

COVID-19 RESPONSE BOND

Bpifrance Financement, Bond-Issuer

April 2020

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Any person having read this presentation shall independently judge of the relevance of the information contained herein; shall make its own independent assessment of Bpifrance Financement and determine whether to participate in any potential transaction; and shall consult its own advisors as to legal, tax or other aspects, as deemed necessary. The French "Autorité des Marchés Financiers" granted its visa under number 19-270 dated 14 June 2019 with respect to a EMTN base prospectus (the "Base Prospectus"). You are invited to report to the Base Prospectus as supplemented by the supplements to the base prospectus before taking any decision with respect to the implementation of any potential transaction. The Prospectus, is available in accordance with "Prospectus Directive" which means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended and includes any relevant implementing measure of such directive in each relevant Member State of the EEA, and any applicable law, on the webpage <http://www.bpifrance.fr/Espace-Investisseurs>.

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Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels).

No PRIIPs key information document (KID) has been prepared, as not available to retail in EEA.

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Executive summary

Bpifrance

- **Bpifrance is the French National Promotional Bank, Innovation Agency, Sovereign Fund and Export Credit Agency**
 - **General mission defined by law:** public bank dedicated to promoting the financing and development of companies operating in France, in particular SMEs
 - **Highly protected legal status and tight control by public authorities:** strongest possible ownership in France (50% French State/ 50% Caisse des Dépôts)
 - Epic Bpifrance is one of the “**key central government agencies and core to the state apparatus**”, thus having a critical role to implement public policies and support it”, according to Fitch¹
- **EPIC² Bpifrance and Caisse des Dépôts (CDC) ratings considered aligned with French Government by Moody’s and Fitch**
 - Aa2 (stable) / P-1 by Moody’s; AA (stable) / F1+ by Fitch Ratings
 - EPIC Bpifrance is also classified as an Other Government Body³ or ODAC (*Organisme Divers d’Administration Centrale*), which means that its debt is consolidated with that of the State (under Maastricht’s Rules)
- **Bpifrance Financement’s debt issued under both EPIC¹ Bpifrance’s guarantee and ECB’s State Agency classification**
 - HQLA⁴ level 1
 - Agency haircut with European Central Bank (ECB)
 - Eligible for the ECB’s Public Sector Purchase Programme (PSPP)
 - Eligible to a 0% risk factor stress for spread risk on bonds and loans (Under Solvency 2 Regulation EU 2015/35)
- **Bpifrance is directly and fully regulated by the ECB and under domestic supervision through the Financial Markets Authority (AMF) and ACPR⁵**
 - Bpifrance Group’s fully-loaded Basel 3 CET1 ratio: 33,4% as of 31/12/2019
 - Bpifrance successfully passed the 2014 Asset Quality Review (AQR) and 2014/2016/2018 stress tests performed by the EBA⁶ and the ECB, demonstrating its financial strength
 - 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

- 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
- A century of public banking: see details in appendix 1

Current legal entity structure

- Bpifrance is a financial company:

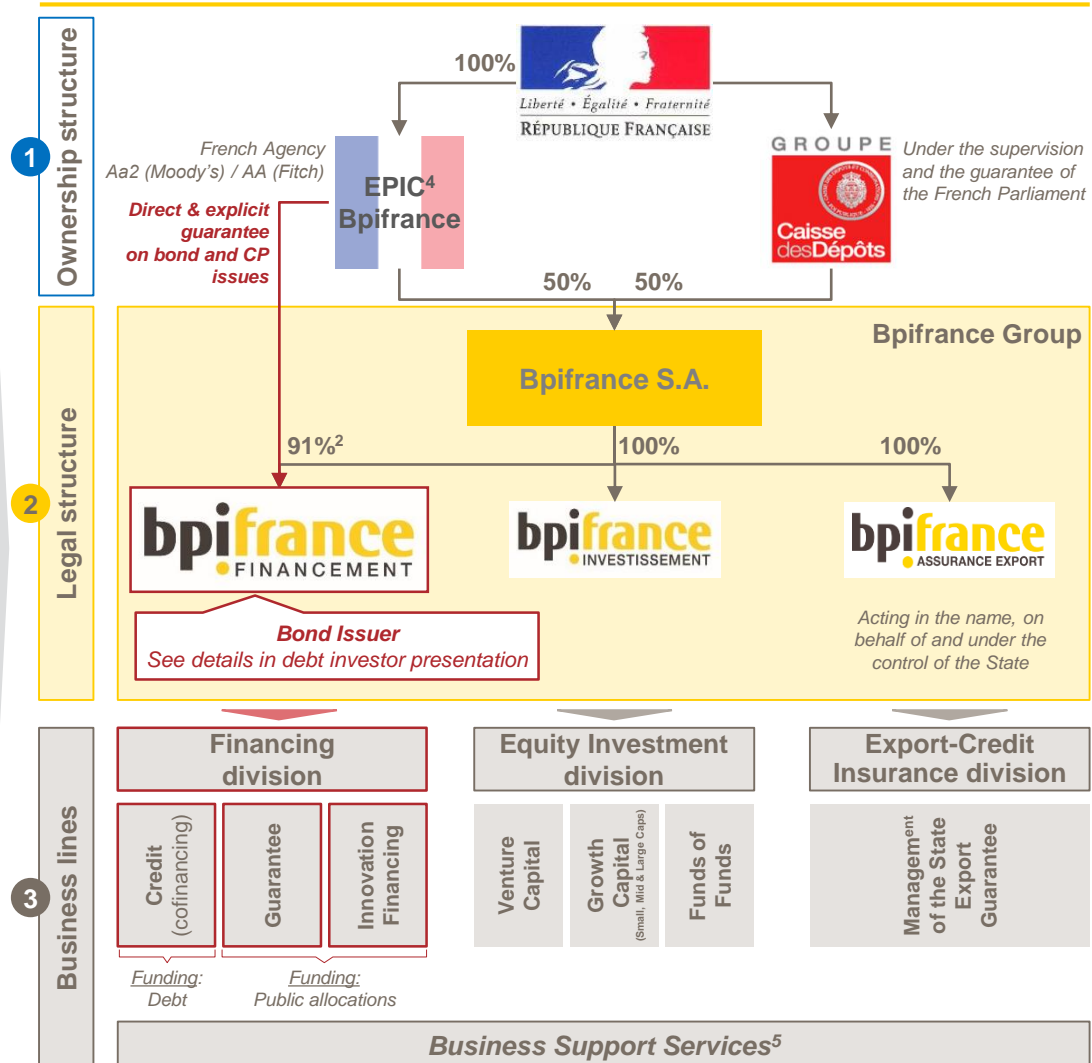
- 1 Held on a 50/50 basis by the French State and the Caisse des Dépôts
- 2 Structured around three main operating subsidiaries:
 - A bank (Bpifrance Financement)²
→ **Covid-19 Response Bond issuer**
 - An asset management company (Bpifrance Investissement)³
 - An export credit agency (Bpifrance Assurance Export)

Current organizational structure

- Bpifrance is organised around:

- 3 Three separate primary divisions and 8 business lines
- Strict compartmentalization of financial resources between the business lines

Strongly supported by the French State



1. Article 1 of Act No. 2012-1559 dated 31 December 2012 on the creation of Bpifrance: <http://www.legifrance.gouv.fr/eli/loi/2012/12/31/2012-1559/lo/texte>

2. Bpifrance Financement is 9%-owned by commercial banks / 3. Bpifrance Investissement is 100%-owned by Bpifrance Participations, a holding company, that is 100%-owned by Bpifrance S.A. / 4. EPIC status: see details in appendix 2 / 5. Advisory services, training programmes, networking opportunities,...

Key financials

A good operating performance & a solid risk profile

Bpifrance Financement: Income Statement

€m	2018	2019
Net banking income	770	811
• o.w. Credit	625	659
• o.w. Guarantee	104	106
• o.w. Innovation	41	46
Operating expenses	(444)	(486)
Cost of risk (CoR)	(37)	(85)
• o.w. Specific impairment	(58)	(70)
• o.w. ECL IFRS 9 ¹	21	(15)
Operating Income	289	239
Net Income	167	78
Key ratios		
Cost / Income ratio	57,7%	60,0%
CoR (Specific impairment) / loans outstanding²	15 bps	17 bps
RoE	4,5%	3,9%

Bpifrance Financement: Balance Sheet

€m	Dec. 18	Dec. 19
Total balance sheet	€57,4 bn	€59,2 bn
Loans outstanding	€38,8 bn	€40,5 bn
Solvability		
CET1 ratio³	11,7%	12,5%
Total ratio³	13,8%	14,8%
Leverage ratio⁴	5,1%	5,2%
Shareholders' equity⁵	3,756	3,910
Equity buffers		
• Fair value of public guarantee funds	5,990	5,907
Liquidity		
LCR	370%	360%
NSFR	115%	109%

Note: For more details please see in 2019 annual report available on: <https://www.bpifrance.fr/Espace-Investisseurs>

1. Expected Credit Losses; application of IFRS 9 as at 01/01/2018 / 2. Gross loans outstanding to customers and finance leases, at amortized cost (medium and long-term loans, short-term financing, leasing) / 3. Fully loaded Basel 3 / 4. Phased-in / 5. Group Share

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

- Bpifrance is a responsible Group with a mission-statement defined by law and supports 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:** greenhouse gas emissions, environmental friendliness, sustainable use of natural resources and environmental impact management

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

- **Employment** (particularly for the young)
- **Energy and Environmental Transition²**
- The quality of **corporate governance and management**
- Promotes **Female entrepreneurship**

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

- ... its own operations: “Internal CSR”
 - ... its own activities: “Responsible Investment and Financing”³
- } Annual CSR Reports since 2013⁴

and participates in leading 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
- Signatory of French public investor charter for climate change
- As a subsidiary, Bpifrance is party to the Caisse des Dépôts’ commitments towards Climate
- Active member of ESG Commission⁵ and of the Finance Club of the CSR Observatory

Since 2013⁶, Bpifrance has granted ~€12 bn to finance⁷ the Energy and Environmental Transition (EET)

1. Vigeo Report: Development Banks Sector 2018 Report – Key Findings / 2. And specially, how best to use energy resources / 3. see details <http://www.bpifrance.fr/Qui-sommes-nous/Developpement-Durable-RSE/Accueil> / 4. DEPF in 2018 (Déclaration de Performance Extra Financière - Disclosure of Non-financial Performance) / 5. France Invest’s ESG Commission, French Investors Association for Growth / 6. 2013-2019 / 7. Equity, loans, guarantees

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Bpifrance, a strategic role to support the French Economy during the crisis on behalf of the government

- Bpifrance plays a key role in the financing and implementation of the French's state massive plan. It **supports French companies and preserves as much employment as possible**

Guarantee and liquidity emergency measures

An emergency plan to support French companies¹:

- ~€3 billion dedicated through two specific types of loans with specific terms to facilitate credit access:
 - Unsecured loans
 - Large group of companies eligible²
 - Flexible grace-period
- Suspension of payments for six months on existing loans for the most impacted Bpifrance's customers
- Further short-term facilities and emergency measures to secure companies financing

A set of guarantee measures:

- Increase Bpifrance's guarantee up to 90% on loans granted by banks, in partnerships with French regions
- Implementation of a massive state-guarantee plan, up to €300 billion of risks guaranteed by the government

Bpifrance is prepared to extend additional measures outlined by the state

Bpifrance's 2020 funding programme

- Considering this extension of its mission given by the government, **Bpifrance 2020 MLT funding target is increased to €7 billion** (from €4 billion)
- The proceeds of the additional funding will be used to restructure the MLT loans for Bpifrance's customers

Bpifrance's network adaptation

- **Quick development of a platform** to ensure a fluid management of the loan origination-wide response :
 - ~43,000 phone calls received
 - ~76,000 online demands
- **Large mobilization of the French banking network, alongside Bpifrance**, thanks to our strong and historical **collaboration with French state**, regions and financial institutions
- ~€0,8bn funds disbursed to support French companies as of today, and a total of **€3bn** is anticipated

Bpifrance Financement's response to COVID-19

COVID-19 Response Bond (1/2)

Use of proceeds

Lending to French companies to mitigate cash flow difficulties due to the Covid-19 crisis

- **Eligible Projects** support targeted companies through **two specific Covid-19 related loans**:

Prêt Atout¹

Small to mid-sized enterprises (MSMEs)



- 3Y to 5Y maturity
- <€15 million amount
- 6 to 12 month grace period

Prêt Rebond²

Small and micro enterprises



- 7Y maturity
- <€300k amount
- 24 month grace period

- **Plus other dedicated Covid-19 response loans**

If the outstanding amount of Eligible Projects is less than the total Covid-19 Response Bond outstanding (due to amortised and/or redeemed Eligible Projects), Bpifrance Financement commits to reallocate an amount equal to the remaining funds to MSME loans which contribute to the **UN's Sustainable Development Goals #8 and/or #9³**, defined as "Additional Projects".



Targeted companies⁴

- Targeting a **broad group of French companies** affected by the pandemic crisis and face the risk of financial distress and unemployment:
 - Primarily **micro-businesses, small and medium-sized (MSMEs)**, but also some **larger enterprises** (defined as ETIs)⁴
 - In **diversified sectors**⁵



Project evaluation and selection

- **Eligible Projects** evaluation and selection with focus on **Covid-19 mitigation drivers**
- **Regular underwriting credit process**:
 - Compliant with the credit-risk policy
 - Approval by the strict internal process

For more details: [Framework and financial documentation on Bpifrance available on our website](#)

1. See more details: <https://www.bpifrance.fr/Toutes-nos-solutions/Prets/Prets-sans-garantie/Pret-Atout> / 2. . See more details: <https://www.bpifrance.fr/Toutes-nos-solutions/Prets/Prets-regionaux/Pret-Rebond> / 3. SDG#8: Decent work and economic growth; SDG#9: Industry, Innovation and Infrastructure; for more details, please referred to the Covid-19 Response Bond framework / 4. Constitutes "Tres Petites Entreprises" (TPE), "Petites et Moyennes Entreprises" (PME or SME) and "Entreprises de Taille Intermediaire" (ETI), please see the framework for details / 5. See more details on excluded sectors in the Covid-19 Response Bond framework

Bpifrance Financement's response to COVID-19

COVID-19 Response Bond (2/2)

Management of proceeds



- Supervision by the Bpifrance Financement Treasury team
- Monitoring the Eligible and Additional Projects amount to ensure it is always equal or higher than the outstanding Covid-19 Response Bond
- Pending allocation or reallocation, net proceeds will be invested in cash or in other liquid marketable instruments
- Multiple Covid-19 Bond may be issued, as well as taps of outstanding bonds

Framework

The framework should not be considered compliant with the Social Bond Principles as defined by ICMA in June 2018 and has not obtained a Second Party Opinion. However, Bpifrance Financement aims to follow market practice by disclosing the Use of Proceeds, the Selection and Evaluation Process, the Management of Proceeds, and respective Reporting, in a transparent manner

Reporting

Covid-19 **A**
disbursement report

Annual **B**
allocation report

- A Report publicly disclosed one-year after issuance** with a detailed breakdown and key performance indicators on:
- **Allocation of the portfolio:** breakdown at origination by region, sector, and clients, portion of financing vs refinancing, % of new customers, etc.
 - **Impact of Eligible Projects:** number of beneficiaries, time to disbursement, total employees at financed companies, etc.

- B Annual follow-up on allocation of disbursements between Eligible Projects and future MSME lending**

Reporting will be reviewed by Bpifrance Financement's internal auditors

For more details: [Framework and financial documentation on Bpifrance available on our website](#)

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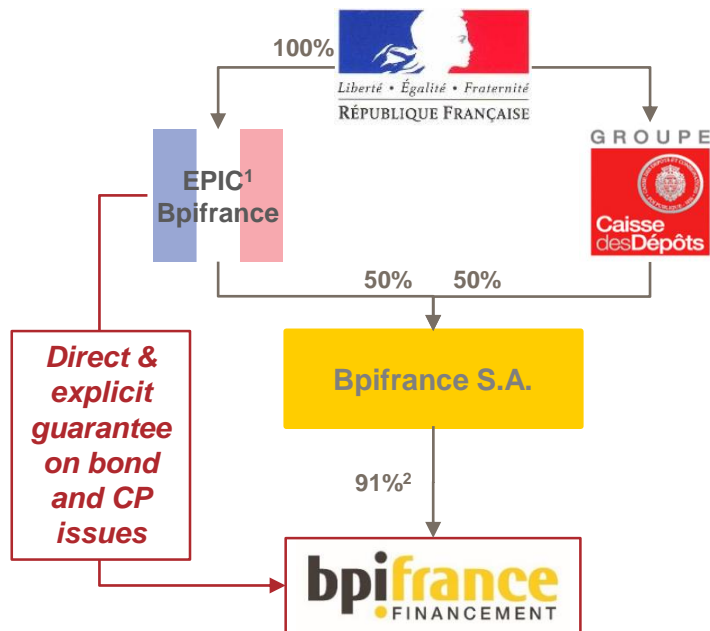
3. Bpifrance Financement: Funding Strategy

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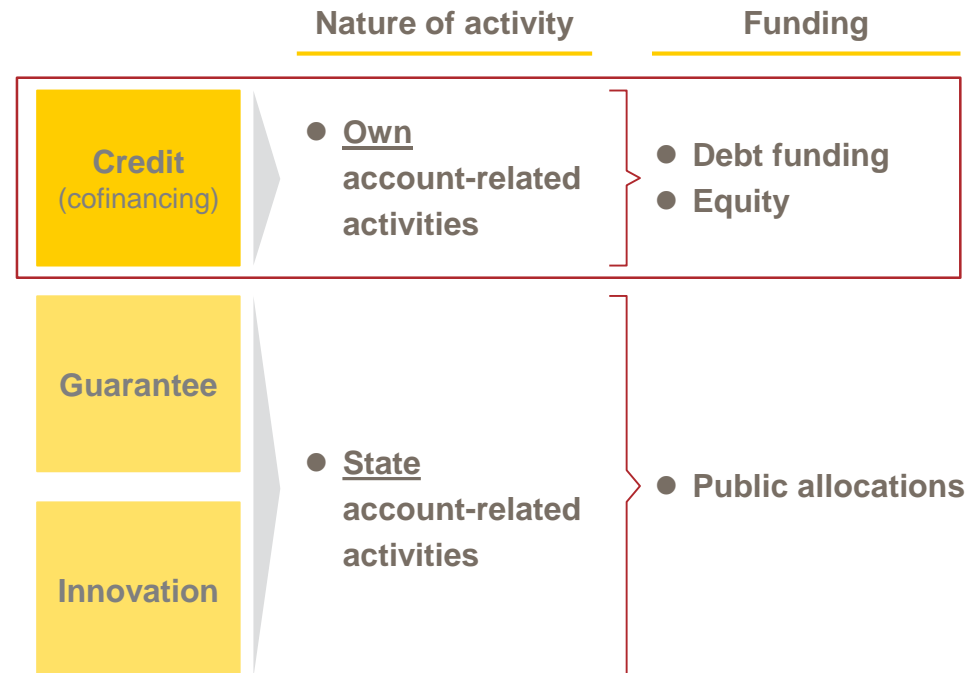
Bpifrance Financement issues bonds and commercial paper to refinance its loan portfolio

Strict compartmentalization of financial resources between the business lines

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) / P-1

Rationale:

- EPIC Bpifrance is **fully owned by the French state** and **benefits through its status as an Etablissement public à caractère industriel et commercial (EPIC) from an implicit guarantee from the state**
- Its issuer rating is therefore derived from the application of a **credit substitution approach** whereby it is **aligned with that of the French government**
- **Intrinsic operational and financial ties** between the EPIC and the French State
- The **legal status** of EPIC implies that **it is not subject to liquidation laws and its creditors have ultimate recourse to the French State**

FitchRatings > AA (Stable) / F1+

Rationale:

- Bpifrance Group is subject to **strong administrative, legal and financial oversight by the French state, which defines its missions**
 - Bpifrance Group's commitments are **supervised by parliament** through annual performance reports
 - A **strategic public institution for implementing France's economic support policy**
- As an industrial and commercial public agency, **EPIC cannot be liquidated or file for bankruptcy proceedings. It can only be dissolved by law, which would entail an automatic, unconditional transfer of all of its assets and liabilities to the state**, or to another public entity designated by the state
- Given Bpifrance's important role in government policy concerning SMEs and mid-caps [...], the **French state would extend support in a timely manner in case of stress**



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

Bpifrance Financement's Funding strategy

Refinancing Strategy for 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: €35 billion**
 - Mainly benchmarks but also private placements
- **NEU MTN² Programme: €4 billion**
- **NEU CP³ Programme: €6 billion**
 - Labelled STEP under ID 2685

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

→ Ratings and key features:

	Moody's	Fitch Ratings
Long-term ratings	Aa2	AA
Outlook/Review	Stable	Stable
Short-term ratings	P-1	F1+

- HQLA⁵ level 1
- Agency haircut with ECB
- Eligible for the ECB's Public Sector Purchase Programme (PSPP)
- Eligible to a 0% risk factor stress for spread risk on bonds and loans (under Solvency 2 Regulation)

- **Bilateral Loans**
 - Access to ECB instruments
 - Long-term partnerships with CDC and other public institutions (e.g. EIB, KfW)
- **Repo backed by French Government bonds**

Note: The aggregate nominal amount of EMTN outstanding and NEU MTN outstanding will not at any one time exceed €35 bn

1. EMTN = Euro Medium Term Note / 2. Negotiable European Medium Term Notes / 3. NEU CP = Negotiable European Commercial Paper

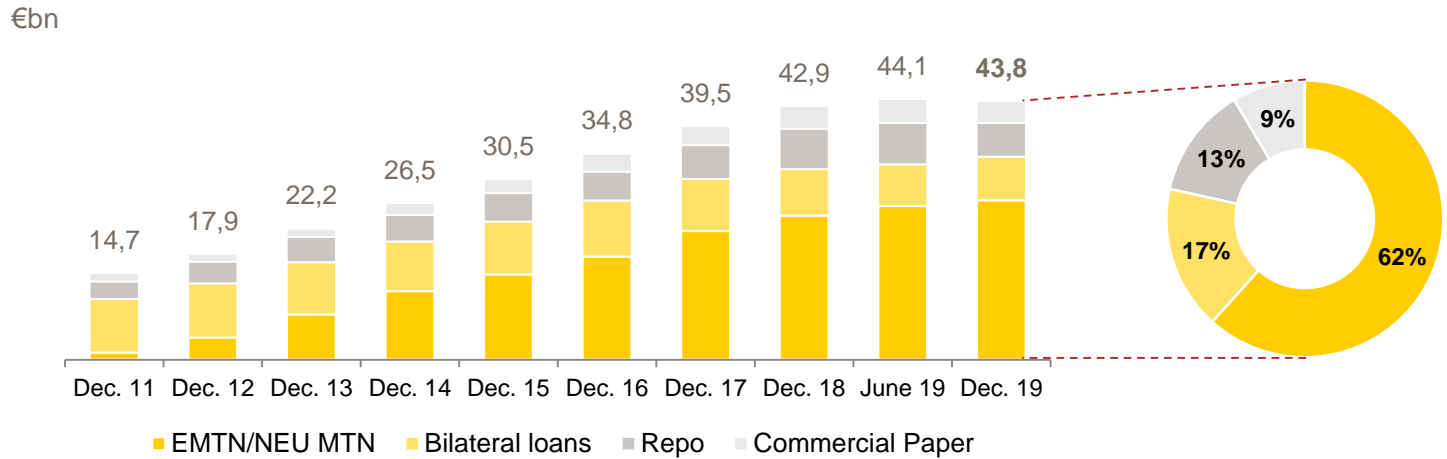
4. The only legally binding version is the French one, as follows: “Garantie autonome à première demande inconditionnelle et irrévocable de l'EPIC Bpifrance”;

EPIC status: see details in appendix 2 / 5. https://acpr.banque-france.fr/sites/default/files/media/2018/07/12/07-notice_crd_iv.pdf

A diversified and a long-term oriented refinancing structure

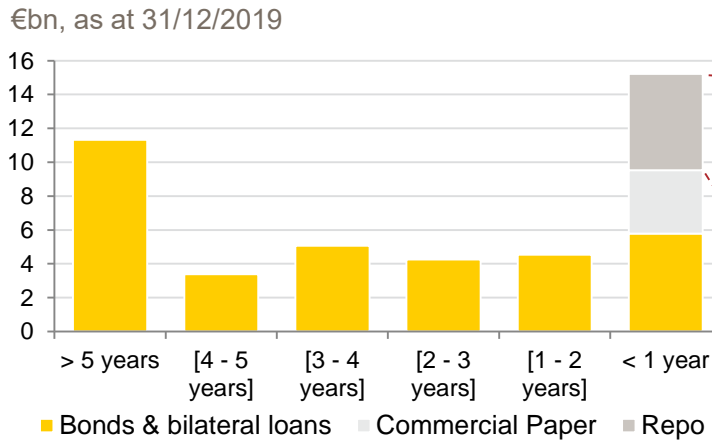
Breakdown by Instrument Type

An increasing and more diverse refinancing structure to support business growth

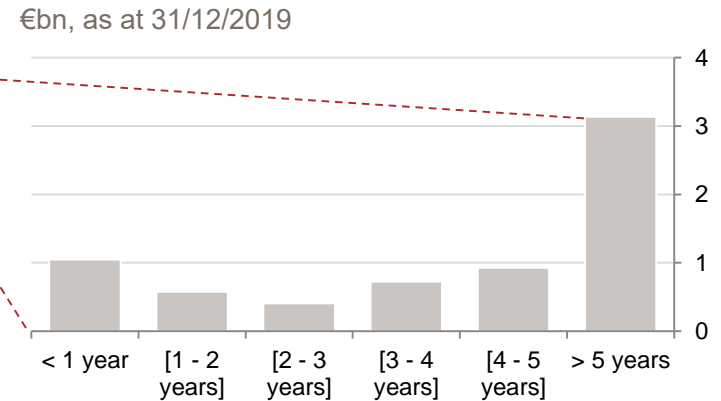


Breakdown by Remaining Maturity

Refinancing breakdown



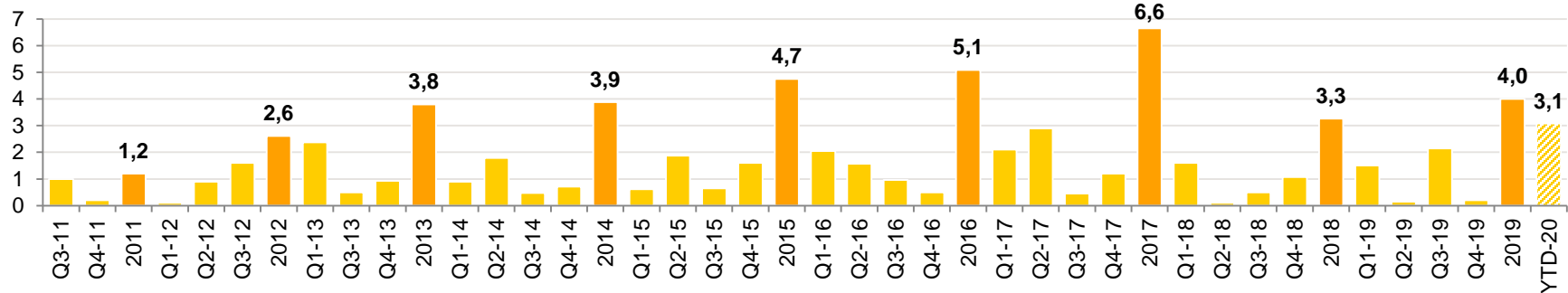
Government Bond portfolio breakdown



Bond issues under the EMTN/NEU MTN programmes

A demonstrated ability to access diversified market fundings

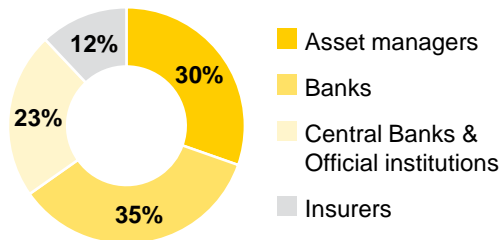
Bond issues since 2011 (€ bn)



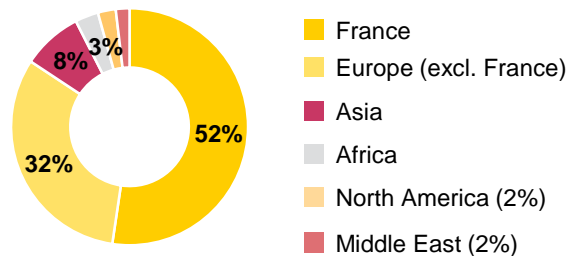
→ A continuing presence in the capital markets

Bond outstandings breakdown (as at 31/03/2020)

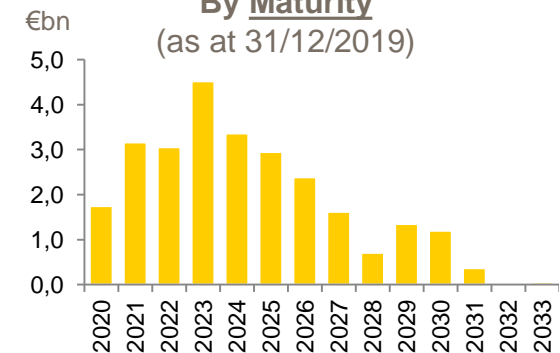
By Investor type



By Geographical area



By Maturity



→ A growing interest among international investors: 390 investors in 42 countries

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Address and links

● Websites

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

● Headquarters

Bpifrance

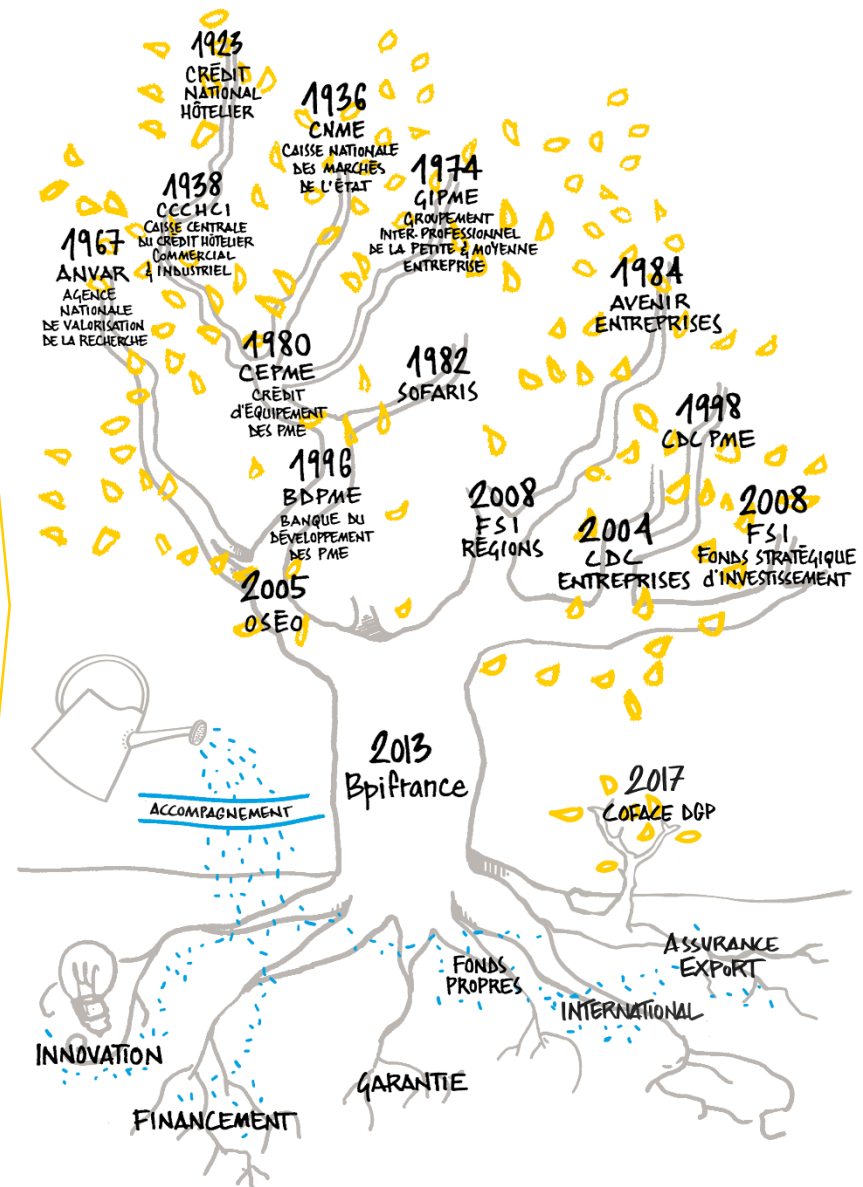
27-31, avenue du Général Leclerc
94 710 Maisons-Alfort Cedex
France

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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
- 2019 > Agence France Entrepreneur (AFE) is transferred to Bpifrance and becomes Bpifrance Creation. CDC International Capital is transferred to Bpifrance and becomes Bpifrance International Capital



Appendix 2 - **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 2 – EPIC¹ 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

- 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 Law²

- EPIC Bpifrance is also **classified as an Other Government Body³ or ODAC (Organisme Divers d'Administration Centrale)**, 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

1. An EPIC (Etablissement Public Industriel et Commercial) is a legal entity that carries out commercial and industrial activities whilst also being governed by some of the rules applicable to public law entities

2. Law n° 80-539 art 1 - 16th July 1980 → <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006068696&dateTexte=20110729>

3. <https://www.insee.fr/en/metadonnees/definition/c1451>