amount of the transfer of non-recyclable items to the reserve	0.0	0.0	0.0

Variation of shareholders equity (group share)

	Capital and related reserves	Reserves	Gains and losses recognised directly in equity	Allocation	Total
<i>(In €M)</i>					
Situation at 31 December 2018	2,031.8	1,561.7	-4.9	0.0	3,588.6
2018 result				167.3	167.3
Income allocated to reserves	0.0	167.3	0.0	-167.3	0.0
Change in gains and losses recognised directly in equity	0.0	0.0	3.9	0.0	3.9
<i>Change in the value of financial instruments affecting non-recyclable equity</i>	0.0	0.0	0.0	0.0	0.0
<i>Change in the value of financial instruments affecting recyclable equity</i>	0.0	0.0	3.9	0.0	3.9
Actuarial gains and losses on defined benefit plans	0.0	0.0	-0.4	0.0	-0.4
Miscellaneous	0.0	-0.2	0.0	0.0	-0.2
Situation at 30 June 2019	2,031.8	1,728.8	-1.4	0.0	3,759.2
H1 2019 net income				77.6	77.6
Income allocated to reserves	0.0	0.0	0.0	0.0	0.0
Change in gains and losses recognised directly in equity	0.0	0.0	-1.2	0.0	-1.2
<i>Change in the value of financial instruments affecting non-recyclable equity</i>	0.0	0.0	-0.2	0.0	-0.2
<i>Change in the value of financial instruments affecting recyclable equity</i>	0.0	0.0	-1.0	0.0	-1.0
Actuarial gains and losses on defined benefit plans	0.0	0.0	-1.6	0.0	-1.6
Change in interest rate percentage	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.2	0.0	0.0	0.2
Situation at 31 December 2019	2,031.8	1,729.0	-4.2	0.0	3,756.6
2019 result				153.4	153.4
Income allocated to reserves	0.0	153.4	0.0	-153.4	0.0
Change in gains and losses recognised directly in equity	0.0	0.0	-6.8	0.0	-6.8
<i>Change in the value of financial instruments affecting non-recyclable equity</i>	0.0	0.0	-0.1	0.0	-0.1
<i>Change in the value of financial instruments affecting recyclable equity</i>	0.0	0.0	-6.7	0.0	-6.7
Actuarial gains and losses on defined benefit plans	0.0	0.0	0.0	0.0	0.0
Dividend distribution	0.0	0.0	0.0	0.0	0.0
Disposal of hybrid securities	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	-0.7	0.0	0.0	-0.7
Situation at 30 June 2020	2,031.8	1,881.7	-11.0	0.0	3,902.5
H1 2020 net income				-202.1	-202.1



Change in minority interests

Minority interests at 31 December 2018	0.0
Change in gains and losses recognised directly in equity	0.0
<i>Change in the value of financial instruments affecting equity</i>	<i>0.0</i>
<i>Change in the value of financial instruments recognised in income</i>	<i>0.0</i>
Share of H1 2018 net income	0.0
Minority interests at 30 June 2019	0.0
Change in gains and losses recognised directly in equity	0.0
<i>Change in the value of financial instruments affecting equity</i>	<i>0.0</i>
<i>Change in the value of financial instruments recognised in income</i>	<i>0.0</i>
Share of S2 2018 net income	0.0
Minority interests at 31 December 2019	0.0
Change in gains and losses recognised directly in equity	0.0
<i>Change in the value of financial instruments affecting equity</i>	<i>0.0</i>
<i>Change in the value of financial instruments recognised in income</i>	<i>0.0</i>
Share of H1 2019 net income	0.0
Minority interests at 30 June 2020	0.0

Bpifrance Financement Group cash flow statement

(In €M)	30/06/2020	31/12/2019	30/06/2019
Pre-tax Income	-265.9	240.8	106.6
Net amortisation on intangible and tangible assets	33.2	63.6	30.3
Impairment of goodwill and other fixed assets	0.0	0.0	0.0
Net allocations to provisions	509.0	41.5	2.9
Share of net income related to equity-consolidated companies	0.7	-0.2	-0.4
Net loss/net gain from investment activities	0.0	0.1	-0.8
Other transactions	-453.9	478.0	201.6
Other transactions (specific to guarantee funds)	315.1	-83.4	-54.9
Total non-cash items included in net income before tax and other adjustments	404.1	499.6	178.7
Flows related to transactions with credit institutions	3,866.1	-1,415.7	-617.0
Flows related to transactions with clients	-3,584.0	-1,706.5	-1,432.6
Flows related to other transactions affecting financial assets or liabilities	-493.5	-406.3	-825.8
Flows related to other transactions affecting non-financial assets or liabilities	-60.3	-18.8	27.4
Flows related to other transactions affecting innovation activities	42.6	-73.7	66.9
Tax paid	-67.4	-129.2	-54.6
Net decrease/(increase) of assets and liabilities from operating activities	-296.5	-3,750.2	-2,835.7
Net cash flow generated by the operating activity (A)	-158.3	-3,009.8	-2,550.4
Flows related to financial assets and investments	0.2	-2.8	-1.7
Flows related to investment property	0.0	0.0	0.0
Flows related to tangible and intangible fixed assets	-17.6	-67.7	-18.9
Total net cash flow related to investment activities (B)	-17.4	-70.5	-20.6
Cash flow to or from shareholders	0.0	-0.4	-0.4
Other net cash flow from financing activities	7,283.8	2,588.9	1,630.6
Total net cash flow linked to financing transactions (C)	7,283.8	2,588.5	1,630.2
Impact of exchange rate variations on cash and cash equivalents (D)		0.0	0.0
Net increase/(decrease) of cash and cash equivalents (A+B+C+D)	7,108.1	-491.8	-940.8
Net cash flow generated by the operating activity (A)	-158.3	-3,009.8	-2,550.4
Net cash flow linked to investment activities (B)	-17.4	-70.5	-20.6
Net cash flow linked to financing transactions (C)	7,283.8	2,588.5	1,630.2
Impact of exchange rate variations on cash and cash equivalents (D)	0.0	0.0	0.0
Cash and cash equivalents - opening balance	1,505.3	1,997.1	1,997.0
Cash in hand, central banks (assets & liabilities)	1,045.9	1,687.6	1,687.5
Accounts (assets & liabilities) and lending/borrowing to/from credit institutions	459.4	309.5	309.5
Cash and cash equivalents - closing balance	8,613.4	1,505.3	1,056.2
Cash in hand, central banks (assets & liabilities)	7,959.7	1,045.9	727.8
Accounts (assets & liabilities) and lending/borrowing to/from credit institutions	653.7	459.4	328.4
Change in net cash position	7,108.1	-491.8	-940.8



III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Bpifrance Financement at 30 June 2020

Note 1 - ACCOUNTING PRINCIPLES AND METHODS

The condensed interim consolidated financial statements of the Bpifrance Financement Group for the six-month period ending on 30 June 2020 are prepared and presented in accordance with the provisions of the standard IAS 34 "Interim Financial Reporting". Therefore, the notes presented focus on the significant elements of the period and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2019 as contained in the 2019 registration document.

Accounting principles and methods

Regulatory framework

The consolidated financial statements of the Bpifrance Financement Group are prepared in accordance with the IFRS standards in force within the European Union at 30 June 2020.

The accounting principles and methods used to prepare the condensed interim consolidated financial statements are identical to those used by the Group to prepare the consolidated financial statements for the year ended 31 December 2019.

The accounting principles and evaluation methods applicable at 31 December 2019 are contained in notes 2 to 5 of the consolidated financial statements for the year 2019.

Moreover, the group does not apply the standards, interpretations and amendments the application of which is only optional at present.

Presentation of the consolidated financial statements

The presentation of summary financial statements is consistent with that proposed by ANC recommendation no. 2017-02 of 2 June 2017 on the format of summary financial statements of credit institutions and investment firms applying international accounting guidelines.



Use of estimates in the preparation of the financial statements

The preparation of the financial statements requires the formulation of estimates the materialisation of which is not certain. In particular, the pension commitments were valued at 30 June 2020 through extrapolation of the actuarial valuation at 31 December 2019.

Seasonal, cyclic or non-recurring nature of the activities

Other than the provision for paid leave, which records acquired rights not yet taken at 30 June, the group's activities are not seasonal, cyclical or non-recurring in nature.

Note 2 - EVENTS DURING THE PERIOD

2.1 Significant events during the period

The start of the 2020 financial year was impacted by the unprecedented health crisis linked to Covid-19. This pandemic affected economic and social activities on an international scale. Its economic repercussions are far-reaching. Vested with a mission of general interest to finance and develop businesses, in support of public policies, Bpifrance is fully committed to supporting French companies during this difficult period.

2.1.1 Support systems introduced by Bpifrance

Bpifrance Financement provides assistance through various business support mechanisms, either on its own behalf or on behalf of third parties.

Products implemented for own account

Intervention procedures

Bpifrance Financement introduced three new products in response to the Covid-19 epidemic.

In connection with the government's economic support mechanism designed to meet exceptional cash requirements or working capital needs resulting from the economic crisis, Bpifrance Financement provides:

- State guaranteed loans up to 90%, intended for VSEs, SMEs, and mid-size companies clients of Bpifrance, from all business sectors, provided the granting conditions are met;
- Innovation support loans State guaranteed up to 90%, intended for innovative start-ups, SMEs, and mid-size companies with less than 5,000 employees and revenue of less than €1.5 billion, registered in France and subject to French law, from all business sectors, provided that the granting conditions are met.

State guaranteed and innovation support loans are one-year term loans. They include an extension clause that can be exercised free of charge enabling the borrower at the end of the first year to amortise the loan over a period of one to five years.

In addition to the State guaranteed and innovation support loans, Bpifrance Financement also introduced the unsecured loan. Available for VSEs, SMEs and mid-size companies, it also provides financing for cash flow needs arising from the economic situation or an exceptional working capital requirement. It is available for a period of 3 to 5 years with a deferred repayment option of up to 12 months. The fixed or variable interest rate is established in accordance with the conditions in force at the time of the grant. The percentage guaranteed on this type of loan is between 70 and 90%.

In addition, changes were made to several existing products. Depending on the case, the group increased the planned loan volumes, broadened the eligibility criteria to include eligible businesses and qualified expenses, reallocated guarantee funds, and modified the characteristics of the loan or guarantee. These include an extension of the maturity and/or deferred repayment period, and an increase in the percentage of cover. These only concern the new issuance of the facilities concerned.

Furthermore, Bpifrance Financement is also studying the implementation of other schemes for the second half of 2020.


Summary of amounts allocated and outstandings

	Facilities	Allocations (In €M)	Outstandings At 30 June 2020 (In €M)
New products	State guaranteed loan	3,000	308
	State guaranteed and innovation support loans	No ceiling	161
	Unsecured loan	3,000	1,937
Existing products with extended facilities and expanded product scope	Tourism loan	750	43
	Rebound loan	800	395
	Advance+ back-up loan	100	87
	Creative industry loans	100	2
	Industry R&D, unsecured, and PAI loans	330	15
	Guarantees and sureties Increasing the cash position	3,000 (including unsecured loan guarantee)	108
	Guarantees and sureties Confirmed Credit Lines	60	45

Accounting treatment

At the time of their initial recording, the State guaranteed and innovation support loans are recorded at their fair value that in this case corresponds to their nominal value.

State guaranteed and innovation support loans meet the characteristics of a basic loan. Given its public interest mission, Bpifrance's financing operations are geared towards maintaining customer relationships and collecting contractual



inflows and outflows. Guaranteed loans are thus recorded at their amortised cost, using the effective interest rate method. As Bpifrance Financement is not in a position to anticipate customer behaviour with regard to the prolongation option, Bpifrance Financement opted for a one-year horizon, corresponding to the initial life of the State guaranteed and innovation support loans, in order to determine their effective interest rates.

As these are new loans extended by Bpifrance Financement to borrowers prove to be sound, they are classified as bucket 1 on the date they are granted. The assessment of estimated credit losses, initially over a 12-month basis, takes into account the effect of the State guarantee that is considered to be built into the loan contract.

It should be noted that the characteristics of the unsecured loan are those of credits generally granted by Bpifrance. They do not confer any particularity in terms of accounting treatment.

Products managed on behalf of third parties

Bpifrance Financement is entrusted by the French government, under its supervision, on its behalf, and in its name, with the task of monitoring outstanding State guaranteed loans. Bpifrance Financement is responsible for collecting and remitting guarantee fees to the State and, in the event of a call on the guarantee, is charged with verifying that the conditions defined by the State are met. In the latter case, Bpifrance shall proceed to the payment of the amounts due that will then be reimbursed by the State. The guarantee is effective within the limit of a total guaranteed outstanding amount of €300 billion.

In addition, all the local and regional authorities in Brittany expressed an interest in working together to provide a rapid, efficient, and coordinated response. This was undertaken in order to respond urgently to the immediate needs of the smallest businesses, the self-employed, and associations that are not or only partially covered by the national systems in place. Within this framework, Bpifrance Financement rolled out a digital platform in charge of granting, managing, and collecting loans on behalf of the Region (Brittany Covid Resistance Loan). A total of €27.3 million is allocated to this action.

2.1.2 Maturity extensions

As part of the measures to support the economy and in order to avoid jeopardising its customers' cash position, as of 24 March 2020 Bpifrance Financement introduced a six-month moratorium on the principal and interest for all its loan and leasing customers. This maturity extension, not provided for in the initial contractual provisions, does not incur any penalties or additional costs to the borrowers.

Loans

The maturity extension prolongs the term of the loans by six months, without any change in the other contractual characteristics. Interest accrued during the moratorium period is calculated according to the contractual interest rate. It is charged on the first due date following the end of the extension period. Payment is spread out over the six months following the end of the moratorium period.

Leasing

The six-month moratorium results in a new payment schedule for the deferred instalments using either a straight-line or accelerated payment approach.

In return for this measure, Bpifrance Financement applies an interest rate on the deferred instalments, calculated on the basis of the Group's carrying cost. This carry rate is designed to cover the costs, risks, and expenses incurred by Bpifrance Financement up until the extended instalments are settled by the lessees.

Accounting treatment

The moratoriums are not initially provided for in the original contractual conditions. They fall within the scope of changes in financial assets as defined by IFRS 9.

The analysis undertaken reveals that the extended repayments granted in the context of the Covid-19 crisis do not significantly affect the net present value of the loans concerned. The deferrals do not therefore constitute a substantial modification of the financial assets. The outstandings concerned, up to a maximum of €17 billion, are not derecognised but are maintained on the balance sheet. At 30 June 2020, the cash flow loss resulting from these measures was not material in Bpifrance Financement's financial statements.

2.1.3 Measuring expected credit losses (ECL)

Taking into account the repercussions of the Covid-19 crisis and the government's measures when designing forward-looking scenarios

The three forward-looking scenarios generally used by Bpifrance to calculate the expected credit losses (ECLs) at 30 June 2020 were updated in June 2020. A fourth severe scenario was added to take better account of the uncertainties regarding the health situation. This fourth scenario reflects the possibility of an epidemic resurgence leading to new confinement measures at the beginning of 2021.

The scenarios selected reflect the expected effects of the Covid-19 crisis, with very significant shocks to business activity in the second half of 2020. They factor in a significant rebound in the third quarter of the same year. The unemployment rate is also assumed to experience a sharp increase in 2020 and 2021.



The consequences of government measures are also built into the scenarios. Indeed, the GDP growth rate over the medium term is expected to be moderately impacted by the crisis. In the central scenario, GDP is expected to reach a level close to its pre-crisis equivalent as of 2022. Moreover, the unemployment rate should decrease from 2022 onwards in this central scenario. This is based on the assumption that government support measures enable moderating the impact of the crisis on potential growth. In particular, government support is expected to limit business failures and the rise in unemployment.

In the forward-looking scenarios considered, the effects of the crisis, fully taken into account over the short term, are therefore moderated over the medium term by the results of government support measures.

Forward-looking scenarios are used both to calculate the probabilities of default when assessing significant increases in credit risk and to calculate the expected credit losses (ECLs) determined for each contract.

Assessing a significant deterioration in credit risk as well as calculating the ECLs is still carried out on the basis of individual information. No collective approach was implemented.

Impact of moratoriums on credit ratings

Forming part of a global approach of the French banking sector, Bpifrance introduced deferred maturity measures for its borrowers. These measures concern a very large population of borrowers. The deferral of payment deadlines is not triggered by a formal request from the company concerned, rather it is at the initiative of Bpifrance. On the contrary, clients who do not wish to benefit from these extensions must notify Bpifrance.

In view of the procedures for implementing the repayment deferrals extended by Bpifrance to its clients, the granting of a moratorium in the context of the Covid-19 epidemic does not automatically constitute an indicator of a significant increase in credit risk (SICR) of the borrowers and transactions concerned. Consequently, these deferrals do not result in a systematic downgrading to bucket 2 or bucket 3 for the instruments in question.

The significant increase in credit risk (SICR) continues to be measured on the basis of individual information specific to each instrument.

Changes made to the criteria for a significant increase in credit risk

The criteria for a significant increase in credit risk normally used by Bpifrance to allocate its exposures in the various buckets are as follows:

- Non-performing exposures are classified as bucket 3;
- Performing exposures are classified as bucket 2 if they meet one of the following criteria:
 - The counterparty is placed on the watch list;

- The counterparty's one-year probability of default on the calculation date is greater than 20%;
- The counterparty's one-year probability of default on the calculation date is greater than 195% of the one-year probability of default on the decision date, and greater than +2% of the probability of default on the decision date.
- Performing exposures that do not meet any of the above conditions are classified as bucket 1.

Accordingly, Bpifrance usually takes advantage of the possibility afforded by the standard to use the one-year probability of default as a measure of the significant increase in credit risk, as an approximation of the probability of default at maturity.

The current context, shaped by a very violent shock albeit limited in time, is such that the one-year probability of default cannot be considered as a good approximation of the probability of default over the lifetime of the loan in 2020.

To overcome this problem, the determination of the significant increase in credit risk is adjusted for the year 2020 by including a lifetime dimension to the probability of default on the calculation date.

The probability of default on the calculation date used in determining the SICR is obtained by adjusting the Through-the-Cycle reference probability of default by a ratio of:

- The lifetime probability of default calculated without taking into account macroeconomic assumptions and annualised; and
- The lifetime probability of default calculated conditionally on the forward-looking assumptions used, then annualised.

This probability of default is compared to the one-year probability of default at the origin of the instrument. The absolute and relative thresholds used in determining the SICR are not modified.

Impact of the guarantee on determining the expected credit losses (ECLs) of government-guaranteed loans

Determining expected losses on State guaranteed loans takes this guarantee into account. In calculating the ECL, only the non-guaranteed portion of the loans is taken into account.

Loan portfolio

- **Breakdown of the gross book value including related receivables, excluding accounts opened with Agence France Trésor (AFT)**

(In €M)	Bucket 1 Expected losses at 12 months	Bucket 2 Expected losses at maturity	Bucket 3 Expected losses at maturity	TOTAL
Opening balance	31,645	7,311	1,713	40,669
Closing balance	31,996	9,770	2,473	44,239

○ **Breakdown of expected credit losses**

(In €M)	Bucket 1 Expected losses at 12 months	Bucket 2 Expected losses at maturity	Bucket 3 Expected losses at maturity	TOTAL
Opening balance	121	235	295	651
Closing balance	249	365	389	1,003

Securities portfolio

Consisting essentially of government bonds, Bpifrance Financement's securities portfolio has not been significantly affected by the Covid-19 crisis. The Group maintained a simplified approach based on low credit risk.

2.1.4 Impact on the management of refinancing and liquidity

In order to manage the refinancing of its activities and its liquidity risk, Bpifrance Financement stepped up its use of the following refinancing sources:

- As part of its Euro Medium Term Notes (EMTN) programme, issuance of €5.3 billion in the form of conventional bonds, of which €2 billion on 26 March 2020 and €1.25 billion on 28 May 2020. Issuance of €1.5 billion Covid-19 Response Bonds on 24 April 2020;
- Subscriptions to the Targeted Long Term Refinancing Operation (TLTRO) III programme: renewal of the €3 billion outstandings under TLTRO II maturing between 25 March and 24 June 2020 by subscriptions to the TLTRO III programme for €9 billion between 25 March and 24 June 2020, i.e. an additional refinancing of €6 billion.

Bpifrance Financement also endeavoured to facilitate access to the mobilisation of its accounts opened with Agence France Trésor.

2.2 Post balance sheet events

No significant events occurred after the balance sheet date.

Note 3 - CONSOLIDATION SCOPE

The consolidated financial statements of the Bpifrance Financement Group include all businesses under exclusive control, except for those the consolidation of which does not materially impact the preparation of the Group's consolidated financial statements.

The financial statements of the companies controlled exclusively are consolidated using the global consolidation method.

Change in consolidation scope in the first half of 2020

The consolidation scope of the Bpifrance Financement Group at 30 June 2020 was modified compared to the last closing of the consolidated financial statements of 31 December 2019. It now includes the financial statements of FCT Bpifrance TPE fully consolidated since 01/01/2020.

The table below identifies the consolidated companies, the fraction of their capital held directly and indirectly and their consolidation method.

Denomination	Consolidation method	30/06/2020 % stake	30/06/2020 % of voting rights	31/12/2019 % of voting rights
Bpifrance Financement - MAISONS-ALFORT	Global	100%	100%	100%
Bpifrance Régions - MAISONS-ALFORT	Global	99,99%	99,99%	99,99%
Auxi-Finances - MAISONS-ALFORT	Global	100%	100%	100%
SCI Bpifrance - MAISONS-ALFORT	Global	100%	100%	100%
Bpifrance Courtage - MAISONS-ALFORT	Global	100%	100%	100%
FCT Bpifrance SME 2019-01 - SAINT-DENIS	Global	100%	100%	100%
FCT TPE Digital - SAINT DENIS	Global	100%	100%	-
Alsabail - STRASBOURG	Equity	40,69%	40,69%	40,69%

Note 4 - RESOURCES

The tables below show loans in excess of €100 million taken out or reimbursed over the period.

Loans taken out during the period

(In €M)

Type	Amount	Duration (in years)	Maturity
BDF (LTRO)	7 250,0	3	28/06/2023
BDF (LTRO)	1 750,0	3	29/03/2023
OBL BPIFF 0.125 25/03/2025	2 000,0	4	25/03/2025
OBL BPIFF 0.125% 26/02/2027	1 500,0	6	26/02/2027
OBL BPIFF 0.25% 29/03/2030	1 250,0	9	29/03/2030
OBL BPIFFGBP 0.75% 22/07/2022	354,4	2	22/07/2022
CDC	300,0	3	18/05/2023
CD BPIFF IPA 11/09/2020	300,0	0	11/09/2020
CD BPIFF IPA 31/07/2020	800,0	0	31/07/2020
OBL BPIFF 0.625% 25/05/2026	380,0	5	25/05/2026
OBL BPIFF 1.046% 25/05/2050	200,0	30	25/05/2050
CD BPIFF IPA 30/10/2020	182,0	0	30/10/2020
CD BPIFF IPA 25/05/2021	157,0	1	25/05/2021
CD BPIFF IPA 06/01/2021	150,0	0	06/01/2021
CD BPIFF IPA 11/01/2021	170,0	0	11/01/2021
CD BPIFF IPA 13/08/2020	150,0	0	13/08/2020
CD BPIFF IPA 31/08/2020	150,0	0	31/08/2020
CD BPIFF IPA 04/08/2020	100,0	0	04/08/2020
CD BPIFF IPA 05/03/2021	150,0	0	05/03/2021
CD BPIFF IPA 09/03/2021	100,0	0	09/03/2021
CD BPIFF IPA 14/01/2021	100,0	0	14/01/2021
CD BPIFF IPA 30/09/2020	100,0	0	30/09/2020
CD BPIFF IPA 31/12/2020	100,0	0	31/12/2020
CD BPIFF IPA 05/06/2020	100,0	0	05/06/2020
CD BPIFF IPA 06/04/2020	110,0	0	06/04/2020
CD BPIFF IPA 11/09/2020	300,0	0	11/09/2020
CD BPIFF IPA 21/04/2020	100,0	0	21/04/2020
CD BPIFF IPA 22/06/2020	100,0	0	22/06/2020
CD BPIFF IPA 28/05/2020	100,0	0	28/05/2020
OBL BPIFF 0.75% 25/11/2024	100,0	4	25/11/2024
OBL BPIFF 0.875% 25/11/2026	200,0	6	25/11/2026
OBL BPIFF 0.05% 26/09/2029	350,0	9	26/09/2029
OBL BPIFF 0.875 26/09/2028	175,0	8	26/09/2028
OBL BPIFF 0% 24/01/2022	100,0	1	24/01/2022
OBL BPIFF 0 24/01/2022	100,0	1	24/01/2022
OBL BPIFF 1% 25/05/2027	150,0	7	25/05/2027
OBL BPIFF 1.875% 25/05/2030	190,0	10	25/05/2030

Loans repaid during the period

(In €M)

Loan repayment date	Counterparty	Amount
24/06/2020	BDF (LTRO)	2 000,0
25/03/2020	BDF (LTRO)	1 000,0
15/06/2020	CDC	500,0
16/01/2020	SG	200,0
05/06/2020	HSBC_FRANCE	100,0
06/04/2020	NATWEST_NV	100,0
21/04/2020	ING_BANK_NV	100,0
22/06/2020	BRED	100,0
03/02/2020	CACIB	100,0
04/05/2020	ING_BANK_NV	100,0
06/01/2020	NATWEST_NV	100,0
07/02/2020	BRED	100,0
10/02/2020	SG	100,0
14/02/2020	CACIB	100,0
16/01/2020	ING_BANK_NV	100,0
17/02/2020	BRED	100,0
18/05/2020	GFI_SEC	100,0
20/05/2020	ING_BANK_NV	100,0
21/02/2020	BRED	100,0
24/01/2020	CACIB	100,0
24/02/2020	BRED	100,0
25/03/2020	NATWEST_NV	100,0
27/01/2020	BRED	100,0
28/02/2020	HSBC_FRANCE	100,0
31/01/2020	BRED	100,0

Note 5 - FINANCING AND GUARANTEE COMMITMENTS

(In €M)	30/06/2020	31/12/2019
Commitments given	21 309,2	19 604,7
Credit financing commitments	8 541,5	6 628,6
<i>to credit institutions</i>	10,0	10,0
<i>to clients</i>	8 531,5	6 618,6
Innovation aid financing commitments	182,7	186,2
Guarantee commitments	12 434,5	12 789,9
<i>to credit institutions</i>	0,0	0,0
<i>to clients</i>	12 434,5	12 789,9
Commitments on securities (deliverable securities)	150,5	0,0
Commitments received	26 417,1	21 810,5
Credit financing commitments	3 666,9	1 344,0
<i>from credit institutions</i>	3 666,9	1 344,0
<i>from clients</i>	0,0	0,0
Guarantee commitments	22 750,1	20 466,4
<i>from credit institutions</i>	1 298,7	686,5
<i>from clients</i>	21 451,4	19 779,9
Commitments on securities (securities receivable)	0,1	0,1

Note 6 - SECTOR INFORMATION

The Bpifrance Financement Group primarily carries out the following business activities:

- medium- and long-term loans: medium- and long-term financing in the form of direct loans, equipment and real estate leasing and finance leasing; this also include innovation loans,
- short-term financing includes in public liabilities financing in metropolitan France and the overseas departments and territories, either directly or by signature,
- guarantee coverage covers banks and equity funding institutions from the risks of default of funding recipients,
- innovation financing aid in the form of repayable advances or grants,

The "Other" item includes the activity mainly carried out by the real estate structures of SCI Bpifrance, and Auxi-Finances, the support activity, as well as the new "Entrepreneurship & Territories" business line.

(In €M)

30/06/2020	Financing	Guarantee	Innovation	Other	Total
NBI	301,1	53,3	26,6	21,3	402,3
General expenses	-168,1	-40,5	-63,4	-8,7	-280,6
Cost of risk	-366,3	0,0	-21,0	0,0	-387,3
Net operating income	-233,2	12,8	-57,8	12,6	-265,6

31/12/2019	Financing	Guarantee	Innovation	Other	Total
NBI	635,4	106,4	45,9	23,2	810,9
General expenses	-288,6	-67,3	-115,2	-15,3	-486,5
Cost of risk	-71,8	0,0	-13,2	0,0	-85,0
Net operating income	275,0	39,1	-82,5	7,9	239,4

30/06/2019	Financing	Guarantee	Innovation	Other	Total
NBI	301,4	53,8	23,1	15,2	393,5
General expenses	-146,8	-38,3	-51,5	-9,3	-245,9
Cost of risk	-34,2	0,0	-7,3	0,0	-41,5
Net operating income	120,4	15,5	-35,7	5,9	106,1

(In €M)

Gross amounts outstanding	30/06/2020	31/12/2019
Medium- and long-term loans	33 819,3	29 201,5
of which innovation loans	1 078,3	956,5
Short-term financing	3 911,3	4 986,0
Innovation financing aid	1 024,9	982,8
Guarantees given	12 434,5	12 789,9

For the record: guarantee funds totalled €6,221.8 million compared with €5,906.7 million at 31/12/2019.
Subsidies granted under the innovation activity amounted to €25.4 million compared to €85.3 million at 31/12/2019.

Note 7 - DIVIDENDS PAID

Bpifrance Financement has not distributed any dividends in 2020.

Note 8 - INFORMATION ON FAIR VALUE

(In €M)	30/06/2020			
	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through the income statement	0,0	14,9	78,7	93,6
- Bonds and fixed-income securities				0,0
- UCITS units			78,7	78,7
- Other assets at fair value through the income statement				0,0
- Derivatives at fair value through the income statement of which exchange rate derivatives		14,9		14,9
Hedging derivatives	0,0	7,6	0,0	7,6
- Fair value hedging				0,0
- Cash flow hedging				0,0
- Hedging of net foreign currency investments				0,0
- Total hedging restricted to fair value		7,6		7,6
Financial assets at fair value through equity	2 270,7	49,9	29,4	2 350,0
- Bonds and fixed-income securities	2 270,7	49,9		2 320,6
- Shares and other variable income securities			29,4	29,4
Securities at amortised cost	11 250,2	187,6	0,0	11 437,8
- Government bonds	11 142,5			11 142,5
- Other bonds	107,7			107,7
- Negotiable debt securities		187,6		187,6
Loans and advances to credit institutions and related entities, at amortised cost		1 153,7		1 153,7
Loans and advances to customers, at amortised cost		43 649,5		43 649,5
Finance leases and similar operations, at amortised cost		6 516,2		6 516,2
LIABILITIES				
Financial liabilities at fair value through the income statement	0,0	20,4	0,0	20,4
- Borrowings and term deposits				0,0
- Debt represented by a security				0,0
- Liabilities on securities				0,0
- Other liabilities at fair value through the income statement				0,0
- Derivatives at fair value through the income statement of which exchange rate derivatives		20,4		20,4
Hedging derivatives	0,0	51,5	0,0	51,5
- Fair value hedging				0,0
- Cash flow hedging				0,0
- Hedging of net foreign currency investments				0,0
- Total hedging restricted to fair value		51,5		51,5
Amounts owed to credit institutions and related entities		14 943,2		14 943,2
Amounts owed to clients		3 444,0		3 444,0
Debt represented by a security	39 572,5			39 572,5

(In €M)	31/12/2019			
	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through the income statement	0,0	13,4	721,6	735,0
- Bonds and fixed-income securities				0,0
- UCITS units			721,6	721,6
- Other assets at fair value through the income statement				0,0
- Derivatives at fair value through the income statement		13,4		13,4
of which exchange rate derivatives		13,4		13,4
Hedging derivatives	0,0	5,2	0,0	5,2
- Fair value hedging				0,0
- Cash flow hedging				0,0
- Hedging of net foreign currency investments				0,0
- Total hedging restricted to fair value		5,2		5,2
Financial assets at fair value through equity	569,2	669,1	29,2	1 267,5
- Bonds and fixed-income securities	569,2	669,1		1 238,3
- Shares and other variable income securities			29,2	29,2
Securities at amortised cost	7 891,4	308,9	0,0	8 200,3
- Government bonds	7 782,9			7 782,9
- Other bonds	108,5			108,5
- Negotiable debt securities		308,9		308,9
Loans and advances to credit institutions and related entities, at amortised cost		900,2		900,2
Loans and advances to customers, at amortised cost		40 108,2		40 108,2
Finance leases and similar operations, at amortised cost		6 443,9		6 443,9
LIABILITIES				
Financial liabilities at fair value through the income statement	0,0	1,8	0,0	1,8
- Borrowings and term deposits				0,0
- Debt represented by a security				0,0
- Liabilities on securities				0,0
- Other liabilities at fair value through the income statement				0,0
- Derivatives at fair value through the income statement		1,8		1,8
of which exchange rate derivatives		1,8		1,8
Hedging derivatives	0,0	20,7	0,0	20,7
- Fair value hedging				0,0
- Cash flow hedging				0,0
- Hedging of net foreign currency investments				0,0
- Total hedging restricted to fair value		20,7		20,7
Amounts owed to credit institutions and related entities		11 026,3		11 026,3
Amounts owed to clients		3 655,3		3 655,3
Debt represented by a security	30 830,0			30 830,0



IV. REPORT OF THE STATUTORY AUDITORS ON THE 2020 INTERIM FINANCIAL INFORMATION

Bpifrance Financement S.A.

Public limited company (société anonyme) with capital of €839,907,320
Registered office: 27-31 avenue du Général Leclerc 94700 Maisons-Alfort Cedex
RCS: 320 252 489

Statutory auditors' limited review report on the consolidated
interim financial statements

Period from 1 January 2020 to 30 June 2020



KPMG S.A.
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France



Mazars
Tour Exaltis
61 Rue Henri Régnault
92400 Courbevoie
France

Statutory auditors' limited review report on the condensed consolidated interim financial

(Period from 1 January 2020 to 30 June 2020)

Bpifrance Financement S.A.

Registered office: 27-31 Avenue du General Leclerc - 94700 Maisons-Alfort
Share capital: €839,907,320

To the shareholders,

In our capacity as statutory auditors of Bpifrance Financement S.A. and in response to your request, we conducted a limited review of the accompanying condensed interim consolidated financial statements of Bpifrance Financement S.A. for the period from 1 January 2020 to 30 June 2020, as attached to this report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on 30 July 2020. They were established on the basis of the information available at that date in the evolving context of the Covid-19 crisis and difficulties in understanding its impact and future prospects. Our role is to express our conclusion on these condensed interim consolidated financial statements on the basis of our limited review.

We conducted our limited review in accordance with professional standards applied in France and with the professional guidelines issued by the French National Institute of Statutory Auditors relating to this assignment. A limited review consists essentially of conducting interviews with the members of the management responsible for accounting and financial matters and implementing analytical procedures. These tasks are less extensive than those required for an audit carried out in accordance with the professional standards applicable in France. Consequently, the assurance that the condensed consolidated interim financial statements, taken in their entirety, do not contain any significant anomalies, obtained from a limited review is a moderate assurance, with less weight than the assurance that would result from an audit.

On the basis of our limited review, we have not identified any significant anomalies that would call into question the conformity of the condensed consolidated interim financial statements with IAS 34, the IFRS reference standard as adopted by the European Union in relation to interim financial information.

Drafted in Paris La Défense and Courbevoie, 05 August 2020

The Statutory Auditors

KPMG S.A.

MAZARS

Ulrich Sarfati
Partner

Matthew Brown
Partner

Jean Lartorzeff
Partner



V. PERSON RESPONSIBLE FOR THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Person responsible

Mr Arnaud Caudoux: Executive Director

Certification of the person responsible

I certify to the best of my knowledge that the revised financial statements for the past half year were prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets, financial position, and results of the company and of all the companies included in the consolidation scope, and that the interim activity report included on page 3 presents an accurate reflection of the significant events occurring during the last six months of the year, their impact on the financial statements as well as a description of the principal risks and uncertainties for the remaining six months of the year.

In Maisons-Alfort, on 05 August 2020



The consolidated financial statements of EPIC Bpifrance incorporate the consolidated financial statements of Bpifrance SA under the equity method as well as the financial statements of the parent entity.

The decline in the balance sheet total resulted essentially from the change in the gains and losses recognised directly under shareholders' equity of (€2,658M) on 30 June 2020 compared with (€148.4M) in 2019. The net loss for the first half of 2020 consisted primarily of Bpifrance SA's share of the net loss in the amount of (€632.8M).



Bpifrance Financement

Public limited company

320 252 489 RC CRETEIL - APE code 6492 Z

27-31 Avenue du Général Leclerc - 94710 Maisons-Alfort Cedex - Tel.: 01 41 79 80 00 – Fax: 01 41 79 80 01

Bpifrance.fr