SERVIR L'AVENIR

UNIVERSAL REGISTRATION DOCUMENT

including the Annual financial report

2019

Bpifrance
Financement

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including the Annual financial report

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Financing

This Universal Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF), on 14 April 2020, in its capacity as competent authority under (EU) Regulation No. 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of offering financial securities to the public or admitting them to trading on a regulated market, if it is supplemented by a securities note and, where appropriate, a summary and all the amendments made to the Universal Registration Document. The documentation as a whole is then approved by the AMF pursuant to (EU) Regulation No. 2017/1129.

1. MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

2019 was a year of large-scale renewal for Bpifrance, with the Bank now reaching new audiences (researchers, creatives, local businesses, sovereign funds), with another record year in financing investment and company growth.

The bank actively supported business investment by mobilising, alongside private banks, its investment credit supply (€8.1 billion in 2019, +8% on 2018). Bpifrance focused its attention on industries (e.g. international, financing intangible assets) and sectors (e.g. Energy and Environmental Transition) insufficiently covered by the market. By mobilising its range of guarantees (€8.5 billion in guaranteed bank loans in 2019, made to nearly 60,000 beneficiary companies), Bpifrance gave major support to the development of the private supply of credits on the riskiest segments (e.g. start-ups, VSEs).

Bpifrance rolled out €1.3 billion in innovation aid and financing (subsidies, repayable advances and zero-rate loans), up 8% on the previous year. This increase was due to the implementation of the Deeptech plan for Deeptech entrepreneurial researchers, using resources from the Innovation and Industry Fund.

In an economic environment that was still favourable in 2019, the group mobilised the entire range of its capital investment schemes to support companies' growth projects. Thus, equity investments totalled €2.5 billion in 2019, including nearly €1 billion from partner funds, demonstrating the role that Bpifrance plays in structuring and training the French private equity ecosystem.

International projects and support continued to increase within Bpifrance's offering, in order to help entrepreneurs to meet their challenges in terms of internationalisation and transformation, in particular digital.

In 2019, Export activity recognised growth in the number of businesses receiving support, driven, in particular, by growth of more than 10% in the number of Business Development Insurance transactions for the second year running.

2019 was the year that the Accelerator programme, the Bank's flagship Support programme, was rolled out on a large-scale basis in order to infiltrate the French business network, providing a tailor-made response to their requirements. The number of businesses signed up to the Accelerator programme was up sharply with the onboarding of 756 new leaders (vs. 278 new recruits in 2018), as a result of the range of programmes being extended. This made it possible to reach new populations of business leaders (particularly small SMEs), enabling the Bank to serve new industrial sectors or areas via new partnerships.

Lastly, the business creation activity, launched in January 2019, now enables Bpifrance, via the Bpifrance-creation.fr website, to offer assistance to nearly 30 business start-up support networks, with a presence at over 1,800 sites and harnessing the services of over 30,000 volunteers. Bpifrance also embarked upon an entrepreneurial support programme, open to everyone, which was reflected, in 2019, by a roadshow with almost 40 dates, reaching 185 disadvantaged city neighbourhoods and over 15,000 people.

Ever attuned to the needs of entrepreneurs, in 2020 Bpifrance will continue its action as a powerful catalyst for company growth, woven as it is into the economic fabric.

Nicolas Dufourcq
Chief Executive Officer
Bpifrance Financement

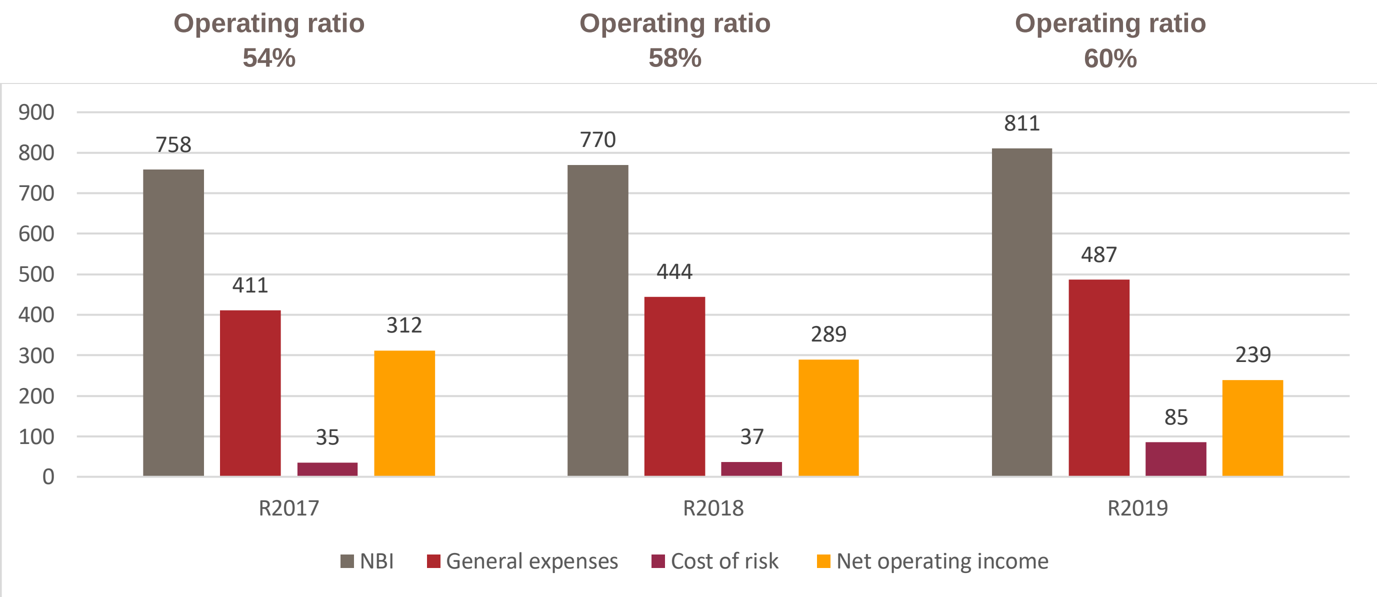
2. KEY FIGURES

2.1. 2019 Balance sheet

(in millions)	2017	2018	2018 change	2019	2019 change
ACTIVITY					
Innovation aids (AI, ISI, FIS, PSPC, FSN, CMI, FNI, IFP)	931	727	-21.95%	832	14.43%
Amount of risk guaranteed (excluding internal funds)	3,695	3,728	0.89%	3,629	-2.66%
Amount of Bpifrance Regions' guaranteed risks	301	310	2.79%	336	8.57%
Investment co-financing	7,480	8,216	9.84%	8,708	5.99%
Receivables discounting	3,620	3,771	4.17%	3,961	5.03%
Pre-financing of CICE	4,982	5,375	7.88%	4,147	-22.85%
PERSONNEL (1)	**1 940**	**2,008**	**3.5%**	**2,135**	**6.3%**
Group share of earnings	182	167	-8.2%	153.4	-8.3%
ROE **(2)**	5.07%	4.45%	-0.62%	3.9%	-0.55%

(1) Average salaried personnel on permanent contracts, as full-time equivalent on 31 December

(2) Earnings/Shareholders' equity of which income - uncalled capital - distribution of dividends for the year



2.2. Capital and shareholding

On 31 December 2019, the issued capital of Bpifrance Financement was €839,907,320 divided into 104,988,415 shares each with a nominal value of €8.

Bpifrance SA, owned equally by EPIC Bpifrance and Caisse des Dépôts, holds 90.78% of the capital and voting rights of Bpifrance Financement. Bpifrance SA has the status of a financial company, and is therefore subject to the prudential supervision of the Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervision and Resolution Authority) and the European Central Bank.

Breakdown of the capital and voting rights at 31 December 2019

	Number	Amount (€)	Capital distribution	Breakdown of voting rights
Bpifrance SA	95,306,275	762,450,200	90.78%	90.78%
BPCE SA	1,706,393	13,651,144	1.63%	1.63%
Banks and miscellaneous	7,975,747	63,805,976	7.59%	7.59%
Total	**104,988,415**	**839,907,320**	**100%**	**100%**

3. OVERVIEW OF THE ACTIVITIES OF BPIFRANCE FINANCEMENT: MISSIONS AND BUSINESS LINES

Bpifrance Financement is active in three[1] main business lines that have a common objective of working with entrepreneurs during the riskiest phases of their projects, from the company's creation through to its transfer/buy-out, and including its innovation and international expansion:

- innovation support and support and financing for innovative projects demonstrated to have recognised concrete prospects of being brought to market;
- investment and operational cycle financing alongside banking institutions;
- bank financing guarantees and the involvement of equity investors.

Bpifrance Financement has pooled all of this know-how, while combining the various financing techniques in order to design solutions in response to shortcomings in the market. This applies to the financing of the seed-stage, to the bank financing of innovation (mezzanine loans and mobilisation of the Tax Research Credit (CIR) for mid-tier companies), over and above any assistance, as well as bringing innovative SMEs into contact with key accounts or equity investors.

Its efforts are characterised by its ability to have a ripple effect amongst the private actors in the financing of SMEs and innovation, while optimising the leverage provided by public resources.

Bpifrance Financement networks with all of the public and private actors who are working to support the development of SMEs and innovation.

Bpifrance Financement has signed partnership agreements with local authorities, first and foremost, the Regional Councils.

Bpifrance Financement "networks" with:

- banking and financial establishments, as well as equity investors;
- competitiveness clusters, research institutions, universities, engineering institutes, major companies;
- SATT (Technology Transfer Accelerator Companies);
- public or private business incubators and start-up hubs;
- chambers of commerce, industry and skilled trades;
- chartered accountants;
- federations and professional trade unions;
- associations involved in company creation assistance and support networks;

[1] *See also Note 11 to the consolidated financial statements.*

- public and private actors working to distribute information technology within SMEs;
- European structural funds and Community research programmes.

The financing of investments and of the operating cycle

The 2018-2023 strategic plan reaffirms Bpifrance's role as an investment bank: Bpifrance Financement is involved in investment financing in partnership with banking and financial institutions and Regional Councils:

- for tangible or intangible capital assets provided in the form of medium or long-term loans and real estate, equipment or financial leasing operations, particularly in the energy and environment sectors;

- for immaterial investments, as well as the financing of working capital requirements, in the form of Loans Without Guarantees (Growth, Industry, Export, Tourism, Transfer/buy-out, Innovation, VSEs), taking a long-term, patient approach, without guarantee or surety taken on the company or its directors.

Special financing has been created in partnership with the Regions and the Commissariat Général à l'Investissement to promote investment during the most critical, high-potential phases: export, industries of the future, revitalisation, etc.

Bpifrance Financement contributes to financing the operating cycle:

- it finances the cash needs of small and medium-sized enterprises that are customers of large public and private principals, and for financed contracts, it provides signature commitments: sureties and first demand guarantees;

- Bpifrance has pre-financed the Competitiveness and Employment Tax Credit (CICE) since 2013.

Guarantee

Bpifrance's Guarantee is directly correlated with the financing granted by its partners. It is a crucial tool for convincing banks to finance SMEs during the riskiest phases of growth, notably during the creation, innovation and transfer phases. Bpifrance Financement provides guarantees for bank financing (including leasing and financial leases), and for interventions by equity investors:

- with regard to creation;
- with regard to innovation;
- with regard to development;
- with regard to transfers/buy-outs;
- with regard to international actions, including bank sureties on the export markets and the risk of failure for French subsidiaries established abroad (GPI).

The percentage is generally between 40% and 60%. It may increase to 70% with the assistance of the guarantee fund established by the regions with Bpifrance Financement.

The guarantee is the preferred form of assistance, particularly among smaller firms, since it is arranged in partnership with private banks which are able to give an immediate lending decision for amounts up to €200,000.

Innovation support

The Innovation mission of Bpifrance's Financing branch is to meet the financing needs of innovative individual or collaborative projects, from the idea through to the market phase, in cases where conventional financing is unavailable or a commercial bank lacks the necessary expertise.

Bpifrance provides a financing solution for this that is adapted to suit the company on the basis of its distance from the market (subsidy, recoverable advance, zero-rate loan, subsidised loan without a guarantee, etc.), in close partnership with innovation financing players and, notably, the Regions.

The innovation financing of the activities of companies are divided into three main categories:

- individual aid (in the form of subsidies, recoverable advances, zero-rate loans, and R&D innovation loans) and loans without guarantees (start-up equity loans, innovation loans, etc.), from the State Budget (including P192, PIA and, since 2019, FII), Regions and Partners, and provided by the Bpifrance network in all of the Regions;

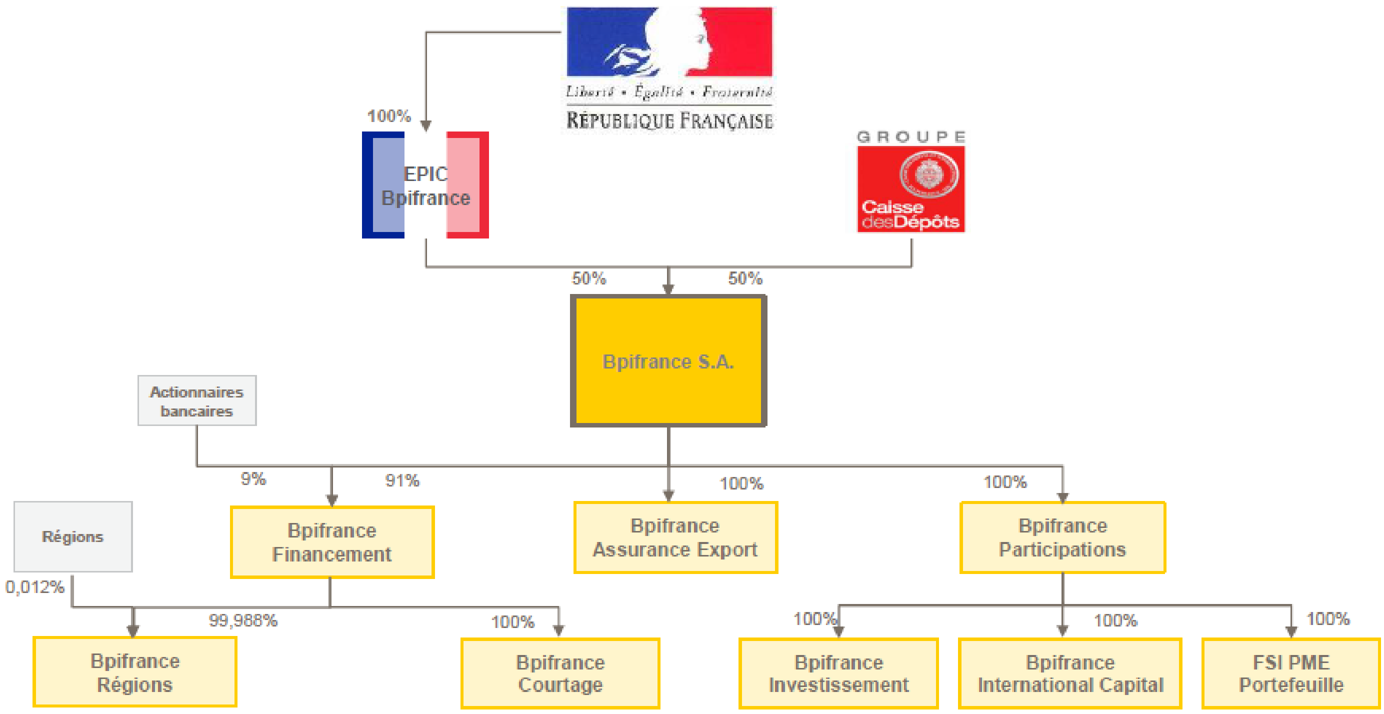
- individual aid provided through assistance from the State Budget (PIA and FII), in the form of recoverable subsidies and advances, provided by the Bpifrance Appraisal Department;

- the financing of collaborative projects (FUI, PSPC, FSN, PIAVE, CMI) carried out by the Bpifrance Expertise and Programmes Department in Paris, in the form of subsidies and recoverable advances.

Bpifrance has also developed a support offering on all growth phases of the companies (primarily start-ups and SMEs) with advice, training, contacts, international immersion missions, and missions to support the creation of international collaborative projects.

4. CAPITAL STRUCTURE OF THE BPIFRANCE GROUP

The capital structure of the Bpifrance Group is described below.



5. BOARD OF DIRECTORS' MANAGEMENT REPORT TO THE GENERAL MEETING

5.1. Activity report

5.1.1 Key events of 2019

Financing

Financing of property and industrial plant for businesses, also helped to make this an exceptional year, with hikes of 11% and 6%, respectively. Financing for the Tourism sector, a pillar of the French economy in the local regions, adding greatly to their attractiveness, continues to be a key sector of intervention for Bpifrance and will be the subject of further efforts in 2020 with, in particular, the launch of the Tourism loan, an unsecured loan, aimed at tourism VSEs and SMEs, operated with the support of the Territorial Bank Network.

VSE Growth Loans continued to be rolled out in partnership with the Regions. VSE Growth Loans offer tailored solutions to VSEs in search of financing to enable them to accelerate their growth. In particular, they target intangible investments which, by their very nature, are more difficult to finance. VSE Growth Loans were up 11% with over 1,000 beneficiary companies.

Innovation

With €1.3 billion in aid and financing granted in 2019, Bpifrance's innovation activity recorded 8% growth. This increase was due to the implementation of the Deeptech plan for Deeptech entrepreneurial researchers, using resources from the Innovation and Industry Fund (IIF):

- the rollout in Q1 2019 of Deeptech start-up financing mechanisms in France: "Bourse French Tech Emergence" (€8.2 million in financing granted to 94 Deeptech start-ups in the feasibility study and project maturation phase) and "Aides au Développement Deeptech" (€46.7 million in financing granted to 37 Deeptech start-ups in the R&D phase), i.e. a total of €54.7 million in 2019 for 131 start-ups;
- the 2019 launch of the new "French Tech Seed" mechanism of convertible bond funding for Deeptech and high technological intensity start-ups (€5.8 million in financing disbursed to 23 start-ups);
- additional aid of €23.9 million for the i-Lab and i-Nov competitions, contributed by the Innovation and Industry Fund (set up by the Minister for Economic Affairs and Finance);
- a €35.5 million hike in national aid programmes to support future R&D Investment, primarily for the PSPC programme (research programme structuring research and development projects for competitiveness) with the revival of the Single Interministerial Fund (FUI) and commitments to help regions to finance support packages for 10,000 SMEs as they transition to the industry of the future.

Non-Deeptech start-ups and innovative SMEs benefited from allocation transfers that partially offset the drop in State budget allocation P192. Innovation Loans Without Guarantees in 2019 were stable at €441.2 million (vs. €441.7 million in 2018).

Guarantee

Guarantees remain the preferred form of assistance, particularly among smaller companies, during the most sensitive phases of creation and transmission.

With €8.5 billion in French bank loan guarantees and almost 60,000 beneficiary companies, the Garantie activity continued to flourish in 2019.

5.1.2 Post balance sheet events

Since the close of the 2019 financial year, the Coronavirus pandemic has rapidly hit the main economies driving global growth. This has had no effect on the 2019 financial statements presented herein.

Bpifrance Financement and Bpifrance Group as a whole, alongside business leaders, continue to perform the missions that underpin its support for the economy, particularly during this major slowdown. With the help of the Public Authorities, the involvement of the Regions and partner banks, Bpifrance is taking exceptional measure to help businesses affected by the downturn to overcome the economic difficulties relating to the Coronavirus epidemic. Details of these measures can be accessed via a freephone number and on the website, with Bpifrance fully assuming its role as National Economic Development Bank, one of the tools of the French State's Economic policy.

On the date that this document was filed, the consequences of this pandemic on Bpifrance Group's 2020 results were difficult, if not impossible, to quantify, in particular with regard to balance sheet items corresponding to the business of equity investment or the bank's role as a funding body. The speed with which the economic support measures agreed by Governments and by the ECB will be implemented is, as yet, unknown.
Depending on companies' resilience, as well as that of the Capital Market, Bpifrance's balance sheet is, in particular, exposed to changes in the valuation of fixed or variable income securities in the portfolio, changes in the credit risk attached to the customer loan portfolio and to changes in the conditions of the markets in which it refinances.

During this containment phase, Bpifrance's business will be conducted in line with the Continuity Plan, which is based on remote working.
Employees' high level of commitment ensures that the bank can provide its Public Service role to SMEs/mid-tier companies.

5.1.3 Strategic plan: 2023 Objective

The strategic plan for 2023 requires Bpifrance to renew its commitment to stand shoulder to shoulder with entrepreneurs, continuing to be the bank that has time for all businesses, helping them to face their structural challenges and to mobilise every resource to support the major transformations of the future economy. The objectives remain the same: to empower players, to unlock energy and ambition, whilst being a model of professionalism in the businesses of Finance and Consulting.

This 2023 strategic plan is based on 10 objectives:

1. Taking targeted action to finance companies, alongside banks and investors, while asserting its role as a French sovereign fund;

2. Giving French capitalism new life by helping unicorns to develop and structuring the Deeptech ecosystem;

3. Becoming the key synergistic platform for insurance and financing of French companies' internationalisation;

4. Supporting the creation of companies and widening support to VSEs;

5. Fighting the rise in inequality between areas: extending the financing continuum to include neighbourhood entrepreneurs;

6. Supporting the rebirth of French industry;

7. Expanding available support solutions to include Bpifrance's new missions and intensifying its deployment with partners' backing;

8. Intensifying the development of expertise and the sharing of it to gain a better understanding of the industries' sector-specific challenges and priorities;

9. Making digital transformation the major lever of the client relationship;

10. Increasing partnerships with the Regions, European institutions, and sovereign funds.

5.1.4 The activity by business line and key figures

Innovation activity

- Subsidies/advances/loans distribution

(in € million)	2018	2019
Individual aids	458	463
. Subsidies	127	123
of which partners	57%	62%
. Repayable advances	133	125
of which partners	17%	28%
. Zero-rate loans	134	19
of which partners	8%	43%
. Zero-rate loans+	23	19
of which partners	51%	51%
. R&D Innovation Loan	41	177
of which partners	0%	0%
F21 aid		78
Development loans	442	441
. Seeding Loan (PA and PA EIF)	157	159
. Innovation Loan (PI EIF)	285	282
Financing of collaborative projects	269	290
. PSPC	102	141
. C-INN	76	67
. SECTOR	5	65
. FIS	3	10
. FSN	34	1
. FNI	1	1
. PIAVE	17	3
. FTT	0	3
. FUI	31	0

- **Business development review:**

With €1.3 billion in aid and financing granted in 2019, Bpifrance's Innovation activity recorded 8% growth.

This increase was, in particular, due to the implementation of the Deeptech plan with:

- the rollout in Q1 2019 of the "Bourse French Tech Emergence" and "Aides au Développement Deeptech" mechanisms to finance Deeptech start-ups at the feasibility study and R&D stages;
- the launch, in 2019, of the new "French Tech Seed" mechanism to provide convertible bond financing for Deeptech start-ups;
- additional aid for the i-Lab and i-Nov competitions from the Innovation and Industry Fund;
- a hike in national aid programmes to support future R&D Investment, primarily for the PSPC programme (research programme structuring research and development projects for competitiveness) with the revival of the Single Interministerial Fund (FUI) and commitments to help regions to support 10,000 SMEs transition to the industry of the future.

In addition, financing for Innovation in SMEs and start-ups (non-Deeptech) was up slightly at €463 million, despite pressure on the State budget allocation P192.

Innovation Loans Without Guarantees in 2019 were stable at €441 million.

Guarantee Activity

- Key figures (amounts in € million)

ACTIVITY (excluding overall line)	**2018**	**2019**	**Change as a %**
Amount of risks (excluding internal funds)	**3,728**	**3,629**	**-2.7%**
Creation	1,586	1,639	3.3%
Transfer/buy-out	807	733	-9.2%
Development (2)	702	678	-3.4%
Innovation	71	72	0.7%
International	130	105	-18.9%
Cash (1) (2)	432	402	-7.0%
Distribution by type of guarantee intervention	**3,728**	**3,629**	**-2.7%**
Bank loans	3,367	3,280	-2.6%
Capital	123	136	10.5%
Short-term	238	213	-10.3%
Number of guaranteed loans	**74,500**	**74,526**	**0.0%**
Net amount of covered risks	**5,095**	**4,805**	**-5.7%**
Total risk outstandings on 31 December (sound)	**16,243**	**16,130**	**-0.7%**

(1) *including the cash-strengthening funds "SME strengthening", "CICE pre-financing" and "RT supplementary guarantee"*

- **Breakdown of risks guaranteed by purpose excluding internal funds (as a percentage):**

Breakdown of risks guaranteed by purpose (excluding internal funds)	2018	2019
Creation	42.56%	45.16%
Transfer/buy-out	21.66%	20.20%
Development	18.83%	18.69%
Innovation	1.90%	1.97%
International	3.49%	2.91%
Cash	11.57%	11.07%
Total	100%	100%

(1) including the cash-strengthening funds “SME strengthening”, “CICE pre-financing” and “RT supplementary guarantee”

- **Breakdown of guaranteed loans by purpose (by percentage):**

Breakdown of loans guaranteed by purpose	2018	2019
Creation	31.14%	34.10%
Transfer/buy-out	15.85%	15.26%
Development	37.62%	35.80%
Innovation	4.37%	4.28%
International	2.55%	2.19%
Cash	8.47%	8.36%
Total	100%	100%

- **Breakdown of loans by business sector (as a percentage):**

Breakdown of loans guaranteed by business sector	2018	2019
Industry	22.03%	21.09%
Construction	7.40%	7.06%
Trade – Transportation	23.33%	23.16%
Services for companies	12.67%	13.54%
Services for individuals	20.93%	21.32%
Tourism	13.64%	13.83%
Total	100%	100%

- **Comments on the evolution of the activity**

Guarantees remain the preferred form of assistance among VSEs, particularly during the most sensitive phases of creation and transfer/buy-out. VSEs accounted for almost 90% of end customers of the Guarantee activity.

Although stable in terms of number of interventions, guarantee activity shrank slightly by volume in 2019. The increase in Creation activity (+3%) can be linked to the record number of new business creations in France, whilst Development and Transfer/buy-out activity was down against the backdrop of a low-rate environment.
Quite logically, the countercyclical activity of Cash-strengthening was also down, following the boom observed over the last few years.

The Industry sector, an investment consumer, saw its share contract, to the detriment of the Business services sector, more sensitive to start-ups.

- **Key figures for Bpifrance Régions:**

Activity (amounts in € millions)	2018	2019	Change as a %
Amount of guaranteed loans	**1,218**	**1,389**	**14.08%**
Creation	381	482	26.79%
Transfer/buy-out	493	519	5.25%
Development	242	302	24.51%
Cash	102	86	-15.51%
Distribution by type of guarantee intervention	**1,218**	**1,389**	**14.07%**
Bank loans	1,216	1,389	14.25%
Capital	0	0	
Short term	2	0	
Number of guaranteed loans	**3,165**	**3,323**	**4.99%**
Net amount of covered risks	310	336	8.46%
Total risk outstandings on 31 December	**933**	**1,009**	**8.22%**

- **Breakdown of loans guaranteed by business sector (as a percentage):**

Breakdown of loans guaranteed by business sector	2018	2019
Industry	19.53%	17.76%
Construction	7.72%	6.22%
Trade – Transportation	19.39%	19.71%
Services for companies	16.86%	14.46%
Services for individuals	20.95%	21.22%
Tourism	15.55%	20.63%
Total	100%	100%

Financing activity

- Distribution by financing type

(in € million)	2018	2019	change as a %
ACTIVITY			
Financing			
New production (1)(2)	**8,216**	**8,708**	**6.0%**
Outstandings as at 31 December (1)(2)	32,472	35,087	8.1%
Medium and Long-Term Co-financing	**5,273**	**5,937**	**12.6%**
Long and medium-term loans	4,051	4,664	15.1%
Finance lease	1,222	1,273	4.2%
Loans without guarantees (2)	**2,943**	**2,771**	**-5.8%**
Of which Growth loan	889	813	-8.5%
Of which, Export Loan	596	541	**-9.2%**
Short term (3)			
Receivables discounting	3,771	3,961	5.0%
Pre-financing of CICE	5,375	4,147	-22.8%

(1) Excluding short-term financing
(2) Of which Innovation Loans Without Guarantees 2018: €442 million – 2019: €441 million
(3) These amounts reflect financing authorisations at 31 December for which the commission was paid

- Breakdown of assistance excluding PCE by business sector

Breakdown of assistance excluding PCE by business sector	2018	2019
Industry	27.51%	25.63%
Construction	4.14%	3.13%
Trade – Transportation	19.01%	17.08%
Services for companies	11.84%	11.58%
Services for individuals	31.39%	38.64%
Tourism	6.11%	3.94%
Total	100.00%	100.00%

- **Business development review:**

Medium to long-term financing

In 2019, Bpifrance provided €8.1 billion in medium and long-term financing to companies, under co-financing arrangements with its banking partners. The activity, which was up 8% on 2018, was primarily driven by strong growth in financing for the Energy and Environment Transition (EET).

Amongst these medium and long-term loans, financing in the form of Loans Without Guarantees, which round out the banks' interventions to finance the intangible assets component and the growing working capital requirements for development projects, was down slightly at €2.3 billion. This drop was mainly due to the discontinuation of French Fab Loans, which supported the financing of the renewal of French industry.

In addition, VSE Growth Loans continued to be rolled out in partnership with the Regions. VSE Growth Loans offer tailored solutions to VSEs in search of financing to enable them to accelerate their growth. In particular, they target intangible investments which, by their very nature, are more difficult to finance. VSE Growth Loans were up 11% with over 1,000 beneficiary companies.

Short-term financing

By way of its short-term financing activity, Bpifrance injected businesses with €9.3 billion in traditional cash advances. This level of activity, up 6% on 2018, reflects the strong growth in public and private demand over the year. CICE-related advances continued to drop off naturally due to the discontinuation of the mechanism.

International Focus

Export financing

In 2019, in accordance with its strategic plan, Bpifrance continued to promote the globalisation of companies, and of SMEs and mid-tier companies in particular. It continued to extend and distribute its line of export products.
Following an exceptional year in 2018, fulfilments of export loans without guarantees was down slightly in 2019, with €541 million in loans granted, further entrenching this product as one of the key tools in Bpifrance's international offering.

Europe, the focus of the strategy of Bpifrance

In 2019, Bpifrance continued to work with European institutions to help tailor the EU's instruments and policies to the needs of businesses. Particular attention was paid to the new Invest EU plan, the next European R&I programme, post-2020 "structural funds" regulation, sustainable finance and the circular economy. Bpifrance signed a new contract with the EIF to provide €600 million in 50%-guaranteed InnovFin loans.
Franco-German cooperation was recognised for developing companies in both our countries with, in particular, a Bpifrance roadshow in Germany.
At the same time, the EuroQuity platform consolidated its position as the main service linking SMEs and European investors, with involvement in major European Commission projects: ESIL, Access2EIC, InvestHorizon, Business Acceleration Services and Invest in Blue.
Through the new European Access2EIC project, Bpifrance supported Romania, Ukraine and Cyprus to gain better access to European financial instruments. In conjunction with Business France and Expertise France, Bpifrance advised Montenegro on how to make its private sector more competitive. Bpifrance also continued to support the Greek government in creating its national development bank, the Hellenic Development Bank

Bpifrance is developing strategic partnerships in the rest of the world

In Africa: in line with its Africa plan, Bpifrance is continuing its actions to support the development of French companies, notably through the creation of a large business network on the continent. It also participates in the creation of financing and support tools for African companies, its customers' potential partners.

Thanks to EuroQuity, its relationship platform, Bpifrance has expanded its cooperation with pan-African bank AttijariWafa. The AttijariWafa Business Link community, created on EuroQuity to service the bank's customers in Africa and open the door for them to numerous partnerships in France and Europe, now includes 1,600 companies.

In addition, Bpifrance, under its partnership with Africarena, a conference organised by FrenchTech Cape Town, has empowered French and European companies and investors to seek out the most promising ecosystems and start-ups in Africa. With the EuroQuity platform, they were able to attend the presentation of selected companies during webcasts;

Lastly, Bpifrance is carrying out technical appraisals with governments or institutions who want the benefit of the bank's expertise. Among the missions completed, two are particularly iconic: the creation of a fund of funds dedicated to innovation in Tunisia, in partnership with the Tunisian CDC and the AFD, and the optimisation study on public financing structures for companies in Senegal. Other support, innovation and guarantee missions were carried out in Zambia, Morocco, Tunisia and Libya.

As a member of the Board of Directors, the Audit and Risk Committee and the Investment Committee of Proparco, in 2019 Bpifrance continued its cooperative actions with this major international partner.
Bpifrance continued to invest in new African funds: Mediterrania Capital III and African Development Partners III to support the most successful African SMEs and mid-tier companies, IPAE 2 for smaller SMEs and Cathay AfricInvest Innovation Fund to support the development of start-ups. To date, the African portfolio of Bpifrance is composed of 23 venture capital and development capital funds.

As part of the integration of CDC International Capital, Bpifrance has set up an ad hoc organisation to continue developing the co-investment partnerships already created by CDCIC with five sovereign funds: Mubadala in the UAE, QIA in Qatar, RDIF in Russia, CIC in China, and KIC in South Korea, as well as with the Saudi company Kingdom Holding Company. Add to this list the partnerships already signed by Bpifrance with China Development Bank for the creation of Franco-Chinese funds, and with Mubadala for investment in innovative French companies. Bpifrance's ambition is to pursue this strategy of attracting long-term sovereign funds and investors to invest in French companies, either directly or via investment capital funds. An agreement was signed with the Kazakhstan sovereign fund, Samruk-Kazyna. Bpifrance is now a member of the International Forum of Sovereign Wealth Fund and adheres to the Santiago Principles.

Agreements were also signed with KIAT in South Korea, Bancomext in Mexico and the Islamic Corporation for the Development of the private sector in Saudi Arabia.

5.1.5 Structure and financial management of Bpifrance Financement

The financial markets in 2019

2019 proved to be a positive year with almost all financial assets recording double-digit gains. The exceptional nature of this year was initially reflected in the fact that the strong performance of risky assets coincided with a significant performance from the bond market. The main reason for this outperformance was primarily due to the central banks' return to the aid of the global economy, driven mainly by the turnaround of the US Federal Reserve which will have delivered three rate cuts and realigned market expectations to an extended status quo for 2020. Almost all central banks followed suit over the year with 59 rate cuts, 50 of which in emerging countries, compared with only six rises.

In terms of Europe, 1 November 2019 marked the start of Christine Lagarde's term of office as President of the ECB. At her first meeting in Frankfurt, the former Chairwoman of the IMF announced that she wanted to retain a low-rate policy with inflation "close to, but less than, 2%" as well as an asset purchasing programme at a rate of 20 billion per month, finally validating the return to an accommodative environment in the euro area. 10-year French government fungible treasury bond (OAT) yields dropped as low as -44bp in August. After this low point, rate curves steepened again, with hopes of a cyclical bounce back, following the multiple rebounds observed in relation to trade tensions between the US and China.

In terms of the US, announcements of tariff barriers in May and, above all, in August, then triggered the two most significant episodes of "risk aversion", heightened by mediocre economic figures in the euro area and mixed results in the US. On the other hand, the de-escalation of US-China trade tensions which began in late August resulted in a massive return to risk, boosted by the UK moving towards a "soft" Brexit. The publication of US Q3 GDP figures that were higher than expected by economists (2.1% compared with the 1.9% expected), made it possible to support market growth. Confidence was returning and a strong upward trend was observed that would continue until the end of 2019.

In terms of the stock market, the year ended with low levels of volatility. US indices hit record highs and the CAC40 reached 6,000 points, its highest since May 2007. Valuations may have appeared high, particularly in the US, but incorporated a cyclical rebound scenario. In 2019, it was the expansion of P/E ratio that drove indices, whilst growth in earnings per share slowed but not "earnings". Emerging indices underperformed, hit hard by the resurgence of country risk and the strength of the US dollar. The EUR corrected by nearly 6% against the USD, falling from its highpoint of 1.163 in January, to a low of 1.09, before recovering to around 1.12 at year-end.

The theme of 2020 will definitely be cyclical recovery, particularly in the US. In the medium term, risk in relation to risky assets will rise with the rate risk (upward) likely to resurface with confirmation of a cyclical recovery, high share valuations and political risk still in evidence (Brexit and US elections). In fact, the end-of-year US presidential elections and the likely upturn in the economy, the presumed commencement of trade negotiations between London and Brussels to reach a free-trade agreement before the end of 2020 and the continuation of trade talks between Beijing and Washington, are all burning issues that will be keenly monitored by the markets this year.

The financial structure of Bpifrance Financement

The consolidated balance sheet total of Bpifrance Financement totalled €59.2 billion at 31 December 2019, versus €57.4 billion at 31 December 2018, i.e. an increase of €1.8 billion. After 9.5% growth in 2018, the balance sheet total increased by nearly €6.8 billion in two years. Strong business growth continued, primarily driven by the financing of Energy-Environment projects.
Outstanding loans to companies increased by €1.6 billion (+4.2%), while financial assets remained relatively stable in 2019, increasing by €0.2 billion (+1.9%).

The balance sheet structure reflects this change: customer loans (of which 88.1% in business loans and 11.9% in deposits with Agence France Trésor) accounted for 76.7% of total assets, compared with 76.1% at 31 December 2018. Financial assets accounted for 16.1% of the balance sheet total.

Loans to companies amounted to €40 billion at 31 December 2019, versus €38.4 billion at 31 December 2018. The various outstandings have evolved in the following manner:

- leasing remained stable overall, with a disparity between property leasing, which was up slightly (+0.6%), and equipment leasing, which saw a sharp increase (+6.0%);
- outstanding equipment loans continued to rise appreciably (+11.5%);
- cash credits were down (-16.0%), with outstanding pre-financing for the Competitiveness and Employment Tax Credit (CICE) down in 2019 at €3.6 billion, and up slightly over conventional short-term loans.

Commitments pursuant to guarantee agreements continued their growth: €12.8 billion at 31 December 2019 against €12.5 billion at 31 December 2018, representing +2.4%.

Total financial assets at 31 December 2019 were €9,546 million. The portfolio established as part of the loan activity now comprises 92% of these. This portfolio is made up in the following manner:

- €7,538 million in securities intended to be held to maturity, corresponding to €7,048 million in OATs purchased as part of the management of the rate position associated with the refinancing of the credit activity and, for the balance, with the investment of the guarantee funds and equity of Bpifrance Régions;
- €1,960 million in investment securities, of which €1,238 million at fair value through equity and €722 million at fair value through profit or loss: these consist only of securities purchased to invest the company's cash or guarantee funds that it manages. A large portion of these investments were made in the form of units of UCITS;
- €133.5 million in equity securities (of which €104 million in consolidated subsidiaries);
- €5.2 million recognised on the asset side due to interest rate swap operations with a positive valuation; those with a negative valuation are recorded under liabilities, in the amount of €20.7 million.

As at 31 December 2019, the distribution of medium and long-term financing of loans to clients according to the origin of resources, i.e. €33.9 billion in outstandings, was as follows:

- €26.2 billion, i.e. 77%, in resources recruited in the financial market as part of EMTN programmes (€25.5 billion) or NEU MTN (€0.7 billion);
- €1 billion, or 3%, in the form of contractual loans with financial institutions with resources from Livret Développement Durable (LDD or Sustainable Development Passbook) deposits;
- €1.8 billion, or 6%, in public resources, essentially from the Investing in the Future Programme via EPIC Bpifrance;
- €0.1 billion in resources from international financial institutions;
- €4.3 billion, or 13%, in the form of medium-term refinancing operations with the ECB (TLTRO).

The resources backed by the Bpifrance Financement and Bpifrance Régions guarantee activity, in the amount of €6 billion at 31 December 2019 remained relatively stable in 2019.

Bpifrance financial management

The objective of the group's financial management is to provide it with the long-term financial means needed to carry out the issues entrusted to it by public authorities, while continuing to exercise total control over the risk exposure inherent to operations within capital markets. In order to minimise its exposure to this type of risks (inherent to market trading operations) which are not its core business, Bpifrance Financement does not have any trading or financial intermediation activities.

Financing activity

The refinancing of loans to customers by backing, in both equity and rate terms, the outstandings of loans and real estate operations. To this end, refinancing operations are completed by rate hedging operations that are performed either through recourse to financial instruments, or by setting up portfolios of assets specifically dedicated for this purpose. Under these conditions, the establishment strives to limit the risks that are inherent to the financial operations, while targeting optimisation relative to market conditions. In this regard, it has adopted the objective of having a liquidity advance that would allow it to deal with any temporary deterioration of the market conditions.

Bond resources were up sharply compared with the previous year (+44%), with total issues for the year of €4 billion in 2019:

2019	Type of transaction	Issue date	Maturity date	Duration	Nominal (€M)
Quarter 1	Syndication	31/01/2019	25/11/2023	5	1,500
Quarter 2	Private placement - retap	24/05/2019	26/09/2028	9	100
	Private placement - retap	18/06/2019	25/05/2030	11	50
Quarter 3	Syndication	02/07/2019	25/05/2026	7	750
	Private placement - retap	11/07/2019	25/05/2030	11	100
	Private placement - retap	24/07/2019	26/09/2028	9	50
	Syndication	17/09/2019	26/09/2029	10	1,250
Quarter 4	Private placement - retap	14/10/2019	26/09/2028	9	50
	Private placement - retap	17/10/2019	24/10/2024	5	50
	Private placement - retap	28/11/2019	04/12/2021	2	50
	Private placement	05/12/2019	25/11/2024	5	50
Total EMTN 2019					**4,000**

The prospectus that governs this programme was the subject of a supplement dated 2 April 2019, to specify that the ceiling for the EMTN programme had been increased from €30 to €35 billion in December 2018.

The EMTN programme therefore accounted for 75% of the medium and long-term refinancing carried out by Bpifrance Financement in 2019. The overall distribution of refinancing commitments by lender was as follows at 31 December 2019: investors in the EMTN and BMTN programmes represent 75% of outstandings; the Caisse des Dépôts, 3%; the European Central Bank, 12.7%; EPIC Bpifrance, 5.5%; international banks, 0.2%.

Short-term interbank refinancing outstandings (certificates of deposit and securities sold under forward repurchase agreements) were €9.4 billion at 31 December 2019, compared to €10.7 billion at 31 December 2018, i.e. a fall of 12%. This drop was due in particular to the growth in securities given under repurchase agreements which stood at €5.7 billion at 31 December 2019, against €6.8 billion at 31 December 2018, representing a fall of 16%.

Outstanding certificates of deposit stood at €3.7 billion at 31 December 2019, against €3.8 billion at 31 December 2018.

At 31 December 2019, refinancing with the European Central Bank consisted of €4.3 billion in resources recruited as part of the TLTRO.

The overall amount of the Bpifrance Financement securities portfolio attached to the “Financing” activity for the management of the rate position and cash investment stood at €8.8 billion at 31 December 2019. It consisted primarily of OAT (€6.9 billion, i.e. 79%) and included bonds issued by public agencies (€158 million) and major international commercial banks (€250 million), as well as covered bonds (€473 million). Cash investments in the form of purchases of certificates of deposit stood at €669 million at 31 December 2019, with an average duration of 6 months, issued by banks with a P1 short-term rating.

Guarantee Activity

The “Guarantee” activity at domestic level is shown in the Bpifrance Financement balance sheet, and at regional level, in that of Bpifrance Régions.

The overall amount of financial assets representing Bpifrance Financement and Bpifrance Régions "Guarantee Funds" stood at €6 billion at 31 December 2019. Most of these assets now comprise Agence France Trésor deposits (€5.3 billion). The balance is invested in bonds issued by the French Government and public agencies (€227 million), big banks and public enterprises (€16 million), Unit Trusts (€181 million) or negotiable debt securities (€307 million).

5.1.6 Consolidated and corporate results of Bpifrance Financement

The consolidated financial statements

Net Banking Income (NBI) amounted to €810.9 million versus €770.1 million in 2018. Although the Net Interest Margin fell by 1.9% in 2019, €21 million of this hike in NBI was due to the rise in handling charges and fees received from customers, €7 million was due to the rise in the contribution from Bpifrance Courtage (now 100% consolidated), and €17 million was due to the increase in intra-group rebilling.

In a low-rate environment, the Net Interest Margin was boosted by the growth in medium and long-term finance outstandings, which offset the growth in CICE pre-finance outstandings now being managed in run-off mode.

With regard to financing activity, the growth in medium and long-term financing business in 2019 (€8.3 billion, compared with €7.8 billion in 2018), offset by the downturn in CICE pre-financing, resulted in average outstandings rising by another 7.1%, thereby supporting NBI. Despite the interest-rate environment, margins on credit transactions were up slightly.
In 2019, the impact of the discontinuation of the CICE pre-financing mechanism on NBI resulted in a drop of €15.4 million.

With regard to guarantee activity, the average outstandings used is now €16.8 billion (including funds used for Loans Without Guarantees), up 2.5% and sustained, in particular, by regional guarantees. This growth was reflected by a €2.3 million increase in NBI, up 2.2%, with fees at €106.7 million, up €2.4 million on 2018.

With regard to innovation activity, the NBI generated was up again in 2019 (+€5 million, i.e. +12%), driven by the growth in Innovation Loans Without Guarantees granted (seed loans and innovation loans) as well as by management fees for aid mechanisms operated, in particular, on behalf of the Government.

Operating expenses (personnel, other operating and investment expenses) totalled €486.5 million, up 9.6% from 2018. This was mainly due to the increase in the number of FTE and therefore the payroll, the bank's digitalisation and internalisation efforts, and tax increases. Weaker growth in NBI combined with the bank's ambitions to expand its presence increased the operating ratio (57.7%) compared to 2017 (54.1%).

The net cost of risk was €85.0 million for 2019. It includes provisioning for Expected Credit Losses, which accounted for a provision of €15.0 million, bringing the 2019 "ECL" provision inventory to €403.8 million. It is offset by a cost of risk on individual transactions that increased by 21.5% (+€12.4 million) to €70.0 million.

The group share of net income amounted to €153.4 million, down 13.9 million (-8.3%) compared to 2018.

- **The consolidated balance sheet**

The balance sheet total amounted to €59.2 billion, up €1.8 billion on 2018.

Group share of equity before appropriation of earnings was €3.8 billion at the end of 2019, up 5%.
Receivables due from customers stood at €39.2 billion, an increase of €1.6 billion on end-2018, after €595 million in impairment for credit risk; These loans were supplemented by €6.2 billion in finance leases.

The corporate financial statements

The individual financial statements are prepared in compliance with the provisions applicable to lending institutions according to the French standards.

Contrary to the consolidated financial statements drawn up in financial accounting, corporate financial statements place greater emphasis on the legal nature of the lease:

- real estate is depreciated according to the methods allowed under tax law (straight-line depreciation, diminishing balance method, or even progressive or specific to the SICOMI treatment, depending on the case);

- all the rents and charges associated with the default of the lessee are recorded as NBI.

The net earnings determined in this manner amounted to €246.9 million, thereby generating a change in the unrealised reserve on finance lease operations of -€145.7 million.

5.1.7 Outlook for 2020

The financing of investments and of the operating cycle

For 2020, Bpifrance estimates a financing capacity (excluding CICE) of €12.4 billion in commitments, divided between €4.75 billion for short-term loans and €7.65 billion for MLT loans.

- Loans with Guarantees should amount to €5.4 billion, with a significant percentage still for EET financing.
- The level of production of Loans Without Guarantees will stabilise in 2020 at €2.25 billion, as a result of themed offerings.
- Short-term financing will be aiming at production of €4.75 billion in commitments in 2020. The sales campaign will address continuing growth in the use of lines for Avance+ customers.

Bank loan guarantee

In the current economic climate, combined with historically low interest rates, the contraction recorded in 2019 is likely to continue into 2020, with the guarantee activity primarily supporting creation and countercyclical goals.

Innovation

The 2020 budget stands at €1.4 billion, up 9% on the actual figures for 2019, driven by the ramping up of Deeptech Innovation Aid.

5.1.8 Statement of Non-Financial Performance

This chapter concerns corporate, social, and environmental information required under Article R.225-102-1 of the French Commercial Code, as amended by Order 2017-1180 and its implementing decree 2017-1265, transposing Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014 relating to the publication of non-financial information.

The Statement of Non-Financial Performance ("SNFP") details the challenges, the processes implemented, and the indicators that Bpifrance Financement has decided to follow to assess its impacts.
The methodological note and cross-reference table on the main risks, challenges, and indicators appear at the end of this chapter.

5.1.8.1 Bpifrance Financement's business model

bpifrance

Our value creation

FINANCING INNOVATION

FINANCIAL SUPPORT FOR COMPANIES

- **€19.1 billion of** financing
- **€3 billion** of capital investments in companies
- **€40 million** granted as interest-free loans (*prêts d'honneur*) and subsidies
- Nearly **68,000 guaranteed** loans, for **€8.6 billion**
- **€1.3 billion** in subsidies and innovation loans (+8%)
- **Deeptech tour** (10 dates, 5,000 participants) and Deeptech plan

Capital

CAPITAL

€1.08 billion invested in 62 funds
€1.4 billion invested in 244 companies
Record amount raised by start-ups from French Tech: €5 billion (up 5x in 5 years)

International

INTERNATIONAL

€14 billion in projects covered by export insurance*
1,485 companies benefited from **business development** insurance (+42%)

NON-FINANCIAL SUPPORT

NON-FINANCIAL SUPPORT and NETWORKS

- **1,355** companies accelerated, including **768** in 2019, **1,187** SME/intermediate enterprise advisory assignments (+52%), 789 start-up/innovation advisory assignments (+6%), **2,800** international support initiatives (+10%)
- 74,909 e-learning training sessions (+41%)
- The French Fab Tour showed the value of French industry: 60 dates, **600,000 visitors, 30,000 students,** 10,000 job offers...
- Creation of the *Volunteer Experience programme in France*
- Entrepreneurship *for all tour*: **35** dates, **15,000** people reached

*operated in the name and on behalf of the French State

5.1.8.2 Main Social Responsibility risks and challenges for Bpifrance Financement

Bpifrance is engaged in a mission of general interest to support sustainable growth and jobs, and make the economy more competitive. Inherent in this mission is the non-financial dimension that Bpifrance has incorporated into its operating methods, by adopting a social responsibility charter and publishing its responsibility policy and its reports.
This non-financial dimension is fully embraced by its subsidiary Bpifrance Financement, in terms of its governance and internal functioning as well as the exercise of its financing and supporting innovation and entrepreneurs business lines.

The non-financial risks of Bpifrance and the associated challenges were analysed in 2018, with the guidance of the Sustainable Development and CSR Department, and in step with the process carried out by the Caisse des Dépôts group.

The following risk-mapping method was used:

- identification of potential risks;
- identification of measures and means to control these risks;
- risk ranking and scoring using a methodology suited to the issues in evaluating non-financial topics.

This analysis was further developed for Bpifrance Financement, along with validated macro-risks, major impacts, and CSR challenges.

The table below describes the macro-risks identified and related CSR challenges:

MACRO-RISKS	MAJOR IMPACTS IDENTIFIED	CSR CHALLENGES
GOVERNANCE AND ETHICS	Financing or supporting companies or projects that contribute to money-laundering or terrorist financing, or are based on corruption Legal and reputational risks Lack of confidence of customers and stakeholders Risk of financial losses	Business Ethics Data security Fund security
FAILING TO CARRY OUT MISSIONS OF GENERAL INTEREST	Not supporting companies in the developments that are key to their sustainability: consideration of climate change in their activities and the digital transformation Not factoring balance into economic planning of the territories in its activities	Ecological and Energy Transition Economic development of the territories Digital transformation
STAKEHOLDER SATISFACTION	Loss of customers and failure to make companies and the economy more competitive, due to a mismatch in the supply of products and services Generating environmental, company, or social risks	Customers Quality of Offering Other Stakeholders
CONSIDERATION OF Environmental, Social, and Governance ("ESG") CHALLENGES in its business lines	Not increasing awareness or commitment in the companies to account for the environmental, social and societal risks in their activities, specifically to combat climate change and increase their positive impacts on the economy and society	Consideration of the challenges in the review and lending decision
HUMAN CAPITAL	Reduction in the Group's attractiveness Mediocre motivation generating customer and partner dissatisfaction Failure to adapt to change Mismatch between profiles and the needs of new business lines and organisations	Quality of life in the workplace Diversity and Equal Opportunity Labour relations Human Capital (training, talent, etc.)

Policies and approaches connected with CSR challenges have been identified, and monitoring indicators defined:

CSR CHALLENGES	Policies and Processes	Monitoring Indicators
Business Ethics	Policy Compliance Policy Anti-Money Laundering and Terrorist Financing Policy (AML/TF) Group Anti-Corruption Policy Outsourcing Policy Whistleblowing Policy Permanent Control and Compliance Department Intranet Page (procedures and instruction notes) Employee training in AML/TF and Anti-Corruption Procedures Bpifrance Ethics and Compliance space Approved supplier platform	Percentage of employees trained in AML/TF and anti-corruption procedures
Data security	Information system security policy Internal compliance procedures and instructions IT applications and systems authorisation procedure and tools Secured access to premises procedures and mechanisms Anti-intrusion auditing and testing	Number of anti-intrusion audits and tests
Fund security	Anti-corruption policy Employee training in AML/TF and Anti-Corruption Procedures Separate automated commitment/approval/payment systems No cash on sites	Percentage of employees trained in AML/TF and anti-corruption procedures
Ecological and Energy Transition (EET)	Policy Bpifrance Group Societal Responsibility Charter Successive strategic plans (2015-2018, 2016-2019, 2018-2023, 2019 update) Climate commitments	Weight of EET financing in activity
Economic development of the territories	Policy Bpifrance Group Societal Responsibility Charter Successive strategic plans (2015-2018, 2016-2019, 2018-2023, 2019 update) Regional partnerships	Weight of financing compared to economic potential of regions
Digital transformation	Policy Bpifrance Group Societal Responsibility Charter Successive strategic plans (2015-2018, 2016-2019, 2018-2023, 2019 update)	Weight of "Numetic" financing in activity

CSR CHALLENGES	Policies and Processes	Monitoring Indicators
CUSTOMERS	Policy Bpifrance Group Societal Responsibility Charter Successive strategic plans (2015-2018, 2016-2019, 2018-2023, 2019 update) Decentralised Organisation Networking: Bpifrance Excellence- Bpifrance Inno Génération- Sports Partnerships Financial and Non-Financial Offering (Support and University)	NPS and Customer Satisfaction Rate (Group Level)
QUALITY of Offering	Annual Customer Satisfaction Survey Customer and Partner Proximity (Decentralised Organisation, Networking, Events) A constantly-evolving continuum of products and services to support all companies, whatever their size, at every stage in their development, with all their financial and non-financial issues Quarterly Cross-Functional Committee on the Group Offering	NPS and Customer Satisfaction Rate (Group Level)
Other Stakeholders	Policy Partnerships and Agreements (excluding delegated guarantee) Joint Intervention Principle	Number of complaints and claims filed against the entity regarding its impact on the environment, society, or human rights
Inclusion of Environmental, Social, and Governance (ESG) Challenges	Inclusion of ESG analysis in financing activity Raising companies' CSR awareness: e-learning, webinars, “Déclic RSE” morning events, semi-collective sessions	Procedures for including ESG analysis
Quality of Life in the Workplace (QLW)	Framework and Bpifrance Group QLW Agreements Commitments and associated mechanisms: preventive healthcare at work - well-being measures (annual interviews, mobility, information access, support mechanisms) - management's role - coordination of working hours -remote work - parenting: special leave - emergency childcare, creche places - donation of days off	Average number of sick days excluding long-term illness Employee satisfaction (Group)
Diversity and Equal Opportunity	Gender Parity and Disability Agreements Diversity commitment	Women hired on permanent contracts and fixed-term contracts. Legal rate of employment of people with a disability (direct + indirect) Percentage of young people under 30 and seniors over 55 among new hires

CSR CHALLENGES	Policies and Processes	Monitoring Indicators
Labour relations	Labour relations mechanism Employee representative bodies for the Group and Group companies Number of agreements and addenda signed during the year	Subjects of the agreements Number of agreements and addenda signed during the year
Human Capital (training, talent, etc.)	Training Policies Process of Defining the Offering Diversity of Training Solutions and Modes	Access to Training Turnover of employees in permanent contracts

5.1.8.3 Governance and Ethics

Strong Governance

The Bpifrance Financement Board of Directors met five times in 2019.
The Directors, half representing the State and Caisse des Dépôts, the main indirect majority shareholders, and the other half, qualified individuals and employee representatives, carry out their duties within the framework of the internal rules and of the director's charter, which is an integral part of them. Ten non-voting members from different backgrounds and with different areas of expertise assist the directors in their work and contribute to the discussions.
The average rate of attendance of directors was 77% over the year.

The Chairman of the Board of Directors reports, in the company's activity report, on the conditions to prepare the work of the Board and the composition of the committees under its responsibility: the Audit and Risk Committees, the Appointments and Compensation Committees, and the Financing-Guarantee and Innovation Business Line Committees.

The governance bodies of the subsidiaries are convened on a regular basis to deliberate and decide on the agenda provided to the members, who represent the main shareholders, including four representatives of the regions and an ARF representative for Bpifrance Régions.

Internal control, organised in compliance with the requirements of the supervisory authorities, ensures that operations are properly conducted and in compliance, and that Bpifrance and its subsidiaries meet their regulatory obligations.
Such obligations are strictly followed in terms of the preparation and delivery of documents to the supervisory authorities and rating agencies, which are consulted as needed. The employees in every structure are made aware of and trained in anti-money laundering and terrorist financing, and carry out their activities under codes of ethics that are developed in each of the group's entities. Each member of staff is asked to learn about its provisions and to commit to carrying out their activities in strict compliance with it.

Bpifrance Group and its subsidiaries including Bpifrance Financement, held by the State and the Caisse des Dépôts, pays all its taxes in France where all of its turnover is realised.

Best Practices, Ethics, and Security of Data & Funds

Bpifrance's activity is at the crossroads between public interest and market interest, supporting French companies according to the values that guide its action: Proximity, Simplicity, Willingness, and Optimism, and these values of Bpifrance are also reflected in ethics and compliance matters:

- Willingness: to comply with the best standards;
- Optimism: respect for exemplary values for a climate of trust conducive to growing business;
- Simplicity: translation of a vast and complex regulatory environment into simple rules shared by everyone;
- Proximity: commitment of a Compliance team that is available and close to everyone.

An “Ethics and Compliance” space on the Bpifrance website informs the stakeholders of Bpifrance of the commitment of its Chief Executive Officer and provides them with Bpifrance's Ethics Charter.
Employees must act with loyalty, integrity, professionalism and honesty, and systems are in place to define and supervise these terms:

Group compliance and anti-corruption policies apply to Bpifrance Financement, and the company has a code of ethics approved at end 2017, as well as an anti-money laundering and terrorist financing policy.
These policies, the training given to employees, and the processes in place help to combat tax evasion in the commitment decisions of Bpifrance Financement.
The ethics charter defines the applicable rules in terms of good conduct; the fight against corruption, fraud, money laundering and terrorism; the protection of personal data; confidentiality and professional secrecy; integrity; loyalty and professionalism; conflicts of interest; independence and impartiality by Bpifrance in relation to third parties and business relationships, business gifts and invitations, and the use of whistleblowing.

On 4 February 2016, the Bpifrance Group policy was set and replaced financing and investment activities in relation to anti-money laundering and terrorist financing (AML/TF) procedures and policies, operational procedures to be implemented by business line were defined and a due diligence monitoring tool was introduced. A new tool, incorporating research and historical archiving, was rolled out in 2019 for use by Bpifrance Financement employees and the application procedure was updated.

Bpifrance employees are trained in these policies and in resultant obligations: all new arrivals, whatever their status, must familiarise themselves with the Rules of Procedure, the Code of Ethics and anti-money laundering and terrorism financing policies, as well as following the e-learning training courses offered. Classroom sessions were also rolled out by the Financial Security department.
280 employees, plus 216 new arrivals, followed the AML/FT e-learning module, and 1,127 attended classroom sessions organised by the Financial Security department; 1,541 employees also followed the anti-corruption training module.

An electronic Group Approved Supplier Platform has been created to increase transparency, facilitate consistency across processes, assess suppliers and service providers, and ensure monitoring of the anti-corruption mechanisms pursuant to Act 2016-1691 of 9 December 2016, known as “Sapin II,” by applying the principles of:

- fairness in competition (at the time of the call for tenders and the final choice);
- absence of conflicts of interest;
- compliance with applicable procedures in matters of gifts, hospitality and other benefits;
- confidentiality of exchanges and the traceability and archiving of all purchase processes.

These delegation systems structure, by sector and risk level, the decision-making processes capable of strengthening the trust of entrepreneurs and all stakeholders of the bank.
In addition, policies, processes, and tools have long been deployed to ensure data security and the security of funds entrusted or received by Bpifrance Financement:

- secure access to the premises;
- a tool for managing authorisations for Bpifrance applications and systems;
- the Bpifrance Information Systems (IS) User Guidelines, the IS security policy and its control policy are completed by mechanisms for securing the workstation and for intrusion testing;
- strict rules regarding separation of payment requests and approvals are monitored closely;
- no cash at all on sites;
- anti-corruption training and policy for employees;
- the internal control mechanism.

Anti-intrusion audits and testing are carried out each year on both Group tools and business line tools (45 in 2019 on Group cross-functional, support, and business line applications, of which 33 on tools and applications specific to Bpifrance Financement business lines). Bpifrance's information system security management is constantly evolving, and Bpifrance invests, on an ongoing basis, in guaranteeing the security and protection of its customers and partners' transactions and data, in particular, via process management and raising employees' awareness.

5.1.8.4 Sustainable growth of companies - Stakeholders

ÉNERGIE PROPRE ET D'UN COÛT ABORDABLE /

AFFORDABLE AND CLEAN ENERGY

INDUSTRIE, INNOVATION ET INFRASTRUCTURE /

INDUSTRY, INNOVATION AND INFRASTRUCTURE

TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE /

DECENT WORK AND ECONOMIC GROWTH

MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES /

CLIMATE ACTION

Quality of the offering and customer satisfaction: the raison d'être of Bpifrance

The entire Bpifrance organisation and its resources are focused on this target:

- decentralised organisation, with 48 regional locations, as close as possible to the companies and their ecosystem; out of a total of 2,483 Bpifrance Financement employees, 1,347 are in so-called "network" positions, in direct contact with the companies and partners;
- a constantly-evolving continuum of financing to support all the companies, whatever their size, at every stage in their development and with all their issues;
- a Group proposal of non-financial support: advice, training, and national, regional, and sectoral accelerators;
- Group networking events: e.g. Bpifrance Excellence, Euroquity, and Bpifrance Inno Génération;
- Group digital communication on news items and surveys;
- Group studies and publications;
- an annual satisfaction survey, etc.

A few items to illustrate this constant attention:

- new functions were created to better support upgrades to the offering in the Regions: Support managers and International managers in 2018, and, in 2019, Creation and Entrepreneurship managers, in conjunction with the business creation support networks supported by Bpifrance;
- another year of strong growth in financing with €18.7 billion in business loans (€8.1 billion in investment loans, €9.3 billion in traditional short-term financing and €0.4 billion in CT-Avance CICE loans, €1.3 billion in innovation financing);
- guarantee activity continued to be strong, around 90% of which still serving VSEs;
- the rollout of the Deeptech plan, the aim of which was to double the number of start-ups, by supporting them through the emergence, acceleration and growth phases, by financing innovations (nearly €80 million in funding for 250 start-ups), equity investment (€140 million invested direct and €240 million in funds of funds, i.e. €960 million due to the leverage effect); the Deeptech roadshow tour, launched in 2019 in campuses welcomed over 5,000 participants on ten different dates; lastly, a competition aimed at young post-doctoral students was launched with the Ministry of Higher Education, Research and Innovation (M.E.S.R.I)[2] to encourage company creation;
- Increased accessibility of the range of export products: the creation of a continuum of solutions to support companies abroad was reflected in further growth in companies' take-up of these products and services, particularly Business Development Insurance (+42%);
- Greater response to the non-financial growth expectations of SMEs and entrepreneurs:
  - Networking to overcome the loneliness experienced by managers: over 80 events, in the regions or as part of support programmes, such as, Bpifrance Inno Génération, etc.,
  - Affordable advice from a network of independent consultants to 1,187 SMEs and mid-tier companies (+52%) and 789 start-ups and innovation projects, 2,900 international support measures,
  - Training, in formats tailored to SME managers: 253 training days delivered in partnership with 11 top universities and nearly 75,000 e-learning sessions,

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[2] *Ministry for Higher Education, Research and Innovation.*

- Accelerator programmes aimed at extensive business structuring, unlocking ambitions and enabling businesses to benefit from collaboration: 1,355 businesses – 756 of which recruited in 2019 - benefited from, or followed, the programmes, rolled out across all regions: 29 promotions were launched in 2019, with over 30 partners, and two new programmes: an accelerator programme aimed at start-ups receiving investment from Bpifrance and an accelerator for small SMEs with a turnover of between €2 and €10 million,
    - The French Fab tour[3], to promote industry to the French public with 60 dates and meet-ups with the French Tech collective, all over France, with 600,000 visitors and 30,000 students, resulting in 10,000 job offers,
    - The launch of the in-company volunteering programme (Volontariat Territorial en Entreprise) to help SMEs and mid-tier companies to fill their recruitment requirements and direct students and young higher education graduates towards SMEs and mid-tier companies: 100 contracts have already been signed since it was launched in May 2019. In one year, assignments offered by entrepreneurs to bac+2 to bac+5 students gave these young people the opportunity to gain 360° experience in the world of industry by taking on responsibilities under a long-term work-study contract or a minimum one-year postgraduate contract;
- The LAB website makes its studies, published following surveys and in-depth interviews, consumer surveys, as well as the works of research partners, available to everyone;
- Indicators of the impact of Bpifrance's actions are published in a dedicated section of the website, as well as the results of the annual customer satisfaction survey - which is subcontracted to an independent polling organisation: the 2019 survey showed a stable satisfaction score of 7.2 and a Net Promoter Score of 27.

The purpose of this annual survey is to measure Bpifrance customer satisfaction and identify expectations, with the aim of potentially upgrading the offering. The missions of the Committee on the group Offering, which meets every quarter, are to review new products and services or planned transformations upstream, issue an opinion upstream before presentation to the Executive Committee, and define the cross-functional projects to be launched.
The results of the annual survey, and of the cross-functional communities of different business lines created across the major sectors (EET, Mobility, Agro-Business, ESS, and Impact) were key ingredients in these review processes, which may also be fuelled by the “Tomorrow” project.

The “Tomorrow”[4] project, launched in 2018, around nine major challenges for the world of tomorrow, all correlated with the Sustainable Development Goals, is a cross-functional, group intelligence project that involves everyone in order to work together better and support companies in the face of major challenges to the world's transformation, by striving to identify solutions, challenges, and technologies for each of these issues, anticipate transformations in the economy, prepare for breakthrough changes to come, and build a vision of the future. 25 "matrices" were compiled and published, presenting Bpifrance's values.

The fifth Bpifrance Inno Génération day, on 10 October 2019, hosted 52,000 participants, representing thirteen regions; 1,000 speakers, 400 conferences and workshops and 100 innovations aimed at building the world of the future, offered all attendees ways to meet up with one another, find out information and be inspired.

Just like businesses, sports clubs are important economic players in the regions and Bpifrance works alongside sports clubs throughout France with a view to promoting the regions: on the one hand to grow sports with the support of business, and on the other, to enable businesses to grow with the support of strong local economic networks made up of partner networks and business clubs, bringing together nearly 15,000 businesses, thus constituting a powerful network. Bpifrance's network of sporting partnerships now covers the whole of France, and even extends abroad, with 54 multidisciplinary group sport partner clubs, with seven sports represented (football, basketball, handball, rugby, volleyball, ice hockey and water polo), and does not focus solely on elite clubs.

Satisfaction of other stakeholders

The Bpifrance website and its spaces, public or restricted, are for use by customers and partners to find offers matching their needs, key people to contact, services, information about the impact of Bpifrance's initiatives, news and access to

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[3] *French Fab is a collective founded by the Alliance Industrie du Futur, Bpifrance, Business France, France Industrie, the Directorate-General for French Enterprises and Regions. The French Fab brand is the embodiment of French businesses and industrial sites that share French Fab concepts and values and want to fly the flag for French industry. It unifies industry ecosystems driven by all regional players displaying the French Fab mark as a common emblem.*
[4] *https://www.bpifrance.fr/A-la-une/Dossiers/Demain-les-grandes-tendances-de-l-innovation.*

LAB's projects and research, free online training from Bpifrance University, calls for tender launched by Bpifrance, all under the strong values conveyed by Bpifrance: proximity, simplicity, willingness, and optimism.
Online spaces and tools are specially dedicated to certain stakeholders (e.g. Regions, Suppliers, Investor Guarantee Partners, I-Lab Competition participants) in order to fluidify, submit, and manage discussions. In addition to these information spaces, dialogue mechanisms are in place with all Bpifrance stakeholders: tight local networks, multiple bilateral events and exchanges with customers during discussions about their plans and developments, within the context of events organised for them, and with them (Bpifrance Inno Génération, Excellence, French Fab roadshow, Deeptech tour, the Entrepreneurship for All roadshow, presence at Entrepreneur trade fairs such as Produrable), bilateral events, or on-site meetings with financial players (Association of French Banks, ORSE Finance club[5], etc.), close partnerships with the Regions, annual satisfaction survey, not forgetting direct contact, via the Bpifrance website, with dedicated regional contacts. These mechanisms enable all stakeholders to voice their expectations, and give Bpifrance the opportunity to take these expectations on board, by tailoring its offering, organisation (for example, by creating new functions) and/or tools (digitisation of processes) accordingly.

The Group's Legal Department is not aware of any grievances or complaints against Bpifrance or any of its subsidiaries regarding its impact on the environment, society, or human rights.

5.1.8.5 Missions of general interest

Bpifrance's Societal Responsibility is inherent in its general interest mission to “finance and develop companies, in support of public policy... with the aim of supporting sustainable growth and jobs, and making the economy more competitive”, and resides, as a priority, in the effectiveness of its action to create and maintain sustainable growth of companies that lasts and creates economic value.

To fulfil this ambition of “Serving the Future,” Bpifrance has deployed the strong values that have structured all of the group's actions since its creation: proximity, simplicity, willingness, and optimism.

Bpifrance's policy, presented to the French National Assembly and Senate on 15 May 2013, defines the intervention policy of Bpifrance and its subsidiaries Bpifrance Financement and Bpifrance Investissement, and its commitments: to be a tool serving companies for revitalising the territories, working towards innovation as a competitiveness and growth factor that is adjusted to specific needs through a close relationship with the companies and strong partnerships with the Regions.
To supplement this, the strategic plan is revised each year to closely reflect the needs of the companies and the cyclical and sectoral trends. It is the product of in-depth updating work and broad consultations, submitted to all representative bodies of the group's stakeholders, and approved by the governing bodies.

Three major challenges were applied, without which the target of serving sustainable growth and jobs, and making the economy more competitive, cannot be achieved:

- commit to, finance, and support the ecological and energy transition;
- finance and support the digital transformation;
- contribute to the economic development of the territories.

Furthermore, Bpifrance strives to measure the impact of its activities and publish it; a special appendix was added to the 2018-2023 Strategic Plan, and an impact booklet is available on the Bpifrance website that details its actions, the sectors and outcomes in terms of growth in revenue, jobs, and resilience of the companies receiving support.

[5] *CSR observatory.*

The Ecological and Energy Transition (EET)

ÉNERGIE PROPRE ET D'UN COÛT ABORDABLE / AFFORDABLE AND CLEAN ENERGY

MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES / CLIMATE ACTION

CONSOMMATION ET PRODUCTION RESPONSABLES / RESPONSIBLE CONSUMPTION AND PRODUCTION

Bpifrance's support of the EET is one of the missions that was entrusted to it by lawmakers in the establishing act, and included in the intervention policy, first of the CSR Charter proposed by Bpifrance to its stakeholders and governing bodies and approved in 2014, and also in the strategic plans.
The role of the companies in the EET is crucial, and Bpifrance's commitment to this major sustainable competitiveness challenge is total:

- over the 2014-2018 period, Bpifrance Financement completed €6.4 billion in financing as innovation loans and aids, and, all activities combined, over the same period, €9.1 billion benefiting nearly 12,450 companies and business projects. In 2018, Bpifrance Financement supported nearly 2,500 companies in the EET sector or companies conducting energy efficiency and renewable energy development projects, for almost €2.3 million, which marks an 11% increase over 2017 and represents just over 11% of Bpifrance Financement's total activity for the year. Bpifrance's action for industry is backed primarily by its special medium-long-term financing solution, supplemented by Bpifrance's traditional line (guarantees, innovation aids and loans, short-term financing, direct investments or those via partner funds);
- the group is a signatory to the Global Declaration on Climate Change, and more specifically for the investment trades, the Montreal and Paris Accords and the Financial Institutions' Declaration of Intent on Energy Efficiency. In December 2017, as a French public investor, it committed to implementing six principles defined in a common charter with the Caisse des Dépôts, the French Development Agency (Agence Française de Développement - AFD), the French Retirement Reserve Fund (Fonds de Réserve pour les Retraites - FRR), and the ERAFP[6]. Moreover, Bpifrance committed to supporting and promoting the ACT (Assessing low Carbon Transition) initiative driven by the ADEME and the CDP (CARBON Disclosure Project), by signing the Charter on 27 November 2018, along with the Caisse des Dépôts, the French Government Shareholding Agency (Agence des Participations de l'Etat - APE), the FRR, the ERAFP, and IRCANTEC[7], and participated in the Caisse des Dépôts group's work on a 2nd roadmap;
- the challenges and questions connected with the EET are addressed in the analytical grid set up on the financing and innovation business lines, beyond certain thresholds, measuring the company based on its control of energy use, greenhouse gas emissions, use of natural resources, and implementation of eco-design, pollution, and waste;
- Bpifrance is a partner of CDC Biodiversité under the Nature 2050 Programme and a member of Club B4B+ (companies for positive biodiversity club); this topic continued into 2019 through several events (the Bpifrance awards at Festival Le Temps Presse ('no time to lose' festival), a round table at Produrable, the Bpifrance Innovation conference, etc.) and through our partnerships (Biomim'expo, Les Assises de la Biodiversité).

Company awareness about EET challenges is also raised through communication about them, and Bpifrance contributes to this by publishing reports, studies and articles; through its entrepreneur profiles and its examples of committed companies[8], and through its free and open-access training programme on Bpifrance University. An Energy Transition Accelerator was launched by Bpifrance in association with the ADEME to help 28 companies within the industry to grow more rapidly and strengthen their international positioning, thus promoting green energy, as part of a tailor-made 2-year support package.
Successful EET has also been chosen as one of the major issues for the world of tomorrow, including three challenges: controlling energy storage, developing smart energy, promoting the circular economy, hydrogen and the automotive network, issues of own energy consumption are drivers of breakthrough innovations. For each of these, solutions have been identified and have been the subject of matrices, constructed by ad hoc working groups, for the "tomorrow" project, with two objectives: to forge conviction, to be more prepared for the changes and provide better support to companies through the coming disruptions.
Along with the Caisse des Dépôts, Bpifrance has committed to further increasing its medium-long-term innovation and investment financing to participate in the CDC group's commitment to raise €20 billion overall in 2018/2020 to support

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[6] *Establishment of supplemental pension for Public Service.*
[7] *Institution of supplementary pension for non-statutory employees of the French State and public entities.*
[8] *Example: https://www.bpifrance.fr/A-la-une/Actualites/Les-PME-entament-leur-transition-energetique-38441.*

positive climate impact projects and to discontinue investing - either directly or through funds - in companies whose activity's carbon exposure exceeds 10% of revenue.
Lastly, Bpifrance has committed, following the review of its strategic plan in 2019, to rolling out a five-point Climate plan, to:

- Widen support measures for the ecological and energy transition;
- Measure the carbon impact of its portfolios;
- Implement an operational ecological and energy transition strategy for its portfolios;
- Incorporate the climate factor more effectively in risk analysis;
- Incorporate climate issues more fully in internal operations.

The Digital Transformation

Like support for the EET, participation in the digital conversion is on Bpifrance's roadmap, and among its objectives since the construction of its intervention policy.
For Bpifrance, this transformation must now be an essential component in any business strategy, improving customer experience and optimising productivity.
Thus in addition to the financial tools, Bpifrance's proposal is to support entrepreneurs in measuring their company's maturity in this area, primarily through the use of a self-diagnostic tool, the "digitalometre", and then potentially the support of an expert third party. E-learning is available to them on Bpifrance University, or peer exchanges facilitated by networking, or even a step further - a course within an accelerator. A practical guide to education on this issue has been published to help VSEs and SMEs prepare for the GDPR, along with feedback from entrepreneurs.

Bpifrance's actions in this area are measured in a field called "numetics", analysed as follows:

TOPICS	DEVELOPMENT POTENTIAL
• Digital	• Cybersecurity
• Microelectronics	• Smart Cities
• Photonics	• Smart Grids
• Nanotechnologies – Nanoelectronics	• Factories of the Future
• Innovative materials	• Augmented Reality
• Systems	• Cloud Computing
• Software and onboard systems	• Contactless Services
• Exploiting Big Data	• E-Education

In 2018, support for growth sectors made up over 37% of Bpifrance's overall activity, and "numetics" alone accounted for €1.8 billion of overall activity excluding holdings, including €1.5 billion on Bpifrance Financement activities (8.9% of this activity).

Economic Development of the Territories

TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE /

DECENT WORK AND ECONOMIC GROWTH

Partnerships with the Regions around common mechanisms are a major focus of involvement in and with the territories, for companies; by offering each Region the tools that are suited to the priorities of its economic and innovation development strategy, and that meet the companies' needs at different stages in their development, access to available financing is simplified for them, while the need for public allocation is limited.

These partnerships are used to develop a financing offer suited to territorial specifics via common tools, particularly for financing innovation (Regional Innovation Fund) and companies' access to credit (Regional Guarantee Fund) covering most of the companies' creation, innovation, and development needs.

Moreover, regional and inter-regional investment funds were often set up alongside the Regions to facilitate SMEs' access to equity. Pooling financial resources between Bpifrance and the Regions makes interventions more effective, furthering territorial and job growth.
The rollout of regional Accelerators (now 12 in number) and five Small business accelerators has made it possible to increase the number of businesses in receipt of this programme ninefold, from 50 members in 2017 to 449 in 2019.
Bpifrance's takeover, from 1 January 2019, of all Agence France Entrepreneur (AFE) and Caisse des Dépôts (CDC) business start-up missions, resulted in a wide range of initiatives aimed at informing regional ecosystems of this takeover and at putting in place all the conditions needed to make entrepreneurship accessible to all, by lifting barriers to information, financing and growth.
Its activities, which are based on sustaining 30 support networks and 1,800 regional locations, operated by 3,000 employees and 30,000 volunteers, have made it possible to raise €40 million in honorary loans and subsidies.

Bpifrance teams were mobilised alongside support networks and local authorities to co-construct the Entrepreneurship For All Roadshow to:

- present the Entrepreneurship For All strategy, with its range of solutions for entrepreneurs from disadvantaged city neighbourhoods;
- promote our partners, the support networks and to raise awareness of solutions for project leaders and entrepreneurs;
- direct project leaders to local networks and players wherever possible;
- showcase role models and report on the dynamism, diversity and plurality of entrepreneurs' profiles and initiatives.

Via:

- conferences with inspiring entrepreneurs;
- presentations from business leaders;
- workshops to raise awareness of entrepreneurship, advice on getting started;
- activities.

The Roadshow had 35 dates in 2019 and reached 15,000 people, whilst 73 Citélab and 620 QPV were rolled out.

In its impact indicators, Bpifrance tracks the Region's weight in total Bpifrance financing with regard to the Region's economic potential, and reports each Region's own indicators to it.

The table below shows the weight of Bpifrance Financement's financing in 2018 compared to the economic potential of the Regions:

REGION	GDP 2015 (source: INSEE) - € million	Economic potential of the Region in domestic GDP	Weight of 2018 financing compared to the economic potential of the Regions
Auvergne-Rhône-Alpes	250,120	11.4%	15.33%
Bourgogne-Franche-Comté	73,942	3.4%	2.59%
Brittany	91,910	4.2%	3.98%
Centre-Val De Loire	70,355	3.2%	3.17%
Corsica	8,868	0.4%	0.68%
Grand Est	152,170	6.9%	7.28%
Hauts-de-France	156,922	7.2%	6.47%
Ile-de-France	668,823	30.5%	29.06%
Normandy	91,740	4.2%	3.34%
Nouvelle-Aquitaine	163,898	7.5%	6.68%
Occitanie	159,115	7.3%	6.72%
Overseas Departments and Territories	41,692	1.9%	2.49%
Pays-de-la-Loire	109,767	5.0%	4.80%
Provence-Alpes-Côte-d'Azur	154,879	7.1%	7.40%

5.1.8.6 Consideration of Environmental, Corporate, Social, and Governance Challenges

The more specific consideration of environmental, corporate, social, and governance (ESG) challenges is included in the strategic plans as well as policy, consistent with the Bpifrance Social Responsibility Charter, presented and approved by the stakeholders of Bpifrance (CNO and employee representatives) and by its governing bodies. The Charter defines Bpifrance's commitments, in both its internal functioning and its business lines, and the major challenges its efforts will be applied to.

Bpifrance's CSR approach is guided by the Sustainable Development and CSR Department, reporting to the Executive Director of International, Strategy, Research, and Development.

This approach is cross-functional in its company education actions and the strengthening of its position as a market player, and business-specific in its operational breakdown of the consideration of ESG challenges or the commitments made by Bpifrance Investissement.

Its actions are structured around focus areas:

- Educating companies about CSR;
- Strengthening the market player position;
- Considering the CSR aspect in business processes and within Bpifrance.

Educating companies about CSR

PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS /

PARTNERSHIPS FOR THE GOALS

CSR education/training initiatives were deployed at nearly 190 companies, via awareness-raising mornings or webinars, in the context of semi-collective programmes (general programmes, focusing on responsible digital, in preparation for a certification project, and individual programmes for three companies in the agri-food sector). Sustainable Development Goals were the subject of two webinars, one of which being part of an SME awareness-raising module, in partnership with well-known players (Global Compact, label Lucie, B&L Evolution). Two Bpifrance Inno Génération masterclasses and round tables specifically dealt with the impacts of CSR on supplier relations, internationally and within industry, to demonstrate value creation.

Awareness was also raised by means of accelerators (by way of example: two days were devoted to CSR in the agri-food accelerator; CSR issues were also dealt with, in depth, as part of the chemistry accelerator, etc.), and via the modules delivered by Bpifrance University.
Bpifrance's presence at the Produrable trade fair, with a pavilion showcasing 25 start-ups offering innovative environmental, social or societal solutions, also helped to raise awareness, as well as the conferences and workshops offered at Bpifrance Inno Génération around, in particular, the subject of matrices for the "Demain" project and conferences dedicated to CSR or CSR issues.

Strengthening the market player position

PARTENARIATS POUR LA RÉALISATION DES OBJECTIFS /

PARTNERSHIPS FOR THE GOALS

Education of both the entrepreneurs and business lines is also done through the actions carried out with Bpifrance as a market player by:

- taking part in industry initiatives: such as jointly compiling ESG survey questionnaires, led by the France Invest ESG Commission, together with three other equity investment players, applied by each of these three investors in 2019, and disseminated in recommendations for advanced initiatives for market attention; events (C3D, CPME, Institut Choiseul, Observatoire de l'Immatériel, MEDEF, Ordre des Experts-Comptables);
- directing interventions at Bpifrance Inno Génération (round table and interviews);
- taking part in CSR trade fairs or events, within the context of our partnerships and inviting businesses (start-ups/VSEs/SMEs and mid-tier companies) to attend:
  - Produrable in Paris (over 6,000 people): for our 5th year in partnership: the Tech4Good pavilion hosted 20 start-ups, and our three round tables welcomed 348 participants,
  - 10 business from the EET sector took part in the day of investment and finance events organised by the ISEFI[9];
- participating in panels and awards ceremonies: Entreprises et Environnement (with the French Ministry of the Ecological and Solidarity Transition), DEFIS RSE, UNICLEN, Entrepreneuriat au Féminin CPME, and supporting events and festivals: Le Temps Presse, Deauville Green Awards, Atmosphère;
- organising events such as the HandiTech Trophy, and the new "Midi Entrepreneures" concept, where a woman entrepreneur gives an "unfiltered" report on her experience (six talks in 2019);
- jointly leading studies and projects: such as, "SDD, it's not complicated" (ODD, c'est pas compliqué)! in partnership with Global Compact France, Label Lucie, and B&L Evolution, to raise SMEs' awareness of Sustainable Development Goals; the "RSE: la parole aux fournisseurs" supplier CSR survey with the ORSE[10] and PwC[11], which gave rise to reports, personal accounts and discussions between SMEs and key decision-makers.

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[9] *International Symposium on Environment & Energy Finance Issues.*
[10] *CSR observatory.*
[11] *https://presse.bpifrance.fr/enquete-rse-la-parole-aux-fournisseurs-nbspbr-plus-de-70-des-fournisseurs-interroges-sont-regulierement-sollicites-par-leurs-clients-sur-les-sujets-de-rsenbsp/.*

Considering the CSR aspect in business processes of Bpifrance Financement and within Bpifrance

As an operating subsidiary of Bpifrance for direct investment and investment in funds of funds, Bpifrance Financement is invested in the exercise of these business lines for the general interest mission entrusted to Bpifrance, and has embraced the societal responsibility commitments and priorities that Bpifrance publicly set for itself in its CSR Charter:

- development of employment, particularly for young people;
- the Ecological and Energy Transition, particularly the optimised use of energy resources;
- governance and management quality, specifically by promoting the inclusion of women;
- promotion of women entrepreneurs.

Consideration of CSR in financing activities

A simplified analysis, in 11 questions, of the company's ESG practices is provided for credit or innovation support applications beyond certain thresholds.
These questions address the following:

- for environmental issues: energy consumption, greenhouse gas emissions, use of natural resources, deployment of eco-design, pollution, and waste;
- corporate issues: job numbers (including among those younger than 25), job quality, workplace health and safety, dialogue and corporate climate, and human resource management;
- social issues: transparency and fair business practices, involvement with the local community;
- governance of the company.

Like the respect for human rights, tax practices are reviewed in the normal course of a financing study if these issues prove relevant.
For the account manager, CSR analysis of the company consists of formalising points that are often addressed in the review of a credit application, without straining its required operational agility.

The CSR analysis mechanism was incorporated into the research and aid to financing and innovation decision-making tool, to facilitate its use by account managers, who rate the company's position on these issues, based on the available information, on a scale of 1 to 4 so as to inform the decision. This will make it possible to enhance and clarify knowledge of corporate practices in relation to environmental, social and governance issues and to expand the offering, where applicable, in response to the needs identified.

Bpifrance's societal responsibility in its practices

Human capital

Since the founding of Bpifrance, the human resources policy has striven to create and lead a community of employees with multiple skills, around the company's values.
The inclusion of employees from different backgrounds (Bpifrance Assurance Export on 1 January 2017, and on 1 January 2019, staff from CDC International Capital and the Agence Française des Entrepreneurs and Bpifrance Courtage on 1 January 2020), recruitment and the renewal of teams mean that this issue is always topical.

The continuous growth of activities, the expansion of products and services, the increasing digitalisation of processes, and the creation of new business lines, in support especially, are strengthening and upgrading internal skills as well as recruiting new skill sets.

Labour relations and quality of life in the workplace, diversity and equal opportunity, and a structured training policy that is responsive to needs are the key factors in the success of the Bpifrance human community that is empowered and attached to the company and its values.
In this respect, the results of the survey conducted in 2019 (“s'engager ensemble” - committed together), are satisfactory in terms of both the 88% participation rate (83% in 2018) and the answers to the main questions, with:

- 70.5% of participants expressing a favourable opinion, up on 2018 (68.8%) and 2017 (68.3%) with progress observed across almost all categories of question, and a special mention for the Culture & Values and Direct Management categories which recorded scores of almost 80%;
- a very strong feeling of pride, consistently increasing since 2014 (93% positive responses) and trust in the company; trust which is backed by growing support for Bpifrance's values and goals.

Two expectations are still on the table: cooperation among the business lines and sharing of information. Lastly, employees want to gain a better understanding of their performance appraisal and the goals that they are set. They want to increase their involvement in decision-making and improve opportunities for career progression within Bpifrance, a sentiment that is in line with the sense of pride observed.

There is a significant amount of employee communication, in the first instance, via intranets, combining news, information and access to tools and apps; via internal memos and information screens at every site, in addition, if necessary, to one-off notifications via messaging, as well as breakfasts with executive directors and "chats" with the Chief Executive Officer or executive directors.
All employees are invited to a general meeting every two years (in 2019 this invite was to an information afternoon and meet-up on the eve of Bpifrance Inno Génération, and to attend the entrepreneurs' day on 10 October 2019). The objective is to strengthen social dialogue, enable employees to express their opinions directly, and to put forward their ideas, which are then rolled out, further to a feasibility study (for example, to improve Bpifrance's environmental footprint, as part of the Climate plan), or will be the subject of discussions with a view to amending agreements (QLW - Quality of Life in the Workplace - in particular) or new agreements.

Social dialogue within Bpifrance is ongoing and agreements are in place on all topics, in particular, Quality of Life in the Workplace, disability, working hours and conditions, employee savings schemes and the health provident fund. New agreements and/or amendments to agreements on human resource planning, the health provident fund, employee savings schemes, disability and gender equality, were signed at Bpifrance Financement. A new amendment to the Group's Quality of Life in the Workplace agreement, signed in February 2019, set out the conditions for remote working, adding the option to work from home for 10 unspecified days a year. This option is currently exercised by 8.6% of Bpifrance Financement employees[12], compared with 4.8% at the end of 2018.

The percentage of salaried employees who have freedom to organise their own working hours was up 2.5% in 2019, rising to nearly 85% of the workforce[13]. The average number of days absence for permanent staff, excluding long-term illness and part-time working on health grounds, was down at Bpifrance Financement (3.6 days in 2019 from 3.8 days in 2018).
Pursuant to Article 13 of the QLW rider signed in May 2016, Bpifrance is committed to combating all forms of discrimination, and Bpifrance has also signed the Diversity Charter to educate and train its employees in diversity.
Bpifrance Financement's new gender equality agreement, signed in July 2019, aims to continue and strengthen ongoing measures already being taken to correct inequalities so as to create the right conditions to encourage diversity in all areas. Four areas are affected by the measures planned, which go further than the previous agreement: recruitment and diversity, actual pay, professional training and promotion. Education and training initiatives for all corporate players are also planned. The new Bpifrance Financement gender equality index for 2019 stood at 88.

Health and safety provisions in the QLW agreements stipulate: - an annual review with the CHSCT (committee on health, safety and working conditions) - coordination of the occupational doctor at the head office with the occupational doctors in the provinces - annual activity plan from the occupational doctor (2018: part-time work on medical grounds, legionella and prevention) - educational programmes: nutrition, smoking - expansion of alert procedure regarding

[12] *Excluding individual early retirement and work-study contracts.*
[13] *On permanent and fixed-term contracts, excluding individual early retirements, work-study contracts and professional training contracts.*

Bpifrance Group psycho-social risks. The QLW agreement covers working conditions, specifically topics related to health, workplace stress, psycho-social risks, harassment and workplace violence.

In 2019, 317 people were hired for permanent jobs by the Bpifrance Financement group (of which 316 for the corporate entity compared to 265 in 2018), bringing the total number of permanent staff to 2,287 at 31 December 2019 compared to 2,144 at 31 December 2018 for Bpifrance Financement, and to 2,483 compared to 2,313 including Bpifrance Courtage. Permanent staff represented 99.9% of total staff (excluding apprenticeships and professional training contracts).
55% of these new hires were women; 46% of those hired were under the age of 30, and 2.8% were over 55 on their date of hire. The only fixed-term contract hire in 2019 was for a woman.

The average age of Bpifrance Financement employees went from 41.6 years to 40.2 years in 2019. Turnover of employees on permanent contracts was 2.95% in 2019 (vs. 3.14% in 2018).
Bpifrance Financement has an active policy of support and skills enhancement for young people in training by means of its School and University policies; at the end of 2019, 175 apprenticeship and professional training contracts were ongoing (compared with 138 at 31 December 2018) and 489 students were welcomed by Bpifrance in the context of work-study contracts and final-year internships (compared with 448 students in 2018). This was due, in particular, to talks and events organised with major Paris and regional universities and partnerships (some of which specifically focusing on employment and jobs for students with disabilities), as well as communications via social networks.

Agreements to promote work placements and jobs for disabled people are in place and Bpifrance is committed to offering work placements and jobs to disabled people, with three objectives:
1. to support employees on a day-to-day basis via job retention measures and by using the protected worker sector;
2. to recruit disabled employees; to welcome young people on work-study placements or internships;
3. to develop partnerships with schools and universities, to implement awareness-raising initiatives with employees and managers.

Awareness-raising initiatives are rolled out every year (November 2019) to change the way that disability is viewed, and the Manifesto for the inclusion of people with disabilities in all aspects of life was signed by Bpifrance, which has a disability officer.
The, following were notable events for the University and School Partnerships:
- renewal of the partnership with Université Paris Dauphine;
- establishment of a new University partnership with the Grenoble Business School with a view to job placements for students with disabilities;
- student coaching: visit to partner Universities by the head of the Disability mission; interview simulations, help with writing a CV, etc.;
- funding for technical aids (acquisition of ultralight computers, ergonomic chairs) and human assistance (educational support, exam secretaries, contract staff).

Nevertheless, for 2019, total direct employment of people with disabilities by Bpifrance Financement was 2.52% (2.70% in 2018), with total employment at 3.21% (3.78% in 2018), and the total after adjustments was 4.02% (4.73% in 2018).

In 2019, Bpifrance Financement spent 4.6% of its payroll on employee training; 2,232 employees followed one, or more, training course over the year, i.e. nearly 99% of the average annual workforce.

Training solutions are revised each year and adjusted for changes in business lines and processes. They factor in the requests and findings from the annual review campaign in which all employees take part. They are prepared in consultation with the business departments, presented to employee representative bodies and the management committee for approval.

The solutions are structured as modules (strategic topics, business skills, professional aptitudes, tools and security, on-the-job training), and developed based on digital tools that are adapted to the mobility, or face-to-face sessions, and internal and external skills.

Raising employee awareness

Employees' awareness continued to be raised with quizzes and competitions on waste, and mobility and the conversion of the Eco-socio gestures platform into a "social network" for employees.
In addition, a second wave of workshops was rolled out to develop discussions about frugal innovations as part of the methodology developed by the start-up, Ecofrugal, with nearly 250 employees involved in these internal cross-functional groups, across the entire country. Employee-driven initiatives were also implemented at a number of sites, for example, initiatives to eliminate disposable cups or to improve waste sorting.

Collaboration with the General Services Department was strengthened with the establishment of an action plan with follow-up dates.
A challenge was laid down within implementation services to encourage them to introduce electronic signatures, with great success, enabling over 600 trees to be planted.
Lastly, one year after the CSR aspect was included in the approval process for Bpifrance suppliers, in coordination with Bpifrance Management Control, mapping is in progress, so as to use this situational analysis to raise awareness of purchasing trends.

Environmental management

The General Resources Department (DMG) manages head office facilities and the Bpifrance network, as well as providing logistical resources for the entire group, since the end of 2013.
This operational management, coordinated with all departments, has enabled the measurement of the environmental impact of activities (mainly energy consumption, paper consumption and employee travel) to be extended to all areas of the Group.
The “High-environmental quality operational service-sector building” (HQE) certification obtained for the “Le Vaisseau” head office in 2014, has been renewed every year, rated EXCELLENT for Sustainable Building and Sustainable Management.
In 2018, a second site in Paris obtained the same “excellent” HQE certification for operational service-sector buildings, and another had its communal areas HQE-certified as an operational service-sector building. In addition, a number of regional sites are located in certified buildings (BREEAM for Marseilles and Bordeaux; B positive for Nancy; RT 2020 for Brest).
Indicators on energy consumption and greenhouse gas emissions resulting from the use of 50 Bpifrance sites, as well as paper use, are closely monitored and the measures taken every year mean that Bpifrance is continually improving its performance.

CO_2 emissions for each active Bpifrance Group Financement employee, arising from energy consumption, fell by over 12.8% in 2019 compared with 2018. These emissions include lighting, IT power consumption, heating and air conditioning.

The sharp drop in the volume of paper used over the last few years resulting, on the one hand, from the digitisation of processes and, on the other, from the measures taken (two-sided printing as the default setting) and awareness-raising among employees, slowed in 2019 (-3.6% compared with -27% in 2018), however consumption per active employee fell 10.5% in 2019. The introduction of pass-activated printing at the head office in the last quarter of 2019, to be rolled out more widely in 2020, combined with the re-launch of awareness-raising initiatives, is likely to maintain the drop in paper usage.

A uniform waste sorting and disposal solution was rolled out in the last quarter of 2019, across all metropolitan sites - apart from Maisons-Alfort where a tailor-made solution has been in place for a long time now, and the two Paris sites, where configuration requires a study of service providers - with the aim of improving waste sorting and measuring related flows.

Bpifrance's operations are not affected by the circular economy. General Resources Department (DMG) measures are, however, underpinned by consumption and emission reduction targets (the use of plastic cups was, for example, discontinued and replaced by paper cups in late 2018, spent ink cartridges are sorted across all sites, water fountains connected to the mains have been installed systematically to avoid the use of plastic water cooler containers and bottles). Increasingly, employees themselves have become a wellspring of ideas, going so far as to implement personal, or team solutions, to reduce Bpifrance's environmental footprint (e.g. coffee machines that use loose grounds rather than pods).

Due to its service activities, combating food insecurity, respecting animal welfare and responsible, fair, and sustainable food, and combating food waste are not relevant material challenges. Nevertheless, with the installation of a waste dehydrator at the head office, food residue and waste are being recycled to biomass, and solutions are being examined for two other sites.

Emissions associated with Bpifrance Financement employees' business travel continue to rise, up 4.4% in 2019 compared with 2018, in line with the growth in activity, despite incentives to reduce their impacts (videoconferencing systems to reduce internal travel, car-pooling for group travel, incentives to use trains, etc.). CO_2 emissions per employee were, however, down 3%.

Most of these emissions (73% in 2019 for Bpifrance Financement compared with 74.4% in 2018) were due to fleet vehicles, with the range of vehicles on offer moving, every year, toward more energy-efficient models. The current fleet catalogue includes, as well as three electric and five hybrid vehicles, twenty-five vehicles emitting less than 110gCO_2 per kilometre of travel, and eight emitting between 110 and 116gCO_2 per kilometre. Air travel is the second-highest source of emissions (26% in 2019), and corresponds to journeys lasting more than three hours, primarily for non-European international travel. Train travel accounts for 0.8% of all travel and was up over 35% in 2019 compared with 2018.

Societal commitments

Sustainable Development Goals

Bpifrance, a signatory of the public investors' charter for the promotion of Sustainable Development Goals in November 2019, undertook initiatives throughout the year to raise awareness amongst businesses at several events (Bpifrance Inno Génération, Produrable), two webinars, and a training course at Bpifrance University, and conducted work, in conjunction with Global Compact France, Label Lucie and B&L Evolution, to link ISO 26000 with SDGs.
In the first instance, the SDGs to which Bpifrance activities and associated indicators contribute, were identified and the results were published in the statement of non-financial performance for the first time.

Promoting women entrepreneurs

Bpifrance is keen to promote female entrepreneurship in all its activities via multiple initiatives and commitments: by targeting gender equality in terms of speakers at its events, by participating in, and supporting, conferences and events (Hackasprint Women #Tech4good; Women Health Climate – "Egalité, Mixité, Diversité, des entreprises qui font la différence, des entrepreneures qui osent", etc.), via partnerships and support for awards (Be a boss; Business O Féminin Award, which recognises start-ups founded or co-founded by women in Tech, and which launched a new award in 2019 to recognise start-ups with societal and environmental aspects and with a positive impact on the world; EAF CPME awards).

Bpifrance also supports the activities of Level 20, a non-profit started in the UK, which promotes gender equality in equity investment via two programmes: mentorship of young private equity professionals by men and women with experience in the industry and raising awareness of careers within this industry via initiatives to present equity investment jobs to female business and engineering school students and economics students at University.

Bpifrance has also committed to promote gender equality in digital companies, by signing the SISTA Charter, along with a number of local stock market investors.
Six “Midi Entrepreneures” sessions gave female business leaders an opportunity to share an "unfiltered" account of their experience with female project leaders, business creators and entrepreneurs.

On 1 January 2019, Bpifrance took over all Agence France Entrepreneur (AFE) and Caisse des Dépôts (CDC) business start-up operations. The purpose of Bpifrance Création, formed as a result of this agreement, is to facilitate entrepreneurship for all by removing barriers to information, financing and growth.
Bpifrance measures to support female entrepreneurship focus on the following areas:

- supporting and financing the creation of companies via support/financing networks;
- offering support and finance for female entrepreneurship as part of the Regional Action Plans - RAPs, (2018-2020 Framework agreement to promote female entrepreneurship);
- raising awareness, including amongst young people and women from disadvantaged areas;
- offering information and guidance.

Supporting the employment of young people
In addition to its involvement in universities and job fairs, since 2015 Bpifrance has also been engaged in supporting:

- Demos, a community musical and orchestral learning initiative which seeks to democratise culture through music. Its philosophy is to encourage children to play in an orchestra and give them access to classical music. The project is aimed at children from neighbourhoods targeted by an “urban renewal policy” or from remote rural areas where there are few opportunities to practise music;
- the charity “Nos Quartiers ont du Talent”, an organisation that aims to help graduates under the age of 30 from modest backgrounds and some of whom living in deprived areas to find work. Graduates in the Paris region must have completed a minimum four-year degree course, although three-year degree courses are being trialled in key urban renewal areas. The charity appoints experienced managers and business leaders to act as mentors, offering advice on job seeking, how to write a CV and covering letter, preparing for interviews and networking;
- the challenge laid down to employees in 2019: to run the equivalent of the surface area of France, i.e. 672,051 km², accumulating points to support the non-profit, Sport dans la Ville, via the Epic start-up. Sport dans la Ville aims to promote the social and professional inclusion of young people from disadvantaged neighbourhoods through sport.

  Sport dans la Ville was selected by Epic, a non-profit start-up which fights social injustice. Epic selects exceptional social organisations and offers innovative solutions to enable individuals to express their generosity, in full confidence, with maximum impact.

Additional indicators: Human resources

Bpifrance Financement personnel

CHANGE IN PERSONNEL AT 31 DECEMBER[14]	2018 (2018 SNFP)	2018 AFTER CHANGE OF METHOD	2019 NEW METHOD	CHANGE IN 2019 VS 2018
Bpifrance Group Financement total personnel	2,149	2,313[15]	2,496[16]	7.9%
Of which, staff on permanent contracts	2,144	2,144	,2287	6.7%
Of which, Bpifrance Financement staff on permanent contracts	2,133	2,133	2,275	
Of which, Bpifrance Courtage staff on permanent contracts	11	11	12	
Total active workforce, on permanent and fixed-term contracts, not including apprenticeships and professional training contracts[17]		2,139	2,277	6.5%
% executives		80.7%	82.2%	+1.5%

	2019		2018	
	Average age of staff on permanent + fixed-term contracts	Total average age (total personnel)	Average age of staff on permanent + fixed-term contracts	Total average age (total personnel)
Financing	40.0	40.3	41.6	40.7
Brokerage	45.6	45.6	43.5	43.5

[14] *Number of full or part-time permanent or fixed-term contracts or seconded personnel and unpaid leave, at 31/12/2019 and 2018, excluding internships.*
[15] *Of which, 150 apprenticeships and professional training contracts and 26 individual early retirement contracts.*
[16] *Of which, 188 apprenticeships and professional training contracts and 34 individual early retirement contracts.*
[17] *Number of permanent or fixed-term contracts or seconded personnel, excluding unpaid leave, individual early retirement contracts and internships.*

Recruitment and departures

EMPLOYEES HIRED IN 2019 (number in 2019)	Employees hired on permanent contracts, of which contracts converted into permanent contracts				
	Total	**of which < 30 years old on the date of hire**	**of which > 55 years old on the date of hire**	**of which, women**	**of which, conversion of fixed-term, apprenticeship and professional training contracts into permanent contracts**
Financing	316	146	9	174	13
Brokerage	1	0	0	1	0

2019 DEPARTURES (number in 2019)	DEPARTURES OF EMPLOYEES ON PERMANENT CONTRACTS								
	Total departures of employees on permanent contracts			Of which, retirement under individual early retirement schemes (PRI)		Of which, redundancies		Of which, resignations	
	2019	2018	Change	2019	2018	2019	2018	2019	2018
Financing	174	210	-17.1%	13	17	18	7	63	65
Brokerage	0	1	-100.0%	0	0	0	0	0	0
Total	174	211		13	17	18	7	63	65

	2019	2018	2019 rate	CHANGE
Total employees hired Apprenticeship/Professional training contracts	148	118		
of which < 30 years old on the date of hire	146	115	98.6%	27%
of which, women	81	58	54.7%	39.7%
Total departures Apprenticeship/Professional training contracts	111	87		27.6%
Of which, conversion of Apprenticeship/Professional Training contracts into permanent contracts	13	9	11.7%	56%

Organisation of working hours (excluding work-study placements)

	2019	2018	CHANGE
Total	2,290	2,149	6.6%
Number of salaried employees	1,945	1,772	+9.8%
Percentage of salaried employees	84.9%	82.4%	+2.5%
Number of part-time employees (permanent + fixed-term contracts)	328	358	-8.4%
Number of employees working remotely	198	103	+92.2%
Percentage of employees working remotely	8.6%	4.8%	+3.8%

Labour relations

LABOUR RELATIONS	Number of meetings in 2019				Number of agreements reached during the year
	WC	DP	OS and DS	Health and Safety (CHSCT)	
Financing	13	11	15	8	6
Brokerage	11	N/A	N/A	N/A	4
Group	0	0	4	0	1
Total	24	11	19	8	11

Compensation

Compensation and changes	Gross payroll 2019 ANNUAL DECLARATION OF SOCIAL DATA (DADS) excluding PRI	Gross payroll 2018 ANNUAL DECLARATION OF SOCIAL DATA (DADS) excluding PRI	Change 2019 / 2018
Financing	130,043,585	121,926,595	6.66%
Brokerage	N/A	N/A	N/A
TOTAL	130,043,585	121,926,595	6.66%

Additional indicators: environmental responsibility

ENERGY AND CO_2 emissions

Energy consumption and CO_2 emissions have been monitored since 2015 across all sites where Bpifrance operates. Floor space for which consumption data are not available were not taken into consideration in the m² calculation; they accounted for less than 1% in 2018 and 3% in 2019.
Consequently, the figures used have not been adjusted and, as with emissions, consumption is per active employee. Distribution is carried out between Bpifrance's operational subsidiaries based on distribution keys that account for the number of employees on their sites in Maisons-Alfort (head office), Haussmann, and Drouot. All other sites are allocated, almost in their entirety[18], to Bpifrance Financement.

ENERGY CONSUMPTION on property locations (1)			
(kWh)	2019	2018	Change 2019/2018
HEAD OFFICE (Le Vaisseau)	4,654,727	4,979,973	-6.5%
OTHER LOCATIONS	3,015,335	3,124,494	-3.5%
TOTAL	**7,670,082**	**8,104,467**	**-5.4%**
On a m² basis	102.2	109.4	-6.6%
Per active employee	3,128	3,559	-12.1%

[18] *Apart from approximately 1% on an Assurance Export site*

CO_2 EMISSIONS (in kg CO_2eq) associated with billed energy consumption[19] at property locations (1)			
	2019	2018	Change 2019/2018
CO2 emissions - Head Office (Le Vaisseau)	489,591	533,764	-5.4%
OTHER LOCATIONS	288,662	295,053	-2.2%
TOTAL	**778,252**	**828,817**	**-6.1%**
On a m² basis	10.4	11.2	-7.3%
Per active employee	317	364	-12.8%

Business travel:

	2019	2018	Change in 2019 vs 2018	2017	Change in 2019 vs 2017
TRAIN	16,826	12,455	+ 35.1%	11,850	42%
AIR TRAVEL	519,329	475,620	+9.2%	515,784	6.9%
VEHICLES	1,457,606	1,421,183	+2.6%	1,387,178	5.1%
TOTAL	**1,993,761**	**1,909,258**	**+4.4%**	**1,917,426**	**4%**

[19] *These data correspond with the invoiced data on the electricity (kWh) and gas consumption (kWh PCS) to which emissions factors (source Base Carbone) have been applied. The consumption of fuel oil is not significant, and therefore not included in the calculation.*

Paper consumption:

Paper consumption[20] (tonnes) Bpifrance SA			
	2019	2018	Change 2019/2018
Bpifrance Financement	62.8	69.2	-3.6%
Consumption per person (active employees on permanent + fixed-term contracts) (kg)	29.3	32.3	-9.4%
Consumption per person (active employees on permanent + fixed-term contracts + Work-study contracts) (kg)	27.2	30.4	-10.5%

CSR CHALLENGES	**Monitoring Indicators**	**Definition**	**2019 Indicator**	**2018 Indicator**
Business Ethics	Percentage of employees trained in AML/TF and anti-corruption procedures	**Scope: Bpifrance Financement** Number of employees trained in AML/TF and Anti-Corruption Procedures/Total number of employees who completed training once or more during the year (in permanent contracts, fixed-term contracts, work-study, and professional training) across the Bpifrance Financement scope	85.8%	83.80%
Data security	Number of anti-intrusion audits and tests	**Scope: Bpifrance Financement** Number of anti-intrusion audits and tests carried out during the year	34 (out of 45 at Bpifrance Group level)	13 (out of 39 at Bpifrance Group level)

[20] *Printing and copying paper, excluding letterhead paper and works entrusted to printers.*

CSR CHALLENGES	Monitoring Indicators	Definition	2019 Indicator	2018 Indicator
Fund security	Percentage of employees trained in AML/TF and anti-corruption procedures	**Scope: Bpifrance Financement** Number of employees trained in AML/TF and Anti-Corruption Procedures/Total number of employees who completed training once or more during the year (in permanent contracts, fixed-term contracts, work-study, and professional training) across the Bpifrance Financement scope	85.8%	83.80%
Ecological and Energy Transition (EET)	Weight of EET Financing in the year's activity	**Scope: Bpifrance Financement** Weight of EET in amounts of intervention in all of Bpifrance's actions excluding short-term financing (Year N-1). Scope: All supported companies in sectors addressing: l power generation from renewable sources l optimisation of consumption l and life-cycle management of natural resources All supported companies not belonging to the sectors listed above but having an EET project identified l by the financing mechanism l by the investment fund strategy l by the project purpose l by affiliation with a competitiveness division connected to the EET	11%	10%

CSR CHALLENGES	Monitoring Indicators	Definition	2019 Indicator	2018 Indicator
Economic development of the territories	Weight of financing for the fiscal year compared to the economic potential of the Regions	**Scope: Bpifrance Financement** Weight of Bpifrance financing for Year N-1, compared to the economic potential of the Regions (GDP of the Region against domestic GDP, published by INSEE)	See Table §5.1.8.5 Missions of General Interest... Digital Transformation	See Table §5.1.8.5 Missions of General Interest... Digital Transformation
Digital transformation	Weight of “Numetic” financing in the year's activity	**Scope: Bpifrance Financement** Weight of “numetic” in amounts of intervention - excluding holdings - in all of Bpifrance's actions excluding short-term financing (Year N-1). “Numetic” covers Bpifrance's interventions in Digital, Microelectronics, Photonics, Nanotechnologies - Nanoelectronics, Innovative Materials, Systems, Software and Onboard Systems, Exploiting Big Data.	8.9%	9.8%

CSR CHALLENGES	Monitoring Indicators	Definition	2019 Indicator	2018 Indicator
CUSTOMERS	NPS and Customer Satisfaction (Score)	**2018 Scope: Financing, Investment, Export Insurance** The Net Promoter Score is an indicator for measuring the net recommendation, positive or negative, that customers make about Bpifrance. It is calculated by subtracting the percentage of detractors (scores of 0-6) from the percentage of promoters (scores of 9- 10). Customer satisfaction (score)	NPS 27 Customer satisfaction (score): 7.2	NPS 35 Customer satisfaction (score): 7.5
QUALITY of Offering	NPS and Customer Satisfaction (Score)	**Scope: Financing, Investment, Export Insurance** The Net Promoter Score is an indicator for measuring the net recommendation, positive or negative, that customers make about Bpifrance. It is calculated by subtracting the percentage of detractors (scores of 0-6) from the percentage of promoters (scores of 9- 10). Customer satisfaction score out of 10	NPS 27 Customer satisfaction (score): 7.2/10	NPS 35 Customer satisfaction (score): 7.5/10

CSR CHALLENGES	Monitoring Indicators	Definition	2019 Indicator	2018 Indicator
Other Stakeholders	Number of complaints and claims filed against the entity regarding its impact on the environment, society, or human rights	**Scope: Financing Activities** Number of complaints and claims filed against the entity regarding its impact on the environment, society, or human rights during the year in question, brought to the attention of the Group Legal Department	0	0
Inclusion of Environmental, Social, and Governance (ESG) Challenges	Consideration of the challenges in the review and lending decision	**Scope: Bpifrance Financement** Consideration of the challenges in the review and lending decision	See above, "Consideration of CSR in financing activities"	See above, "Consideration of CSR in financing activities"
Quality of Life in the Workplace (QLW)	Absences due to illness	**Scope: Bpifrance Financement** Total number of days' absence for illness excluding long-term illness, compared to total personnel at 31/12 of Year N, excluding unpaid leave	3.6	3.9
	Employee satisfaction	**Scope: Bpifrance Financement, Investissement, Assurance Export** Employee satisfaction: satisfaction expressed by the number of employees answering the annual survey, "s'engager ensemble" - committed together, carried out in Year N in cooperation with an outside firm	70.5% (out of a population of 88% of employees responding to the satisfaction survey in 2019)	68.8% (out of a population of 83% of employees responding to the satisfaction survey in 2018)

CSR CHALLENGES	Monitoring Indicators	Definition	2019 Indicator	2018 Indicator
Diversity and Equal Opportunity	Women hired on permanent contracts and fixed-term contracts.	**Scope: Bpifrance Financement (including Bpifrance Courtage)** Number of women hired on permanent or fixed-term contracts out of the total number of employees hired on permanent or fixed-term contracts during Year N	55.2% of employees hired on permanent contracts were women Only one employee was hired in 2019. and this was a woman	54% of employees hired on permanent contracts in 2018 were women 40% of employees on 2018 fixed-term contracts were women
	Legal rate of employment of people with a disability (direct + indirect)	**Scope: Bpifrance Financement** Number of direct full-time equivalent (FTE) with a recognised disability out of the reference total personnel Number of FTE workers with disabilities in the company for Year N, resulting from subcontracting protected workers in associations to players in the sector Number of direct + indirect FTE out of reference total personnel	Direct legal employment rate of Bpifrance Financement: 2.52% Indirect legal employment rate of Bpifrance Financement: 3.21% Total legal employment rate of Bpifrance Financement after adjustments: 4.02%	Direct legal employment rate of Bpifrance Financement: 2.7% Indirect legal employment rate of Bpifrance Financement: 3.78% Total legal employment rate of Bpifrance Financement with reductions: 4.73%
	Percentage of young people under 30 and seniors over 55 among new hires on permanent contracts	**Scope: Bpifrance Financement (including Bpifrance Courtage)** Number of young people under 30 and seniors over 55 on their date of hire on a permanent contract, out of the total number of employees hired on permanent contracts in Year N	46% of employees hired on permanent contracts in 2018 were under 30 on their hiring date 2.8% were over 55 on their permanent hire date	57% of employees hired on permanent contracts in 2018 were under 30 on their hiring date 1.9% were over 55 on their permanent hire date

CSR CHALLENGES	Monitoring Indicators	Definition	2019 Indicator	2018 Indicator
Labour relations	Subjects of the agreements	**Scope: Bpifrance Financement (including Bpifrance Courtage)**	Employee savings scheme, disabled people, human resource planning (GPEC), health provident fund, gender equality	Quality of Life in the Workplace, Equal Opportunity Employment, Disability, working conditions and hours, and employee savings
	Number of agreements and addenda signed during the year	Subjects of the agreements Number of agreements and addenda signed during the year	10	18
Human Capital (training, talent, etc.)	Access to Training	**Scope: Bpifrance Financement** Number of employees following one, or more, training courses over the year (Permanent, Fixed-term, Apprenticeship, Professional training contracts) as a percentage of the average number of employees in year N	98.9%	94.7%
	Turnover of employees in permanent contracts	**Scope: Bpifrance Financement** Number of permanent contract resignations in Year N compared to permanent contract workforce on 31/12/Year N-1	2.95%	3.14%

Methodology note on calculating non-financial risk indicators

The statement of non-financial performance in this chapter is an integral part of the annual report of Bpifrance Financement. It formally specifies the exclusions and includes the mandatory information required by law, with the exception of the description of missions and business lines of Bpifrance Financement and its business model, shown in Part 3 of said annual report.

Scope:
The scope of this Statement of Non-Financial Performance is that of the operational activities and structures of Bpifrance Financement, fully consolidated at 31 December 2019, namely Bpifrance Financement, for financing, guarantee and short-term activities, as well as those of its subsidiaries Bpifrance Régions and Bpifrance Courtage, it being specified that operating activities are performed within Bpifrance Financement, except for those of Bpifrance Courtage.

Some topics were excluded from the scope of the review because they were immaterial with regard to the activities carried out by the Bpifrance Financement Group and, furthermore, to its functional issues and the procedures for carrying out those activities. These are combating food insecurity and waste, respect for animal welfare, and responsible, fair and sustainable food.

Data collection:
The definition of each of the data collected is specified in a reporting procedure and revised each year. Details are added to the definition as needed to facilitate understanding and reporting.
Indicators:

- Weight of EET financing in activity;
- Weight of financing compared to economic potential of regions;
- Weight of “Numetic” financing in activity.

This resulted in activity data for year N-1, as part of the work to assess Bpifrance measures to promote French businesses.

Collection process:
Data are collected by the Sustainable Development and CSR Department from the responsible departments (e.g. Human Resources for HR data; General Resources for data on property locations and their management, and energy consumption relating to business travel; the Assessment division of the Assessment, Research and Forecasting Department).
Data are analysed and tested (changes, consistency testing) to validate their consistency and reliability before they are published and explained.

Limits to collection and reliability:
There may be certain limits to accuracy and comparability, notably if data are unavailable; in such cases, appropriate explanations are provided.
The purpose of processes in place is to limit these inaccuracies in order to present information with satisfactory reliability, which are checked by an independent third-party organisation.

Epifrance Financement

Report of the Statutory Auditor on the Statement of Non-Financial Performance included in the management report

For the fiscal year ended 31 December 2019

Report of the Statutory Auditor on the Statement of Non-Financial Performance included in the management report

For the fiscal year ended 31 December 2019

To the General Meeting of Bpifrance Financement,

As a Statutory Auditor of Bpifrance Financement (hereafter the "entity") and following the request made to us, we hereby present our report on the Statement of Non-Financial Performance for the fiscal year ended 31 December 2019 (hereafter the "Statement"), presented in the management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the requirements of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

The Statutory Auditor's responsibility

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

-the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;

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- the fairness of the information provided in accordance with Article R. 225-105 I, 3° and -II of the French Commercial Code, namely the policy outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereafter the "Information").

However, it is not our responsibility to comment on:

. the entity's compliance with other applicable legal and regulatory provisions;
. the compliance of products and services with the applicable regulations.

Nature and scope of our work

Our work described hereafter was carried out in accordance with the provisions in Article A. 225-1 et seq. of the French Commercial Code setting out the terms and conditions under which the independent third party body carries out its assignment and in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes relating to this assignment as well as the international standard ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory requirements and the fairness of the Information:

- we considered the entity's activities, the presentation of the main social and environmental risks related to these activities, as well as the resulting policies and their outcomes;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement covers each category of information pursuant to Article L. 225-102-1 with regard -to social and environmental matters;
- we verified that the Statement presents the business model and the key risks associated with the entity's activity, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators;
- we verified where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code;
- we assessed the process used to identify and confirm the principal risks;
- we asked about internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the information;
- for the key performance indicators and the other quantitative indicators that we considered the most important, which are listed in the appendix, we carried out:

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work covers 100% of the consolidated data of the key performance indicators and results selected for the social and societal elements, and between 50% and 100% of the consolidated data of the key performance indicators and results selected for the environmental and societal elements.

– we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important, and which are listed in the appendix;

– we assessed the overall consistency of the Statement based on our knowledge of all the entity.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 4 people between October 2019 and March 2020 and took a total of 2 weeks.

To assist us in completing the work, we called upon our sustainable development and social responsibility specialists. We conducted four interviews with the persons responsible for preparing the Statement, representing in particular the sustainable development, human resources, training and statistical studies departments.

Conclusion

Based on our work, we have not discovered any significant anomaly that causes us to believe that the Statement of Non-Financial Performance is not presented in accordance with the aforementioned regulatory requirements and that the Information, taken as a whole is not presented fairly in accordance with the Guidelines, in all material respects.

Neuilly-sur-Seine, 30 March 2020

PricewaterhouseCoopers Audit

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Pierre Clavié
Partner

Pascal Baranger
Director, Sustainable Development Department

Appendix: List of information that we considered the most important

Key performance indicators and other quantitative results:

- Average number of sick days in 2019 excluding long-term illness;
- Employee satisfaction rate in 2019;
- Women hired on permanent contracts and fixed-term contracts in 2019;
- Percentage of young people under 30 and seniors over 50 among new hires;
- Number of agreements and amendments signed during 2019;
- Rate of access to training in 2019;
- Employee turnover rate in permanent contracts in 2019;
- Energy consumption in office locations in 2019;
- Number of Bpifrance Financement employees trained in anti-corruption in 2019;
- Percentage of employees trained in AML/TF and anti-corruption procedures in 2019;
- Change in the number of anti-intrusion tests between 2018 and 2019;
- Carbon footprint of the listed portfolio in 2019;
- Weight of EET financing in activity in 2019;
- Weight of 2019 financing compared to the economic potential of the Regions;
- Weight of "Numetic" financing in activity in 2019;
- Net Promoter Score in 2019;
- Customer satisfaction rate in 2019;
- Number of complaints and claims filed against the entity regarding its impact on the environment, society, or human rights in 2019;
- Percentage of companies answering the question about the sensitivity of their activities to climate/energy issues as part of the annual ESG campaign for 2019.

Qualitative information (actions and outcomes):

- Provisions of QVT agreements;
- Partnership with the "Our Neighbourhoods Have Talent" association;
- Gender equality agreement of July 2019;
- Inclusion of ESG analysis in each investment file;
- Availability of "Ethics and Compliance space on the Bpifrance website;
- Support for companies in the EET sector;
- Deployment of Regional Accelerators;
- Self-diagnostic tool made available to companies, the "digitalometer".

5.1.9 Other information

Main equity interests

The detailed table of subsidiaries and holdings is found on page 235 of the report (note 7.2 of the notes to the separate financial statements).
No material transactions were carried out by Bpifrance Financement in 2019.

Free shares, stock options reserved for salaried employees and executives of Bpifrance Financement

No plans were implemented during the fiscal year closed on 31 December 2019, to grant free shares or share subscription (or purchase) options to Bpifrance Financement employees or executives.

Bpifrance Financement share buyback programme

No share buyback programme was set up by Bpifrance Financement during the year ended 31 December 2019.

Bpifrance Financement employee profit-sharing

At 31 December 2019, no employee held any shares in Bpifrance Financement.

Proposed ratification of the co-optation of directors

- On 19 December 2019, following the death of Pierre-François Koehl, the Board of Directors co-opted Eric Beyrath as a director of the company, for the remaining term of office of Pierre-François Koehl, i.e. until the end of the Ordinary General Meeting to be held in 2023 to approve the financial statements for fiscal year 2022.

Eric Beyrath is Director of the Balance Sheet Steering and Financial Management Department within the Finance Division at the Caisse des Dépôts group.

On 11 March 2020, following the resignation of Olivier Fabas as director, the Board of Directors co-opted Carole Abbey as a director of the company, for the remaining term of office of Olivier Fabas, i.e. until the end of the Ordinary General Meeting to be held in 2023 to approve the financial statements for fiscal year 2022.

Carole Abbey is Managing Director of Strategic Holdings at Caisse des Dépôts.

Additional information about Eric Beyrath and Carole Abbey pursuant to Article R. 225-83 of the French Commercial Code has been made available to shareholders under the conditions indicated in Articles R. 225-88 and R. 225-89 of that same code.

Proposal to amend the Company's Articles of Association

A proposal has been made to amend the Company's Articles of Association as follows.

a) Amendment of the Company's Articles of Association in relation to the registered office

The "Sapin Law" widened the Board of Directors' powers to transfer the registered office. From now on, subject to ratification by the next Ordinary General Meeting, the Board of Directors may transfer the registered office anywhere on French territory and not just within the same department or a neighbouring department.

The proposal is to amend the second paragraph of the article relating to the registered office in the Articles of Association (Article 4) to include the Board of Directors' legal powers in terms of transferring the registered office.

b) Creation of an article specifying how written consultations of Boards of Directors are to be organised.

Law No. 2019-744 of 19 July 2019, on simplifying, clarifying and updating company law, permits Boards of Directors to take a limited number of decisions by means of written consultation, provided that use of this option is set out in the Articles of Association.

On the report date, these decisions related to:

- the temporary appointment of board members should a vacancy arise;
- authorisation of sureties, endorsements and guarantees granted by the Company;
- transfer of the registered office within the same department and corresponding amendment of the Articles of Association;
- decisions taken by authorisation of an Extraordinary General Meeting, pursuant to paragraph two of Article L. 225-36 of the French Commercial Code, to amend the Articles of Association to make them compliant with legislative and regulatory provisions;
- Convocation of General Meetings of Shareholders.

The proposal is to amend the Company's Articles of Association to specify that the Board of Directors may, by written consultation of its members, take any decisions permitted by law using this procedure. This amendment would be contained in Article 13.4 of the Company's Articles of Association.

The Articles of Association will also specify the conditions under which written consultations of the Board must take place.

Proposal for the allocation of earnings from the fiscal year

Bpifrance Financement earnings for 2019 were €246,927,687.23. It is proposed that these earnings be allocated as follows:

2019 Bpifrance Financement	In euros
Distributable profit for the year	246 927 687,23
Retained earnings	671 735 072,46
Available balance	***918 662 759,69***
Transfer to the legal reserve	12 346 384,36
Distributable balance	**906 316 375,33**
Allocation to other reserves	0,00
Distribution of dividends	0,00
Allocation to retained earnings	234 581 302,87
Total retained earnings after allocation of earnings	***906 316 375,33***

Payment deadlines for suppliers and customers

The balance of accounts payable at 31 December 2019 stood at €490,707.
The balance of accounts receivable at 31 December 2019 stood at €188,614,868.

These balances are broken down according to the due-dates of the debt (for supplier payment deadlines) and the receivables (for payment deadlines by customers) in the following table: The information below does not include banking transactions or related transactions:

Invoices received and issued and still outstanding at the closing date, in arrears (table pursuant Article D.441-4)

	Article D.441I.1°: Invoices received and unpaid at the closing date, in arrears						Article D.441I.2°: Invoices issued and unpaid at the closing date, in arrears					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment brackets												
Number of invoices concerned	3					69	70					5918
Total amount of invoices concerned excl. tax	2 145	228 543	135 463	63 494	25 854	453 355	3 976 711	9 433 429	4 537 932	3 286 981	34 662 553	51 920 895
Percentage of the total amount excl. tax of purchases excl. tax of the fiscal year	0%	0%	0%	0%	0%	0%						
Percentage of revenue excl. tax of the fiscal year							2%	1%	0%	0%	2%	2%
(B) Invoices excluded from (A) relating to disputed or unrecorded debts and receivables												
Number of invoices excluded	4	49	1	2	19	71	42,00	454	129	144	2292	3019
Total amount of invoices excluded	2 165	26 535	35	194	6 278	33 043	1 484 902	5 005 446	2 790 911	6 468 709	116 967 294	131 232 360
(c) Reference payment terms used (contractual or legal - Article L.441-6 or L.443-1 of the French Commercial Code)												
Payment terms used for the calculation of late payments	* Contractual terms: yes * Legal terms: No						* Contractual terms: yes Legal terms: No					

Non-deductible charges

The non-deductible charges (Article 39-4 of the General Tax Code) incurred by Bpifrance Financement during 2019 totalled €839,079.73.

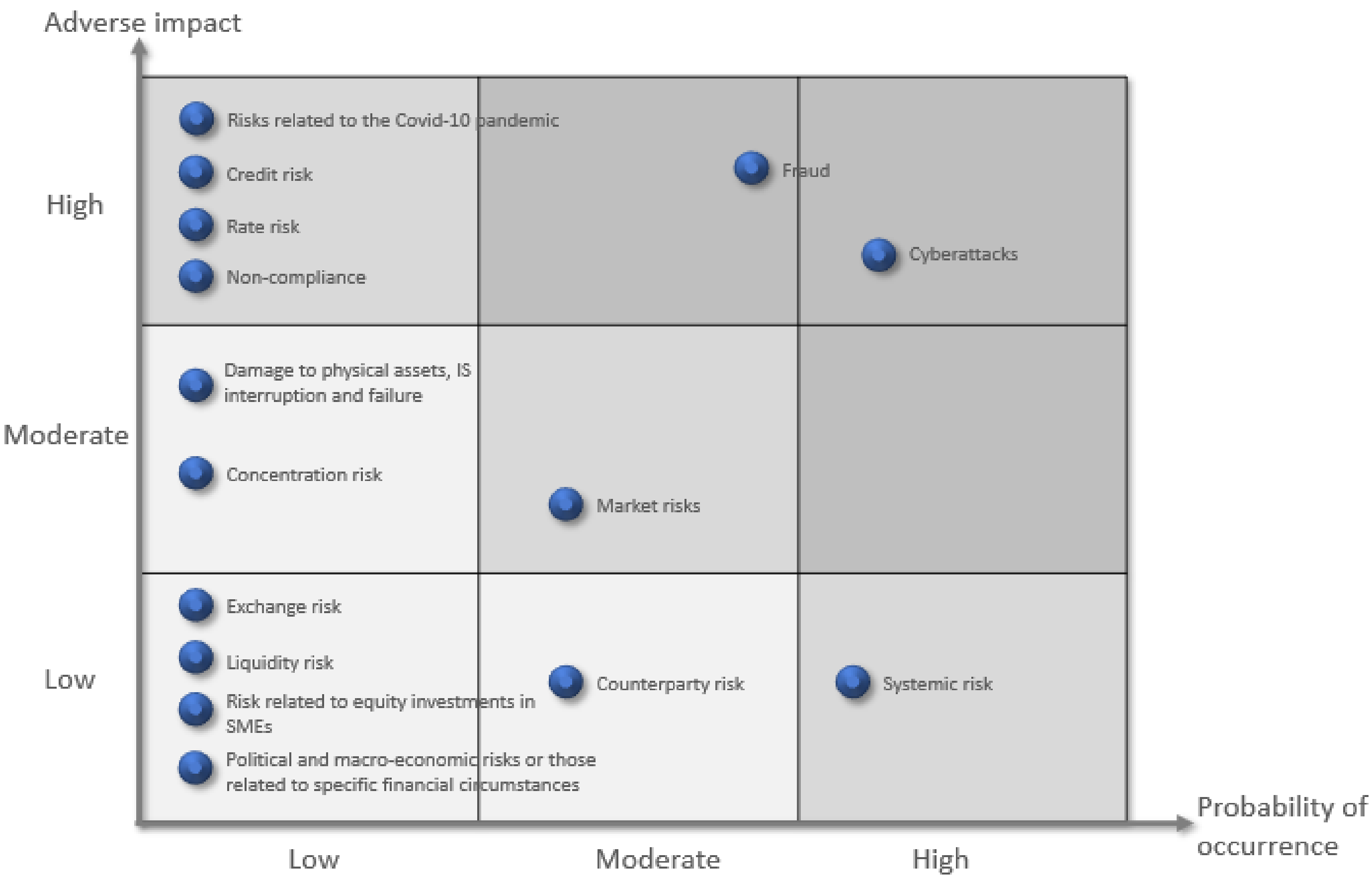
Research and development activities

Bpifrance Financement does not have any research and development activities.

5.2. Risk factors

Bpifrance Financement assessed the risks that could have a significant negative impact on its business activities, its financial position or its earnings (or on its ability to achieve targets), and found that there were no significant risks other than those disclosed in Section 5.2.1 of the Universal Registration Document.

As part of its risk review, Bpifrance Financement updated the risk matrix that summarises these risks according to their significance and probability of occurrence. It is reproduced below so that the issues can be viewed at a glance but without replacing the further explanations that follow.



Every three years, the main risks with which Bpifrance Financement is faced, are subject to a mapping process in which all Bpifrance Financement functions are involved. The different risks are categorised according to their potential impact and their probability of occurrence. This risk map reflects Bpifrance Financement's exposure and incorporates the control measures taken to limit their probability and impact. This matrix is a risk management tool.

At the date of this Universal Registration Document, the main risks to which Bpifrance Financement believes it is exposed are shown under the following categories, not in any order of priority:

- risks associated with non-performance of Bpifrance Financement assets (four key risks);
- financial risks (five key risks); and
- operational risks associated with activities (six key risks).

Within each category, risks are prioritised and classed in decreasing order of importance, at the date of this Universal Registration Document, and according to their negative impact and probability of occurrence, in consideration of the risk management measures put in place and set out in Section 5.2.2 of this Universal Registration Document. The risks set out in Section 5.2.1 are, therefore, risks that are "net" of measures to reduce said risks.

Other risks that are, to date, unknown, or considered unlikely to have a significant negative effect on the date of this Universal Registration Document may have a significant impact on Bpifrance Financement in the future.

The table below summarises the main risk factors identified by Bpifrance Financement and shows, for each one, the probability of occurrence as well as their negative impact on Bpifrance Financement on the date of filing of this Universal Registration Document.

The probability of occurrence and the extent of the negative impact of the risks are assessed according to three levels ("low", "moderate" and "high") and the following legend is used:

Negative impact	*** high	** moderate	* low
Probability of occurrence	@@@ high	@@ moderate	@ low

		Negative impact	Probability of occurrence
Category 1: Risks associated with the non-performance of Bpifrance assets	Credit risk	***	@
	Concentration risk	**	@
	Systemic risk	*	@@@
	Counterparty risk	*	@@
Category 2: Financial risks	Rate risk	***	@
	Market risks	**	@@
	Liquidity risk	*	@
	Exchange risk	*	@
	Risk related to equity investments in SMEs	*	@
Category 3: Operational risks	Risk associated with cyberattacks	***	@@@
	Fraud risk	***	@@
	Non-compliance risk	***	@
	Risks related to the Covid-19 pandemic	***	@
	Damage to physical assets, IS interruption and failure	**	@
	Political and macro-economic risks or those related to specific financial circumstances	*	@

5.2.1 Principal risks

5.2.1.1 Risks associated with the non-performance of Bpifrance assets

Credit risk

In accordance with the regulations in effect, credit risk is the risk resulting from the default of a counterparty or counterparties considered to be a single beneficiary group (EU Regulation no. 575/2013/Article 4 point 39).

Bpifrance Financement is exposed to credit risk for all customers granted a loan or a guarantee. Its outstandings are concentrated in French small and medium-sized enterprises (SMEs) and mid-tier companies. Bpifrance Financement's maximum credit risk exposure includes in particular financing activities (long and medium-term loans, short-term financing, and finance lease operations) to corporate customers and commitments through guarantees and signature.

Customer defaults on loans or guarantees, or counterparty defaults on financial transactions (derivatives, securities, repo) may result in financial losses and have a significant negative impact on Bpifrance Financement's earnings, financial position and outlook.

The development loan business line (including innovation loans) is particularly sensitive to credit risk. Loans without guarantees granted in 2019 accounted for around 3.18% of the total Financing activity. Innovation-related development loans granted in 2019 amounted to €441 million. These loans accounted for around 34.6% of all innovation loans and aid

The outstanding amount of customer loans and receivables (medium and long-term loans, short-term financing, property leasing, equipment leasing, etc.) is divided into two categories: performing and doubtful. As at 31 December 2019, performing and doubtful outstandings accounted for around 96.1% and 3.9%, respectively, of total outstandings.

Detailed information relative to the credit risk is set out in note 8 of the notes to the consolidated financial statements.

Concentration risk

The concentration risk to which Bpifrance Financement could be exposed is too great a dependency on certain counterparties (individual concentration), certain business segments (sector concentration) or even certain geographical regions (geographical concentration).

This can also aggravate the aforementioned credit risk. If Bpifrance Financement's exposure is concentrated on one sector with a high number of defaulting counterparties, the negative impact on Bpifrance Financement's earnings and financial position could be accentuated.

Bpifrance Financement's activity is entirely concentrated within France.
Bpifrance Financement's portfolio also has a certain degree of concentration on some sectors as well as on the French economy in general. The most sensitive sectors are, in particular, services and industry, which accounted for around 68% and 19%, respectively, of customer loans and receivables in the 2019 financial year. For further details, see Section 8.4 "Quantitative analyses of the credit and counterparty risks on financial activities" of Note 8 to the consolidated financial statements.

Systemic risk

Bpifrance Financement is exposed to systemic risks associated with the potential deterioration of the financial system occurring, in particular, as a result of the French economy going into recession. Deterioration in the debt profile could lead to the French State being downgraded by specialist agencies and result in investors' experiencing a crisis of confidence. Bpifrance Financement, a percentage of whose activity is reliant on interdependent links with other banking institutions, is also exposed to the potential failure of these institutions.

A financial crisis with systemic effects could, therefore, significantly impact Bpifrance Financement's earnings and financial position, particularly in the event of the failure of a number of counterparties.

Counterparty risk

- **The counterparty risk on financial assets**

The counterparty risk on financial assets includes the risk relating to interbank transactions and securities transactions on the financial markets (excluding derivatives). The other securities transactions not falling into this perimeter (securities used for the portfolio activity and investment securities) are mentioned in note 8.4 to the consolidated financial statements.

Bpifrance Financement is exposed to this counterparty risk. In fact, according to this definition, counterparty risk stood at €10,427 billion on 31 December 2019, versus €10,055 billion at 31 December 2018.

	Counterparty risks as at 31/12/2019 (in € million)					
Counterparty category	Financial assets at fair value through the income statement	Financial assets at fair value through equity	Loans and receivables to lending institutions	Financial assets at amortised cost	Total	Distribution
Central government agencies*	-	-	-	7,150.8	7,150.8	68.6%
Credit & other institutions	-	1,238.2	900.2	373.4	2,511.8	24.1%
Companies	-	-	-	14.0	14.0	0.1%
Money market UCITS	721.5	-	-	-	721.5	6.9%
Total counterparty risks	**721.5**	**1,238.2**	**900.2**	**7,538.2**	**10,398.1**	**99.7%**
Investment securities	-	29.3	-	-	29.3	0.3%
Total financial income	**721.5**	**1 267.5**	**900.2**	**7,538.2**	**10,427.4**	**100.0%**

- **The counterparty risk on derivative instruments**

Since transactions using derivative instruments are systematically covered by collateral, the risk to which Bpifrance Financement is exposed is measured on the basis of a fraction of the notional rather than their value in the balance sheet; it is added to the counterparty risks on financial assets in order to measure the overall risk per counterparty.

5.2.1.2 Financial risks

Rate risk

The interest rate risk consists of the risk that Bpifrance Financement may suffer losses caused by an unfavourable change to the interest rates, notably in case of an imbalance between the interest rates generated by its assets and the interest rates owed on its liabilities.

In the event of a negative movement in the market yield curve in relation to the Bpifrance Financement rate change profile (unmatched assets and liabilities at fixed and variable rates), Bpifrance Financement may suffer a loss in terms of net interest margin and equity (Net Present Value –NPV). This type of situation could, therefore, have a significant negative impact on Bpifrance Financement's earnings, financial position and outlook.

Bpifrance Financement's exposure to rate risk is, in particular, measured by analysing the sensitivity of the interest margin and the net present value of the balance sheet. For information purposes, at 31 December 2019, if interest rates had risen by 200 basis points, the interest margin would have dropped by €0.1 million and the net present value of the balance sheet would have fallen by €398.5 million. For further details, see Section 8.5 "Market risks" of the notes to the consolidated financial statements.

Market risks

The market risk includes the risk of losses due to changing prices for market products, volatility and correlations.

The liquidity of the assets is a fundamental component of the market risk. In case of insufficient or non-existent liquidity (for example after a decrease in the number of transactions or imbalance in the supply and demand involving certain assets), it may not be possible to sell a financial instrument or other disposable asset at its real or estimated value.

Liquidity risk

Bpifrance Financement is exposed to liquidity risk which may, in particular, be reflected by a drop in the funding sources available and by a reduction in the liquidity of certain assets. The liquidity risk consists of the risk that Bpifrance Financement may not be able to meet its obligations when they fall due.

Liquidity risk may, in particular, take the form of lack of confidence in Bpifrance Financement and in the guarantor of its issues, EPIC Bpifrance, resulting in exclusion from the bond market and a rise in the cost of liabilities. For information purposes, at 31 December 2019, 77% of customer loans (amounting to €33.9 billion in outstandings) were funded on the financial markets under EMTN (€25.5 billion) or NEU MTN (€0.7 billion) programmes. The EMTN programme accounted for 75% of the medium and long-term refinancing carried out by Bpifrance Financement in 2019.

A hike in financing costs could, therefore, have a significant negative impact on Bpifrance Financement's earnings, financial position and outlook.

Exchange risk

Bpifrance Financement is exposed to exchange risk, which consists of the risk that changes in foreign exchange rates might have a negative impact on the value of instruments and so generate losses on capital borrowed or loaned in currencies other than the euro.

For information purposes, a 15% drop in EUR/USD and EUR/GBP exchange rates, as of 31 December 2019, would have led to a drop in earnings of €0.107 million.

Risk related to the equity interests of Bpifrance Financement in the capital of small and medium-sized companies

As part of its financing activity, Bpifrance Financement is exposed to the risk of losses related to its direct or indirect investments in the capital of small and medium-sized companies.

5.2.1.3 Operational risks

Risk associated with cyberattacks

Bpifrance Financement is exposed to the risk of cyberattacks, including any malicious and/or fraudulent acts involving the use of digital means to access stored data. Due to the large amount of sensitive data collected, Bpifrance Financement could be the subject of a cyberattack.

In the event of its information systems failing or inadequate defence against a cyberattack, Bpifrance Financement could find itself unable to guarantee the integrity (both in terms of completeness and accuracy) of the data and reports generated by information systems. That could have a negative impact on Bpifrance Financement's reputation, its activity and its financial position.

Fraud risk

Bpifrance Financement is exposed to the risk of both internal, external, fraud.

Bpifrance Financement may find itself in a position where it is unable to comply with anti-corruption or money laundering laws which are constantly changing. More generally speaking, Bpifrance Financement may suffer losses due to unauthorised actions, acts of fraud, embezzlement or circumvention of rules, laws, or Company policy, prohibiting diversity or discrimination of any kind, involving at least one insider.

Bpifrance Financement could also have difficulty in preventing funds from being misappropriated. These types of acts, as well as any circumvention of rules, involving a third party, could have a significant negative impact on Bpifrance Financement's earnings.

Non-compliance risk

Non-compliance risk is the risk of legal, administrative or disciplinary sanction, significant financial loss or reputational damage resulting from non-compliance with directly applicable national or European provisions appertaining to banking and financial activities, whether of a legislative or regulatory nature, whether covered by professional or ethical standards, or instructions from executive directors in accordance with supervisory body guidelines.

Bpifrance Financement is exposed to the risk of non-compliance, in particular, due to constant changes in applicable regulations that could result in new regulations being misinterpreted or certain mechanisms not being applied on time. These types of failures could have a significant impact on Bpifrance Financement's reputation and, as a result, its activity.

Risk related to the Covid-19 pandemic

The rapid spread of the Covid-19 pandemic around the world has resulted in the deterioration in the economic climate of a number of business sectors and has led to turmoil in the financial markets. The quarantine measures imposed by governments on their citizens worldwide have led to a sharp reduction in economic activity and severe drop in growth estimates.

Being ready and able to help companies to overcome the economic difficulties associated with the consequences of this pandemic, Bpifrance Financement introduced exceptional measures to support French companies. This pandemic does, therefore, pose a risk for Bpifrance Financement, insofar as the Bpifrance Financement balance sheet is, in particular, exposed to the following elements which may be impacted by the pandemic: (i) credit risk attached to the portfolio of customer loans, (ii) the market conditions in which it obtains refinancing and (iii) the valuation of the fixed or variable-rate securities held in its portfolio. Depending on the speed with which economic support measures for companies are put in place by Governments, additional liquidity is supplied to the market and to banks by central banks and depending on companies' resilience, the consequences of this pandemic could have a significant negative impact on Bpifrance Financement's activities, operations and earnings.

Risks associated with damage to physical assets, IS interruption and failure

Bpifrance Financement's activity is, in part, reliant on information systems and could, therefore, be disrupted by any breakdown, or interruption, of services, even if only temporary. These types of incident could have a significant negative impact on Bpifrance Financement's earnings and reputation.

The occurrence of unforeseen events or natural disasters or non-compliant behaviours in relation to the bank's environment, could impact on Bpifrance Financement's activity. In fact, operational difficulties could arise and have a significant negative impact on Bpifrance Financement's earnings and financial position.

Political and macro-economic risks, and risks related to the financial circumstances specific to the countries in which Bpifrance Financement operates

Bpifrance Financement is exposed to the risk of losses potentially arising from negative political, economic and legal developments, including currency fluctuations, social instability, changes in government or central bank policy, expropriation, asset confiscation and changes to the legislation on property rights.

5.2.2 Management of principal risks

The methods used to learn about, and manage, each of the principal risks with which Bpifrance Financement is confronted, are described in this section.

5.2.2.1 Managing risks associated with the non-performance of Bpifrance Financement assets

Managing credit risk

As part of its activities to support the economy, Bpifrance Financement relies on a guarantee fund system with budget endowments from the Public Authorities (national and regional funds).

Risks on guarantee and innovation business lines, and partly on financing business lines (particularly loans without guarantees/development loans which are the most exposed) are backed by guarantee funds.

The guarantee funds hedge customer outstandings (loans and finance leases) in assets for €6,842.2 million. The funds allocated to hedging these outstanding amounts stood at €848.2 million. This fund also hedges the financing granted to customers by bank partners for €12,789.9 million.

An *ex-ante* provisioning mechanism (collective provision) hedges future losses expected at maturity. For information purposes, in 2019, provisioning for Expected Credit Losses accounted for a provision of €15.0 million, bringing the 2019 "ECL" provision inventory to €403.8 million.

Margin call procedures were implemented with financial counterparties within the context of derivatives transactions.

Managing concentration risk

Bpifrance Financement's operations are diversified both in terms of products, business sectors and counterparties.

This diversification of client risk is framed by a system of limits developed based on Bpifrance Financement's capital and outstandings:

- overall limits by beneficiary client group, all products included;
- sector limits (business sector by NAF code) for direct loan activities (medium and long-term loans, short-term financing).

The limits are monitored by several Bpifrance Financement departments and a quarterly report is produced for the Risk Committee of Bpifrance Financement. All exposures are also managed by the large risk exposure limits set out below.

Exposure to financial counterparties is limited and primarily focused on large French financial institutions. Some exposures are classed as *retail* and covered by prudential regulations.

In addition, regulations for major risks require a declaration to the regulator at the end of each quarter[21].

A major risk is exposure to a client or a group of connected clients whose total value, after the exemptions allowed for by regulations[22], reaches or exceeds 10% of the eligible capital of the institution making the declaration[23], without the exposure exceeding 25% of said capital[24]..

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[21] Articles 387 to 403 of Regulation EU 575/2013 of 26 June 2013 on the prudential requirements applicable to lending institutions and investment companies.
[22] Article 400 of the above-cited regulation.
[23] Article 392 of the above-cited regulation.
[24] Article 400 of the above-cited regulation.

The quarterly reporting requirement includes the twenty most significant risks, as well as the ten greatest risks for lending institutions and the ten greatest risks for non-regulated financial entities[25] including when the exposures taken into account are exempt or do not exceed the abovementioned threshold for the identification of a major risk.

The declaration for 31 December 2019, established on a consolidated basis, is as follows:

At 31/12/2019	Number of Major Risks	Cumulative Major Risks
Bpifrance Financement	2	26.54%

Two major risks were identified at 31 December 2019, but did not exceed the individual regulatory limit of 25% of capital.

Managing systemic risk

Bpifrance Financement's equities portfolio is entirely refinanced by shareholders' equity. Prudential reserves were set up for the credit portion with, in particular, *ex ante* collective provisions and guarantee funds, details of which appear in the section on "managing credit risk" below.

Stress testing tools are also used to manage systemic risk.

Managing counterparty risk

The overall counterparty risk is managed by means of a limit system based on the ratings assigned to each counterparty by specialised agencies. Counterparties are grouped into eight categories, each of which has an associated limit for commitment amounts, calculated from an internal model, as well as a commitment duration limit relating to the future probability of default.

Given their nature and duration, the financial operations undertaken by Bpifrance Financement are almost exclusively carried out with government agencies (68.6%), primarily the French State, and lending or other institutions (24.1%).

In view of the public nature of most of the managed funds, the emphasis is on the search for the greatest possible security of the transactions:

- the authorised counterparties have at least a rating of “A” as provided by specialised agencies;
- transactions involving derivative instruments are systematically the subject of collateral agreements;
- cash transactions are governed by strict duration rules.

[25] Article 394 of the above-cited regulation.
[26] In % of regulatory capital.

5.2.2.2 Managing financial risks

Managing interest rate risk

Overall rate risk is managed (within the meaning of regulation 90-15 of the Banking and Financial Regulation Committee) by Bpifrance Financement: all interest rate positions are monitored by the Bpifrance Financement ALM Committee. As such, hedge instruments are kept in management portfolios, and the assessment of their contribution to the establishment's rate risk reduction is integrated into the follow-up system.

The management of the Bpifrance Financement rate risk relative to the "Financing" business line is intended to minimise the impact of fluctuations of market interest rates on the net interest margin, both in terms of the short-term impact on the NBI (revenue risk) and of the present value of the future cashflows (value risk).

Bpifrance Financement's interest rate exposure in respect of revenue and value risk at 31 December 2019, was well below authorised limits.

Managing liquidity risk

Bpifrance Financement's liquidity policy is updated annually as part of the Internal Liquidity Assessment Adequacy Process (ILAAP). The appetite for liquidity risk is defined by three main principles set out by the Board of Directors:

- annual independence from the markets in the event of a crisis;
- the reduction in new origination in the event of a crisis;
- Segregated management of liquidity reserves under normal management (segregation between the two Bpifrance Financement Investment and Financing units as well as between the Financing division's Financing, Guarantee and Innovation business lines).

Management of the liquidity situation of Bpifrance Financement is assessed on the basis of internal indicators, subject to alarm thresholds and limits. The key liquidity indicators defined make it possible to measure Bpifrance Financement's adequacy for its risk appetite. These indicators reflect Bpifrance Financement's desire to ensure the continuity of its business for one year, under normal management and under stress, at predefined levels in both these scenarios.

In addition, Bpifrance Financement has a reserve of liquid assets breaking down into a current liquidity reserve, consisting of liquid assets used for refinancing operations under normal management, and a contingency plan liquidity reserve that can be mobilised in the event of proven liquidity stress, i.e. a situation in which the institution was unable, during a period calibrated by risk appetite, to procure new funds on the equity markets.

Overall, the establishment measures its medium and long-term financing needs on the basis of the schedule of operations, new business assumptions and outflow agreements for the transactions without maturities. On these bases, the financing stalemate is projected, which is expressed as stocks and flows. The forecasts for the financing of new activity needs are updated each month, on a monthly basis for the 12 coming months, then on an annual basis beyond this horizon. Bpifrance Financement is also active in the financial markets, and notably on the domestic bond market. Moreover, it adds to a portfolio of State securities, for which a repurchase agreement secures access to interbank liquidity under the best rate conditions. Finally, it has a stock of private liabilities available for use and eligible for refinancing with the ECB.

At 31 December 2019, the short-term liquidity coefficient (LCR) implemented under Delegated Regulation 2015/61, was estimated at 360% (a sign of a very satisfactory cash position for short-term maturities).

Managing foreign exchange risk

In view of the characteristics of its funding for companies, Bpifrance Financement is only occasionally active in the exchange market. The established limits are intended to desensitise the establishment to the risk of changing exchange rates.

Bpifrance Financement carries out very few foreign currency operations, and all operations are hedged in order to reduce the possible risks. Their potential impact on the profit and loss statement is negligible.

5.2.2.3 Managing operational risks

Managing risks associated with cyberattacks

Bpifrance Financement has opted for a strategy that aims to prevent the risk of cyberattack by combining prevention, education, protection, detection, circumvention and recovery. The ISD has, therefore, implemented a series of systems to counter different types of attacks:

- web filtering;
- mail filtering; and
- anti-virus software.

The Group Security Committee, which meets once every six months, presents the macro indicators, then describes them in greater detail and sends a report to all those invited to attend.

Managing fraud risk

To counter the risk of confidential information being transmitted to competitors:

- control/limit on data exported to removable media;
- secure printers when printing confidential documents.

To control access to confidential data, a system of tracing access by acquisition of software and/or SIEM has been set up.

Several anti-corruption initiatives were launched including, in particular, a code of conduct, the introduction of an anti-corruption programme, more stringent accounting audits to prevent corruption and influence peddling and systematic due diligence exercises.

An AML procedure is in place with, in particular, training for managers and operational staff in AML issues.

A new tool dedicated to AML/TF now makes it possible to input KYC information and to make data and links between corporate clients more reliable.

A third party assessment system for customers was extended to suppliers in December 2019.

Close monitoring of compliance with local contacts was introduced.

Managing non-compliance risk

A group compliance policy has been implemented and incorporates the subjects on which the Compliance and Permanent Control Department (CPCD) must be consulted and an Internal Control Charter to strengthen Bpifrance Financement's internal compliance culture and reaffirm the universality of the work of the internal control teams.

The CPCD issues a compliance notice for new products and new activities.

Education and training on compliance and ethics has also been put in place.

A regulatory watch committee is in charge of identifying new regulations in order to prevent risks of future non-compliance and is responsible for oversight of the works required to achieve compliance.

Managing Covid-19 pandemic-related risks

In order to limit Bpifrance Financement's exposure, a human resources communication was organised as well as campaigns to raise awareness, limits on travel and activation of the Emergency Response and Business Continuity Plan (PUPA).

Managing risks associated with damage to physical assets, IS interruption and failure

An Emergency Response and Business Continuity Plan (PUPA) is set out every three years. The Business Continuity Plan (PCA), ISD support and IT Continuity Plan are incorporated in the PUPA.

A warning system provides automatic alerts in the event of equipment failure or service interruption.

Backup facilities are in place and preventive monitoring of the environment is carried out to limit any systems failure.

Insurance policies are also taken out.

5.2.3 Capital adequacy and solvency

At 31 December 2019, the total solvency ratio of Bpifrance Financement was 14.75%.

Solvency ratio: capital and weighted risks

(in € millions)	31/12/2018	31/12/2019
Regulatory capital	**4,303**	**4,468**
of which core capital	3,663	3,798
of which additional capital (1)	640	670
Weighted risks	**31,275**	**30,299**
Credit risk*	29,833	28,721
Balance sheet items	27,020	25,611
Off-balance sheet items (2)	2,814	3,110
Operational risk**	1,436	1,577
Credit Value Adjustment (CVA)	6	1
Solvency ratio	**13.76%**	**14.75%**
of which core capital	11.71%	12.53%
(1) of which:		
Guarantee Fund	142	113
Reserve Fund	47	27
Subordinated loans	450	530
Subordinate securities of indefinite duration	0	0
Redeemable Subordinate Securities	0	0
(2) including forward financial instruments	10	5

* Credit risk calculated using the CRR/CRD IV standardised approach
** Operational risk calculated using the CRR/CRD IV basic indicator approach

The changes in the solvency ratio between 31 December 2018 and 31 December 2019 resulted from:

- an increase in weighted outstandings due to growth in exposures on the financing business lines (particularly medium & long-term loans) offset by a drop in weighted outstandings on CICE pre-financing. This drop was primarily due to a change in the method and application of a 0% weighting on receivables where the end counterparty is the State;
- an increase in capital related to the recognition of earnings for the 2019 year, the increase in additional capital (Tier 2) further to the issue of a subordinated loan of €80 million fully subscribed by Bpifrance SA, as well as the contribution in Tier 2 of guarantee funds.

5.2.4 Insurance and risk hedging

The insurance policies taken out primarily cover risks related to Bpifrance Financement's property holdings, including special risks (the once-in-a-hundred-years flood risk) and those related to the safety of its staff: damage to property and to contents, taking into account replacement value, professional liability and operational civil liability in the event of personal injury or damage to property or intangible assets caused to third parties.

The above cover is supplemented by a comprehensive information technology policy for IT equipment, office automation and specific hardware. This policy also includes a data recovery guarantee and an additional guarantee for supplementary operating expenses.

5.3. Internal control and risk management system

Approved by the French Prudential Control and Resolution Authority (ACPR) as a lending institution, Bpifrance Financement is subject to all of the provisions of the French Monetary and Financial Code and the decree of 3 November 2014, relating to the internal control of banking sector companies, of the Consultative Committee on Legislation and Financial Regulation with regard to internal control.

In addition, since 4 November 2014, the Bpifrance group, and in particular Bpifrance Financement, is under the supervision of the European Central Bank (ECB) as part of the Single Supervisory Mechanism (SSM). Since then, Bpifrance Financement been directly supervised by the ECB, in conjunction with the ACPR, which retains its sovereign role for issuing regulatory approval and for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).

5.3.1 The organisation and operation of the Bpifrance Financement internal control

The internal control mechanism of the Bpifrance Group is structured around a set of resources, procedures, functions and actions adapted to the characteristics of the group and each of its subsidiaries, including in particular Bpifrance Financement.

This mechanism, which contributes to the control of activities, the efficiency of procedures and the effective use of Bpifrance Financement resources, allows for the appropriate consideration of significant risks it faces, whether they relate to lending, market, operations, finance or non-compliance.

Its definition, implementation and monitoring are the responsibility of the General Management, under the supervision of the Board of Directors.

The internal control mechanism of Bpifrance Financement relies in particular on three departments:

- The **Compliance and Permanent Control Department (DCCP),** in charge of the compliance and permanent control mechanism.
  This department manages procedures, systems and verifications implemented by the institution in order to ensure the compliance of its operations with laws, regulations and banking and financial rules. In particular, it is in charge of setting up Anti-Money Laundering and Terrorism Financing (AML/TF) and anti-corruption mechanisms.

  Reporting directly to the Chief Executive Officer of Bpifrance, the Director of the DCCP reports every quarter to the Board of Directors via the Bpifrance Financement Risk Committee (Board of Directors' specialist Committee).

As a member of the internal Risk Management Committee, the DCCP also reports to Bpifrance General Management by additionally leading the Group Internal Control Committee dedicated to exchanges on internal control (permanent control and periodic control) and compliance.

- The **Risk Department**, in charge of implementing the Group's risk monitoring and management strategy. It ensures that the risk policy is effective and that the risk level is within group guidelines.

  The Risk Department is overseen by the Executive Risk Director who, in turn, reports to the Chief Executive Officer and the Deputy Chief Executive Officer of Bpifrance, in accordance with the accreditation package presented to the ACPR. It is independent of operational departments and does not carry out any commercial, financial or accounting activity.

  Bpifrance has a Group Risk Management Policy (updated on 20 May 2019**)** which lists existing mechanisms and risk oversight procedures for each type of risk. This policy, approved by the Board of Directors, is presented to the Risk Committee in advance. It sets out the way in which its risk function operates within Bpifrance, the main measures taken in respect of the risks generated by Bpifrance activities, as well as risk oversight limits and mechanisms (governance and comitology).

  The Risk Department uses "scoreboards" to manage each of these risks and has produced an overall map of Bpifrance risks.
  These "scoreboards" are presented to the Group Risk Management Committee (CGR), an internal Bpifrance committee which meets every quarter, outside of the executive body, the functions being part of Bpifrance's risk network. At these meetings, quantitative and qualitative data are presented to the Executive Directors for all the risks to which Bpifrance is exposed (credit risks, financial risks, concentration risk, financial counterparty risks, operational risks).
  In particular, percentage use of the overall commitment limit, sector limits and limits per financial counterparty (taking into consideration consolidated Investment and Financing exposures) are reviewed.
  The quality of counterparties in terms of credit risk (as well as changes over time) are analysed along with Watch List/Non-Performing Credit outstandings and doubtful outstandings. In addition, changes in different guarantee funds are presented and commented upon.
  Use of capital is also analysed, as well as projections to identify and provide for any additional requirements.
  Lastly, operational risks (including compliance risks) and legal risk are commented on and discussed.

- A periodic control system, overseen by the Bpifrance **General Inspection and Audit Department (**IGA), covers all activities and companies of the Bpifrance Group, including subsidiaries.
  Within the context of the Audit Charter, the task of the IGA is to identify the main risk areas, particularly by exercising its role of overseeing the systems for permanent control and compliance, and to recommend and oversee the implementation of remediation plans, particularly through its recommendations to permanent control.
  Without participating in the management of the internal control systems, it follows their deployment and participates in the control of risks through audit assignments conducted.
  Under the Audit Charter, the role of the General Inspection and Audit Department (IGA) is to coordinate external audit assignments.

- Permanent Control

First-level permanent control means all operational controls performed by all of the operational departments of Bpifrance. First-level permanent control is the indispensable and essential foundation of the control mechanism. As such, each employee, through self-supervision, is involved in the first level permanent control system of Bpifrance, by following the controls integrated within the operating procedures and the automated controls involved in transaction processing.

Each line manager is responsible for all risks associated with the area of which he is in charge, and must ensure that his employees comply with procedures. As activity, regulations, professional standards and processes evolve, it is necessary to develop these procedures accordingly, through the integration of new and adapted controls. If need be, and as much as necessary, these first-level controls are set in cooperation with the DCCP, which supports the business lines in defining these essential controls.

First level controls ensure, in particular:

- following the processing procedures for all transactions and their compliance;
- justification of transactions recorded in the management systems and ultimately in the Bpifrance Financement accounts.

Second-level permanent control is performed by a function independent of the operational functions, the DCCP.

As such, the Compliance and Permanent Control Department (DCCP) carries out second level controls (a posteriori) covering all Bpifrance Financement's key business processes to ensure, in particular, proper compliance with applicable internal procedures and instructions (based on a sampling of transactions).

All of the permanent controls implemented by the DCCP are defined in an annual control plan. This annual control plan, based around the different key business line processes of Bpifrance Financement, defines, according to a risk-based approach, the various controls to carry out during the year and their frequency. It is developed in cooperation with the operational departments being controlled. This plan is validated by the General Management of Bpifrance Financement in the Group Internal Control Committee and by the Risk Committee (as part of the Board of Directors), then implemented by the DCCP.

It is the subject of formalised quarterly tracking. This monitoring highlights the development of the results from regular evaluations carried out by the permanent control teams and, where appropriate, enables corporate governance to be alerted about identified risk areas and action plans defined to address them.

- The DCCP is in charge of the compliance function

In this regard, it establishes and controls the compliance policy, the foundation document in the matter. It thus plays a real advisory role to operational staff, generally prior to transactions: it is consulted concerning the management of conflicts of interest and information sharing; it delivers compliance opinions on new products, services or activities; it plays a key role concerning the right to raise an alert, the protection of personal data or when so-called essential activities are outsourced.

It is the guarantor of the implementation of internal rules relative to ethics and compliance.

It controls the system in matters of the fight against money laundering and terrorist financing, the fight against fraud and against corruption, and ensures compliance with the rules concerning embargoes. In this regard, it intervenes in the definition of systems and in the analysis of transactions/situations on a case-by-case basis.

The DCCP also manages the mapping and updating by business lines of the operational and non-compliance risks inherent in all Bpifrance Financement activities. It is also in charges of reporting and monitoring operational and non-compliance risk incidents.
Please also note that the Data Protection Officer (DPO) is part of the DCCP, which oversees GDPR compliance.

Lastly, the DPO is the preferred point of contact for regulators regarding (i) anti-corruption, (ii) anti-money laundering and terrorism financing procedures, (iii) operational risks and (iv) personal data protection.

- Periodic Control

The operation of the General Inspection and Audit Department (IGA), in charge of the Bpifrance Group periodic control, and in particular of the periodic control of Bpifrance Financement, forms part of an audit charter, validated by the Board of Directors of 25 September 2015. This audit charter describes the aims, powers, responsibilities and organisation of the IGA, as well as the general rules applicable to the periodic control. It was established by reference to the decree of 3 November 2014 and to the internal audit professional standards as defined by the French Institute of Audit and Internal Control (IFACI).

The Bpifrance Financement annual audit plan is part of a three-year audit cycle. It is established on the basis of an evaluation of the risk level of each auditable subject in the Bpifrance Financement scope of consolidation. The audit frequency on a subject is determined by the impact of identified risks multiplied by their probability of occurrence. This plan is supplemented by cross-company missions carried out at the Group scale.

The annual audit plan is validated by the Chief Executive Officer and the Risk Committee, who report to the Board of Directors.

The audit methodologies are referenced according to the key steps described and specifically planned, the diagnosis prior to the assessment of findings and recommendations, on the basis of checks carried out on documents and/or on-the-spot. The audit assignments are based on a detailed ex-ante analysis of the risks, in accordance with the stipulations of the decree of 3 November 2014.

Each audit assignment ends with a report, together with a list of recommendations. These are managed using a dedicated tool which, via a workflow that includes those audited, tracks their completion and enables qualified reporting. The audit assignments are rated according to four levels (satisfactory, acceptable, perfectible and insufficient) corresponding to the nature and density of the risks found. The recommendations are rated Standard, Major or Critical, in order of criticality. The implementation time cannot exceed 12 months, irrespective of the criticality level.

The recommendations are implemented by audited units, under the responsibility of their Management. The management periodically reports to the IGA on its progress and must justify the complete realisation of the recommendations. The IGA performs a monthly follow-up on the level of implementation of the recommendations.
A mission is only closed once all of the recommendations have been implemented.

The IGA reports to the Bpifrance Financement executive and deliberating body on the performance of the audit plan, the conclusions of the completed verifications and the implementation of the recommendations.

In 2019, as part of its audit plan, the General Inspection and Audit Department carried out several assignments involving all or part of the head office or network departments on cross-functional issues. This was to verify the level of risk control for all or part of their activities. The purpose of these assignments was to analyse the total risk borne and assess the strength of the control mechanisms in place to tackle them. The completed assignments covered: long or medium-term loans, collaborative innovation projects, dispute management and recovery, discounting Banque de France receivables and export credit, analysis of a PSEE (Prestataires de Services Essentiels Externalisés - outsourced key service provider), a review of the PUPA (Plan d'Urgence et de Poursuite d'Activité - contingency and business continuity plan), IS governance and the security of IT exchanges, regulatory reporting, management control and the budget process as well as management of ESG risks.

The subsidiaries Alsabail, the specialised lending institution, and Sogama Crédit Associatif, a finance company guaranteeing loans to associations, are audited every year by the IGA in the context of the periodic control agreement set up in 2011 between them and Bpifrance Financement.

The IGA performs monthly monitoring of the recommendations issued by its own missions, and those issued by the external auditors. This monitoring checks the outstanding recommendations (41% of which were listed as Major at 31/12/2019, excluding external missions). Compliance risks (23%) and operational risks (51%) are the most often cited in the recommendations made and are monitored on an ongoing basis.

- The annual summary on changes to the system

The internal control, risk measurement and monitoring report is submitted each year to the Risk Committee and the Board of Directors for validation. It is then sent to the ACPR as required under the regulations.

The report traces the main changes to the internal control system, whether with regard to credit risk, market risk, risks relating to the preparation of accounts or operational risks (including relative to the security of information systems).
Since 2019, the Anti-Money Laundering and Terrorist Financing (AML/TF) system has been the subject of a special report which is also approved by the Board of Directors and forwarded to the ACPR.

In 2019, the DCCP did a significant amount of work on strengthening the anti-money laundering and terrorism financing system, particularly as a result of the ACPR audit in 2018. A new KYC tool was rolled out, based on a new classification of AML/TF risks. Tools for monitoring the customer base and filtering flows were introduced. In addition, it continued to strengthen its anti-corruption mechanism and, for the first time, obtained ISO 37001-certification with no reservations.
In addition, actions to increase awareness and train the teams, specifically in the Network, were strengthened (particularly on the detection of operational risk incidents, the fight against corruption (Sapin II law) and, more generally, on ethics and professional conduct, notably emphasising the management of conflicts of interest).
In the context of its continuous improvement approach, the internal control charter and the documentation on compliance, whistleblowing policy, managing conflicts of interest, combating corruption, gifting and other benefits, personal transactions and compliance with economic sanctions, were expanded with updates and new publications.

Finally, the DCCP supported consolidation, which is still in progress, of the former Agence France Entrepreneur and the subsidiary Bpifrance Courtage with the update of procedures, ethics training for the teams, deployment of permanent controls, and integration in the operational and non-compliance risk map.

Furthermore, the second-level permanent control function continued to reinforce its actions. The number of Bpifrance Financement control occurrences (not including the information system control plan which was restructured) rose 8% between 2018 and 2019, reflecting the will to have greater control over risks and for more complete coverage of operational activities and processes by the DCCP.

These controls related notably to compliance with procedures (eligibility, investigation, powers, delegations, formalisation of 1st level permanent controls, etc.), the management and compliance of credit or accounts recognition operations, the quality of data and the security or confidentiality of several management processes or IT processes.

At the same time, the DCCP continued to support business lines to improve the structure of their first level controls with the rollout of an overarching framework for the activity generated by Innovation and Intangibles and the activity generated - management of Property Energy Environment services.

5.3.2 Outlook for 2020

Compliance and Permanent Control Department

In 2020, the DCCP will continue its actions aiming to promote the culture of compliance and internal control.
Team awareness-raising/training initiatives will be rolled out, particularly for front office teams, and especially on sanctions and embargoes.
In addition, it will work on setting up a tool centralising first level controls, particularly those carried out by the Network, and on making (i) outsourcing compliant with EBA guidelines and (ii) all Bpifrance entities compliant with the Insurance Distribution Directive.
Lastly, the DCCP will continue to support Bpifrance Financement business development by supporting the compliance aspects of key projects such as (i) the industrialisation of the Digital VSE product, (ii) the introduction of the MaTréso tool, incorporating aggregated accounting data and (iii) the redesign of AFE-related products.

General Inspection and Audit Department

The General Inspection and Audit Department's audit plan in 2020 calls for the implementation of missions that will concern subjects dedicated to the financing systems and subjects of a cross-company nature, notably regulatory. Major function audits are also planned (purchasing management, taxation function management, etc.) as well as risk governance and data management. This plan therefore continues the coverage of risks as part of the triennial cycle for Bpifrance Financement. The Network Departments are the subject of a specific annual audit. They are audited as a whole unit, on all or some of their activities, in line with previously identified risks. The subsidiaries Alsabail and Sogama Crédit Associatif will also be checked according to the terms of the agreement between them and Bpifrance Financement.

In parallel, the recommendations will continue to be followed up proactively so that all action plans can be rolled out effectively.

5.4. Development and processing of accounting information

5.4.1 General framework of accounting and financial information

The Bpifrance Financement financial statements are prepared in accordance with the accounting regulations applicable to lending institutions.

Bpifrance Financement drafts individual financial statements using the French accounting standards, and consolidated financial statements using the IFRS international accounting guidelines.

- **The financial statements to be published**

The balance sheets, income statement and off-balance sheet that describe the separate financial statements are prepared each month. These commented documents are disseminated to the Finance Department and to the Management Control department.

The consolidated financial statements are produced quarterly.

The financial statements drawn up at the end of June include simplified notes to the financial statements and are accompanied by a half-year activity report. These documents are subject to limited review by the Statutory Auditors and are published in the French Legal Gazette (BALO).

The financial statements for the year to 31 December include a full set of notes to the financial statements and are verified by the Statutory Auditors. The Audit Committee examines the financial information and the accounting internal control. The annual financial statements are drawn up by the Board of Directors and submitted to the General Meeting of Shareholders for approval. They are then deposited with the Clerk of the Commercial Court and published in the BALO. These financial statements serve as the basis for the Universal Registration Document submitted to the French Financial Markets Authority (AMF).

- **Accounting "scoreboards"**

On a quarterly basis, accounting tables are prepared on the basis of these consolidated and individual statements.

On these "scoreboards", the structure of the balance sheets, off-balance sheet and income defined by regulations are respected. Certain particularly significant headings are detailed in order to cast a more analytical light on the activity.

The interim financial statements are presented to the Audit Committee and the Board of Directors. They are completed by an analytical presentation of the formulation of the income.

- **Analysis on the calculation of the operating result (profit or loss)**

This analysis is performed at the consolidated level by the Purchasing and Management Control Department and the Finance Department. For the "financing" sector, it relies on allocating each commercial use with a conventional rate of resources that is based on the market rates. This analysis system identifies the contribution of the NBI (Net Banking Income) of each commercial activity within this sector (lending, finance leases and short-term financing). It is completed by an analysis on the earnings of the "guarantee" sector and of the "innovation" sector. This work is supplemented by a half-yearly analysis of the cost of risk and management fees during the elapsed period.

A forecast of the annual income figure is made on the same basis.

All of these figures are presented to the Board of Directors and Audit Committee. The presentation includes a commentary on the main charges and divergences from forecasts.

- **Other reports**

In addition, within the framework of the SURFI (Unified Financial Reporting System) and of FINREP statements, an accounting report is submitted to the Prudential Control and Resolution Authority, in accordance with the banking regulation in force.

Bpifrance Financement is fully consolidated into Bpifrance's accounts. It therefore completes a quarterly consolidation package which is approved every six months by its Statutory Auditors.

Since November 2014, the Bpifrance group is under the supervision of the European Central Bank as part of the Single Supervision Mechanism.

5.4.2 Accounting architecture and organisation

The Bpifrance Financement accounting is integrated within the Bpifrance Accounting Department.

The Accounting Department includes:

- a Financial Reporting Department with:
  - a Consolidation domain in charge of the consolidated financial statements of EPIC Bpifrance, Bpifrance SA and Bpifrance Financement,
  - a unit in charge of accounting for the holding companies,
  - a unit in charge of accounting for the management companies,
  - a unit in charge of accounting for the finance companies: this unit is in charge of accounting for Bpifrance Financement and its subsidiary Bpifrance Régions,
  - a unit in charge of IT procedures;
- a Financial Accounting Department, in charge of accounting for the lending, leasing, innovation, guarantee, and market transactions businesses. It is responsible for the accuracy of the accounting entries transferred to the general ledger. Entries are generated via an interpreter which captures reports of events from the management systems;
- Tax Department;
- a cross-functional section in charge of accounting standards, that notably has cross-functional competence with regard to harmonisation and the definition of the accounting standards and procedures applied.

The section in charge of the accounting and payment of overheads and capital costs of the main group companies reports to the Purchasing and Management Control Department.

All accounting services are located at the Maisons-Alfort Head Office. Depending on the concerned products, certain inputs into management systems may be made by regional offices. However, accounting controls and processing operations are reunited at the head office.

Through its participation in the Finance division's Management Committees, ALM Committees, the Group Risk Management Committee and the marketing committees, the Accounting Department is informed of the policy adopted in the areas of financial management and new products.

The Finance division's permanent control service is in charge of the second level accounting controls.

6. CORPORATE GOVERNANCE REPORT
Relating to the fiscal year ended on 31 December 2019

The information contained in this report complies with the provisions of Article L. 225-37 of the French Commercial Code. Bpifrance Financement does not refer to any corporate governance code prepared by companies' representative organisations, but rather to the decree of 3 November 2014 regarding internal control of companies in the banking, payment services and investment services sector.
As such, the company is subject to an annual verification by the [French] Prudential Control and Resolution Authority, which examines the Universal Reference Document and verifies its compliance with the regulations of the Financial Markets Authority (AMF).

6.1. Governance

6.1.1. Bpifrance Financement Executive Management approach

At its meeting of 26 September 2018, the Board of Directors agreed to separate the duties of Chairman of the Board of Directors and Chief Executive Officer.

As a result, until further decision to the contrary, the Chair of the Board of Directors of the company is assumed, until further decision to the contrary, by Joël Darnaud, and the Executive Management by Nicolas Dufourcq, in both cases for a period of five years, i.e. until the Ordinary General Meeting called in 2023 to approve the financial statement for the fiscal year ending on 31 December 2022.

6.1.2. Board of Directors' meeting of 31 December 2019

6.1.2.1 Chairman of the Board of Directors and Independent Director:

Joël Darnaud
Date of birth: 6 March 1952
Chairman of the Board of Directors of Bpifrance Financement

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

6.1.2.2 Director and Chief Executive Officer:

Nicolas Dufourcq
Date of birth: 18 July 1963
Chief Executive Officer of Bpifrance Financement

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

6.1.2.3 The French State, Director

The FRENCH STATE
Represented by Yann Pouëzat
Date of birth: 27 June 1976
Deputy Director of Corporate Finance and Financial Markets at the French Treasury

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2021

6.1.2.4 Directors appointed upon recommendation of the State[27]:

Christine Costes
Date of birth: 19 July 1969
Head of the business R&D incentive policy department, Innovation Department, technology transfer and regional action, General Directorate of Research and Innovation - MESRI

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2021

Alain Schmitt
Date of birth: 19 September 1967
Head of the SME Competitiveness and Development Department at the Directorate General of Enterprises (DGE)

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2021

Please note that the Board of Directors meeting on 11 March 2020 took formal note of Alain Schmitt's resignation from the office of director.

6.1.2.5 Directors representing Caisse des Dépôts:

Gisèle Rossat-Mignod
Date of birth: 17 February 1970
Director of the Territorial Bank Network with Caisse des Dépôts

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

Eric Beyrath
Date of birth: 10 May 1979
Director of the Balance Sheet Steering and Financial Management Department within the Finance Division at the Caisse des Dépôts group.

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

Olivier Fabas
Date of birth: 29 May 1982
Head of the Financial Institutions and Investment Capital Unit with Caisse des Dépôts.

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

Please note that Carole Abbey, Managing Director of Strategic Holdings at Caisse des Dépôts was co-opted as a director of Bpifrance Financement by the Board of Directors' meeting on 11 March 2020, to replace Olivier Fabas.

6.1.2.6 Independent director:

Claire Dumas
Date of birth: 23 July 1969
Deputy CFO of Société Générale group

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

[27] *In % of regulatory capital.*

6.1.2.7 Independent Director appointed on proposal of the minority shareholders of Bpifrance Financement:

Catherine Halberstadt
Date of birth: 9 October 1958
Member of the Executive Board of BPCE, Chief Executive Officer in charge of Human Resources

Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

6.1.2.8 Directors representing the employees

Laëtitia Montanier
Date of birth: 13 May 1980
Innovation Business Manager at the Regional Office of Montpellier

Current term expires: professional elections in 2023

Christophe Seillier
Date of birth: 23 January 1978
Territorial Representative, Brest/Lorient, Bpifrance West Network

Current term expires: professional elections in 2023

6.1.2.9 Non-voting members

François Asselin
Chairman of CPME

Marie Deléage
Head of IT Tools in the Bpifrance Assistance and Support Tools Section

Jean-Louis Delcloy
Equity Interest Officer in the Caisse des Dépôts Group Steering Department

Benoist Grossmann
Managing Partner of Idinvest Partners

Alban Hautier
Deputy director of the Budget Department's 3rd sub-department

Agence Française de Développement (AFD)
Represented by Bertrand Walckenaer,
Deputy Chief Executive Officer of the AFD

Hugues Maisonnier
Director of the BNP Paribas France Credit Risk Department

Jean-Luc Petithuguenin
Chairman and Chief Executive of the PAPREC France Group

Pierre Prieux
Chairman of ALCEN

Natalia Araujo
Innovation Officer at Bpifrance's Regional Office in Bordeaux

6.1.2.10 Government Commissioner

Emmanuel Charron
Head of the Economic and financial control service and Bpifrance Government Commissioner

Bernard Zakia
Economic and Financial Controller-General and Deputy Government Commissioner at Bpifrance

6.1.3 General Management

General Manager

Nicolas Dufourcq
Current term expires: Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2022

6.2. Absence of convictions of corporate officers

To Bpifrance Financement's knowledge, over the past five years, none of its corporate officers has been convicted of fraud, involved in a bankruptcy, receivership or liquidation, incriminated or publicly sanctioned by a statutory or regulatory authority (including professional bodies), or prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or business affairs of an issuer.

6.3. Information on corporate officers at 31 December 2019

Chairman of the Board of Directors and Independent Director:

Joël Darnaud
No other terms of office

Joël Darnaud holds a DES (Postgraduate Diploma) in Finance and Banking from Institut Technique de Banque (ITB), and a strong background in corporate financing.

He started his career as an Inspector at Caisse Nationale des Marchés de l'Etat (CNME) in 1977, before a position as account manager in the Rhône Alpes region. In 1981, he supported the creation of the CEPME, a product of the merger between Crédit Hôtelier and Caisse des Marchés d'Etat. Mr Darnaud quickly took on supervisory responsibilities in the network (from 1983 to 1996), first as Deputy Director for the Franche Comté region and later for the Provence-Alpes-Côte d'Azur region, before being appointed Regional Director of CEPME in Rouen, Toulouse, the Midi-Pyrénées region, and the Languedoc-Roussillon region. In 1996, he participated in the birth of the new BDPME, the product of a merger of CEPME and Sofaris, and became Director of the Network and Partnerships.

When OSEO was created in 2005, Joël Darnaud was appointed Executive Vice President, and is involved in managing the Innovation, Guarantees, and Financing business lines. At that time, he held different offices as a member of the OSEO Financement Management Board and Managing Director of OSEO Garantie. In 2013 he became Executive Director of Financing and Network Control. On 1 January 2017, Mr Darnaud was appointed Deputy General Manager and Advisor to the General Manager. On 1 January 2018, he retired from the position.

General Manager:

Nicolas Dufourcq
Chief Executive of Bpifrance SA
Chief Executive Officer of Bpifrance Financement
Chairman and Chief Executive of Bpifrance Participations
Chairman of Bpifrance Investissement
Chairman of Bpifrance Assurance Export
Permanent representative of Bpifrance Participations on the Orange Board of Directors.
Non-executive Chairman of the Supervisory Board of STMicroelectronics
Member of the Strategic Council of Euler Hermès

Nicolas Dufourcq has been Chief Executive Officer of Bpifrance, the public investment bank, since February 2013. Nicolas Dufourcq graduated from HEC and the ENA. He began his career in the office of the Minister of the Economy and Finance, then moved to the Ministry of Health and Social Affairs in 1992. In 1994, he joined France Telecom, where he founded the Multimedia Division before becoming Chairman of Wanadoo, France Telecom's Internet and Yellow Pages subsidiary.

In 2003 he joined Capgemini, where he led a successful recovery as Director of the Central Europe & Southern Europe Region. In September 2004, he was named Chief Financial Officer of the Group and a member of the Executive Committee. In 2005, he became Deputy Chief Executive Officer in charge of Finance, Risk Management, IT, Delivery, and Purchasing, and, starting in 2007, monitoring the Group's major accounts. Mr Dufourcq is also the non-executive Chairman of the Supervisory Board at STMicroelectronics.

The French State, Director

THE FRENCH STATE, represented by **Yann Pouëzat**
Director representing the State for IFCIC (Institut pour le Financement du Cinéma et des Industries Culturelles) and EPIC Bpifrance

With degrees from the Institut d'Etudes Politiques (IEP) in Paris and the Ecole des Hautes Etudes Commerciales (HEC) Business School, Yann Pouëzat is also an alumnus of the Ecole Nationale d'Administration (National School of Public Administration). He has been Deputy Director of Corporate Financing and Financial Markets at the Directorate-General of the French Treasury since July 2018.

As a Senior Civil Administrator, he spent the bulk of his career with the Directorate-General of the French Treasury.

After holding two positions in the “International Forecasts” and “IMF and International Summits Preparation” offices, he was Financial Counsellor, Deputy Chief of Regional Economics at the City of London Corporation, then Head of the Banking Affairs Unit within the Directorate-General of the French Treasury and, finally, Head of the Economic Department in Hong Kong.

Directors appointed upon recommendation of the State:

Christine Costes
No other terms of office

A director at INSEE, Christine Costes began her career within the statistical departments at various Ministries, as well as at the Court of Auditors and the High Council for the future of health insurance. Since 2017, she has headed the business R&D incentive policies division within the Research and Development department.

Alain Schmitt
No other terms of office

A graduate of the Ecole Polytechnique and the Ecole des Mines in Paris, Alain Schmitt is Assistant to the Director General and Head of the Competitiveness, Innovation and Business Development department at the Directorate General for Enterprise (DGE) within the Ministry of Economy and Finances.

His professional background led him to take on a variety of roles in the public policy sector and the areas of corporate, energy and environmental regulation: Deputy CEO at the French Nuclear Safety Authority (Autorité de sûreté nucléaire), Head of the Internal market-competition-consumer sector at the General Secretariat for European Affairs (Prime Minister), rapporteur at the Commission of the Development of La Poste (French post office), Head of the Electricity department at the Directorate General for Energy and Raw Materials (Ministry of the Economy) as well as Head of the Regional Industrial Environment division at the Alsace Regional Industry, Research and Environment department. He was an advisor at the offices of Christine Lagarde, Minister of the economy, finances and employment.

Directors representing Caisse des Dépôts:

Gisèle Rossat-Mignod
Member of the Supervisory Board of CDC Habitat and CDC Habitat Social, Director of La Banque Postale, local authorities

Gisèle Rossat-Mignod, Director of the Territorial Bank Network since September 2018, is a graduate of the Veterinary School and the Institut des Hautes Etudes de Défense Nationale (French Institute of Higher National Defence Studies). She began her career in 1995 as Assistant to the Director of Veterinary Services of the Allier department. In 1998 she joined the International Health Coordination Mission directed by the Ministry of Agriculture and Fisheries. In May 2002, she became Advisor to the Ministry of Agriculture, Fisheries, and Rural Affairs and then to the Ministry of the Economy, Finance and Industry. After a mission with the Director-General of Health from February to November 2005, she joined the National Institute of Agricultural Research as Executive Advisor to the Chairwoman and CEO. She was later appointed Sub-Prefect and held that position in the service of various territories: Sub-Prefect - Chief of Staff to the Prefect of the Nord-Pas-de-Calais region, Prefect of the Nord region (February 2007-February 2009), Sub-Prefect - Chief of Staff to the Prefect of the Ile-de-France region, Prefect of Paris (February 2009-December 2013), Sub-Prefect - General Secretary of Isère Prefecture. Since May 2014, she has successively held two positions for the ADP group: Director of Operations at Roissy Charles de Gaulle Airport until October 2015, then Director of Public Affairs for ADP Group - Chief of Staff to the Chief Executive Officer and member of the Executive Committee.

Olivier Fabas
Director of CNP Assurances, Qualium Investissement and Société Forestière de la Caisse des Dépôts, Chairman of the Board of Directors of CDC Entreprise Elan PME

Olivier Fabas began his career on the BNP Paribas Portfolio Management team in 2004. He moved to the financial management side of BNP Paribas in 2006. He worked on managing BNP Paribas group structures and monitoring solvency ratios (transition to Basel III and related group-wide process changes), as well as structuring BNP Paribas' acquisitions and partnerships. In 2013, he joined the BNP Paribas mergers & acquisitions team, where he specialised mainly in advising listed companies. Since September 2018, Olivier Fabas has been Director of the Financial Institutions and Investment Capital unit in the Strategic Investments Management Department at Caisse des Dépôts. He also lectures on corporate finance as part of the dual Tax & Law degree programme at HEC - Université Paris 1 - Panthéon Sorbonne.

Eric Beyrath
No other terms of office

Eric Beyrath, aged 40, graduated from the École Polytechnique in 2003, and the École des Ponts Paris Tech in 2005. He also has a Masters in Public Policy from the École des Ponts Paris Tech. Éric Beyrath began his career in 2006 as assistant to the head of the financial sector economic analysis unit at the French Treasury. In 2008, he was made assistant head of the housing finance and public interest office. In 2010, he joined Société Générale as a research officer and was then made Head of Capital Management within the Finance Department. In 2014, Éric Beyrath joined the Risk Department where he was appointed Deputy, then Head of the Internal Risk Model Validation Unit. Since 2018, he has been Assistant Head of the Balance Sheet Steering and Financial Management Department within the Finance Division at the Caisse des Dépôts Group. In 2019, he was appointed as Head of this department.

Independent director:

Claire Dumas
Director of Bpifrance SA
Director of Boursorama

Claire Dumas began her career in 1992 within the Bank and Financial Institutions department at Deloitte. In 1998, she joined the Société Générale group, where she held various positions at the investment bank. In 2009, she joined the Risk Department as Group Deputy Operational Risk Manager, before being appointed Operational Risk Manager. In 2011, she was put in charge of the group's ERM (Enterprise Risk Management) programme, on behalf of General Management. In October 2014, Claire Dumas was appointed Chief Financial Officer of the retail bank in France, before being appointed Group Deputy CFO in September 2017.

Director appointed on proposal of the minority shareholders of Bpifrance Financement:

Catherine Halberstadt
Member of the Management Board of BPCE SA
Director of Crédit Foncier
Permanent representative of BPCE SA on the Natixis Board of Directors

Holding a specialised degree in accounting (DECS) and a diploma of business, administration and finance (DESCAF) from the École Supérieure de Commerce in Clermont-Ferrand, Catherine Halberstadt joined Banque Populaire du Massif Central in 1982, where she was successively appointed Human Resources Director, Chief Financial Officer, Chief Operating Officer and, in 2000, Deputy Chief Executive Officer. In 2008, Catherine Halberstadt was appointed Chief Executive Officer of Natixis Factor.

Between 1 September 2010 and 25 March 2016, Catherine Halberstadt was Chief Executive Officer of Banque Populaire du Massif Central.

Since 1 January 2016, Catherine Halberstadt has been a member of the BPCE Management Board and Head of Human Resources.

Directors representing the employees:

Laetitia Montanier
No other terms of office

Laetitia Montanier has been Innovation Business Manager at Bpifrance Financement in Montpellier since 2015. With a Master's in European Studies and International Business from the Université de Cergy Pontoise, Ms Montanier gained operational experience in Innovation and the economic development of SMEs and European territories.
Since it is identified as the French entity at the crossroads of public and private financing of Innovation, she joined Bpifrance Financement (formerly OSEO) in 2007.

Attuned to the issues of the knowledge economy and the toughening of international competition, she furthered her education in 2009 with an MBA specialising in strategic management and economic intelligence from the Ecole de Guerre Economique (Economic Warfare School) (ESLSCA Business School Paris).
In her 13 years with Bpifrance Financement, Ms Montanier acquired dual expertise: in development and strategic, technical and financial support of innovative companies, and in ongoing improvement of learning organisations.
In 2019, Laetitia Montanier enrolled on one of the ESSEC Business School "Entreprendre au féminin" training programmes to obtain a Governance qualification: the Advanced certificate - Women Be Board ready.

This multidisciplinary background sustains her singular approach to the issues of our time.

In 2018, Ms Montanier joined the Board of Directors of Bpifrance Financement as a director representing the employees of that company.

Christophe Seillier
No other terms of office

Christophe Seillier has been Bpifrance Territorial Representative for the Finistère and Morbihan departments since January 2013.
He earned a degree in Management and SME Management at the IAE de Nantes (Nantes Business Administration Institute), and began his career at BDPME-SOFARIS in 2002. Thereafter he was Research Manager and then Account Manager before taking a position in a Middle-Office unit for Western France at OSEO in 2006. His main directive has been to decentralise all Investment finance-related positions in the regions via the creation of his unit.
Since 2013 and the creation of Bpifrance, the Public Investment Bank, he has represented and been responsible for Bpifrance across its entire offering in Finistère and Morbihan. As such, for the past 18 years, Mr Seillier has participated in the development and growth of French SMEs and mid-tier companies.
In 2018, he joined the Board of Directors of Bpifrance Financement as a director representing the employees of that company.

6.4. Compensation of Directors, Chairman of the Board, and Chief Executive Officer

- Director compensation

Pursuant to Article L. 225-45 of the French Commercial Code, Bpifrance Financement directors receive compensation for their roles as directors and committee members.

The overall amount of this compensation (€217,500) was set by the General Meeting of Bpifrance Financement on 15 May 2019. The Board of Directors allocates this amount on the basis of attendance at meetings of the Board or the committees on which the directors concerned sit, by applying the following distribution formula (the "**Distribution Formula**"):

- €10,000 per director (except for the Chief Executive Officer and the directors representing employees);
- €12,500 in addition for the Chairman of the Board of Directors;
- an additional €12,500 for the Chairman of the Audit Committee and for the Chairman of the Risk Committee;
- an additional €7,500 for other members of the Audit Committee and for other members of the Risk Committee;
- Members of the Appointments and Compensation Committees of Bpifrance Financement do not receive any compensation.

Compensation for directors representing the French State (or appointed at its request) and compensation for directors representing the Caisse des Dépôts is paid direct to their respective employers.

Non-voting directors chairing Business Line Committees are also paid up to €7,500 for attending meetings of those committees.

- Compensation awarded for 2019 (to be paid in 2020):

The amount of compensation awarded to directors and non-voting directors chairing Business Line Committees for 2019 will be calculated by the Board of Directors on 11 March 2020 using the distribution formula.

- Compensation awarded for 2018 and received in 2019:

Compensation payable to directors and non-voting directors chairing Business Line Committees of Bpifrance Financement for 2018 was paid on 15 October 2019 and 4 September 2019, respectively. Totalling €131,503.42, it was allocated using the distribution formula as indicated below.

Table 3 (AMF nomenclature) – Compensation received by non-executive directors and by non-voting directors chairing Business Line Committees

Table on compensation received by non-executive directors (gross amounts in euros)				
Non-executive directors	**Amounts paid in fiscal year 2018**		**Amounts paid in fiscal year 2019**	
	Director's compensation	Other compensation	Director's compensation	Other compensation
Directors representing Caisse des Dépôts				
Delphine de Chaisemartin[2]	19 562,50	-	2 949,77	-
Gisèle Rossat-Mignod	-		2 657,53	
Pierre-François Koehl	19 791,67	-	6 166,67	-
François-Louis Ricard	8 333,33	-	10 000,00	-
Directors appointed upon recommendation of the French State				
The FRENCH STATE	13 744,86		18 833,33	
Sébastien Raspiller[1]	9 246,58	-	-	-
Alain Schmitt	8 424,66	-	12 500,00	-
François Jamet[1]	-	-	-	-
Christine Costes	6 301,37		6 666,67	-
Independent directors				
Catherine Halberstadt	17 729,17	-	23 642,47	-
Joël Darnaud	-	-	5 979,45	-
Claire Dumas	33 333,33	-	32 357,53	-
Directors representing the employees				
Elisabeth Henry Perez[2]	-	-	-	-
Laëtitia Montanier				
Eric Verkant[2]	-	-	-	-
Christophe Seillier	-	-	-	-
Total director's fees	**136 467,47**	**/**	**121 753,42**	**/**

(1) resigned during the 2017 fiscal year

(2) resigned during the 2018 fiscal year

Compensation paid to non-voting directors chairing Business Line Committees (gross amounts in euros)				
Non-voting directors chairing Business Line Committees	Amounts paid in fiscal year 2018		Amounts paid in fiscal year 2019	
	Directors' fees	Other compensation	Directors' fees	Other compensation
Pierre Prieux	/	7 500,00	/	6 000,00
Hughes Maisonnier	/	1 500,00	/	3 750,00
Total compensation	**/**	**9 000,00**	**/**	**9 750,00**

- **Compensation of the Chairman of the Board of Directors, a non-executive corporate officer**

The Chairman of the Board of Directors does not receive, apart from compensation for participation in Board of Directors' meetings, any compensation (fixed and/or variable), benefits in kind, or performance shares or options, from Bpifrance Financement for his duties as Chairman of the Board of Directors.

- Other information about Joël Darnaud

Non-executive corporate officer	Employment contract	Supplementary pension scheme	Compensation or benefits due or likely to be due as a result of termination or change of duties	Compensation under a non-compete clause
Joël Darnaud	No	No	No	No

- **Compensation of the Chief Executive Officer**

Nicolas Dufourcq is the sole executive corporate officer of Bpifrance Financement.

Nicolas Dufourcq receives no compensation in respect of the duties he exercises at Bpifrance Group companies other than Bpifrance SA. In particular, he receives no compensation for taking part in Board of Directors' meetings.
Reference is made to the compensation and all other benefits received during fiscal year 2019 from Bpifrance Financement from companies controlled by Bpifrance Financement and Bpifrance SA.

Table 1 of the AMF nomenclature – Summary of compensation payable and options and shares awarded to Nicolas Dufourcq (gross amounts in euros)

The first table summarises the total amount of compensation payable to Nicolas Dufourcq for the year ended 31 December 2019 and for the previous year.

Summary of compensation awarded to Nicolas Dufourcq, Chief Executive Officer of Bpifrance SA and Chief Executive Officer of Bpifrance Financement gross amounts, in euros		
	2018	**2019**
Compensation payable for the year (detailed in Table 2)	450,000	450,000
Value of options granted during the year	/	/
Value of performance shares awarded during the year	/	/
Total	**450,000**	**450,000**

Nicolas Dufourcq's compensation as Chief Executive Officer of Bpifrance SA is set by the Board of Directors of Bpifrance SA on the advice and recommendation of the Compensation Committee and following approval from the French Minister for the Economy[28]. This compensation, which is subject to the cap set for executives of public companies[18] exclusively comprises fixed compensation (€400,000) and a variable bonus based on the achievement of objectives (€50,000).

In 2019, this compensation was rebilled to Bpifrance Financement in the amount of €112,500 for Nicolas Dufourcq's duties as Chief Executive of Bpifrance Financement.

Nicolas Dufourcq's variable compensation as Chief Executive Officer of Bpifrance SA, is capped at €50,000 gross. The allocation of this compensation is subject to quantitative criteria (representing 60% in 2018 and 2019) and qualitative criteria (40% in 2018 and 2019). These criteria are reviewed every year by the Bpifrance SA Board of Directors, on the opinion of the Bpifrance SA Compensation Committee, according to the Bpifrance group's annual strategy and objectives.
The variable compensation is awarded incrementally provided the criteria are between 70% and 100% achieved. Although clearly identified, details of the criteria used are not disclosed for confidentiality reasons.

[28] In accordance with Article 3 of Decree no. 53-707 of 9 August 1953 relating to State control of national public companies and some organisations with an economic or social purpose and Decree no. 2013-635 of 12 July 2013 relating to the public investment bank. This Article also caps compensation at €450,000 gross.

Table 2 (AMF nomenclature) – Summary of compensation awarded to Nicolas Dufourcq (gross amounts in euros)

Summary of compensation awarded to Nicolas Dufourcq, Chief Executive Officer of Bpifrance SA and Chief Executive Officer of Bpifrance Financement gross amounts, in euros				
	2018		2019	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	400,000	400,000	400,000	400,000
Variable compensation	50,000	50,000	50,000	50,000
Exceptional compensation	/	/	/	/
Incentives	/	/	/	/
Directors' fees	/	/	/	/
Benefits in kind	/	/	/	/
Options or performance shares allocated	/	/	/	/
Total	**450,000**	**450,000**	**450,000**	**450,000**

Table 4 (AMF nomenclature) – Stock options granted during the year to Nicolas Dufourcq by Bpifrance Financement or by a company in the Bpifrance Group

N/A

Table 5 (AMF nomenclature) – Stock options exercised during the year by Nicolas Dufourcq

N/A

Table 6 (AMF nomenclature) – Performance shares awarded during the year to Nicolas Dufourcq by Bpifrance Financement or by a company in the Bpifrance Group

N/A

Table 7 (AMF nomenclature) – Performance shares that vested during the year

N/A

Table 8 (AMF nomenclature) – History of stock option grants

N/A

Table 9 (AMF nomenclature) – Stock options granted to or exercised by the top ten employees other than corporate officers during the year

N/A

Table 10 (AMF nomenclature) – History of bonus share awards

N/A

- Other information concerning Nicolas Dufourcq

Executive corporate officer	Employment contract	Supplementary pension scheme	Compensation or benefits due or likely to be due as a result of termination or change of duties	Compensation under a non-compete clause
Nicolas Dufourcq	No	No	No	No

Compensation of executives and persons covered by Article L. 511-71 of the French Monetary and Financial Code

The Bpifrance Financement General Meeting will be consulted on the overall amount of compensation paid by the company in 2019 to the executives and persons referred to in Article L. 511-71 of the French Monetary and Financial Code at 2019 year-end.

The total gross amount of this compensation in respect of 2019 was €8,881,158 (i.e. 58.6 FTE).

6.5. Conditions for the preparation and organisation of the work of the Board of Directors

The conditions for the preparation and organisation of the work of the Board of Directors are defined by the Company's Articles of Association, last updated on 26 September 2018, and the Rules of Procedure of the Board of Directors as adopted on 12 July 2013 and last updated on 19 December 2019. A director's charter is an integral part of these Rules of Procedure.

6.5.1. Composition of the Board of Directors and rules applicable to appointing and replacing members of the Board of Directors

The Board of Directors of Bpifrance Financement is composed of the Chief Executive Officer of Bpifrance SA, three directors representing the French State, three directors representing the Caisse des Dépôts, two independent directors, one director appointed on a proposal by the minority shareholders of Bpifrance Financement, and two directors elected by the employees of Bpifrance Financement pursuant to the French Commercial Code.

The representatives of the French State (two directors who are natural persons and the French State, and one director who is a legal person) are appointed by the company's authorised bodies (Ordinary General Meeting or the Board of Directors) on a proposal from the French State or with its approval pursuant to Articles 4 and 6 of Order no. 2014-948 of 20 August 2014 on governance and capital transactions of companies with public shareholders.

Directors representing employees are appointed pursuant to Articles L. 225-27 to L. 225-34 of the French Commercial Code. They are elected by the employees of the company and its subsidiaries.

The other directors are appointed pursuant to Articles L. 225-18 and L. 225-24 of the French Commercial Code.

Pursuant to subparagraph 2 of Article L. 225-32 of the French Commercial Code, directors elected by the employees can only be removed for a failure to perform their duties of office, by a summary judgment of the President of the High Court, at the request of a majority of the members of the Board of Directors. In addition, according to subparagraph 1 of Article L. 225-32 of the French Commercial Code, the breach of an employment contract by a director elected by employees puts an end to his or her contract.

Pursuant to subparagraph 2 of Article L. 225-18 of the French Commercial Code, other directors can be removed at any time by the Ordinary General Meeting of the company.

At 31 December 2019, the directors consisted of five women and seven men. In addition to the directors, 10 non-voting members, the Statutory Auditors, the Government Commissioner (or Assistant Government Commissioner) and the Secretary of the Works Council also attend Board meetings.

6.5.2. Operation of the Board of Directors

The Board of Directors meets at least once a quarter.

Most Board meetings are preceded by meetings of the "Business Line" Committees, Audit Committee and Risk Committee. A summary of the conclusions of these bodies is sent to the directors for information and a report is read out by the committee Chairmen at the next Board meeting after the Committee meeting in question.

The Chairman sends members of the Board of Directors a notice of meeting including the agenda, at least eight days before each meeting. The documents and information needed to properly fulfil their assignment within the Board and Committee are, barring exceptional cases, provided to them at least five days before the meeting date.

The Chairman chairs the Board of Directors meetings, organises and directs the debates and ensures compliance with the legal, regulatory and statutory provisions, and with the rules of procedure. With the exception of certain decisions requiring the Board's authorisation with a qualified majority of 8/12ths, and of the decisions requiring a favourable vote from the State representatives, decisions are made by a simple majority. Minutes are prepared for each meeting and sent to the members at the latest on the day of the convening of the next meeting that will approve them.

6.5.3. Activities of the Board of Directors in 2019

The Board met five times in 2019.

The Board meetings held in March, July, September and December 2019 included an up-to-date presentation of the activity and risks and changes in the company's products.

In 2019, the Board authorised the conclusion of three related-party agreements and two amendments to related-party agreements, the details of which are presented in the Statutory Auditors' special report on related-party agreements.

On 14 March 2019, the Board approved the company's financial statements for 2018, its internal control report for 2018, and the management report for 2018, and called the Annual General Meeting. It examined the company's related-party agreements prior to 2018 and which remained in effect during the year. It amended its Rules of Procedure, co-opted a director and appointed a non-voting member. The Board also reappointed non-voting members whose terms of office were due to expire.

On 25 April 2019, the Board approved the internal capital adequacy and assessment process (ICAAP), the internal liquidity adequacy assessment process (ILAAP), the Pillar III report, the Bpifrance Group risk management policy and the documents entitled Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS). It also amended the Bpifrance Financement intervention policy and replaced the Chairwoman of the Appointments Committee.

On 31 July 2019, the Board approved the consolidated interim financial statements for the period ending 30 June 2019 and reviewed Bpifrance's updated strategic plan. It approved the summary of the assessment of the principal risks associated with benchmark reforms and the related detailed action plan. It also approved the internal control report on combating money laundering and terrorism financing and appointed a non-voting member.

On 19 September 2019, the Board authorised a self-held securitisation project and amended its Rules of Procedure. It also approved the Company's policy on equal opportunity employment and wage parity. The Board also replaced a member of the Innovation Committee and a member of the Financing-Guarantee Committee.

On 19 December 2019, the Board determined the multiplying coefficients and adopted the company’s budget and financing plan for 2020. It reviewed the Bpifrance climate plan, approved the 2019 Recovery Plan, the update to the list of risk-takers, as well as the inclusion of interest recognised in respect of the 2018 fiscal year within the reserve fund, and set its meeting schedule for 2020. Lastly, it co-opted one director and replaced one member of the Financing-Guarantee Committee.

6.5.4. Committees under the responsibility of the Board of Directors

The operation of these Committees under the responsibility of the Board of Directors is defined by its Rules of Procedure. The composition of the various Committees as at 31 December 2019 is presented below.

- The Audit and Risk Committees

The Audit and Risk Committees are each composed of six members appointed from among the directors.

The Audit Committee is composed of Catherine Halberstadt (independent director), who is its Chairwoman; Claire Dumas (independent director); Éric Beyrath and Olivier Fabas (appointed on the recommendation of Caisse des Dépôts); the French State, represented by Yann Pouëzat; and Alain Schmitt (appointed on the recommendation of the French State).

The Risk Committee is composed of Claire Dumas (independent director), who is its Chairwoman; Catherine Halberstadt (independent director); Éric Beyrath and Olivier Fabas (appointed on the recommendation of Caisse des Dépôts); the French State, represented by Yann Pouëzat and Alain Schmitt (appointed on the recommendation of the French State).

In compliance with Article L. 823-19 of the French Commercial Code, the Audit Committee does not include members with Management functions within the company, and at least one of them has specific skills in financial or accounting matters and is independent in view of the criteria indicated in Article 6.2.1 of the Rules of Procedure (corresponding with the independence criteria of the Afep-Medef Code).

In 2019, the Audit Committee met four times in the presence of the Statutory Auditors and the Government Commissioner. The following people also attended these meetings: the Deputy Chief Executive Officer, the Chief Financial Officer, the Bpifrance Group General Inspector, the Head of Accounting, the Head of Compliance and Internal Control, and the Head of Risk.

The Risk Committee met five times in the same year. Its meetings were attended by the Bpifrance Group General Inspector, the Head of Compliance and Internal Control, the Head of Risk, and the Government Commissioner. The Statutory Auditors, the Deputy Chief Executive Officer and the Chief Financial Officer were invited to these meetings.

In particular, the Audit Committee examined the company’s financial statements to 31 December 2018 and 30 June 2019. It received a quarterly update on the company’s financial position and approved Bpifrance Financement’s 2020 financing plan.

The Risk Committee addressed the changes in risks ("business line" risks, sector limits) quarterly, acknowledged the follow-up to the IGA and ECB missions and recommendations and the status of the outstanding recommendations, and was informed of the overview of the Permanent Control and Compliance reporting and the follow-up monitoring of operational risks. It was also informed of the results of the test of the contingency and business continuity plan in 2018 and of the testing schedule for 2019.

Furthermore, it issued a favourable opinion on the Bpifrance group risk and operational risk management policies, the documents entitled Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS), the Pillar III report, the Bpifrance publication policy, the internal capital adequacy and assessment process (ICAAP), the internal liquidity adequacy assessment process (ILAAP), the recovery plan and a self-held securitisation project.

The Risk Committee also reviewed the 2018 internal control report, the 2019 control plan, the 2019 audit plan and the 2019 model validation plan. It was informed, on a regular basis, of the progress of the ECB's oversight duties. In addition, the Risk Committee was shown topical presentations on Bpifrance Financement's activity, most notably in the hotel and IT Security sectors.

- The Appointments and Compensation Committees

The task of the Appointments Committee is to provide the Board of Directors with opinions on all proposals relating to the appointment of the Chairman, Executive Directors and the recruitment of members of the Executive Committee.

This committee has three members: the French State represented by Yann Pouëzat, Claire Dumas (who meets the independence criteria within the meaning of the Afep-Medef Code) and Olivier Fabas (director appointed on a recommendation from Caisse des Dépôts). Claire Dumas chairs these Committee meetings.

The task of the Compensation Committee is to provide the Board of Directors with opinions on all proposals relating to setting and modification, in all its components, of the compensation of the Executive Directors. Finally, it provides an opinion on all compensation and incentive arrangements for the Bpifrance Financement personnel. It is also kept informed, on a regular basis, of the career status and compensation of employees who are members of the Executive Committee.

This committee has three members: the French State represented by Yann Pouëzat, Catherine Halberstadt (who meets the independence criteria within the meaning of the Afep-Medef Code) and Olivier Fabas (director appointed on a recommendation from Caisse des Dépôts). Catherine Halberstadt chairs these Committee meetings.

- The "Business Line" Committees

There are two "Business Line Committees": the Financing-Guarantee Committee and the Innovation Committee. As consultative bodies, they meet prior to Board of Directors' meetings and formulate their opinions on technical matters relating to financing, guarantees and innovation (determining multiplier coefficients, guarantee fund investment policy, budget forecasts, etc.).

The Innovation Committee

The Innovation Committee consists of three members appointed from among the directors and non-voting members. They are: Alain Schmitt (appointed on a proposal from the French State), Pierre Prieux (who meets the independence criteria under the Afep-Medef Code), and Olivier Fabas (director appointed on a proposal from the Caisse des Dépôts). Pierre Prieux chairs the Innovation Committee meetings.

The Innovation Committee also includes a panel of experts: Pierre-Louis Autin (French Ministry of Research), Matthieu Landon (Directorate General of Enterprises - DGE), Thibaud Frossard (Budget Department) and Paul Hennebelle (French Treasury Directorate), appointed on a proposal from the French State; Jean-Louis Delcloy, appointed on a proposal from Caisse des Dépôts; Armelle Weisman (Partner at Deloitte Développement Durable) and Judith Greciet (Chief Executive Officer of ONXEO), appointed on a proposal from the Chairman of the Board of Directors.

The Financing-Guarantee Committee

The Financing-Guarantee Committee consists of three members appointed from among the directors and non-voting members. They are: the French State, represented by Yann Pouëzat, Jean-Louis Delcloy (appointed on the recommendation of Caisse des Dépôts), and Hugues Maisonnier (who meets the criteria for independence within the meaning provided in the Afep-Medef Code). Hugues Maisonnier chairs the Financing-Guarantee Committee meetings.

The Financing-Guarantee Committee also includes a panel of experts: Alexie Lalanne-Pelerin (Budget Department), Louis Boillot (French Treasury Directorate) appointed on a proposal from the French State; Antoine Beaugendre (Research Director – Equities Manager at Caisse des Dépôts), the French Banking Federation and Olivier FABAS, appointed by Caisse des Dépôts; and Crédit Agricole, CM-CIC and the BPCE Group, appointed on a proposal from the Chairman of the Board of Directors.

6.5.5. Limitations of the powers of the Chief Executive Officer by the Board of Directors

The Chief Executive Officer has the broadest possible powers in order to act, in all circumstances, in the company's name. The CEO exercises these powers within the limits of the corporate purpose and subject to the powers that the law expressly attributes to the meetings of the shareholders and to the Board of Directors. He/she represents the company in its relations with third parties.

Under an internal order, the powers of the Chief Executive Officer are limited by Article 12.3 of the company's Articles of Association. Pursuant to this Article, certain decisions relative to the Bpifrance Financement company or, if relevant, to any one of its subsidiaries require the prior authorisation of the Board of Directors.

6.6. Agreements falling with the scope of Article L. 225-38 of the French Commercial Code

In accordance with the provisions of Article R. 225-30 of the French Commercial Code, the Statutory Auditors were provided with a summary report of the agreements in accordance with Articles L. 225-38 et seq. of the French Commercial Code, authorised by the Board of Directors of Bpifrance Financement during the fiscal year ended 31 December 2019, or which were signed earlier but continued to be in effect for that fiscal period.
The list of agreements authorised and entered into in 2019 is set out in the Statutory Auditors' report on the related-party agreements.

6.7. Review of agreements signed and approved during previous fiscal years whose execution continued in fiscal year 2019

At its meeting of 11 March 2020, the Board of Directors of Bpifrance Financement reviewed the agreements signed and approved during previous fiscal years and whose execution continued in fiscal year 2019.

6.8. Agreements covered in paragraph 2 of Article L. 225-37-4 of the French Commercial Code

Bpifrance Financement has implemented suitable procedures to identify the agreements covered in paragraph 2 of Article L 225-37-4 of the French Commercial Code[29]. The procedures have shown that there are no agreements under the Article.

[29] The agreements covered in paragraph 2 of Article L. 225-37-4 of the French Commercial Code are those agreed between a manager or a shareholder holding more than 10% of the voting rights, of a company, and another company in which the latter directly or indirectly owns over half of the capital.

6.9. Capital increase delegations

None of the delegations granted by the General Meeting of the Shareholders of Bpifrance Financement to the Board of Directors for capital increases, in application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, are currently valid.

6.10. Rules applicable to amendments to the Company's Articles of Association

In the Company's Articles of Association, there are no stricter conditions than those imposed by the law for amending articles of association.

7. RESOLUTIONS SUBMITTED TO THE GENERAL MEETING OF 15 MAY 2020

Ordinary business

- **Resolution 1** *(approval of the Board of Directors' report on the company's situation and activity for the year ended 31 December 2019*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, approves the report from the Board of Directors for the year ended 31 December 2019 (including the corporate governance report) and all operations discussed therein.

- **Resolution 2** (*approval of the separate financial statements for the year ended 31 December 2019*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' report on the annual financial statements, approves the separate financial statements, namely the balance sheet, the profit and loss statement and the notes, to 31 December 2019, as presented to it, and which show earnings of €246,927,687.23, as well as the transactions represented in these financial statements.

- **Resolution 3** (*approval of the consolidated financial statements for the year ended 31 December 2019*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2019, approves the consolidated financial statements, namely the balance sheet, the profit and loss statement and the notes, to 31 December 2019, as presented to it, and which show earnings (group share of net earnings) of €153.351 million, as well as the transactions represented in these financial statements.

The General Meeting takes note that the expenses not fiscally deductible (Article 39-4 of the General Tax Code) incurred by the company during the fiscal year ended on 31 December 2019 are equal to €839,079.73 and correspond to the fraction of the non-deductible lease payments on leased vehicles. The amount of the corresponding tax expense is €288,895.15.

The General Meeting grants discharge to the directors and members of the Board of Directors for the performance of their terms of office for the fiscal year ended on 31 December 2019.

- **Resolution 4** (*allocation of earnings for the year ended 31 December 2019*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, approves the proposal presented by the Board of Directors and decides to allocate earnings for the 2019 fiscal year as follows:

	In euros
Distributable profit for the year	246 927 687,23
Retained earnings	671 735 072,46
Available balance	***918 662 759,69***
Transfer to the legal reserve	12 346 384,36
Distributable balance	**906 316 375,33**
Allocation to other reserves	0,00
Distribution of dividends	0,00
Allocation to retained earnings	234 581 302,87
Total retained earnings after allocation of earnings	***906 316 375,33***

The General Meeting recognises the Board of Directors' summary of the amount of dividends distributed in respect of the last three fiscal years:

Fiscal year	Dividend per share
2016	No distribution
2017	€0.10*
2018	No distribution*

* Dividends eligible for abatement benefiting natural persons domiciled in France for tax purposes as set out in Article 158-3 §2 of the French General Tax Code

- **Resolution 5** (*approval of a service agreement between Bpifrance Assurance Export and Bpifrance Financement*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having read the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 et seq. of the French Commercial Code, approves the service agreement between Bpifrance Assurance Export and Bpifrance Financement, authorised by the Board of Directors on 14 March 2019 and signed on 14 March 2019.

- **Resolution 6** (*approval of an agreement for a subordinated loan from Bpifrance SA to Bpifrance Financement*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having read the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 et seq. of the French Commercial Code, approves the subordinated loan agreement granted by Bpifrance SA to Bpifrance Financement, authorised by the Board of Directors on 19 September 2019 and signed on 20 September 2019.

- **Resolution 7** (*approval of the agreement between the French State, Caisse des Dépôts, Bpifrance SA and Bpifrance Financement relating to the transfer of the Social Cohesion Fund*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having read the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 et seq. of the French Commercial Code, approves the agreement between the French State, Caisse des Dépôts, Bpifrance SA and Bpifrance

Financement relating to the transfer of the Social Cohesion Fund, authorised by the Board of Directors on 19 December 2019 and signed on 20 December 2019.

- **Resolution 8** (*approval of the amendment to the service agreement between Bpifrance SA and Bpifrance Financement*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having read the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 et seq. of the French Commercial Code, approves the amendment to the service agreement between Bpifrance SA and Bpifrance Financement dated 20 December 2018, authorised by the Board of Directors on 19 December 2019 and signed on 20 December 2019.

- **Resolution 9** (*approval of the amendment to the service agreement between Bpifrance SA and Bpifrance Financement*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having read the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 et seq. of the French Commercial Code, approves the amendment to the financial agreement between Bpifrance SA and Bpifrance Financement dated 20 December 2018, authorised by the Board of Directors on 19 December 2019 and signed on 20 December 2019.

- **Resolution 10** (*ratification of the co-optation of Éric Beyrath*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having heard the Board of Directors' Report, hereby decides to ratify the co-opting of Éric Beyrath as a director of the company, replacing Pierre-François Koehl for his remaining term of office, i.e. until the end of the Ordinary General Meeting to be held in 2023 to approve the financial statements for fiscal year 2022.

- **Resolution 11** (*ratification of the co-optation of Carole Abbey*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having heard the Board of Directors' Report, hereby decides to ratify the co-opting of Carole Abbey as a director of the company, replacing Olivier Fabas for his remaining term of office, i.e. until the end of the Ordinary General Meeting to be held in 2023 to approve the financial statements for fiscal year 2022.

- **Resolution 12** (*favourable opinion on the overall budget for compensation of any kind, amounting to* €8,881,158 *gross, paid during the financial year ended on 31 December 2019, to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, consulted pursuant to Article L. 511-73 of the French Monetary and Financial Code, having heard the Board of Directors' Report, issues a favourable opinion regarding the overall amount of the compensation of all kinds, amounting to €8,881,158 gross, paid during the fiscal year ended on 31 December 2019 to the persons indicated in Article L. 511-71 of the French Monetary and Financial Code, i.e. 58.6 full-time equivalent persons.

Extraordinary business

- **Resolution 13** (Amendment to the second paragraph of Article 4 of the Company's Articles of Association)

The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having heard the Board of Directors' report, hereby decides to amend, with immediate effect from the end of this meeting, the second paragraph of Article 4 of the Company's Articles of Association.

Previous wording:
"It may be moved within the same department, or a neighbouring department, by decision of the Board of Directors, subject to ratification of said decision by the next Ordinary General Meeting, and elsewhere, by decision of an Extraordinary General Meeting".

New wording:
"Any Board of Directors transferring a registered office in accordance with legal requirements is authorised to amend the Articles of Association in consequence".

- **Resolution 14** (Creation of a new Article 13.4 in the Company's Articles of Association)

The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having heard the Board of Directors' report, hereby decides to create, with immediate effect from the close of this meeting, a new Article 13.4 of the Company's Articles of Association entitled "Written Consultation of the Board of Directors", the current Article 13.4 of the Articles of Associate (entitled "Minutes") consequently being renumbered Article 13.5.

New Article 13.4 (Written consultation of the Board of Directors):

"The Board of Directors may also, by written consultation of its members, take any decisions permitted by law using this procedure. At 15 May 2020, these decisions were listed in the final phrase of the third paragraph of Article L. 225-37 of the French Commercial Code.

Directors are asked, by the Chairman of the Board of Directors, to rule, by any means, on decisions proposed at least eight days in advance. If no response to the consultation is received within this period, directors shall be deemed not to have taken part in the consultation of the Board.

The decision is taken by majority of those members participating.

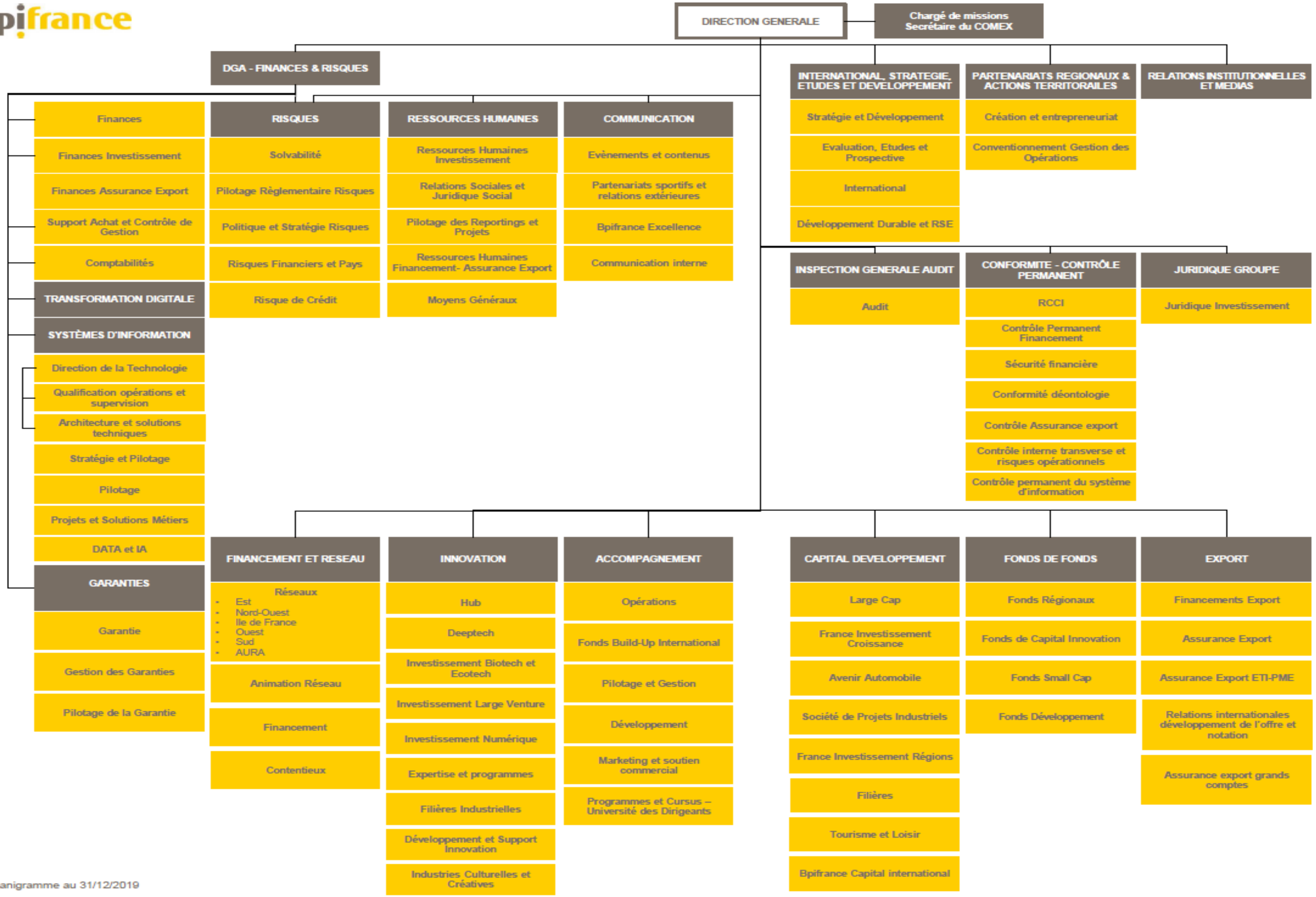
If all directors take part by the due date set, the written consultation is closed early".

- **Resolution 15** (*powers for formalities*)

The General Meeting, deliberating under the quorum and majority conditions required for Ordinary and Extraordinary General Meetings, grants all powers to the bearer of originals, excerpts or copies of the minutes of this General Meeting in order to perform all required formalities related to filings and disclosures.

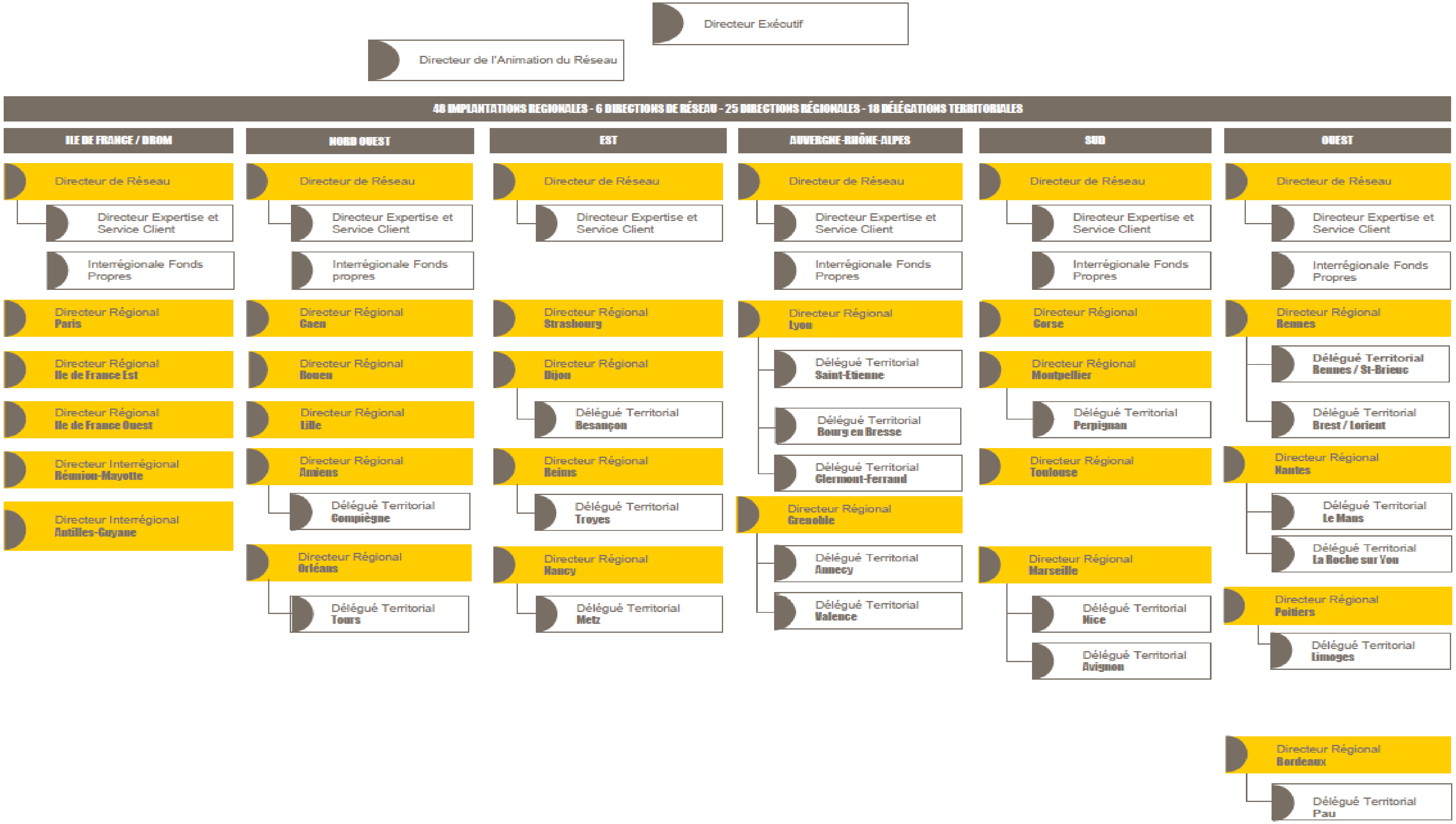
8. ORGANISATIONAL CHARTS OF BPIFRANCE

8.1. Functional organisational chart



Organigramme au 31/12/2019

8.2. Organisational chart of the network



9. FIVE-YEAR FINANCIAL SUMMARY

	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
I - Capital at year end					
a) Capital (in euro equivalent)	839 907 320	839 907 320	839 907 320	839 907 320	**839 907 320**
b) Number of shares issued	104 988 415	104 988 415	104 988 415	104 988 415	**104 988 415**
II – Operations and results for the fiscal year (in thousands of euros)					
a) Pre-tax turnover	2 188 860	2 323 587	2 424 817	2 454 122	**2 530 506**
b) Income before tax, employee profit-sharing or incentives, and allocations to depreciation, amortisation and provisions	268 895	334 473	412 557	449 803	**552 240**
c) Income tax	92 654	96 260	138 193	132 187	**132 987**
d) Employee profit-sharing and incentives due with respect to the fiscal year	9 884	11 610	15 095	15 152	**16 540**
e) Income after tax, employee profit-sharing or incentives, and allocations to depreciation, amortisation and provisions	69 780	175 094	200 198	214 502	**246 928**
f) Income paid as dividends	10 499	0	10 499	0	**0**
III – Earnings per share (in euros)					
a) Income after tax, employee profit-sharing or incentives but before allocations to depreciation, amortisation and provisions	1,58	2,16	2,47	2,88	**3,84**
b) Income after tax, employee profit-sharing or incentives, and allocations to depreciation, amortisation and provisions	0,66	1,67	1,91	2,04	**2,35**
c) Dividend attributed to each share	0,10	0,00	0,10	0,00	**0,00**
IV – Headcount					
a) Number of employees as of 31 December	1 803	2 070	2 142	2 214	**2 405**
b) Total payroll (in thousands of euros)	117 673	121 269	126 883	135 460	**148 186**
c) Amounts paid with respect to social benefits (Social Security, charitable activities, etc.) (in € thousands)	52 663	54 567	58 237	60 311	**66 958**

10. CONSOLIDATED FINANCIAL STATEMENTS

Publishable Consolidated Balance Sheet of Bpifrance Financement

ASSETS (*in millions of euros)*	Notes	31/12/2019	31/12/2018
Cash in hand, central banks	6.1	1 045,9	1 687,6
Financial assets at fair value through the income statement	6.2	735,0	730,4
Hedging derivatives	6.3	5,2	5,8
Financial assets at fair value through equity	6.4	1 267,5	312,3
Securities at amortised cost	6.5	7 538,2	8 324,0
Loans and advances to credit institutions and related entities, at amortised co	6.6	900,2	688,4
Loans and advances to customers, at amortised cost	6.7	39 184,2	37 581,9
Finance leases and similar operations, at amortised cost	6.8	6 223,2	6 076,8
Innovation financing aid	6.9	982,8	1 073,3
Fair value adjustments to debt portfolios hedged against interest rate risks		435,6	289,4
Current and deferred tax assets	6.10	52,4	7,3
Accruals and miscellaneous assets	6.11	469,2	396,7
Non-current assets held for sale		0,0	0,0
Holdings in equity-consolidated companies		11,5	11,4
Investment property		0,0	0,0
Tangible fixed assets	6.12	211,0	120,4
Intangible fixed assets	6.12	99,1	72,4
Goodwill		2,1	1,7
TOTAL ASSETS		59 163,1	57 379,8

Publishable Consolidated Balance Sheet of Bpifrance Financement

LIABILITIES (*in millions of euros)*	**Notes**	**12/31/2019**	**12/31/2018**
Central banks	6.1	**0.0**	**0.0**
Financial liabilities at fair value through the income statement	6.2	**1.8**	**2.9**
Hedging derivatives	6.3	**20.7**	**4.7**
Amounts owed to credit institutions and related entitles	6.13	**11,011.7**	**12,460.9**
Amounts owed to clients	6.14	**3,585.3**	**3,506.2**
Debt represented by a security	6.15	**30,267.4**	**27,877.1**
Fair value adjustments to debt portfolios hedged against interest rate risks		**538.5**	**295.6**
Current and deferred tax liabilities	6.10	**6.5**	**4.1**
Accruals and miscellaneous liabilities	6.11	**1,344.8**	**983.8**
Lease liabilities	6.16	**96.7**	
Debt related to non-current assets held for sale		**0.0**	**0.0**
Provisions	6.17	**104.4**	**45.6**
Net resources for innovation-related activity	6.18	**1,829.2**	**1,993.4**
- Allocated to commitments		*860.9*	*973.3*
- Non-allocated		*968.3*	*1,020.1*
Public guarantee funds	6.19	**5,906.7**	**5,990.1**
- Allocated to commitments		*2,166.4*	*2,180.2*
- Non-allocated		*3,740.3*	*3,809.9*
Subordinated debt	6.20	**539.4**	**459.5**
Shareholders' equity		**3,910.0**	**3,755.9**
Shareholders' equity - Group share		**3,910.0**	**3,755.9**
- Capital and related reserves		*2,031.8*	*2,031.8*
- Consolidated reserves		*1,729.0*	*1,561.7*
- Gains and losses recognised directly in equity		*-4.2*	*-4.9*
- Result		*153.4*	*167.3*
Minority interests		**0.0**	**0.0**
- Reserves		*0.0*	*0.0*
- Result		*0.0*	*0.0*
TOTAL LIABILITIES		**59,163.1**	**57,379.8**

Publishable consolidated income statement of Bpifrance Financement

(in millions of euros)	Notes	31/12/2019	31/12/2018
Interest and related income	7.1	1 580,3	1 728,6
Interest and related expenses	7.1	-864,4	-1 015,5
Net gains or losses resulting from net position hedging		0,0	0,0
Fees (income)		14,8	9,6
Fees (expenses)		-2,6	-1,6
Net gains or losses on financial instruments at fair value through the income statement	7.2	6,3	3,2
Net gains or losses on financial instruments at fair value through equity	7.3	0,0	0,1
Net gains or losses resulting from the de-recognition of financial assets at amortised cost	7.4	0,0	-0,2
Net gains or losses resulting from reclassification of financial assets at amortised cost as financial assets at fair value through the income		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		0,0	0,0
Income from other activities	7.5	189,5	149,3
Expenses from other activities	7.5	-113,0	-103,4
NET BANKING INCOME		**810,9**	**770,1**
General operating expenses	7.6	-422,9	-409,3
Depreciation, amortisation & impairment on tangible and intangible fixed assets	7.7	-63,6	-34,6
GROSS OPERATING INCOME		**324,4**	**326,2**
Credit risk cost	7.8	-85,0	-37,0
NET OPERATING INCOME		**239,4**	**289,2**
Share of net income from equity-consolidated companies		0,2	1,8
Net gains or losses on other assets		1,2	0,3
Change in value of goodwill		0,0	0,0
INCOME BEFORE TAX		**240,8**	**291,3**
Corporation tax	7.9	-87,4	-124,0
Net income after tax from discontinued operations		0,0	0,0
NET INCOME		**153,4**	**167,3**
Minority interests		0,0	0,0
NET INCOME - GROUP SHARE		**153,4**	**167,3**
* Earnings per share (in euros)		1,46	1,59
* Diluted earnings per share (in euros)		1,46	1,59

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

(in millions of euros)	31/12/2019	31/12/2018
NET INCOME	**153,4**	**167,3**
Items that can be reclassified (recyclable) in the net result		
Translation adjustments	0,0	0,0
Revaluation of financial assets at fair value through equity	4,4	0,2
Revaluation of hedging derivatives on recyclable elements	0,0	0,0
Share of gains and losses recognised directly in the equity of equity-consolidated companies	0,0	0,0
Other recyclable elements recognised through equity	0,0	0,0
Related taxes	-1,5	0,0
Items that cannot be reclassified (non-recyclable) in the net result		
Revaluation of fixed assets	0,0	0,0
Revaluation (or actuarial gains and losses) on defined benefit plans	-3,0	-3,0
Revaluation of own credit risk of financial liabilities recognised at fair value through the income statement	0,0	0,0
Revaluation of equity instruments recognised at fair value through equity, not recyclable	-0,3	0,5
Share of gains and losses recognised directly in the equity of equity-consolidated companies, not recyclable	0,0	0,0
Other elements recorded recognised through equity, not recyclable	0,0	0,0
Related taxes	1,1	0,9
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**0,7**	**-1,4**
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**154,1**	**165,9**
* Of which Group share	154,1	165,9
* Of which share of minority interests	0,0	0,0
Transfer amount to reserve of non-recyclable elements	**0,0**	**0,0**

Variation of shareholders' equity (group share)

(in millions of euros)	Capital and related reserves	Reserves	Gains and losses recognised directly in equity	Assignment	Total
Position at 31 December 2017	**2 031,8**	**1 386,3**	**-2,3**		**3 415,8**
2017 result				**182,3**	**182,3**
Income allocated to reserves	0,0	171,8	0,0	-171,8	0,0
Impact of IFRS9 FTA Reclassifications	0,0	1,0	-1,1	0,0	-0,1
Impact of IFRS9 FTA Reprocessing	0,0	2,7	-0,1	0,0	2,6
Change in gains and losses recognised directly in equity	0,0	0,0	0,8	0,0	0,8
Change in the value of financial instruments affecting non-recyclable equity	*0,0*	*0,0*	*0,6*	*0,0*	*0,6*
Change in the value of financial instruments affecting recyclable equity	*0,0*	*0,0*	*0,2*	*0,0*	*0,2*
Actuarial gains and losses on defined benefit plans	0,0	0,0	-2,2	0,0	-2,2
Distribution of dividends	0,0	0,0	0,0	-10,5	-10,5
Change in interest rate percentage	0,0	-0,1	0,0	0,0	-0,1
Situation at 31 December 2018	**2 031,8**	**1 561,7**	**-4,9**	**0,0**	**3 588,6**
2018 earnings				**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	2,7	0,0	2,7
Change in the value of financial instruments affecting non-recyclable equity	*0,0*	*0,0*	*-0,2*	*0,0*	*-0,2*
Change in the value of financial instruments affecting recyclable equity	*0,0*	*0,0*	*2,9*	*0,0*	*2,9*
Actuarial gains and losses on defined benefit plans	0,0	0,0	-2,0	0,0	-2,0
Distribution of dividends	0,0	0,0	0,0	0,0	0,0
Change in interest rate percentage	0,0		0,0	0,0	0,0
Miscellaneous	0,0	0,0	0,0	0,0	0,0
Position at 31 December 2019	**2 031,8**	**1 729,0**	**-4,2**	**0,0**	**3 756,6**
2019 result				**153,4**	**153,4**

Change in minority interests

Minority interests at 31 December 2017	**0,0**
Change in gains and losses recognised directly in equity	0,0
Change in the value of financial instruments affecting equity	*0,0*
Change in the value of financial instruments recognised in income	*0,0*
Change in interest rate percentage	0,0
Share of earnings as of 31 December 2018	0,0
Minority interests at 31 December 2018	**0,0**
Change in gains and losses recognised directly in equity	0,0
Change in the value of financial instruments affecting non-recyclable equity	*0,0*
Change in the value of financial instruments affecting recyclable equity	*0,0*
Change in interest rate percentage	*0,0*
Share of earnings as of 31 December 2019	0,0
Minority interests at 31 December 2019	**0,0**

Cash flow table

The cash flow table is presented using the indirect method model.

The **operational activities** are representative of the activities that generate earnings for the group, which includes the assets inventoried in the portfolio of “Securities at amortised cost”.

The tax flows are entirely presented with the operational activities.

The **investment activities** represent the cash flows for the acquisition and disposal of interests in the consolidated and non-consolidated companies, tangible and intangible assets, and buildings held for investment. The strategic equity securities listed in the portfolio of “Financial assets at fair value through equity” are included in this compartment.

The **financing activities** result from the changes related to the financial structure operations involving the shareholders’ equity and long-term borrowing.

The notion **of** net cash includes the cash, liabilities and debts with central banks and postal accounts, as well as the demand accounts (assets and liabilities) and loans with lending institutions.

Bpifrance Financement Group cash flow statement

(in millions of euros)	31/12/2019	31/12/2018
Income before tax	**240,8**	**291,3**
Net amortisation on intangible and tangible assets	63,6	34,5
Impairment of goodwill and other fixed assets	0,0	0,0
Net allocations to provisions	41,5	9,7
Share of net income related to equity-consolidated companies	-0,2	-1,8
Net loss/net gain from investment activities	0,1	0,5
Other transactions	478,0	311,7
Other transactions (specific to guarantee funds)	-83,4	288,7
Total non-cash items included in net income before tax and other adjustments	**499,6**	**643,3**
Flows related to transactions with credit institutions	-1 415,7	85,5
Flows related to transactions with clients	-1 706,5	-2 624,6
Flows related to other transactions affecting financial assets or liabilities	-406,3	151,0
Flows related to other transactions affecting non-financial assets or liabilities	-18,8	-107,6
Flows related to other transactions affecting innovation activities	-73,7	259,4
Tax paid	-129,2	-125,7
Net decrease/(increase) of assets and liabilities from operating activities	**-3 750,2**	**-2 362,0**
Total net cash flow generated by operating activity (A)	**-3 009,8**	**-1 427,4**
Flows related to financial assets and investments	-2,8	19,0
Flows related to investment property	0,0	0,0
Flows related to tangible and intangible fixed assets	-67,7	-46,7
Total net cash flow related to investment activities (B)	**-70,5**	**-27,7**
Cash flow to or from shareholders	-0,4	-12,4
Other net cash flow from financing activities	2 588,9	2 897,9
Total net cash flow linked to financing transactions (C)	**2 588,5**	**2 885,5**
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)	**-491,8**	**1 430,4**
Net cash flow generated by the operating activity (A)	-3 009,8	-1 427,4
Net cash flow linked to investment activities (B)	-70,5	-27,7
Net cash flow linked to financing transactions (C)	2 588,5	2 885,5
Impact of exchange rate variations on cash and cash equivalents (D)	0,0	0,0
Cash and cash equivalents - opening balance	**1 997,1**	**566,7**
Cash in hand, central banks (assets & liabilities)	1 687,6	357,2
Accounts (assets & liabilities) and lending/borrowing to/from credit institutions	309,5	209,5
Cash and cash equivalents - closing balance	**1 505,3**	**1 997,1**
Cash in hand, central banks (assets & liabilities)	1 045,9	1 687,6
Accounts (assets & liabilities) and lending/borrowing to/from credit institutions	459,4	309,5
Change in net cash flow	**-491,8**	**1 430,4**

Notes to the financial statements

Note 1 - Significant events during the fiscal year and events after the closing

1.1 Significant events during the fiscal year

Takeover of Agence France Entrepreneurs (AFE)

In order to strengthen national and local action supporting entrepreneurship and business creation, the Bpifrance Group is taking over certain activities until now exercised jointly by the French State and by the Caisse des Dépôts group.

Within this framework, Bpifrance Financement has taken over the activities of Agence France Entrepreneur (AFE), which mainly comprise the award of grants, the management of a website dedicated to entrepreneurship and the training of creation support personnel. In accordance with the treaty of universal devolution signed on 20 December 2018, it has been agreed that the AFE shall transfer to Bpifrance Financement all the means available to it for the performance of these activities from 1 January 2019. Consequently, Bpifrance Financement has taken over the employees, the financial and operational resources of the AFE as well as the commitments related to the receipt and disbursement of grants.

"FCT Bpifrance SME 2019-1" securitisation transaction

Bpifrance Financement securitised a part of its medium and long-term customer loans (PLMT). Bpifrance Financement is both the seller of the loans and the sole investor in the Securitisation Fund (FCT) to which the loans have been sold. This transaction enables the sold loans to be converted into securities eligible for the ECB's Targeted Longer-Term Refinancing Operations (TLTROs), thus benefiting from advantageous refinancing costs.

On 25 October 2019, the FCT Bpifrance SME 2019-1 thus issued €1,550,900,000 of senior bonds, €450,300,000 of subordinated bonds and €58,136 residual units. These securities were purchased by Bpifrance Financement, offsetting the sale to the FCT of an equivalent amount of receivables.

Note that this transaction is not qualified from an accounting standpoint as a sale, which means that the FCT is fully consolidated in the Bpifrance Financement consolidated financial statements and those of Bpifrance SA.

1.2 Post balance sheet events

No significant events occurred after the balance sheet date.

Note 2 - Applicable accounting standards

2.1 Applicable accounting standards on 31 December 2019

The 2019 consolidated financial statements are prepared in compliance with the IFRS guidelines as adopted by the European Union and applicable on 31 December 2019.

- The effects of the entry into force, on 1 January 2019, of IFRS 16 "Leases", are shown in Note 2.2 Impacts of the first-time application of IFRS 16.

- As part of the benchmark interest rate reform (IBOR reform), amendments to IAS 39 and IFRS 7 were adopted by the European Union on 15 January 2020, with early adoption authorised from 2019. These amendments consist of a degree of flexibility in the hedge eligibility criteria during the transition period prior to the adoption of the new benchmark indices. Their aim is to maintain existing hedging relationships.
  The Group early adopted these amendments on 31 December 2019. Specific information is provided in Note 8.9 Reform of benchmark interest rates.

- The interpretation of IFRIC 23 "Uncertainty over income tax treatments" sets out procedures for recognising uncertainty over income tax treatments applied when measuring taxable profit. It is necessary to determine the likelihood that the tax treatment used will be accepted by the tax authority, supposing that said authority will conduct a comprehensive audit and will have all relevant information at its disposal during said audit. If there is any doubt as to the acceptance of the tax treatment by the tax authority under tax legislation, said tax treatment is said to be uncertain.

Tax uncertainties are recognised under either "Current and deferred tax assets" or "Current and deferred tax liabilities". Income and expenditure relating to tax risks on corporation tax are shown under "Corporation tax".

The entry into force of the IFRIC interpretation, on 1 January 2019, had no material impact on the financial statements.

The other standards, amendments and interpretations whose application became mandatory as of 1 January 2019 had no material impact on the financial statements to 31 December 2019.
With the exception of amendments to IAS 39 and IFRS 7, the group does not apply the standards, interpretations and amendments whose application is currently only optional.

2.2 Impacts of the first-time application of IFRS 16

The Bpifrance Group applies the IFRS 16 standard relating to leasing contracts since 1 January 2019. This standard replaces IAS 17 and sets out new rules on recognising leases, more especially in lessees' financial statements, with very limited impact for lessors.

Recognition of leases for lessees is now based on identifying an asset and the lessee's right to control the use of this asset. All leases must now be recognised as a fixed asset under balance sheet assets and as a lease liability under balance sheet liabilities.

Detailed accounting methods for leases under which the group is a lessee are shown in Note 5.14 Leases

The group opted for the application of the simplified retrospective transition method and therefore does not establish a comparative analysis. The group uses the incremental borrowing rate in order to update financial debt flows, this rate being based on the internal transfer rate calculated by the group's financial management. Bpifrance applies the exemptions provided for by the standard and as such does not restate leases with a term of 12 months or less, or lease contracts for low-value assets.

At 1 January 2019 the impact, mainly relating to the restatement of real estate leases, is relatively limited. The right of use of assets is recognised for an amount of €107 million, lease liabilities are valued at €115 million and a provision for restoration costs is recognised in the amount of €8 million.

Reconciliation of the amount of lease commitments at 31 December 2018 with the lease liability recognised at 1 January 2019

(in thousands of euros)	
Commitments to non-cancellable leases at 31 December 2018	**112,745.7**
Exemption in relation to leases ending within 12 months of the date of first application.	- 76.3
Undiscounted lease liabilities	**112,669,4**
Discounting effect	2,256.5
Lease liabilities at 1 January 2019	**114,925.9**

2.3 Accounting standards that the group will apply in the future

The European Union has adopted new standards that will take mandatory effect as of 1 January 2020.

The application of these new provisions should not have a material impact on the consolidated financial statements of the group.

Note 3 - Preparation principles for the consolidated financial statements of the group

Pursuant to EC regulation No. 1606/2002, the group's consolidated financial statements are prepared using the international IAS/IFRS accounting standards in effect within the European Union as at 31 December 2019.

3.1 Consolidation principles

General principle

The Bpifrance Financement group consolidated financial statements include all of the companies that the group controls or over which it has significant influence, except ones for which the consolidation would be of a negligible nature relative to the preparation of the statements. Pursuant to this general principle, the material nature of this impact can notably be assessed by means of various criteria such as the size of the earnings or shareholders' equity of the company that is to be consolidated relative to the earnings or shareholders' equity of the consolidated whole.

Notion of control

The notion of control is assessed irrespective of the nature of the links between the group and the entity that is the subject of an investment. Control applies when the group is exposed or is entitled to variable yields and that it has the ability to influence these yields as a result of the power that it holds.
The group therefore controls a subsidiary if and only if all of the following elements are gathered:
- the group exercises power when it is in possession of the actual rights to direct the subsidiary's relevant activities;
- the group is exposed or is entitled to variable yields, when the yield can vary according to the subsidiary's performance;
- the group has the ability to exercise power such as to influence the amount of the variable yields that it obtains.

Joint control is the contractual sharing of the control exercised over a partnership which can be either a joint activity or a joint venture. Joint control only exists if the decisions regarding the relevant activities require the unanimous approval of the parties sharing control.

Significant influence is the power to participate in decisions relative to the associate's financial and operational policies, but without exerting control or joint control over these policies. This situation is presumed when the group directly or indirectly holds 20% or more of the voting rights. It can also result, for example, from representation within the Board of Directors or an equivalent management body, participation in the process for the preparation of policies, significant transactions between the group and the associate, exchange of management personnel or supply of sensitive technical information.

3.2 Consolidation methods

The consolidation methods result from the nature of the group's control over the entities that can be consolidated, irrespective of their activity.

The accounts of companies that are totally controlled, including the companies with different account structures, are consolidated according to the full consolidation method.

The holdings in which the group exercises joint control or notable influence are consolidated on an equity basis.

The entities recognised using the equity method is considered as having an operational nature that proceeds from the group's activity. Consequently, the share in the net earnings of companies accounted for using the equity method is presented after the operating earnings, in accordance with ANC recommendation no. 2017-02 of 2 June 2017 on the format of consolidated financial statements for bank sector institutions prepared according to international accounting standards.

3.3 Specific cases

The venture capital activity

When an equity interest in an associate (significant influence) or a joint venture (joint control) is held via a venture capital organisation, the group has chosen to assess this participation at fair value on the basis of net income in the category "Financial assets at fair value through profit or loss", in accordance with IFRS 9 relating to the accounting and valuation of financial instruments.

Conversion of the financial statements of foreign subsidiaries

The group's consolidated financial statements are presented in euros. The conversion of the financial statements for entities whose functional currency is different is carried out by applying the closing price method. According to this method, all monetary and non-monetary assets and liabilities are converted at the exchange rate in force at the fiscal year closing date. Income and expenses are converted at the average rate for the period. All conversion differences resulting from the conversion are recognised as a separate component in shareholders' equity.

Holdings in equity-consolidated companies

The equity method involves replacing the value of the securities with the share the group holds within the shareholders' equity and earnings of the companies in question. The profit and loss statement reflects the group's share of the earnings of the companies accounted for using the equity method.
The total investments accounted for using the equity method (including goodwill) are subject to an impairment test in accordance with the provisions of IAS 36 on the impairment of assets, if there exists an objective indication of impairment resulting from one or several events that have occurred since the initial recognition of the investment and these events have an impact on the estimated future cash flows of the investment, which may be reliably estimated.
The book value of the investment accounted for by the equity method is compared to its recoverable value, i.e. the highest between the value in use calculated according to the discounted future cash flow method or multi-criteria methods and the fair value less the sales costs.

When impairment is noted, it is then 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.

3.4 Consolidation rules

Restatements and eliminations

Restatements needed for the harmonisation of the assessment methods of the consolidated companies are carried out when they are significant.

Reciprocal receivables, debts and commitments, as well as reciprocal expenses and income are completely eliminated for the totally integrated companies. Intra-group dividends, provisions on consolidated securities, capital gains on internal disposal operations and exceptional depreciation are entirely neutralised for integrated companies in their entirety and equal with the share held with regard to companies accounted for using the equity method.

Goodwill

The acquisition cost is equal to the total of the fair values, on the acquisition date, of the delivered assets, net of accrued or assumed liabilities and of the shareholders' equity instruments issued in exchange for control of the acquired entity. The costs directly related to the operation are booked as expenses, except the expenses for the issuing of equity interests that are deducted from the shareholders' equity, as well as the direct costs of the transaction related to financial debts contracted as part of the operation that are deducted from the corresponding financial debts.

The identifiable assets, liabilities, possible liabilities and off-balance sheet elements of the acquired entities are recognised at their fair value on the acquisition date. This initial assessment can be refined within 12 months of the acquisition date.

The positive discrepancy between the entity's acquisition cost and the acquired share of the net assets revalued in this way is listed as an asset in the consolidated balance sheet, under the heading "Goodwill" when the acquired entity is globally integrated, or under the heading "Interests in companies accounted for using the equity method" when the acquired company is accounted for using the equity method. When the discrepancy is negative, it is immediately recorded in the profit or loss.

In the event of an increase of the percentage of the group's interest additional acquisition of securities results in the recognition of additional goodwill, determined by comparing the acquisition price of the securities and the net share of the acquired assets.

When the recoverable value is less than the book value, an irreversible impairment of the goodwill is recorded through profit or loss. The recoverable value is generally valued according to the discounted cash flows method.

3.5 Presentation of the financial statements and closing date

Presentation of the consolidated financial statements

The presentation of the interim reports is compliant with that proposed by recommendation no. 2017-02 of 2 June 2017 from the Accounting Standards Authority (ANC) relative to the format of the consolidated financial statements of banking institutions according to international accounting standards.

Closing date

All companies included in the scope of consolidation close their annual financial statements on 31 December.

Note 4 - Scope of consolidation

The Bpifrance Financement group scope of consolidation to 31 December 2019 changed compared to the last closing of the consolidated financial statements on 31 December 2018. It now includes the financial statements of FCT Titrisation which has been fully consolidated since 25 October 2019.

The following table identifies the companies included in the scope of consolidation, the percentage of their capital held directly and indirectly, and the method by which they are consolidated.

Denomination	Consolidation method	31/12/2019 % stake	31/12/2019 % voting rights	31/12/2018 % voting rights
Bpifrance Financement - MAISONS-ALFORT	Full	100%	100%	100%
Bpifrance Régions - MAISONS-ALFORT	Full	99,99%	99,99%	99,99%
Auxi-Finances - MAISONS-ALFORT	Full	100%	100%	100%
SCI Bpifrance - MAISONS-ALFORT	Full	100%	100%	100%
Bpifrance Courtage - MAISONS-ALFORT	Full	100%	100%	100%
FCT Bpifrance SME 2019-01 - SAINT-DENIS	Full	100%	100%	-
Alsabail - STRASBOURG	Equity method	40,69%	40,69%	40,69%

Note 5 - Accounting principles and valuation methods

5.1 Determination of the fair value

The IFRS 13 standard establishes the framework for determining the fair value and provides information on how to assess the fair value of assets and liabilities, both financial and non-financial. This corresponds with the price that would be received for the sale of an asset or paid for the transfer of a liability during a normal transaction between market participants on the valuation date. The fair value is therefore based on the exit price.

At the time of initial recognition, a financial instrument’s value is normally the negotiation price (i.e. the value of the consideration paid or received).
During subsequent valuations, the fair value of the assets and liabilities must be estimated and determined while using, as a priority, observable market data, while ensuring that all of the parameters comprising this fair value align with the price that “market participants” would use during a transaction.

5.1.1 Hierarchy of the fair values

The three levels of fair value

The standard defines three levels of fair value for financial and non-financial instruments:

Level 1: valuation using market quotations on a liquid market. This involves instruments for which the fair value is determined from quotations on active markets.

Level 2: valuation using observable market data. This fair value level includes instruments listed on an inactive market, and instruments valued using a valuation technique on the basis of parameters that are either directly observable (price) or indirectly observable (price derivative).

Level 3: valuation using non-observable market data. This level includes instruments valued using unknown valuation models and/or that are based on parameters that are not observable on the market, provided that they would be likely to significantly affect the valuation.

Transfers of fair value levels

Transfers between fair value levels can occur when the instruments meet classification criteria in the new level, with these criteria being dependent on market conditions and products. Changes of the observability, the passage of time and events affecting the life of the instrument are the main factors that can result in transfers. Transfers are considered to have occurred at the end of the period.

5.1.2 Assessment techniques

General framework

The best estimate corresponds with the instrument's market price when the latter is handled on an active market (prices listed and disseminated). The group uses the price offered for the fair value of a long position (asset) and the requested price for a short position (debt).

In the absence of a market or of reliable data, the fair value is determined using an appropriate method that complies with the assessment methodologies used on the financial markets: using the market value of a comparable instrument as a benchmark, valuation models and, more generally, discounting of the estimated future flows.

The fair value amounts of financial assets and liabilities represent the estimates made on the closing date. These amounts are subject to change in other periods depending on the changes to market conditions or other factors. The completed calculations are based on a certain number of assumptions. In practice, and for the purposes of business continuity, the estimated value will not be realised immediately for all of these financial instruments.

The consideration of the risk of non-execution on derivative liabilities (Debit Value Adjustment) and of the assessment of the counterparty risk on derivative assets (Credit Value Adjustment) has no significant incidence on the fair value valuation of the group's derivatives.

Special case of unlisted shares

The market value of unlisted shares is determined by comparison with recent transactions involving the capital of the company in question, carried out with an independent third party and under normal market conditions. In the absence of such a reference, the valuation is determined either with the help of commonly used techniques (EBIT or EBITDA multiples), or on the basis of the share of the net assets going to the group, calculated from the most recent available information.

Special case of financial assets and liabilities recognised at cost

Moreover, the market values are close to the book values in the case of variable rate financial assets and liabilities for which interest changes have no notable influence on the fair value, since the rates of these instruments are frequently adjusted to the market rates.

5.2 Initial recognition of financial assets and liabilities

All the financial assets and liabilities in the scope of application of IFRS 9, with the exception of those assessed at fair value through profit or loss, are recorded during their initial recognition at fair value plus or minus the transaction costs attributable to their acquisition. The transaction costs for financial assets and liabilities at fair value through profit or loss are recognised directly in profit or loss at the initial recognition date.

The group recognises securities, loans and borrowing in the balance sheet at the settlement date. All derivative instruments are recognised in the balance sheet on the trading date.

5.3 Classification and measurement of financial assets

Debt instruments

Loans and receivables as well as fixed-revenue securities are debt instruments that are subject to a subsequent assessment at amortised cost or at fair value depending on the business model and the characteristics of the contractual cash flows. More specifically:

- Debt instruments held in a business model whose objective is to collect contractual cash flows and which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (hereafter “SPPI criterion” defined in the paragraph Assessment of the characteristics of contractual cash flows) are recognised at amortised cost. These debt instruments are subject to impairment according to the modalities described in Note 5.5 Impairment of financial assets. Interest is calculated according to the effective interest rate method, as described in Note 5.20 Interest income and expenses.

- Debt instruments held in a business model whose objective is to both collect contractual cash flows and sell financial assets and for which the cash flows meet the SPPI criterion are recognised at fair value through shareholders' equity. Changes in fair value are recognised in shareholders' equity, with the exception of the effects related to credit risk, interest rate risk and exchange rate gains/losses on monetary assets in foreign currencies which are recorded in profit or loss. In the event of derecognition, the unrealised gains or losses are transferred from shareholders' equity to profit or loss under “Net gain/loss on instruments at fair value through shareholders' equity”.
  The impairment of these financial assets is calculated according to the modalities described in Note 5.5 Impairment of financial assets. Interest is calculated according to the effective interest rate method, as described in Note 5.20 Interest income and expenses.

- Other debt instruments are recognised at fair value through profit or loss. These are either assets that do not meet the SPPI criterion, notably (unconsolidated) units in investment funds or bonds convertible into issuer shares, or assets that do not meet the two business models described above (collection of cash flows or collection of cash flows and sale).
  Furthermore, on its initial recognition, the group may also designate, through an irrevocable option, a debt instrument at fair value through profit or loss if it meets the conditions required for assessment at amortised cost or fair value through shareholders' equity if this designation eliminates or significantly reduces time differences between the accounting treatment of certain financial assets and liabilities.
  Changes in the fair value of these instruments are recorded in “Gains/losses on financial instruments at fair value through profit or loss”.

Assessment of the characteristics of contractual cash flows

In order to assess the SPPI criterion (Solely Payments of Principal and Interest), the principal comprises the fair value at the date of initial recognition; it may change throughout the financial asset's lifetime, for example, in respect of the impairment of principal. Interest mainly consists of a consideration for the time value of money, the credit risk incurred by the group or any other type of risk and costs related to the holding of the financial asset over a certain period. Interest may also include a margin that is compatible with a conventional loan contract.

The time value of money is the component of interest that provides a consideration solely for the passage of time.

Contractual conditions that expose the contractual cash flows to changes in the prices of shares, raw materials, exchange rates or leverage effects are not considered as meeting the SPPI criterion.

Contractual modalities that enable a financial asset to be extended or repaid early do not call into question the SPPI criterion, as long as the compensation received by the group is reasonable.

The SPPI nature of financial assets including embedded derivatives is assessed globally (host contract and embedded derivative) in order to deduce the IFRS 9 classification.

Assessment of the business model

The business model reflects the way in which the group manages its financial assets in order to generate cash flows: by collecting cash flows only, by collecting cash flows and selling financial assets or by another strategy. The factors taken into account when assessing the business model are:
- the criteria used to assess the performance of the portfolio assets and present it to the main managers;
- the risks impacting the performance of the portfolio assets and the ways to monitor and manage these risks;
- the manager compensation modalities;
- the frequency and volume of previous disposals.

As a public investment bank, Bpifrance supports companies of all sizes (mainly VSEs, SMEs, and intermediate size companies) in all phases of their development, from start-up to stock market listing. Through its social mission, Bpifrance's financing activity focuses on maintaining customer relationships and collecting contractual flows.
The debt instruments that comprise Bpifrance's liquidity portfolio are managed according to two separate business models: a contractual flow collection model, in line with the accounting classification of equity securities under French standards without disposals, and a collection and resale business model for covered bonds.
With regard to the consolidated funds, the financial asset portfolio is managed on a fair value basis and the performance is also assessed on the basis of fair value, which justifies an “other strategy” business model leading to the recognition at fair value through profit or loss of the debt instruments held, whether or not they meet the SPPI criterion.

Reclassifications

Financial assets are reclassified when the business model in which they are held changes due to a strategic decision from the Executive Management, following significant changes in the group's activities. Reclassifications are forward-looking and do not involve restatements of profits and losses recognised prior to the reclassification date for the financial assets in question.

The group has not modified the business model of its financial assets during the reporting period. Consequently, no reclassification of financial assets has taken place to date.

Equity instruments

Investments in shares are recognised by default at fair value through profit or loss at the initial recognition date and subsequently. Changes in fair value, dividends, disposal gains or losses are recorded under “Net gains or losses on financial instruments at fair value through profit or loss”.

However, at the time of their initial recognition, the group may, upon irrevocable option, designate at fair value through shareholders' equity, equity instrument investments that are not held for transaction purposes or as part of a business combination. This option is exercised on a transaction by transaction basis, and the group has decided to apply it to its entire share portfolio. Bpifrance Group takes minority interests in growth companies (VSEs, SMEs, large companies and start-ups) or invests in funds with other private investors in order to support them in their development. The group also makes strategic investments in large companies.
The changes in fair value of these instruments are presented in shareholders' equity, without subsequent recycling in the event of sale. These financial assets are not subject to impairment. The dividends from these investments are recorded in the profit and loss statement under “Net gains or losses on financial assets at fair value through shareholders' equity”.

5.4 Financing commitments given and received

Financing commitments are not included in the balance sheet.

Over the commitment period, financing commitments given are subject to impairment according to the modalities described in Note 5.5 Impairment of financial assets. These impairments are presented under "Provisions".

5.5 Impairment of financial assets

Debt instruments assessed at amortised cost or fair value through shareholders' equity, financing commitments given and finance leases are systematically subject to impairment for expected credit losses.

At their initial recognition, the financial assets, including financing commitments and excluding financial assets impaired from the time of their acquisition or creation, are subject to impairment resulting from expected default events over the next 12 months (12-month expected credit losses). If the credit risk has increased significantly since the initial recognition, the impairment is revised to reflect the expected default events over the total lifetime of the instrument (expected credit losses at maturity).

The financial assets are initially classified in “bucket 1”. If there has not been a significant increase in credit risk since the start, they remain classified in “bucket 1”. Impairment is recognised for the 12-month expected credit losses.

If there has been a significant increase in credit risk, the financial assets are transferred to “bucket 2”; impairment is determined based on the expected credit losses at maturity.

Assets for which there are one or several objective indicators of impairment related to events that have occurred since their initial recognition that have an impact on the expected cash flows comprise “bucket 3”. Expected losses at maturity are calculated for these assets.

Loan portfolio

Significant increase in credit risk

The significant increase in credit risk is assessed by comparing the risk of default on the financial instrument at its initial recognition and the closing date. This deterioration must be acknowledged before the appearance of an objective indicator of loss (bucket 3).

This assessment is based on both qualitative and quantitative criteria. A significant increase in credit risk is systematically considered to have occurred for outstanding amounts that meet one of the following conditions:

- classification on the watch list. Amongst the performance reasons related to watch list status, Bpifrance Group includes arrears of between 30 and 90 days as well as outstanding amounts restructured in probation (two-year period);
- probability of current default above 20%;
- Absolute increase in the probability of default greater than 2% between the grant date and the closing date and relative increase in the probability of default greater than 95% between the grant date and the closing date.

The model is applied symmetrically. Thus, when the conditions that have led to classification in bucket 2 are no longer met, Bpifrance Group notes the improvement to the situation of the counterparty with a return to bucket 1.

Financial assets presenting an objective indication of loss

These are financial assets that the group has classified as non-performing, i.e. any asset where it is likely that the institution will not receive all or part of the amounts due in respect of the counterparty's subscribed commitments, due to its financial difficulties.

Non-performing counterparties are notably those for which collective procedures (amicable or contentious) are on-going, a deterioration in credit quality has been noted, for which receivables are over 90 days in arrears or for which a default event has been declared or for which Bpifrance's guarantee has been called.

All arrears over 30 days for a debt that has been restructured or frozen during the probation period automatically lead to classification in the non-performing assets category. The probation period is one year before any possibility of reclassification on the watch list.

Bpifrance Group has aligned the Basel definitions of default and non-performing with those of doubtful receivables and bucket 3 under IFRS 9.

Bpifrance Group records a transfer to losses on an asset when its rights as a creditor have been extinguished.

Measurement of credit losses

For assets classified in buckets 1 and 2, the expected credit losses are equal to the product of three parameters - the probability of default, the rate of loss in the event of default and exposure at the date of default. They are discounted at the effective interest rate of the concerned asset.

The probabilities of default at 12 months and maturity represent respectively the risk of default of the counterparty within the next 12 months and the risk of default throughout the instrument's lifetime.

The rate of loss in the event of default is estimated using available historical data on losses incurred or according to expert opinion or by using the regulatory level set by financing product or by counterparty. It also takes into account pledges attached to the loan.

The group applies the methods used to determine regulatory provisions. Within this framework, the probabilities of default and the rate of loss in the event of default, observed through the cycle for regulatory purposes, are adjusted in order to be measured at the date of default (point in time).

The probability of default and the rate of loss also take into account the expected economic context over a forecast horizon (forward-looking). The group has selected three scenarios considered as central, optimistic and stressed. The selected simulation horizon is six years. These scenarios are based on the growth rate for French GDP, the consumption price index, the unemployment rate, the change in French government (OAT) 1 year and 10 year bonds.

Exposure at default takes into account the amounts drawn down and the commitments given. The outstanding amount at risk out of the outstanding commitments given is estimated based on the historical outflow rates. The exposure takes into account the amortisation and the potential repayment of the outstanding amount.

Impairment of assets in bucket 3 is estimated on an individual basis. It corresponds to the difference between the book value of the asset and the value discounted at the effective interest rate at the start of the future estimated recoverable cash flows, taking into account the effect of guarantees, when these are part of the contractual modalities and are not recognised as separate assets.

Securities portfolio

The simplified so-called low credit risk approach has been selected for the group's securities portfolio, given the low risk profile of a portfolio mainly comprising sovereign bonds.

The credit risk of a financial asset is considered to be low when:
- the risk of default is low;
- the borrower has a solid capacity to fulfil its contractual obligations;
- this capacity is not necessarily affected by the unfavourable changes in economic and commercial conditions over the longer term.

The group considers that the credit risk is low when the counterparty is classified as “Investment Grade” and the securities of these counterparties are classified in “bucket 1”. The declassification of a security to “Speculative Grade” leads to a classification in “bucket 2”. A deterioration of two ratings during the six months prior to the closing date may be an additional identification factor of a significant deterioration in the credit risk. In such circumstances, the group conducts a case by case analysis.

Within this framework, the measurement of credit losses follows the following rules:
- Buckets 1 and 2: the probabilities of default are calculated on the basis of data from rating agencies, the rates of loss selected are those of the Basel guidelines and the exposure at default corresponds to the gross book value.
- Bucket 3: losses are estimated on an individual basis in view of the counterparty's situation and, if applicable, the value of guarantees.

5.6 Distinction between debts and shareholders' equity

Pursuant to IAS 32 on the presentation of financial instruments, the financial instruments issued are qualified as debt or equity instruments depending on whether or not a contractual obligation exists for the issuer to deliver to the holders of cash securities another financial asset or to exchange instruments under potentially unfavourable conditions.

Bpifrance Financement reserve fund

The reserve fund was set up by the shareholders of the former OSEO Garantie; this advance is intended to hedge the outstandings of the guaranteed loans for which it provides backing.

In view of the discretionary nature of the decision to pay interest to the bearers, as well as its repayment if decided upon by the shareholders, the Bpifrance Financement reserve funds are qualified as shareholders' equity instruments.

5.7 Debts

Debts issued by the group and that are not assessed at fair value through profit or loss are initially recorded at their cost which corresponds to the fair value of the amounts borrowed, net of transaction costs. These debts are assessed at their impaired cost on the closing date by using the effective interest rate method and are recorded in the balance sheet in the “Debts to lending institutions”, “Debts to the clientele”, “Debts represented by a security” or “Subordinated debts” items.

Debts to lending institutions and Debts to the clientele

Debts to lending institutions and debts to the clientele are broken down according to their initial maturity or the nature of these debts: debts repayable on demand (overnight loans, ordinary accounts) and term borrowings for lending institutions; term borrowings, security deposits and ordinary accounts for the clientele.
Interest accrued on these debts is included in the related debts account with changes recognised in the profit and loss statement.

Debt represented by a security

Debt securities are broken down according to their format: interbank market securities, negotiable debt instruments and bond loans, with the exception of subordinated securities included amongst the “Subordinated debts”.
Interest accrued attached to these securities is included in a related debts account with changes recognised in the profit and loss statement. Issue or repayment premiums on bond loans are amortised using the effective interest rate method, over the lifespan of the loans in question. The corresponding charge is recorded in “interests and charges” in the profit and loss statement.

Subordinated debt

This heading includes debts, whether materialised in the form of a security or not, of fixed or open duration, with which the repayment in case of the debtor's liquidation is only possible after the other creditors have been discharged.

These debts are assessed at their impaired cost on the closing date by using the effective interest rate method. If relevant, accrued interest attached to subordinated debts is included in an account for related debts, with changes recognised in the profit and loss statement.

This item also includes mutual guarantee deposits.

5.8 Financial liabilities designated at fair value through profit or loss on option

These are debts that the group has irrevocably designated from the start at fair value through profit or loss. The application of this option is reserved for the following cases:

- the elimination or significant reduction of gaps between the accounting treatment of certain financial assets and liabilities;
- the alignment of the accounting treatment with the management and measurement of performance, as long as this condition is based on an established risk management or investment policy and that the internal reporting is based on a measurement of fair value;
- the assessment at fair value through profit or loss of certain hybrid financial liabilities without separation of the embedded derivatives.
  An embedded derivative is the component of a “hybrid” contract, whether financial or not, that complies with the definition of a derivative product. It must be extracted from the host contract and recognised separately if the hybrid instrument is not assessed at fair value for profit or loss, and if the economic characteristics and risks associated with the incorporated derivative are not closely tied to the host contract.

Changes in fair value of the period and the interest of financial liabilities are recorded under “Net gains or losses on financial instruments at fair value through profit or loss”, with the exception of changes in fair value attributable to the change in own credit risk which are recorded within “Gains and losses directly recognised in shareholders' equity”. If the liability is derecognised before its maturity, the gain or loss in fair value realised, attributable to own credit risk, is directly transferred to the consolidated reserves in shareholders' equity, without impacting income for the period.

5.9 Repurchase agreements

Securities temporarily sold as part of a repurchase agreement continue to be recorded in the group’s balance sheet, in their original portfolio. The corresponding liability is recognised under the appropriate “Debts” heading (“Debts due to credit institutions” or “Debts due to customers”).

Securities temporarily purchased as part of a reverse repurchase agreement are not recognised in the group’s balance sheet. The corresponding receivable is recognised in “Loans and Receivables with credit institutions and similar, at amortised cost”.

5.10 Derecognition of financial assets and liabilities

The group derecognises a financial asset upon the expiry of the contractual rights to receive the cash flows linked to the financial asset, or when these contractual rights and almost all of the risks and benefits inherent to the asset’s ownership have been transferred. If relevant, the rights and obligations created or retained during the transfer are recognised separately as assets or liabilities.

At the time of the complete derecognition of a financial asset, a disposal gain or loss is recorded in the profit and loss statement in an amount equal to the difference between value of the consideration received, with possible correction for any unrealised profit or loss that might previously have been recognised directly in the shareholders’ equity.

The group derecognises a financial liability only when this financial liability has been completely extinguished, i.e. when the obligation indicated in the contract has been extinguished, cancelled or arrives at maturity.

5.11 Derivative financial instruments and hedge accounting

A derivative is a financial instrument which has the following three characteristics:

- its value fluctuates according to changes in interest rates, the price of a financial instrument, the price of goods, an exchange rate, a price index or share price, a credit rating or a credit index;
- it requires a zero or low initial investment;
- it is settled at a future date.

Derivative instruments are recognised at fair value. With each accounts closing date, irrespective of the management intention applicable to their retention (trading or hedging), they are assessed at their fair value. With the exception of derivatives considered as cash flow hedging for accounting purposes, fair value variations are recognised in the period's profit and loss statement.

Derivative financial instruments are grouped into two categories:

Transaction derivatives

Transaction derivatives are included in the balance sheet under the "Financial assets or liabilities at fair value through profit or loss". Realised or unrealised gains or losses are recorded in the profit and loss statement under the heading "Net gains or losses on financial instruments at fair value through profit or loss". Transaction derivatives processed by Bpifrance Group are economic hedges that are not eligible for hedge accounting.

Hedging derivatives

The group has chosen the option provided by IFRS 9 not to apply the standard's provisions relating to hedge accounting and to continue to apply IAS 39 as adopted by the European Union, for recognising these operations.

To be able to use a hedge derivative instrument for accounting purposes, it is necessary to document the hedge relationship as of inception (hedge strategy, nature of the hedged risk, designation and characteristics of the hedged element and of the hedge instrument). Moreover, the hedge's efficiency must be demonstrated at inception, and verified retrospectively at the time of each accounts closing date.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge. The group currently only applies fair value hedge accounting. The changes in fair value of hedging instruments and the hedged elements are recognised under "Net gains or losses on financial instruments at fair value through profit or loss".

Fair value hedging

The purpose of fair value hedging is to reduce the risk of any variation to the fair value of the asset or liability in the balance sheet, or of a firm commitment (in particular, hedging of the rate risk from fixed rate assets and liabilities).

The hedged element's revaluation is recorded through profit or loss on a symmetrical basis with the revaluation of the derivative. The hedge's possible inefficiency therefore directly appears through profit or loss.

Interest accrued from the hedge derivative is recognised in the profit and loss statement on a symmetrical basis with the interest accrued from the hedged element.

With regard to the hedging of an identified asset or liability, the revaluation of the hedged component is attached to the balance sheet by type of hedged element.

Should the hedge relation be interrupted (non-compliance with the efficiency criteria or sale of the derivative or of the hedged element before maturity), the hedge derivative is transferred into the trading portfolio. The revaluation amount listed in the balance sheet relative to the hedged element is amortised over the outstanding period relative to the initial hedge lifespan, as long as the former hedged element remains recognised in the balance sheet.

Hived-off global hedging

The group's preference is for the application of the provisions of the IAS 39 standard adopted by the European Union (known as the "carve-out") for micro-hedge operations carried out within the framework of the asset-liability management of fixed rate positions.

These provisions make it possible to hedge the rate risk associated with loans with the clientele, or with borrowing and securities portfolios. Macro-hedge instruments are primarily rate swaps designated as fair value hedges of the group's fixed-rate assets or resources.

The accounting treatment for hived-off global hedge derivatives uses the same principles as the ones previously described as part of the fair value hedge. However, the overall revaluation of the hedged component is included under the heading "Revaluation discrepancies of the rate-hedged portfolios". The efficiency of the hedges is ensured prospectively by the fact that all derivatives, on their set-up date, must serve to reduce the rate risk of the underlying portfolio of hedged securities.

5.12 Balance sheet offsetting of financial assets and liabilities

In accordance with IAS 32, the group offsets a financial asset and a financial liability and a net balance is presented in the balance sheet when there is a legally binding right to offset the recognised amounts and an intention, either to settle the net amount, or to generate the asset and settle the liability simultaneously.

The fair value of derivative instruments treated with clearing houses and the associated margin calls, and for which the functioning principles meet the previous criteria, is offset in the balance sheet.

5.13 Currency transactions

The accounting registration rules depend on the monetary or non-monetary nature of the elements contributing to the foreign currency operations carried out by the group.

Monetary assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are converted; using the closing price, into the group's operating currency, the euro. Exchange discrepancies are recognised through profit or loss.

The exchange discrepancies on monetary elements designated as cash flow hedges or that are part of a net investment in a foreign entity are recorded as gains and losses directly recognised in shareholders' equity.

Non-monetary assets expressed in foreign currencies

Non-monetary assets recognised at historical cost are assessed at the exchange rate on the transaction date. Non-monetary assets recognised at fair value are assessed at the exchange rate on the closing date. Exchange discrepancies on non-monetary elements are recognised through profit and loss if the gain or loss on the non-monetary element is recognised through profit or loss, in the gains and losses directly recognised in the shareholders' equity if monetary element is recognised in the equity capital.

5.14 Leases

Lessor

In accordance with IFRS 16 "Leases", leases granted by the group are analysed as either finance leases or operating leases. Leasing operations are qualified as finance lease operations when they result in the de facto transfer to the lessee of the risks and benefits related to the ownership of the leased asset. Failing that, they are qualified as an operating lease.

Finance lease receivables are included in the balance sheet under the item “Finance leases and similar operations at amortised cost” and represent the Group’s net investment in the lease, which is equal to the discounted value at the lease's implicit rate of the minimum payments that are to be received from the lessee, plus any non-guaranteed residual value.

Finance lease operations are recorded in the balance sheet on the settlement/delivery date.

The interest included in the lease payments is recorded in the “Interest profit and loss statement such as to be able to determine a constant periodic profitability rate for the net investment.

Finance lease receivables are subject to impairment according to the modalities described in Note 5.5 Impairment of financial assets.

The Assets Temporarily Not Leased (ATNL) resulting from finance lease operations are likened to stocks and are recorded as balance sheet assets under the heading “Accruals and miscellaneous assets”. They are assessed at their net financial value on the termination date, net of possible impairment booked when the recovery value is lower than the financial net value on the termination date.

Lessee

In accordance with IFRS 16 "Leases", the Group records a lease liability and a right to use the leased asset at the inception of the lease contract.

The lease liability is equal to the discounted value of the future payments over the term of the lease. These future payments include fixed rents and variable rents based on an index (consumer price index or construction cost index, etc.) as well as, where applicable, amounts that the Group expects to pay to the lessor under residual value guarantees or options whose exercise is reasonably certain. However, variable payments not based on an index or rate and taxes such as housing tax are excluded from the future payments taken into account to determine the lease liability.

The right of use is equal to the initial value of the lease liability, increased, where applicable, by the initial direct costs. It is adjusted, where applicable, for payments made to the lessor before or on that date, less any rental benefits received.

The present value of future payments is recorded as a liability under "Lease liabilities", while the right of use is recorded as an asset under "Property, plant and equipment". The lease liability is depreciated on an actuarial basis and the right of use is depreciated on a straight-line basis over the term of the lease. In the income statement, depreciation charges are recognised under operating expenses and charges relating to the lease liability under "Interest and similar expenses".

Where applicable, a provision to cover the costs of restoring the leased asset that will be incurred at the end of the lease is recorded as a liability in the balance sheet.

Net timing differences resulting from subsequent changes in the lease liability and the right of use will give rise to the recognition of deferred tax.

The main assumptions used to value lease liabilities and rights of use are as follows:

- The lease term is the non-cancellable period during which the lessee has the right to use the underlying asset, extended where applicable by renewal options that the lessee is reasonably certain to exercise and termination options that the lessee is reasonably certain not to exercise. Excluding extension or termination options, the term retained for property leases is nine years, in accordance with the statement of conclusions of the French Accounting Standards Authority (Autorité des Normes Comptables) of 16 February 2018 relating to French commercial leases.
- The discount rate used to determine the right of use and the lease liability is the incremental borrowing rate, defined on the basis of internal transfer rates calculated by the Group's finance department.

Pursuant to exemptions proposed by the standard, leases corresponding to low-value assets or a term of less than or equal to one year are recognised directly as expenses.

5.15 Tangible and intangible fixed assets

In compliance with the IAS 16 standard relative to tangible fixed assets and IAS 38 standard relative to intangible fixed assets, a tangible or intangible fixed asset is posted as an asset if:

- it is probable that the future economic benefits associated with this asset will go to the company;
- this asset's cost can be reliably assessed.

Fixed assets are recorded at their acquisition cost, possibly increased by the acquisition expenses that are directly attributable to them.

The group applies the asset recognition method by component to all of its tangible and intangible fixed assets.

After initial recognition, the fixed assets are assessed at their cost, less the total of the amortisations and impairment losses.

Fixed assets are depreciated according to the consumption duration of the expected economic benefits, which generally corresponds with the asset's lifespan. When one or more of a fixed asset's components have a different operational life or provide different economic benefits, these components are amortised according to their own operational lives.

The following amortisation durations have been adopted:

- software: from 1 to 5 years;
- buildings: from 25 to 55 years;
- fittings, furnishings and office equipment: from 4 to 10 years;
- IT hardware: 4 years.

Fixed assets are the subject of an impairment test when signs of possible impairment losses are identified on the closing date. If affirmative, the asset's new recoverable value is compared with the fixed asset's net book value. In case of a loss in value, impairment is noted through profit or loss.

This impairment is written back in case of modification of the recoverable value or the disappearance of the signs of impairment loss.

5.16 Investment property

In compliance with IAS 40 standard relative to investment buildings, a real estate asset is recognised in "Investment buildings" if it is held in order to obtain rental payments or develop the capital. Investment buildings are assessed using the cost method.

Disposal capital gains or losses from investment fixed assets are listed through profit or loss on the lines "Earnings from other activities" or "Expenses from other activities", as are the other earnings and related expenses (notably rents and depreciation allowances).

Provided for information purposes, the fair value of investment buildings, for its part, is estimated based on "expert opinion".

5.17 Other personnel benefits

The Bpifrance group provides its employees with various types of benefits, falling into four categories:

Short-term benefits

They primarily include salaries, holidays, mandatory and voluntary profit sharing, and bonuses payable within 12 months of the closing of the fiscal year to which they pertain. They are recognised in the expenses for the fiscal year, including the amounts still owed at the time of the closing.

Post-employment benefits

They include the retirement lump sum payments, the banking sector retirement supplements and health expenses after employment.

These benefits fall under two categories: the defined contribution plans (not representative of a commitment to be provisioned by the company) and the defined benefit plans (representative of a commitment at the company's expense and resulting in an assessment and provisioning).

Defined contribution plan

A defined contribution plan is a plan for post-employment benefits according to which an entity pays defined contributions (as an expense) to a separate entity and will have no legal obligation to pay additional contributions if the fund does not have sufficient assets to provide all of the benefits corresponding with the services provided by the personnel during the periods in question.

Defined benefits plan

The obligations are assessed using an actuarial method that considers demographic and financial assumptions such as age, seniority, the probability of presence on the date of the awarding of the benefit, and the discounting rate (rate of return from the market for the bonds of high quality companies). This calculation includes a distribution of the expense over time on the basis of the activity period of the personnel members (projected credit units method). The recognition of the obligations takes into account the value of the assets established in order to hedge the obligations and actuarial elements.

The expenses relative to defined benefit plans consist of the cost of the benefits rendered during the year, the interest on the liabilities or net assets relative to the defined benefits (at the market rate of return of the bonds of high-quality companies), the contributions to the employer's plans, and the benefits paid.

The possible actuarial gains and losses (revaluations), the yields of the plan's assets (excluding interest) and the consequences of the reductions and possible liquidations of plans are booked in other elements of the overall earnings.

Other long-term benefits

The long-term benefits are generally related to seniority, paid to employees who are still active, but more than 12 months after the fiscal year's closing. This primarily involves the bonuses for labour medals.
These commitments are the subject of a provision that corresponds with the value of the commitments at the time of the closing. They are assessed using the same actuarial method as the one applied to the post-employment benefits.

For other long-term benefits, the cost of the benefits, the net interest on the liabilities (the assets) and the revaluations of the liabilities (or assets) are booked in net income.

Cessation of employment compensation

This involves compensation paid to employees at the time of the termination of their employment contract, prior to retirement, whether in case of dismissal or acceptance of a voluntary departure plan. The end of employment contract allowances is provisioned.

5.18 Provisions

A provision is established when it is likely that a resource outflow representing economic benefits will be necessary in order to fulfil an obligation resulting from a past event and when the obligation's amount can be reliably estimated. The amount of such obligations is discounted in order to determine the provision amount, when the impact of this discounting is material.

5.19 Current and deferred taxation, tax situation

Current taxation

The payable tax on profits is determined on the basis of the rules and rates applicable in France, as the group companies are exclusively located in France.

Deferred tax

Deferred taxes are recognised when temporary differences are noted between the book value and the tax value of an asset or liability.

The overall calculation method, which involves determining all of the temporary gaps irrespective of the date when the tax will become payable or recoverable, has been adopted for the calculation of the deferred tax.

The tax rate and rules used in the calculation of the deferred taxation are the ones resulting from the applicable fiscal texts, which will be applicable when the tax becomes recoverable and payable.

Deferred taxes are compensated with one another on the level of each tax entity of the consolidated group. Deferred tax debits are only taken into account if it is probable that the entity in question has a recovery prospect over a determined horizon.

Deferred taxes are recognised as a tax income or expense in the income statement, except for those relating to unrealised gains or losses on assets at fair value through equity and to the value changes of derivatives designated as cash flow hedges, for which the corresponding deferred taxes are charged against shareholders' equity.

Tax uncertainty

When it is probable that a tax position of the group will not be accepted by the tax authorities, this position is reflected in the financial statements when current tax (current or recoverable) and deferred tax (asset or liability) are recognised.

Tax situation

Bpifrance Financement is the parent company of a tax consolidation group comprising Auxifinances and Bpifrance Courtage.

5.20 Interest income and expenses

Interest relating to the debt instruments recognised at amortised cost is recorded under "Interest and similar income" or "Interest and similar expenses" according to the effective interest rate method.

The effective interest rate is the rate that discounts the disbursements or collections of the future cash flows over the anticipated lifespan of a financial asset or financial liability in order to exactly obtain the gross book value of the financial asset or the amortised cost of the financial liability. The calculation of this rate takes into account the transaction costs and premiums and discounts as well as the commissions received or paid, such as the commissions for financing commitments given or the commissions for the granting of loans, which by nature are an integral part of the contract's effective interest rate.

The items “Interest and similar income” or “Interest and similar expenses” also record the guarantee commissions established on a prorata temporis basis and the interest for hedging instruments designated at fair value.

5.21 Commissions and income from other activities

Pursuant to IFRS 15, the recognition of income resulting from contracts with customers (outside of leases, guarantee contracts and financial instruments that are treated by other IFRS standards) reflects the transfer of ownership over a good or service for an amount corresponding to the amount to which the seller expects to have the right in exchange for this good or service. The applied approach comprises five stages which enable the different performance obligations of a contract to be identified and to allocate a transaction price to each one, with this price being recognised when these obligations are met, i.e. when the transfer of ownership of the good or service has taken place.
In the case of compensation including a variable portion, the latter is only recognised in profit or loss if it is highly probable that its estimated amount will not suffer a significant decrease or when it is certain.

Commissions remunerating an immediate service are recorded in the income as soon as the service is completed.

Commissions collected as part of a continuing service, such as guarantee commissions, are staggered over the duration of the service on a prorata temporis basis.

5.22 Net gains or losses on financial instruments at fair value through profit or loss

This item mainly records:

- the dividends and changes in fair value of investments in equity instruments, that the group has not designated at fair value through non-recyclable shareholders' equity;
- the changes in fair value of debt instruments (including interest) recognised at fair value through profit or loss, with the exception of changes in fair value relating to the own credit risk resulting from the financial liabilities designated at fair value through profit or loss by option;
- changes in fair value (including interest) of derivative instruments not used for hedging; changes in fair value (excluding interest) of derivative instruments used for fair value hedging.

The ineffectiveness of hedging relationships is also recognised in this item.

5.23 Net gains or losses on financial instruments at fair value through shareholders' equity

Net gains or losses on financial instruments at fair value through shareholders' equity includes the following elements:

- the dividends of equity instruments designated at fair value through non-recyclable shareholders' equity;
- the results, net of hedging effects, of the derecognition of debt instruments recognised at fair value through shareholders' equity.

5.24 Net gains or losses resulting from the de-recognition of financial assets at amortised cost

This item includes the gains and losses resulting from the derecognition of debt securities or loans and receivables classified as financial assets at amortised cost, including the indemnities for early repayment and hedging effects.

5.25 Personnel costs

The personnel costs include the wages and salaries, as well as the personnel benefits.

5.26 Cost of credit risk

The net allowances of write-backs for depreciation and provisions, receivables written off as losses during the fiscal year, recoveries on receivables previously transferred to losses comprise the risk expense on credit operations on financial assets recognised at amortised cost and debt instruments classified under “Financial assets at fair value through shareholders' equity”.

5.27 Guarantee activity

Guarantee commitments

The group's guarantee commitments are mainly carried by Bpifrance Financement and Bpifrance Régions, and are backed by guarantee funds.

Two types of guarantees are granted by the group:

- guarantees in respect of venture capital interventions (SME shares) against capital losses incurred by the venture capital institutions. These contracts contain a clause on the participation in capital gains and losses from the disposal of the underlying securities;

- the guarantees granted to credit institutions for the loans granted to their customers, in order to hedge against payment defaults for an identified debtor. The group is compensated by guarantee commissions.
  The guarantees not called upon, declared in default by the partner bank without other information about the deterioration of the counterparty's credit risk are classified as performing loans under watch (watch list) and are subject to impairment on the basis of an expected loss model. If the guarantee is called upon (expiry of the loan term or occurrence of collective proceedings) and/or in the event of information about a deterioration in the counterparty's credit risk, the guarantees are subject to impairment for proven risk.

Venture capital guarantee contracts meet the definition of derivative instruments. Consequently, they are assessed at fair value at the date of initial recognition or subsequently. The fair value is assessed based on a maximum indemnity rate.

Guarantees to credit institutions meet the definition of financial guarantee contracts, i.e. a contract that requires the issuer to make specific payments in order to repay the holder for a loss that it incurs due to the default of a specified debtor. Under the option provided by IFRS, the group has chosen to process these contracts according to the provisions of IFRS 9 and consequently not to apply IFRS 4 on insurance contracts.

Guarantee Fund

The guarantee funds correspond to the amounts paid by the State, the CDC, private lessors or local authorities designed to hedge the future risks generated by Bpifrance's guarantee grant activity.

The guarantee funds are equivalent to term deposits repayable to donors which include a component of reinsurance contracts. The guarantee funds, therefore, meet the definition of a financial liability according to IAS 32.

Accounting treatment and presentation of guarantees to credit institutions and guarantee funds

The group has irrevocably designated at fair value through profit or loss the guarantee commitments and the guarantee funds that back them. The performance of the guarantee fund is managed and communicated to donors based on a fair value model.

Guarantee commitments are assessed at fair value at the date of initial recognition. This fair value comprises discounted commissions receivable and discounted expected losses. It is determined from internal claims models. These internal models take into account the potential recovery based on statistical observations (assessment of future and non-proven disputes and the provision for proven losses) and the time effect, as well as the proven losses and any recoveries on files for which the group's guarantee has been called upon. The fair value of the guarantee commitments is recognised in liabilities under the specific heading “Public guarantee funds allocated to commitments”.

In addition to the allocations received from public partners, the assessment of the guarantee fund takes into account the share of commissions received that are paid to the guarantee funds and 90% of the net investment income from the received allocations (that return by convention to the guarantee fund). The fair value of the guarantee fund is recognised in liabilities under the specific heading “Unallocated Public Guarantee Funds”.

All flows associated with the guarantee funds are recognised as income and expenses, though with no impact on the group’s income as long as the guarantee funds have not been used up, as future losses are charged against the guarantee funds.

5.28 Innovation activity

The innovation activity involves allocating subsidies, advances repayable in the event of successful completion of the project or loans (zero-rate or with interest) repayable without conditions on behalf of the State or of public partners.

The subsidies granted by Bpifrance meet the conditions specified by IAS *20 “Accounting for Government Grants and Disclosure of Government Assistance*” as they are transfers of cash made available by the State and the public partners via their allocations, after the beneficiary entity has demonstrated that it complies with all the conditions allowing it to benefit from the subsidy.

Subsidies disbursed are recognised directly in expenses, under the “Expense on other activities” item. Subsidies granted to companies but not yet disbursed are shown on the liability side of the balance sheet in the “Accrued expenses and other liabilities” item, or are recognised as commitments given until their granting has been formalised.

Repayable advances disbursed are recognised at fair value at their initial recognition, which corresponds to the amount disbursed, and at subsequent closing dates. They are included on the balance sheet under the specific item “Innovation financing aids” and those not disbursed are indicated under commitments given.

The loans granted under the innovation activity are basic loan instruments that meet the *SPPI criterion*. These are zero-rate loans or variable or fixed-rate loans that may be subject to early repayment against the payment of a reasonable early repayment indemnity. These assets are held in a flow collection business model. These loans are, therefore, assessed at amortised cost, according to the modalities described in section 5.3. *Classification and measurement of financial assets*.

The loans granted under the innovation activity are recorded in “*Loans and receivables due from customers*”.

The innovation activity is entirely financed by:
- an allocation known as the State’s “intervention allocation”, structured as the Intervention guarantee fund;
- allocations from the local authorities.

These allocations are recognised under the specific "Unallocated net innovation intervention resources" item once the French State or the other partners have signed the agreements. They are used to finance the subsidies and repayable advances and are written back through profit or loss in keeping with the granting of subsidies to the beneficiaries and the occurrence of findings of failures or of the recognition of the depreciation and losses of repayable advances, on zero-rate loans or variable or fixed-rate loans. These unallocated funds are representative of the fair value of the fund.

Allocations to be received from the State and public partners are recorded under "Other assets - Receivables with State and Innovation Partners".

Impairment on sound outstanding amounts is calculated on the production of repayable advances; zero-rate loans and variable and fixed-rate loans financed by the State's intervention allocations. They correspond to a financial indicator that enables the amount of advances and loans that may be transferred to expenses in future income statements to be assessed.
When there is a recognised risk of non-recovery of all or part of the commitments assumed by the counterparty, individual impairments are recognised and the impairment on sound outstanding amounts is reversed.

These impairments are recorded under liabilities in the specific "Net innovation intervention resources allocated to commitments" item.

The impact of this impairment is neutral for Bpifrance's profit and loss statement. Impairment on sound outstanding amounts and individual impairments constituted are recognised as expenses in the profit and loss statement ("Income/expense on other activities"). Symmetrically, the allocation consisting of the State's intervention and the partner financing is booked as a counterparty of this item.
Write-backs of impairment take place:

- when the impaired repayable advances finally become irretrievable and are recognised as expenses;
- when the impairment reversal results from a repayment of the advance.

In the case of an impairment reversal, the liabilities are replenished accordingly.

The income and expenses allocated to the Innovation Guarantee Fund are offset within the profit and loss statement under "expenses on other activities". The amount of expenses and income concerned is indicated in Notes 6.18 and 7.5.

5.29 Use of estimates in the preparation of the financial statements

The preparation of the financial statements requires the formulation of assumptions and estimates that include uncertainties with regard to their future realisation. Using information available on the closing date, these estimates require the managers to make use of their judgement. Future realisations depend on many factors: fluctuation of interest and exchange rates, economic situation, changes to regulations or legislation, etc.

Amongst others, the following assessments require the formulation of assumptions and estimates:

- the fair value of the financial instruments, notably the value relating to shares not listed on an active market and that relating to over-the-counter instruments classified under "Financial assets or liabilities assessed at fair value through profit or loss" (notably rate swaps), as well as more generally the value relative to the financial instruments for which this information must be included in the notes to the financial statements;

- the amount of expected credit losses on loans and receivables and fixed-revenue securities is assessed at amortised cost or fair value through shareholders' equity, financing and guarantee commitments;

- the valuations of investments accounted for using the equity method and any goodwill;

- the calculations related to the charges for retirement services and future social benefits have been established on the basis of assumptions regarding the discount rate, personnel turnover rate and the change in salaries and social charges;
- by their nature, the provisions are also the subject of estimates, consisting of liabilities for which the maturity or amount are not precisely fixed;
- lease liabilities and rights of use from the Group's leases are valued according to the estimated term of the lease and discount rate assumptions;
- the amount of the deferred taxes, as a deferred tax asset is only recognised if it is felt that there is a probable future availability of a taxable profit against which the deferred tax debits can be charged.

Note 6 - Notes to the balance sheet

6.1 Cash and central banks (assets and liabilities)

(in millions of euros)	31/12/2019	31/12/2018
Assets		
Cash, Central Banks	1 045,9	1 687,6
Total Assets	**1 045,9**	**1 687,6**
Liabilities		
Central banks	0,0	0,0
Total Liabilities	**0,0**	**0,0**

6.2 Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

(in millions of euros)	31/12/2019	31/12/2018
Bonds and fixed-income securities	0,0	0,0
UCITS units	721,6	720,2
Other assets at fair value through profit or loss	0,0	0,0
Trading derivative financial instruments	13,4	10,2
- Interest rate derivatives	*0,0*	*0,0*
- Exchange rate derivative instruments	*13,4*	*10,2*
- Derivative instruments on equities and indices	*0,0*	*0,0*
Total financial assets at fair value through profit or loss	**735,0**	**730,4**

No financial assets are recognised at fair value on option.

Financial liabilities at fair value through profit or loss

(in millions of euros)	31/12/2019	31/12/2018
Borrowings and term deposits	0,0	0,0
Debt represented by a security	0,0	0,0
Liabilities on securities	0,0	0,0
Other liabilities at fair value through the income statement	0,0	0,0
Trading derivative financial instruments	1,8	2,9
- Interest rate derivatives	*0,0*	*0,0*
- Exchange rate derivative instruments	*1,8*	*2,9*
- Derivative instruments on equities and indices	*0,0*	*0,0*
Total financial liabilities at fair value through profit or loss	**1,8**	**2,9**

The only financial liabilities recognised at fair value on option are guarantee funds and innovation resources net of intervention (see Notes 6.18 and 6.19).

6.3 Derivative hedge instruments (assets and liabilities)

Asset hedging derivative instruments

(in millions of euros)	31/12/2019	31/12/2018
Fair value hedging	0,0	0,0
Cash flow hedging	0,0	0,0
Hedging of net foreign currency investments	0,0	0,0
Total hedging restricted to fair value	5,2	5,8
Total derivative hedge instruments (assets)	**5,2**	**5,8**

Liability hedging derivative instruments

(in millions of euros)	31/12/2019	31/12/2018
Fair value hedging	0,0	0,0
Cash flow hedging	0,0	0,0
Hedging of net foreign currency investments	0,0	0,0
Total hedging restricted to fair value	20,7	4,7
Total derivative hedge instruments (liabilities)	**20,7**	**4,7**

Maturity schedule of interest rate hedges

	Maturity at 31/12/2019				
(in millions of euros)	Less than one month	1 to 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years
Financial liability hedging					
Nominal amount	103,2	96,8	1 250,0	11 388,0	7 285,1
Hedging of loans to customers					
Nominal amount	-33,2	212,7	904,7	12 567,7	4 397,5
Hedging of debt securities at fair value through equity					
Nominal amount	0,0	0,0	0,0	48,0	426,0

Amounts related to hedging instruments and related ineffectiveness

	31/12/2019						
	Nominal	Book value		Line on balance sheet in which the hedging instrument is recognised	Change in fair value used to calculate inefficiency	Inefficiency recognised in profit or loss	Line on the income statement where the inefficiency is recognised
(in millions of euros)		Assets	Liabilities				
Interest rate risk							
Interest rate swaps – hedging of financial liabilities	20 123,1	626,8	-39,4	Note 6.3	587,4	0,0	Note 7.2
Interest rate swaps – hedging of loans to customers	17 599,4	34,5	- 511,8	Note 6.3	-477,3	0,0	Note 7.2
Interest rate swaps - hedging of debt securities at fair value through equity	474,0	1,6	- 11,6	Note 6.3	-10,0	0,0	Note 7.2
Floors - hedging of customer loans	450,0	-	- 12,1	Note 6.3	-12,1	0,0	Note 7.2

(in millions of euros)	31/12/2019 Fair value	31/12/2019 Of which unrealised	31/12/2018 Fair value	31/12/2018 Of which unrealised
Bonds and fixed-income securities	1 238,2	13,5	285,5	0,1
Shares and other variable income securities	29,2	4,7	26,8	4,7
Total financial assets at fair value through shareholders' equity	**1 267,5**	**18,2**	**312,3**	**4,9**

6.4 Financial assets at fair value through equity

(in millions of euros)	31/12/2019 Fair value	31/12/2019 Of which unrealised	31/12/2018 Fair value	31/12/2018 Of which unrealised
Bonds and fixed-income securities	1 238,2	13,5	285,5	0,1
Shares and other variable income securities	29,2	4,7	26,8	4,7
Total financial assets at fair value through shareholders' equity	**1 267,5**	**18,2**	**312,3**	**4,9**

6.5 Securities at amortised cost

(in millions of euros)	31/12/2019	31/12/2018
Government bonds	7 073,7	7 783,8
Other bonds	101,8	169,9
Negotiable debt securities	287,9	284,0
Receivables	75,2	87,7
Impairment on securities at amortised cost	-0,4	-1,4
Total securities at amortised cost	**7 538,2**	**8 324,0**

Bpifrance has selected the simplified so-called low credit risk approach for the group's securities portfolio.

(in millions of euros)	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	8 324,0	0,0	0,0	**8 324,0**
Closing	7 538,2	0,0	0,0	**7 538,2**

Breakdown of expected credit losses (ECL) on securities at amortised cost

(in millions of euros)	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	1,4			1,4
Allowances for acquisition				0,0
Other allowances				0,0
Reversal used with transition into loss				0,0
Reversals related to asset disposals	-1,0			-1,0
Other unused reversals				0,0
Transfers between levels				0,0
Other transactions				0,0
Closing	**0,4**	**0,0**	**0,0**	**0,4**

6.6 Loans and advances to credit institutions and related entities, at amortised cost

(in millions of euros)	31/12/2019	31/12/2018
Overdrafts	461,5	318,8
Overnight loans	0,0	0,0
Term loans	265,6	261,9
Guarantee deposits and margin calls	173,0	107,7
Impairment for credit risk	0,0	0,0
Receivables	0,1	0,0
Total loans and receivables due from credit institutions and similar, at amortised cost	**900,2**	**688,4**

These outstanding amounts are all classified in bucket 1.

6.7 Loans and advances to customers, at amortised cost

(in millions of euros)	31/12/2019	31/12/2018
Overdrafts, advances on TAP	0,0	0,0
Accounts opened with the State – Agence France Trésor	5 384,7	5 231,2
Trade receivables	195,3	291,4
Export loans	300,3	134,1
Short-term credit facilities	4 952,6	5 895,5
Equipment loans	16 990,6	15 233,9
Subordinated loans	412,1	446,6
Other credits	11 505,2	10 885,4
Impairment for credit risk (*)	-595,0	-575,1
Receivables	38,4	38,9
Total loans and receivables due from customers, at amortised cost	**39 184,2**	**37 581,9**

(*) see Note 6.17

Breakdown of gross book values (including related receivables) of loans and receivables due from customers, at amortised cost

(in millions of euros)	PLMT - Co-financing activity – Medium and long-term loans			
	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	19 756,3	5 979,9	948,1	**26 684,3**
Change of method				0,0
Reclassifications				0,0
Restatements				0,0
Acquisitions	9 779,9	1 672,8		11 452,7
Repayments, at maturity	-6 732,3	-2 093,2	-134,4	-8 959,9
Disposals and restructurings				0,0
Transfers between levels	312,5	-585,5	273,0	0,0
Merger/contribution				0,0
Other transactions	2,0	-0,9	23,3	24,4
Change in consolidation scope				0,0
Closing	**23 118,4**	**4 973,1**	**1 110,0**	**29 201,5**

Breakdown of expected credit losses (ECL) on loans and receivables due from customers, at amortised cost

(in millions of euros)	PLMT - Co-financing activity – Medium and long-term loans			
	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	91,8	225,9	205,0	522,7
Reclassifications	-11,7	-18,5		-30,2
Allowances for acquisition	33,4	37,4	94,1	164,9
Other allowances				0,0
Reversal used with transition into loss			-22,9	-22,9
Reversals related to asset disposals	-4,4	-11,3		-15,7
Other unused reversals	-3,3	-9,5	-33,7	-46,5
Transfers between levels	-2,0	-23,4		-25,4
Other transactions			-0,6	-0,6
Closing	**103,8**	**200,6**	**241,9**	**546,3**

Breakdown of gross book values (including related receivables) of loans and receivables due from customers, at amortised cost

(in millions of euros)	FCT - Short-term financing activity			
	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	4 596,2	1 020,7	326,4	**5 943,3**
Change of method				0,0
Reclassifications				0,0
Restatements				0,0
Acquisitions	893,4	162,5	552,9	1 608,8
Repayments, at maturity	-1 627,6	-429,4	-509,1	-2 566,1
Disposals and restructurings				0,0
Transfers between levels				0,0
Merger/contribution				0,0
Other transactions				0,0
Change in consolidation scope				0,0
Closing	**3 862,0**	**753,8**	**370,2**	**4 986,0**

Breakdown of expected credit losses (ECL) on loans and receivables due from customers, at amortised cost

(in millions of euros)	FCT - Short-term financing activity			
	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	19,0	7,8	25,4	52,2
Reclassifications	-2,6	-0,7		-3,3
Allowances for acquisition	9,8	5,7	16,6	32,1
Other allowances				0,0
Reversal used with transition into loss			-1,6	-1,6
Reversals related to asset disposals	-10,4	-4,6		-15,0
Other unused reversals	-4,3	-1,3	-7,6	-13,2
Transfers between levels	-1,6	-1,1		-2,7
Other transactions				0,0
Closing	**9,9**	**5,8**	**32,8**	**48,5**

Breakdown of gross book values (including related receivables) of loans and receivables due from customers, at amortised cost

	OTHER			
(in millions of euros)	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	5 526,5	0,0	1,3	**5 527,8**
Change of method				0,0
Reclassifications				0,0
Restatements				0,0
Acquisitions	62,4			62,4
Repayments, at maturity				0,0
Disposals and restructurings				0,0
Transfers between levels				0,0
Merger/contribution				0,0
Other transactions				0,0
Change in consolidation scope				0,0
Closing	**5 588,9**	**0,0**	**1,3**	**5 590,2**

Breakdown of expected credit losses (ECL) on loans and receivables due from customers, at amortised cost

	OTHER			
(in millions of euros)	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	0,1	0,0	0,0	0,1
Allowances for acquisition	0,1			0,1
Other allowances				0,0
Reversal used with transition into loss				0,0
Reversals related to asset disposals				0,0
Other unused reversals				0,0
Transfers between levels				0,0
Other transactions				0,0
Closing	**0,2**	**0,0**	**0,0**	**0,2**

6.8 Finance leases and similar operations, at amortised cost

(in millions of euros)	31/12/2019	31/12/2018
Real estate lease and similar transactions	4 233,6	4 208,8
Equipment lease and similar transactions	2 025,0	1 910,1
Receivables	20,6	27,3
Impairment for credit risk (*)	-56,0	-69,4
Total of finance leases and similar transactions, at amortised cost	**6 223,2**	**6 076,8**

(*) see Note 6.17

Breakdown of gross book values (including related receivables) of finance lease transactions and equivalent, at amortised cost

	CBI (Real estate leasing)			
(in millions of euros)	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	2 415,8	1 635,2	179,3	**4 230,3**
Change of method				0,0
Reclassifications				0,0
Restatements				0,0
Acquisitions	541,9	73,1		615,0
Repayments, at maturity	-309,2	-272,5	-14,4	-596,1
Disposals and restructurings				0,0
Transfers between levels	243,2	-261,8	18,6	0,0
Merger/contribution				0,0
Other transactions				0,0
Change in consolidation scope				0,0
Closing	**2 891,7**	**1 174,0**	**183,5**	**4 249,2**

Breakdown of expected credit losses (ECL) on finance lease transactions and equivalent, at amortised cost

	CBI (Real estate leasing)			
(in millions of euros)	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	3,2	28,8	11,4	43,4
Reclassifications	-0,4	-1,9		-2,3
Allowances for acquisition	0,7	1,2	6,6	8,5
Other allowances	0,3			0,3
Reversal used with transition into loss				0,0
Reversals related to asset disposals	-0,2	-1,0		-1,2
Other unused reversals		-1,2	-7,8	-9,0
Transfers between levels	0,3	-5,5		-5,2
Other transactions				0,0
Closing	**3,9**	**20,4**	**10,2**	**34,5**

Breakdown of gross book values (including related receivables) of finance lease transactions and equivalent, at amortised cost

	CBM (Equipment Leasing)			
(in millions of euros)	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	1 442,0	410,2	63,7	**1 915,9**
Change of method				0,0
Reclassifications				0,0
Restatements				0,0
Acquisitions	649,0	121,6	1,5	772,1
Repayments, at maturity	-475,9	-134,9	-47,2	-658,0
Disposals and restructurings				0,0
Transfers between levels	-43,8	13,1	30,7	0,0
Merger/contribution				0,0
Other transactions				0,0
Change in consolidation scope				0,0
Closing	**1 571,3**	**410,0**	**48,7**	**2 030,0**

Breakdown of expected credit losses (ECL) on finance lease transactions and equivalent, at amortised cost

(in millions of euros)	CBM (Equipment Leasing)			
	Bucket 1 - Expected losses at 12 months	Bucket 2 - Expected losses at maturity	Bucket 3 - Expected losses impaired credit	TOTAL
Opening	3,4	8,8	13,8	26,0
Reclassifications	-0,2	-0,4		-0,6
Allowances for acquisition	0,9	2,4	3,3	6,6
Other allowances				0,0
Reversal used with transition into loss			-0,2	-0,2
Reversals related to asset disposals	-0,1	-0,6		-0,7
Other unused reversals	-0,5	-1,4	-6,9	-8,8
Transfers between levels	-0,2	-0,2		-0,4
Other transactions			-0,5	-0,5
Closing	**3,3**	**8,6**	**9,5**	**21,4**

Other proceeds from finance lease transactions

(in millions of euros)	estate	nt
Profit or loss realised on sales	6,5	0,2
Financial income from net investment related to lease contract	98,4	41,2

Maturities of lease receivables

(in millions of euros)	Book value	Total un-discounted rents	<= 1 year	> 1 - <= 2 years	> 2 - <= 3 years	> 3 - <= 4 years	> 4 - <= 5 years	> 5 years
Real estate leasing	4 214,6	4 778,0	406,4	559,2	576,6	511,1	475,5	2 249,1
Equipment leasing	2 008,6	1 956,0	638,6	507,6	365,3	224,9	119,6	100,1
Total	**6 223,2**	**6 733,9**	**1 045,0**	**1 066,8**	**941,9**	**736,0**	**595,1**	**2 349,1**

6.9 Innovation financing aids

(in millions of euros)	31/12/2019	31/12/2018
Innovation aid - ISI (*)	658,2	702,4
PMII - ISI 2008 (*)	213,9	223,5
FRGI (*)	27,2	27,8
Aid on partner financing	75,6	118,6
FNI-FISO (*)	0,9	1,0
DEEP TECH Industrial Innovation Fund	7,0	0,0
Total aid for financing innovation	**982,8**	**1 073,3**

(*) ISI : Innovation Stratégie Industrielle (Strategic Industrial Innovation)

PMII: Programme Mobilisateur pour l'Innovation Industrielle Industrielle (Industrial Innovation Agency)

(Mobilising Programme for industrial innovation) initiated by the former AII, Agence pour l'innovation

FRGI: Fonds Régionaux de Garantie de l'Innovation (Innovation Guarantee Regional Fund)

FNI-FISO: Fonds National d'Innovation - Fonds Innovation Sociale (National Innovation Fund - Social Innovation Fund)

6.10 Current and deferred tax assets and liabilities

(in millions of euros)	31/12/2019	31/12/2018
Current taxes	0,7	3,5
Deferred taxes	51,7	3,8
Current and deferred tax assets	**52,4**	**7,3**
Current taxes	4,0	1,5
Deferred taxes	2,5	2,6
Current and deferred tax liabilities	**6,5**	**4,1**

6.11 Accruals, and other assets/liabilities

(in millions of euros)	31/12/2019	31/12/2018
Deferred expenses	130,0	44,0
Accrued income	31,9	10,9
Medium and long-term direct debits in progress	6,3	6,6
Other	25,0	33,8
Total of accruals and deferred income	**193,2**	**95,3**

Miscellaneous assets

(in millions of euros)	31/12/2019	31/12/2018
Settlement accounts for securities transactions	0,0	0,0
Receivables with State and Innovation partners	104,2	135,3
Allocation to be received on guarantee funds	26,3	33,4
Other sundry debtors	118,1	114,6
Stocks and sundry assets	27,4	18,1
Total other assets	**276,0**	**301,4**

Accruals and Deferred Expenses

(in millions of euros)	31/12/2019	31/12/2018
Subsidies to be paid (innovation)	66,5	80,0
Guarantee commissions booked in advance	437,0	295,9
Other deferred income	1,2	22,9
Other tax and social charges to be paid	82,3	77,7
Other charges to be paid	53,8	46,3
Other	449,3	191,1
Total of accruals and deferred income	**1 090,1**	**713,9**

Miscellaneous assets

(in millions of euros)	31/12/2019	31/12/2018
Outstanding payments on securities not fully paid up	0,0	0,0
Received security deposits	1,9	2,0
Invoices to be paid on leasing operations	54,5	66,8
Other tax and social debts	25,5	37,5
Guarantee commissions earned in advance from customers	0,4	0,7
Sundry creditors	172,4	162,9
Total other liabilities	**254,7**	**269,9**

6.12 Tangible and intangible fixed assets

(in millions of euros)		31/12/2019	31/12/2018
1 – Tangible fixed assets			
1.1 Land & buildings		303,4	185,9
of which rights of use	*113,6*		
Depreciation and impairment		-111,1	-81,6
of which rights of use	*-23,2*		
Net amount		**192,3**	**104,3**
1.2 – Other tangible fixed assets		59,9	52,4
Depreciation and impairment		-41,2	-36,3
Net amount		**18,7**	**16,1**
Total tangible fixed assets		**211,0**	**120,4**
2 – Intangible fixed assets			
2.1 Software		317,5	261,3
Amortisation and impairment		-220,8	-191,3
Net amount		**96,7**	**70,0**
2.2 – Other intangible fixed assets		2,4	2,4
Amortisation and impairment		0,0	0,0
Net amount		**2,4**	**2,4**
Total intangible fixed assets		**99,1**	**72,4**

	Tangible fixed assets		Intangible fixed assets	
(in millions of euros)	Land & buildings	Other tangible fixed assets	Software	Other intangible fixed assets
Gross amount as at 31/12/2018	**185,9**	**52,4**	**261,3**	**2,4**
Acquisitions	4,0	9,8	57,2	0,0
Exits	-0,1	-2,3	-1,0	0,0
Other movements (rights of use)	113,6	0,0	0,0	0,0
Gross amount as at 31/12/2019	**303,4**	**59,9**	**317,5**	**2,4**
Total depreciation and amortisation as at 31/12/2019	-111,1	-41,2	-220,8	0,0
Net amount as at 31/12/2019	**192,3**	**18,7**	**96,7**	**2,4**

Detail of lease transaction expenses and income from sub-leases

(in millions of euros)	31/12/2019
Interest expense on lease liabilities	-0,1
Expenses relating to short-term lease contracts (exclusion)	-0,2
Expenses relating to lease contracts whose underlying asset is of low value (exclusion)	-2,5
Expenses related to variable lease payments not taken into account to value lease liabilities	N/A
Income from sub-leases of assets recognised as rights of use	13,5
Total cash disbursements from lease contracts	-10,8
Profits or losses from sale leaseback	N/A
Book value of right-of-use assets at 01/01/2019	**107,1**
Entries recognised as right-of-use assets	6,5
Depreciation/amortisation on right-of-use assets	-23,2
Book value of right-of-use assets at 31/12/2019	**90,4**

6.13 Due to credit institutions

(in millions of euros)	31/12/2019	31/12/2018
Demand and overnight debts	**16,5**	**24,2**
Ordinary deposits and accounts	2,1	9,3
Overnight borrowings and accounts	0,0	0,0
Guarantee deposits and margin calls	14,4	14,9
Term debts	**11 041,8**	**12 453,7**
Borrowings and term deposits	5 351,9	5 628,8
. including resources from passbook savings accounts (Codevi / Livret de Développement Durable)	*950,0*	*2 200,0*
. including resources from the KfW and CEB	*66,7*	*93,4*
. including refinancing with the ECB	*4 300,0*	*3 300,0*
Securities sold on repo	5 689,9	6 824,9
Debts	**-46,6**	**-17,0**
Total debts due to credit institutions and similar (*)	**11 011,7**	**12 460,9**

(*) Debts due to credit institutions and similar are recognised at amortised cost

6.14 Due to customers

(in millions of euros)	31/12/2019		31/12/2018	
Demand and overnight debts		**333,9**		**196,3**
Ordinary deposits and accounts		333,9		196,3
. of which EPIC Bpifrance accounts	*131,8*		*86,2*	
. of which Bpifrance accounts	*74,2*		*2,0*	
Overnight accounts and borrowings		0,0		0,0
Term debts		**3 236,6**		**3 294,0**
Borrowings and term deposits		3 034,0		3 091,4
. of which EPIC Bpifrance borrowings	*1 848,6*		*2 042,5*	
. of which Bpifrance borrowings	*0,0*		*0,0*	
Preserved capital guarantee funds		202,6		202,6
Securities sold on repo		0,0		0,0
Debts		**14,8**		**15,9**
Total debts due to customers (*)		**3 585,3**		**3 506,2**

(*) Debts due to customers are recognised at amortised cost

6.15 Debt represented by a security

(in millions of euros)	31/12/2019		31/12/2018	
Bond Issues		25 716,6		23 207,6
EMTN 2011	*1 200,0*		*1 200,0*	
EMTN 2012	*1 464,0*		*1 464,0*	
EMTN 2013	*2 100,0*		*2 100,0*	
EMTN 2014	*700,0*		*1 200,0*	
EMTN 2015	*3 250,0*		*3 550,0*	
EMTN 2016	*3 567,0*		*4 267,0*	
EMTN 2017	*6 430,0*		*6 430,0*	
EMTN 2018	*2 775,0*		*2 775,0*	
EMTN 2019	*4 000,0*		*0,0*	
Share premiums remaining to be amortised	*230,6*		*221,6*	
Negotiable debt securities (1)		4 436,8		4 558,0
Debts		114,0		111,5
Total debt securities (*)		**30 267,4**		**27 877,1**

(*) Debt securities are recognised at amortised cost

6.16 Lease liabilities

(in millions of euros)	Maturity of lease liabilities			
Duration	<= 1 year	> 1 - <= 5 years	> 5 years	Total
Maturity	23,2	66,7	6,8	96,7

6.17 Impairment and provisions

(in millions of euros)	31/12/2019	31/12/2018
Provisions for credit risk on signed commitments	3,3	3,1
Provisions for restructuring	3,6	3,5
Provisions for other employee benefit commitments	23,7	21,7
Provisions for credit risk on financing commitments given (*)	47,4	0,0
Other	26,4	17,3
Total provisions	**104,4**	**45,6**

(*) see Notes 6.7 and 6.8

Table of impairment flows and provisions

(in millions of euros)	Impairment and Provisions at 31/01/18	Allocations to Impairment and Provisions	Reversals of Impairment and Available Provisions	Reversals of Impairment and Provisions used (1)	Other changes (2)	Impairment and Provisions at 31/12/19	Unrecoverable receivables not covered by provisions	Recoveries on amortised receivables	Impact on the Result 3
Impairment and provisions for credit risk	**648,9**	**178,5**	**99,3**	**24,8**	**-1,0**	**702,3**	**10,1**	**4,3**	**-85,0**
- Impairment in bucket 1	*118,9*	*34,1*	*16,4*	*0,1*	*-14,6*	*121,9*	*0,0*	*0,0*	*-17,7*
. Interbank loans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Customer loans	110,9	32,0	14,8	0,0	-14,1	114,0	0,0	0,0	-17,2
. Finance lease transactions (excluding interest)	6,6	1,5	0,3	0,0	-0,5	7,3	0,0	0,0	-1,2
. Securities at amortised cost	1,4	0,1	0,1	0,1	-0,9	0,4	0,0	0,0	0,0
. Financial assets at fair value through equity	0,0	0,5	1,2	0,0	0,9	0,2	0,0	0,0	0,7
- Impairment in bucket 2	*271,3*	*3,1*	*17,5*	*0,0*	*-21,6*	***235,3***	*0,0*	*0,0*	*14,4*
. Interbank loans	0,0	0,0	0,0	0,0	0,0	*0,0*	0,0	0,0	0,0
. Customer loans	233,7	7,8	15,9	0,0	-19,3	*206,3*	0,0	0,0	8,1
. Finance lease transactions (excluding interest)	37,6	-4,7	1,6	0,0	-2,3	29,0	0,0	0,0	6,3
. Securities at amortised cost	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Financial assets at fair value through equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Impairment in bucket 3	*255,6*	*120,9*	*56,3*	*24,7*	*-1,1*	**294,4**	*10,0*	*4,3*	*-70,3*
. Interbank loans	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Customer loans	230,4	111,0	41,6	24,5	-0,6	274,7	9,3	3,2	-75,5
. Finance lease transactions (excluding interest)	25,2	9,9	14,7	0,2	-0,5	19,7	0,7	1,1	5,2
. Securities at amortised cost	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Financial assets at fair value through equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Provisions for credit risk on financing commitments given	*0,0*	*20,1*	*9,0*	*0,0*	*36,3*	**47,4**	*0,0*	*0,0*	*-11,1*
. Bucket 1	*0,0*	*7,2*	*4,4*	*0,0*	*14,6*	17,4	0,0	0,0	-2,8
. Bucket 2	*0,0*	*12,9*	*4,6*	*0,0*	*21,7*	30,0	0,0	0,0	-8,3
. Bucket 3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Provisions for credit risk on signed commitments	*3,1*	*0,3*	*0,1*	*0,0*	*0,0*	**3,3**	*0,1*	*0,0*	-0,3
Provisions for miscellaneous operating contingencies	**17,3**	**0,6**	**0,4**	**0,6**	**9,5**	**26,4**			
Other provisions	**25,2**	**9,0**	**2,5**	**4,4**	**0,0**	**27,3**			
- Provisions for restructuring	3,5	1,9	0,1	1,7	0,0	3,6			
- Provisions for employee benefit commitments	21,7	7,1	2,4	2,7	0,0	23,7			

(1) Reversals correspond to write-offs as losses
(2) Changes in scope, exchange rates and reclassifications of provisions
(3) -/+ Net allowances or reversals
+ Risks charged to guarantee funds
- Non-recoverable receivables
+ Recoveries on amortised receivables

6.18 Net innovation intervention resources

(in millions of euros)	31/12/2019		31/12/2018	
	Assigned to commitments	Not assigned	Assigned to commitments	Not assigned
Innovation Stratégie Industrielle (Strategic Industrial Innovation - ISI) aids	721.8	465.0	783.2	422.7
Programme Mobilisateur pour l'Innovation Industrielle (Industrial Innovation Mobilising Programme - PMII) – ISI 2008	131.6	102.6	183.6	55.6
FNI-FISO: Fonds National Innovation - Fonds Innovation Sociale (National Innovation Fund - Social Innovation Fund)	0.2	8.5	0.1	4.8
Deep Tech	0.0	34.2	0.0	0.0
Overseas Departments and Territories	0.0	6.0	0.0	0.0
Aid on partners financing	0.0	248.2	0.0	435.7
FRGI: Fonds Régionaux de Garantie de l'Innovation (Innovation Guarantee Regional Fund)	7.3	103.8	6.4	101.3
Total of net innovation intervention resources	**860.9**	**968.3**	**973.3**	**1,020.1**

Net resources for innovation-related activity

(in millions of euros)	Assigned to commitments	Not assigned
Net innovation intervention resources as at 31/12/2018	**973,3**	**1 020,1**
Change in fair value		0,0
2019 allocations (net balance)		178,1
Subsidies		-102,3
Repayments and redeployments		-152,6
Provisions, losses and recognised failures	-112,4	23,9
Financial earnings & charges		-1,8
Miscellaneous proceeds		4,7
Appraisals & miscellaneous expenses		-1,8
Net innovation intervention resources as at 31/12/2019	**860,9**	**968,3**

6.19 Public guarantee funds

(in millions of euros)	31/12/2019		31/12/2018	
	Assigned to commitments	Not assigned	Assigned to commitments	Not assigned
Reserve and mutual fund	0,0	1 029,7	0,0	1 177,3
AFT (Agence France Trésor)	1 838,0	2 175,6	1 864,0	2 096,6
CDC	121,2	3,4	120,8	5,9
Hived-off assets	10,8	9,1	11,9	8,5
Other funds	32,4	148,4	31,8	129,5
Bpifrance Régions Fund	164,0	374,1	151,7	392,1
Total of the public guarantee funds	**2 166,4**	**3 740,3**	**2 180,2**	**3 809,9**

Public guarantee funds

(in millions of euros)	Assigned to commitments	Not assigned
Public Guarantee Fund as at 31/12/2018	**2 180,2**	**3 809,9**
Change in fair value		-5,7
Appropriations to 2019 Guarantee Fund (net balance)		53,3
Repayments of Guarantee Funds		-18,3
Guarantee commissions	-10,5	124,1
Financial proceeds and recoveries		42,2
Cost of risk	-3,3	-259,7
Discounted provisions		-5,5
Public Guarantee Fund as at 31/12/2019	**2 166,4**	**3 740,3**

The guarantee funds hedge customer outstandings (loans and finance leases) in assets for €6,842.2 million. The funds allocated to hedging these outstanding amounts stood at €848.2 million. This fund also hedges the financing granted to customers by bank partners for €12,789.9 million.

6.20 Subordinated debt

(in millions of euros)	31/12/2019	31/12/2018
Bpifrance SA subordinated term loan	530,0	450,0
Mutual guarantee deposits	7,3	7,3
Debts	2,1	2,2
Total subordinated debts (*)	**539,4**	**459,5**

(*) Subordinated debts are recognised at amortised cost

6.21 Fair value of assets and liabilities

	31/12/2019			
(in millions of euros)	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through profit or loss	**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 profit or loss				*0,0*
- Derivative instruments at fair value through profit or loss		*13,4*		*13,4*
of which exchange rate derivative instruments		*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 profit or loss	**0,0**	**1,8**	**0,0**	**1,8**
- Borrowings and term deposits				*0,0*
- Debt securities				*0,0*
- Liabilities on securities				*0,0*
- Other liabilities at fair value through profit or loss				*0,0*
- Derivative instruments at fair value through profit or loss		*1,8*		*1,8*
of which exchange rate derivative instruments		*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 entitles		**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**

(in millions of euros)	31/12/2018			
	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through profit or loss	**0,0**	**10,2**	**720,2**	**730,4**
- Bonds and fixed-income securities				*0,0*
- UCITS units			*720,2*	*720,2*
- Other assets at fair value through profit or loss				*0,0*
- Trading derivative financial instruments		*10,2*		*10,2*
of which exchange rate derivative instruments		*10,2*		*10,2*
Hedging derivatives	**0,0**	**5,8**	**0,0**	**5,8**
- Fair value hedging				*0,0*
- Cash flow hedging				*0,0*
- Hedging of net foreign currency investments				*0,0*
- Total hedging restricted to fair value		*5,8*		*5,8*
Financial assets at fair value through equity	**10,3**	**275,3**	**26,8**	**312,4**
- Bonds and fixed-income securities	*10,3*	*275,3*		*285,6*
- Shares and other variable income securities			*26,8*	*26,8*
Securities at amortised cost	**8 642,1**	**303,5**	**0,0**	**8 945,6**
- Government bonds	*8 314,3*			*8 314,3*
- Other bonds	*327,8*			*327,8*
- Negotiable debt securities		*303,5*		*303,5*
Loans and advances to credit institutions and related entities, at amortised cost		**688,4**		**688,4**
Loans and advances to customers, at amortised cost		**38 678,1**		**38 678,1**
Finance leases and similar operations, at amortised cost		**6 285,2**		**6 285,2**
LIABILITIES				
Financial liabilities at fair value through profit or loss	**0,0**	**2,9**	**0,0**	**2,9**
- Borrowings and term deposits				*0,0*
- Debt securities				*0,0*
- Liabilities on securities				*0,0*
- Other liabilities at fair value through profit or loss				*0,0*
- Trading derivative financial instruments		*2,9*		*2,9*
of which exchange rate derivative instruments		*2,9*		*2,9*
Hedging derivatives	**0,0**	**4,7**	**0,0**	**4,7**
- Fair value hedging				*0,0*
- Cash flow hedging				*0,0*
- Hedging of net foreign currency investments				*0,0*
- Total hedging restricted to fair value		*4,7*		*4,7*
Amounts owed to credit institutions and related entitles		**12 496,6**		**12 496,6**
Amounts owed to clients		**3 593,7**		**3 593,7**
Debt represented by a security	**28 198,2**			**28 198,2**

6.22 Euro equivalent of foreign currency transactions

(in millions of euros)	31/12/2019	31/12/2018
Assets	0,7	3,1
Liabilities	306,7	303,2

These net balance sheet positions are hedged using financial instruments negotiated over-the-counter (forward foreign currency and exchange swaps).

Note 7 - Notes relative to the profit and loss statement

7.1 Interest income and expenses

Interest and related income

(in millions of euros)	31/12/2019	31/12/2018
Transactions with lending institutions	**48,9**	**53,2**
Customer transactions		
Overdrafts	37,8	6,5
Short-term credit facilities	59,8	64,5
Equipment loans	351,0	362,2
Miscellaneous credits	467,6	463,7
Subordinated debts	11,0	12,3
Change in discounted future guarantee commissions	10,5	168,5
Subtotal customer loans	**937,7**	**1 077,7**
Finance lease operations	**140,6**	**141,3**
Operations involving financial instruments		
Financial assets at fair value through equity	2,7	1,2
Securities at amortised cost	166,2	166,3
Hedging derivatives	202,6	216,7
Subtotal transactions on financial instruments	**371,5**	**384,2**
Other interests and similar income	**81,6**	**72,2**
Total interest and similar income(*)	**1 580,3**	**1 728,6**

(*) Of which negative interest on liabilities of €147.7 million in 2019 (€144.8 million in 2018)

Interest and similar expenses

(in millions of euros)	31/12/2019	31/12/2018
Transactions with lending institutions	**-63,9**	**-101,4**
Customer transactions	**-268,1**	**-420,8**
Of which allocation of commission earnings to guarantee funds	*-129,6*	*-283,3*
Operations involving financial instruments		
Debt represented by a security	-311,3	-285,4
Subordinated debt	-5,6	-4,0
Hedging derivatives	-177,4	-177,6
Subtotal transactions on financial instruments	**-494,3**	**-467,0**
Other interest and similar charges	**-38,1**	**-26,3**
Of which financial earnings allocated to the guarantee funds	*-37,5*	*-25,8*
Of which accrued interest on lease liabilities	*-0,1*	*0,0*
Total interest-related expenses(*)	**-864,4**	**-1 015,5**

(*) Of which negative interest on assets of €74.9 million in 2019 (€70.6 million in 2018)

7.2 Net gains or losses on financial instruments at fair value through profit or loss

(in millions of euros)	31/12/2019	31/12/2018
Bonds and fixed-income securities	-0,7	-2,5
Shares and other variable income securities	0,0	0,0
Trading derivative financial instruments	0,0	0,0
Income from hedging transactions	96,7	91,6
Of which individual hedging (ineffectiveness)	*0,0*	*0,1*
Interest rate-hedged portfolios	-96,6	-90,5
Net income from exchange transactions	6,9	4,6
Total net gains or losses on financial instruments at fair value through profit or loss	**6,3**	**3,2**

7.3 Net gains or losses on financial instruments at fair value through shareholders' equity

(in millions of euros)	31/12/2019	31/12/2018
Dividends on equity instruments	0,0	0,1
Total net gains or losses on financial assets at fair value through equity	**0,0**	**0,1**

7.4 Net gains or losses resulting from the de-recognition of financial assets at amortised cost

(in millions of euros)	31/12/2019	31/12/2018
Gains from derecognition	0,0	0,0
Losses from derecognition	0,0	-0,2
Total of net gains or losses from derecognition of financial assets at amortised cost	**0,0**	**-0,2**

7.5 Income and expenses from other activities

(in millions of euros)	31/12/2019	31/12/2018
Proceeds		
Miscellaneous proceeds related to innovation activity	12,7	11,6
Expenses charged back	28,6	13,4
Rebilling land taxes Property leases activity	92,1	83,1
Commission on recoveries and on insurance sold	19,5	10,0
Other proceeds	36,6	31,2
Total income from other activities	**189,5**	**149,3**
Expenses		
Land taxes Property lease activity	-92,1	-83,1
Other expenses	-20,9	-20,3
Total expenses on other activities	**-113,0**	**-103,4**

7.6 General operating expenses

(in millions of euros)	31/12/2019	31/12/2018
Personnel expenses	-248,3	-226,4
Duties and taxes	-29,7	-32,8
Other operating expenses	-143,0	-148,5
Costs related to restructuring	-1,9	-1,6
Total general operating expenses	**-422,9**	**-409,3**

7.7 Amortisation & depreciation and impairment on tangible & intangible fixed assets

(in millions of euros)	31/12/2019	31/12/2018
Depreciation allowances	-40,4	-34,6
Depreciation of right-of-use assets(*)	-23,2	0,0
Allowances for impairment losses	0,0	0,0
Write-backs for impairment losses	0,0	0,0
Total amortisation & depreciation allowances on tangible and intangible fixed assets	**-63,6**	**-34,6**

(*) First-time application of IFRS 16 (see Note 2)

7.8 Cost of credit risk

	31/12/2019					31/12/2018
(in millions of euros)	Bucket 1	Bucket 2	Bucket 3	Other liabilities	Total	Total
Net allocations to or writebacks of impairment and provisions	-17,7	14,4	-64,6	-11,3	**-79,2**	**-37,0**
Non-provisioned losses	0,0	0,0	-10,0	-0,1	**-10,1**	**-5,9**
Recoveries on impaired receivables	0,0	0,0	4,3	0,0	**4,3**	**5,9**
Total cost of credit risk	**-17,7**	**14,4**	**-70,3**	**-11,4**	**-85,0**	**-37,0**

7.9 Taxes

Income tax

(in millions of euros)	31/12/2019	31/12/2018
Corporation tax	-135,7	-134,4
Deferred taxes	48,3	10,4
Total income tax	**-87,4**	**-124,0**

Analysis of income tax expenses

(in millions of euros)	31/12/2019	31/12/2018
Group share of earnings	153,4	167,3
Share of net earnings of minority interests	0,0	0,0
Net tax charge booked	87,4	124,0
Income before tax (A)	**240,8**	**291,3**
French common law taxation rate **(B)**	**34,43**	**34,43**
Total theoretical tax expense (C)=(A*B)	**82,9**	**100,3**
Reconciliation items:		
Capital gains and profits taxed at reduced rates or tax exempted	0,5	16,7
Other permanent differences	7,8	7,7
Earnings from companies accounted for using the equity method	-0,2	-0,6
Other items	-3,6	-0,1
Total items reconciled (D)	**4,5**	**23,7**
Net tax charge booked (C) + (D)	**87,4**	**124,0**

Note 8 - Exposure, management and measurement of risks

8.1 General risk management organisation

The risk management policy (including the monitoring of the level of risk tolerance) of Bpifrance Financement is defined and supervised by the Board of Directors of the bank. Since January 2016, Bpifrance SA has had a risk management department.

The Risk Department reports to the Chief Executive Officer and Deputy Chief Executive Officer[25] of Bpifrance SA. The organisation of the Bpifrance Risk Department is structured around:

- a Chief Risk Officer;
- five Departments:

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[25] *Dual reporting effective since 1 January 2017.*

- Regulatory Risk Management;
- Financial and country risks;
- Credit Risk[2];
- Policies and Strategy;
- Solvency.

The "Validation of models" and "Risk and Recovery (S2R)" departments are functionally attached to the Risk Department.

The role of the Risk Department is to implement the Group's risk monitoring and management strategy. It ensures that the risk policy is effective and that the risk level is within group guidelines.

The main risks inherent in the activity of Bpifrance Financement are:

- **Credit and counterparty risk:** this represents the potential loss, manifesting as asset impairment or payment default that Bpifrance Financement could incur as a result of the deterioration in counterparty's solvency. Credit risk includes the counterparty risk associated with market transactions (replacement risk);

- **Operational risk**: this represents the risk of a financial or non-financial impact resulting from a shortcoming or failure of internal processes, personnel or systems, or from external factors;

- **Balance sheet or ALM risks[3] (financial risks):** these include interest rate risk, liquidity risk and currency risk.

8.1.2. Role and responsibilities of departments in charge of risk monitoring

Bpifrance Financement manages risk in compliance with the applicable standards and European regulations. The Board of Directors of Bpifrance Financement determines the strategic guidelines and risk appetite of Bpifrance Financement, based on which each of the business lines establishes its priority actions and the associated risk management policy under the supervision of the Risk Department of the Bpifrance Group. These fundamentals are reflected in the Group Risk Management Policy.

This risk management framework is built around five operational departments. It is an integral part of the three lines of defence that constitute the general basis for internal control of authorised credit institutions.

The following departments are in charge of risk monitoring at Bpifrance Financement:

- Network and Financing Department;
- Risk Department;
- Finance Department;
- Compliance and Permanent Control Department;
- General Inspection and Audit Department.

The Network and Financing Department represents the first line of defence: it is in charge of monitoring business risks.

The Risk Department, Finance Department and Compliance and Permanent Control Department, represent the second line of defence: they are responsible for the identification, measurement,

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[2] Refers to credit risk in the regulatory sense.
[3] Monitored by the Finance Department.

monitoring and disclosure of risks and for compliance with the internal and external requirements on an individual and consolidated basis for all Bpifrance Financement's business lines. They are independent of the first line of defence.

The General Inspection and Audit Department represents the third line of defence: through periodic checks, it ensures that internal governance mechanisms and processes are effective and implemented consistently. The internal audit function is also responsible for an independent review of the first two lines of defence.

Within the three lines of defence, appropriate mechanisms and internal control procedures are established and implemented. These are evaluated by the Board of Directors.

8.1.3. Risk oversight

Four types of bodies are responsible for risk management governance at Bpifrance Financement: the Board of Directors, umbrella committees, cross-functional committees and operational risk monitoring committees. The functional committees and operational risk monitoring committees correspond to the first level of risk analysis, monitoring or review at Bpifrance Financement. The resulting decisions or guidelines are, when required, referred to a second tier of bodies: the umbrella committees. These issue opinions on matters to be approved by the Board of Directors, which is the third level of risk decision-making within the group.

- **Board of Directors**

The Board of Directors of Bpifrance Financement decides on the bank's business strategy and oversees its implementation under the conditions required by law. In this respect, it ensures that the bank's activity complies with the regulatory constraints that apply to it in terms of risk.

The Board of Directors is responsible for implementing and monitoring the risks of Bpifrance Financement, since it approves the Group Risk Management Policy and ensures that it is followed correctly. It also approves all documentation concerning the bank's risks to be published and/or sent to the European banking supervisor. It meets quarterly or on an exceptional basis, if circumstances so require.

The Board of Directors also receives analysis from the expert committees that report to it. These are mainly the Audit and Risk Committees, which are umbrella committees for risk monitoring.

- **Umbrella committees**

The umbrella Committees for risk monitoring are the Board of Directors' Risk Committee, the Board of Directors' "Business line" Committees, and the Group Risk Management Committee. They meet quarterly or on an exceptional basis, if circumstances so require.

➢ Bpifrance Financement Risk Committee

The Risk Committee's role is to advise the Board of Directors on the bank's overall strategy and risk appetite and to assist the Board in monitoring the implementation of this strategy by the Executive Directors. To that end, it is periodically informed of changes in the liquidity position, compliance with limits, the principal refinancing operations and the bank's risk appetite. It approves the implementation and organisation of the liquidity policy on an annual basis. It also issues an opinion on the bank's recovery plan and all documentation on capital adequacy (ICAAP, ILAAP, RAF, RAS) which it submits to the Board of Directors for approval.

- “Business line” committees of the Board of Directors of Bpifrance Financement

  The Financing-Guarantee and Innovation Committees are each chaired by a member of the Board of Directors of Bpifrance Financement. They meet once a quarter. They examine the budgets of Bpifrance Financement’s business lines and issue opinions on the creation or termination of partnerships, products or services relating to the business lines. They review the multiplying coefficients for guarantee and innovation products and monitor the profitability of credit operations.

- Group Risk Management Committee

  The Group Risk Management Committee (RMC) is chaired by the Chief Executive Officer of Bpifrance or by one of the group’s Executive Directors. It is tasked with presenting and analysing consolidated risks and making recommendations as required. The committee meets once a quarter, or more frequently if necessary. The Risk Department acts as the secretariat for the Group Risk Management Committee. As such, it is responsible for preparing the consolidation of contributions from the departments involved in risk management and for coordinating the committee.

- **Cross-functional committees**

Cross-functional committees are intra-group risk monitoring committees covering both the Financing and Investment functions of the Bpifrance Group. They meet on a monthly, quarterly or half-yearly basis, or on an exceptional basis if circumstances so require.

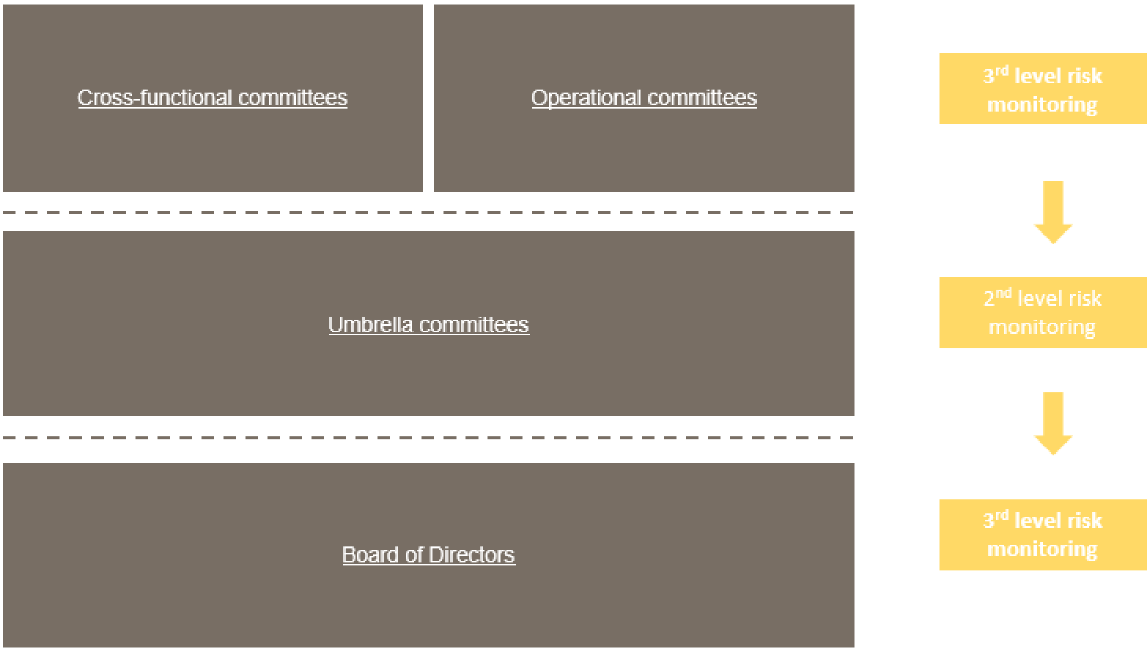
These committees decide on the implementation of new products or services (New Businesses, Products and Services Committee, Group Marketing Committee), the application of risk models (Model Validation Expert Committee), and the monitoring of specific risks associated with the activity of Bpifrance (Operational Risk Monitoring Committee, Group Security Committee and IT Security Committee).

- **Operational risk monitoring committees**

Operational risk monitoring committees assess and monitor risk and take the necessary decisions for the Financing business line. They meet on a monthly, quarterly or half-yearly basis, or on an exceptional basis if circumstances so require.

These include the Credit Committee, Credit Risk Committee, Financial Management Committee, Financial Transaction Counterparty Risk Committee, Credit Portfolio Monitoring Committee, Watch List/Non-Performing Loans Committee, Solvency Committee and ALM Committees.

Decision-making levels attached to risk oversight at Bpifrance Financement



Exposure, management and measurement of the risks of the innovation aid activity

Financed by public allocations, primarily from the State, the Regions and Europe, Bpifrance Financement is active in the financing and support of innovative companies. With a general interest mission within the framework of the economic policy undertaken by the French State in order to promote and develop investment in research and innovation, it provides companies with subsidies and repayable advances.

Therefore, as a consequence of the characteristics of its activities and its method of financing, IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: disclosures” do not apply at Bpifrance Financement.

8.2 Credit risks

8.2.1. Selection system for operations

For each type of aid, eligibility criteria are defined within the commissioning framework. They can involve the age of the beneficiary company, the business sector, the project’s nature, the o duration, and the fact of sharing with a bank establishment.

The granting of the loan is subject to an annual investigation that clarifies the risk policy for the year, as validated by the general management.

For each operation analysis, it relies on ratings of the counterparty, the project and the transaction.

The transaction’s characteristics pertain primarily to the provision guarantees anticipated in order to reduce the exposure to the credit risk. The sureties and guarantees are those habitually adopted, according to the nature and duration of the credit transactions: disposals of receivables, mortgages, pledges, bank guarantees and backing on guarantee funds.

For all financing, guarantee and innovation activities, the Credit Department performs a counter-analysis of files that exceed the delegation level of the Network Departments, for which the decision rests with the Credit Committee or Credit Risk Committee.

8.2.2. Risk measurement and surveillance system

The surveillance and control of commitments with the clientele include a limit system that takes into account the capital and outstandings of Bpifrance Financement.

These limits concern MLT and ST outstandings. They are set in the context of the Group Risk Management Policy approved by the Board of Directors.

These limits apply to the total amount of outstandings and notified agreements that have not yet been used.
There are three types of limits: global limits, limits by beneficiary group and sector limits. For each of these limits, alert thresholds are defined. An escalation process, set out in the Group risk management policy, is implemented when the alert threshold is exceeded.

They must be respected when agreeing to any new operation, as well as during any decision for transfers of outstandings, and they are in addition to the possible ceiling rules that are specific to certain products.

Global limit

The first limit is global; it is a gross maximum commitment limit (MLT and ST).

Limits by beneficiary group

The limits by beneficiary group are determined based on internal ratings.

These limits are monitored each quarter by the Group Risk Management Committee and by the Board of Directors' Risk Committee, and are reviewed at least annually.

Sector limit

This involves the financing activity.

This limit applies to each business sector as defined by the NAF codes assigned to them, according to the distribution prepared by the Risk Department in its sector-based follow-up.

These limits are defined on the basis of the total commitment amount planned for the current year, plus 12.5%. This increase is intended to allow some flexibility in distributing the overall maximum allocation between sectors, while remaining strictly within the maximum gross global commitment limit initially set.

Monitoring compliance with these limits is the responsibility of the Risk Department, which activates an early warning system for the Executive Directors when this limit is close to being reached (outstandings 90% of the limit).

Any granting decision resulting in these limits being exceeded is submitted to the commitments committee, and is under the responsibility of the effective executives.

These limits are monitored each quarter by the Group Risk Management Committee and by the Board of Directors' Risk Committee, and are reviewed at least annually.

Follow-up and analysis of the quality of the loan commitments

The quality of the credit outstandings is analysed every quarter as part of a re-rating exercise. A quarterly report is presented to the Group Risk Management Committee.

Second level controls

Ex-post controls (second level) on all decisions (delegated and centralised) of the business lines (financing, guarantee and innovation) are performed by the Financing Permanent Control Department, which is part of the Finance Department's Compliance and Permanent Control Department (DCCP).

The controllers verify compliance with the procedures and instructions. The verifications are performed based on documents and by sampling, involving all files coming from the Bpifrance Financement business lines (financing, guarantee and innovation), and are extended to a verification of the implementation and compliance with the Commitment Committee's decisions.

8.2.3. Concentration risk

A review of the major outstandings (representing 29% of the MLT outstandings and 26% of the ST outstandings as at 31 December 2019) is carried out each quarter and presented to the Risk Management Committee.

8.2.4. Credit risk internal rating system

The credit risk internal rating system, "Decision-Aid Tool" (O.A.D.) is used for all MLT and ST financing transactions, as well as for non-delegated guarantee transactions.

The system is managed by the "GDC-OAD Steering" area within the OAD Department and Monitoring of Outstandings as a proprietary application, with this department itself being part of the Credit Risk Department.

This Domain is in charge of designing rating systems relative to the credit risks of the Bpifrance Financement clientele, their evolution and their performance, on the qualitative level.

The Credit Risk Management Department, through the "Modelling and Analysis" domain is in charge of preparing statistical models and the annual backtesting report on the tracking of the models.
A new model was launched in September 2017.

The notion of "backtesting the models" refers to all surveillance techniques for the default risk models and, more specifically, statistical methods, the analysis of observed default rates relative to anticipated default probabilities, and benchmarking of the rating models.

The quantitative model validation, review and follow-up process changed significantly in 2016 when a model validation unit was set up. This is independent from the modelling teams and has a functional reporting line to the Risk Department. The functioning of the unit and the model validation process is defined in a policy document (2018/0074 Organisation of internal model validation).
Following the presentation of the work of the model validation unit, the model validation expert committee, composed of modelling and user departments and chaired by the Risk Department, decides whether to maintain the same model or make minor changes. Any major changes are referred to the Risk Management Committee for approval.
The monitoring and validation of the internal credit risk rating model are defined in a detailed policy document (2015/0082).

8.2.5 Follow-up of doubtful transactions

Strict criteria govern the procedures for acceptance by the Litigation Department, as well as the same department's handling of the dossiers. These rules were updated in memorandum 2016/0007, which contains a summary of the criteria for referral to the Litigation Department, the identification and referral procedures, and the recording, reporting and guidance procedures. In addition, the Bpifrance Financement process portal contains a detailed description for referring cases to Litigation.

The operational processing of the dossiers is provided within the framework of procedural rules that provide for ensuring the efficiency of the collection or re-marketing measures, for quantifying the collection estimates and validating the impairment.

A delegation diagram determines the competency limits on the basis of the nature of the decisions.

The collection estimates are examined with each dossier event and according to a frequency that is at least annual. For each product type, the most significant outstandings are reviewed every three months by the Litigation Committee, which consists of the Litigation Director, the head of the operational section in question, and the back-office manager.

8.2.6 Description of the IFRS 9 impairment model for customer activity

The expected credit risk loss calculation model (ECL) is based on a conventional credit risk modelling methodology, based on three components - probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The ECL calculation is conducted using a Monte Carlo simulation, by calculating the expectation of losses simulated over a large number of random draws.

Default modelling (PD)

The central stage of modelling future losses is the simulation of future defaults. To simulate these defaults, Bpifrance builds on its internal counterparty risk rating model, from which the probability of default for each exposure is deducted.

The change in future counterparty ratings is simulated from a transfer matrix of internal counterparty ratings. A default is simulated for counterparty during year n if its internal counterparty rating simulated in year n is that of default.

The transfers of counterparty ratings are simulated by taking into account the correlation of the credit risk through a Merton type model, with two systemic factors: a general factor and a sector factor. These systemic factors are projected taking into account the forward-looking information and the value of these projected factors simultaneously influences the rating transfers for all companies in a same sector. Thus, the model takes into account the impact of the macroeconomic context on the credit risk of Bpifrance’s exposures. The correlation parameters are estimated on the basis of Bpifrance’s historical internal data.

Modelling of loss given default (LGD)

When a default is simulated by the model, the resulting loss is calculated by combining two phenomena: a cure rate representing the share of Non-Performing contracts that have become fully performing, and a loss rate measured over the scope of the litigation.

The cure rate is determined based on Bpifrance’s historical internal data and according to the product, the level of counterparty risk (counterparty rating) and the residual duration of each exposure. It is measured as the proportion of non-performing exposures that become fully performing without going through a litigation stage.

The loss rate is measured from Bpifrance’s historical internal data. It is calculated on the basis of exposure to litigation, compared to the exposure at the start of litigation, the amount of recognised loss or the amount provisioned for cases still pending. The loss given default is simulated by including a correlation with the default.

These cure rates and rate of losses are applied to the net exposure of bank counter-guarantees.

Modelling of exposure at default (EAD)

For term products (loans, finance leases), the exposure at default is calculated by taking into account both balance sheet exposure and financing commitments.

For balance sheet exposure, the exposure at default is the result of the theoretical payment schedules of each transaction. For financing commitments, a disbursement rate is applied according to the characteristics of the exposure (product, time since notification, etc.) then a theoretical schedule corresponding to the operation's characteristics is constructed. Disbursement rates are calculated on the basis of Bpifrance's historical internal data.

An annual early repayment rate is also taken into account in modelling exposure at default. This rate is measured by product from Bpifrance's historical internal data.

With regard to the Short-term financing activity, which is backed by disposals of receivables and for which no payment schedule exists, a behavioural model of credit line drawdowns has been developed in order to define exposure at default.

Taking into account the Forward-Looking aspect

Forward-Looking information is included in the ECL calculation through three macroeconomic scenarios (known as optimistic, central and deteriorated), with the final ECL recognised being the weighted average of the ECLs calculated for each of these three scenarios.

A correlation model between the macroeconomic parameters and the systemic factor used to project default has been developed to transcribe the impact of the macroeconomic scenarios on the calculated ECL. Estimated from Bpifrance's internal default data, this model translates the level of the selected macroeconomic parameters into future default rates for each internal counterparty rating.
Via the correlation between the systemic factor and the simulated loss rates, this model also includes an impact of the macroeconomic parameters on future LGDs.

The definition of the three selected scenarios is notably based on CDC Group's macroeconomic framework scenarios, prepared by the group's economist network. The central and deteriorated scenarios come from the macroeconomic framework whilst the optimistic scenario is proposed by Bpifrance's Assessment, Studies and Forecasting Department (DEEP).

The three scenarios as well as the weighting proposals are submitted to Bpifrance's Forward-Looking Committee. This quarterly committee is chaired by Bpifrance's Deputy Chief Executive Officer and brings together the Risk Department, Financing and Network Department, Finance Department, Accounting Department and the Economic Conditions and Macroeconomics Assessment area. It is responsible for defining the scenarios that will be selected, based on DEEP proposals and weightings.

As Bpifrance's clientele is composed of French companies, the defined scenarios only concern French macroeconomic indicators. The indicators selected are the growth rate for French GDP, the change in the consumer price index, the unemployment rate and the French government (OAT) rates (at two and 10 years).

As of 31 December 2019, the weights used are 50% for the base case scenario, 40% for the worst case scenario and 10% for the optimistic scenario. The weighting of the optimistic scenario was reduced during the 2019 financial year, as it was deemed less and less likely in view of the macroeconomic indicators and geopolitical tensions during the year.

Scenario	Weighting 31/12/2019	Weighting 31/12/2018
Optimistic	10%	20%
Base	50%	40%
Deteriorated	40%	40%

The base case scenario used for 31 December 2019 corresponds to a continuation of the economic recovery cycle, with GDP growth trending towards its potential of 1.3%. The environment is characterised by a low interest rate environment.

Model adjustment

The calculation model was not subject to any technical changes during the 2019 fiscal year. The only modifications made were the update to the parameters to take into account the data on events that occurred during 2019.

The calculation of the ECL at 31 December 2018 included an adjustment to the credit risk assessment of Bpifrance's portfolio to take into account the consequences of the "yellow jackets" movement on its customers' solvency. Since these consequences are now incorporated into the internal ratings of the companies concerned, the expert adjustment applied in 2018 is not applicable in 2019 and has been removed.

The impact of this adjustment's removal is a reduction in the portfolio's ECL of €10.8 million.

No expert adjustment of the credit risk of Bpifrance's customer portfolio was applied at 31 December 2019.

8.3 Counterparty risk on financial activities

8.3.1. Exposure to the counterparty risk

Origin

The group’s exposure to the counterparty risk on financial activities originates with three types of operations:

- the investment operations of the guarantee funds;
- the long-term management operations of the liquidity position and of the rate on loan activities;
- the short-term operations to replace the group’s temporarily available cash.

Measurement

A loan’s risk is equal to the outstanding capital, the risk on a security is equal to the security’s nominal amount, and a derivative product’s risk is assessed at 0.75% per outstanding year of the underlying value, after a 67% abatement in order to account for the cash guarantee write-back systems. This calculation provides a risk valuation that is similar to the regulatory valuation method based on the market price.

8.3.2. Risk policy

In view of the public nature of most of the managed capital, the emphasis is on risk diversification and the search for the greatest possible security of the transactions:

- the authorised counterparties have at least a rating of “A” as provided by specialised agencies;
- transactions involving financial instruments are systematically the subject of collateral agreements;
- cash transactions are governed by strict duration management rules.

The outcome is that long-term investments are primarily carried out with public authorities, notably for the guarantee funds, while short-term investments and operations involving financial instruments are, for their part, carried out with lending institutions.

8.3.3. Management method

The counterparty risk is managed using a limit mechanism based on the ratings assigned to each counterparty by specialised rating agencies. Counterparties are grouped into eight categories, each of which has an associated limit for commitment amounts, calculated from an internal model, on the basis of:

a) a theoretical allocation of the Bpifrance Financement capital for the overall hedging of its counterparty risks;
b) the need for capital corresponding with the counterparty’s default probability;
c) a risk division rule that limits the exposure to a given signature;
d) the consideration of the amount of the counterparty’s original equity.

The tracking of the evolution of counterparty quality is performed by the Market Activities Monitoring and Analysis Department, on a double level: legal entities and economic groups. For each counterparty and each group, the Counterparty Risk Committee defines separate limits for the “Financing” and “Guarantee” business lines.

These various parameters can be updated on the basis of changes to the environment, or to the establishment’s risk policy.

8.3.4. Control and reports

The Market Activities Monitoring and Analysis Department monitors these limits and their use on a daily basis and prepares a report on the possible inflows, outflows and variations of overruns recorded for each counterparty. The recipients are the managers of the Market Activity Department, the Finance Department and traders.
A monthly report on the main evolutions is also prepared. It is provided to the members of the Bpifrance Financement General Management, and to the Finance Committee members.

This monitoring of limits is part of the risk monitoring mechanism in place throughout the Bpifrance Group. It is summarised in the risk management policy approved by the Board of Directors.

8.4 Quantitative analyses of the credit and counterparty risks on financial activities

Maximum credit risk exposure

(in millions of euros)	31/12/2019	31/12/2018
Financial assets at fair value through the income statement	13,4	10,2
Asset hedging derivative instruments	5,2	5,8
Financial assets at fair value through equity	1 238,3	312,3
Securities at amortised cost	7 538,2	8 324,0
Loans and receivables due to credit institutions, at amortised cost	900,2	688,4
Loans and receivables to customers at amortised cost	39 184,2	37 581,9
Finance leases and similar operations, at amortised cost	6 223,2	6 076,8
Guarantee commitments given and signature commitments	12 789,9	12 512,1
Financing commitments given	6 628,6	6 583,6
Total	**74 521,2**	**72 095,1**

Concentrations

In compliance with IFRS 7, Bpifrance Financement has defined, within the accounting categories of IFRS 9 financial instruments, asset classes suited to its activity and its internal reporting method. As such, the category "Loans and receivables to customers" provide with the following asset classes:

- PLMT (Long and Medium-Term Loans);
- FCT (Short-Term Financing);
- Other.

The category "Finance lease operations" consists of the following asset class:

- CBI (Real Estate Leasing);
- CBM (Equipment Leasing).

Concentrations by counterparty type

(in millions of euros)	31/12/2019						
Counterparty/Issuer type	**Central banks**	**Central Government Agencies**	**Lending institutions**	**Other Financial companies**	**Non-Financial companies**	**Households**	**Total**
Financial assets at fair value through the income statement	0,0	0,0	13,4	0,0	0,0	0,0	**13,4**
Asset hedge derivative financial instruments	0,0	0,0	5,2	0,0	0,0	0,0	**5,2**
Financial assets at fair value through equity	0,0	0,0	1 238,3	0,0		0,0	**1 238,3**
Securities at amortised cost	0,0	7 147,6	390,6	0,0	0,0	0,0	**7 538,2**
Loans and receivables due to credit institutions, at amortised cost	0,0	0,0	900,2	0,0	0,0	0,0	**900,2**
Loans and receivables to customers at amortised cost	0,0	5 580,9	0,0	7,8	33 594,0	1,5	**39 184,2**
Medium & long-term loans	*0,0*	*0,0*	*0,0*	*0,0*	*28 655,3*	*0,0*	*28 655,3*
STF	*0,0*	*0,0*	*0,0*	*0,0*	*4 937,5*	*0,0*	*4 937,5*
Other	*0,0*	*5 580,9*	*0,0*	*7,8*	*1,2*	*1,5*	*5 591,4*
Finance lease transactions, at amortised cost	0,0	0,0	0,0	0,0	6 223,2	0,0	**6 223,2**
Real estate leasing	*0,0*	*0,0*	*0,0*	*0,0*	*4 214,6*	*0,0*	*4 214,6*
Equipment leasing	*0,0*	*0,0*	*0,0*	*0,0*	*2 008,6*	*0,0*	*2 008,6*
Total	**0,0**	**12 728,5**	**2 547,7**	**7,8**	**39 817,2**	**1,5**	**55 102,7**

(in millions of euros)	31/12/2018						
Counterparty/Issuer type	**Central banks**	**Central Government Agencies**	**Lending institutions**	**Other Financial companies**	**Non-Financial companies**	**Households**	**Total**
Financial assets at fair value through the income statement	0,0	0,0	10,2	0,0	0,0	0,0	**10,2**
Asset hedge derivative financial instruments	0,0	0,0	5,8	0,0	0,0	0,0	**5,8**
Financial assets at fair value through equity	0,0	0,0	285,5	0,0	26,8	0,0	**312,3**
Securities at amortised cost	0,0	7 867,2	456,8	0,0	0,0	0,0	**8 324,0**
Loans and receivables due to credit institutions, at amortised cost	0,0	0,0	688,4	0,0	0,0	0,0	**688,4**
Loans and receivables to customers at amortised cost	0,0	5 522,5	0,0	3,9	32 054,0	1,5	**37 581,9**
Medium & long-term loans	*0,0*	*0,0*	*0,0*	*0,0*	*26 161,6*	*0,0*	*26 161,6*
STF	*0,0*	*0,0*	*0,0*	*0,0*	*5 891,1*	*0,0*	*5 891,1*
Other	*0,0*	*5 522,5*	*0,0*	*3,9*	*1,3*	*1,5*	*5 529,2*
Finance lease transactions, at amortised cost	0,0	0,0	0,0	0,0	6 076,8	0,0	**6 076,8**
Real estate leasing	*0,0*	*0,0*	*0,0*	*0,0*	*4 187,0*	*0,0*	*4 187,0*
Equipment leasing	*0,0*	*0,0*	*0,0*	*0,0*	*1 889,8*	*0,0*	*1 889,8*
Total	**0,0**	**13 389,7**	**1 446,7**	**3,9**	**38 157,6**	**1,5**	**52 999,4**

(in millions of euros)	31/12/2019						
Counterparty/Issuer type	**Central banks**	**Central Government Agencies**	**Lending institutions**	**Other Financial companies**	**Non-Financial companies**	**Households**	**Total**
Guarantee commitments given and signature commitments	0,0	0,0	0,0	0,0	12 789,9	0,0	**12 789,9**
Financing commitments given	0,0	0,0	10,0	0,0	6 618,6	0,0	**6 628,6**

(in millions of euros)	31/12/2018						
Counterparty/Issuer type	Central banks	Central Government Agencies	Lending institutions	Other Financial companies	Non-Financial companies	Households	Total
Guarantee commitments given and signature commitments	0,0	0,0	0,0	0,0	12 512,1	0,0	**12 512,1**
Financing commitments given	0,0	0,0	10,0	0,0	6 573,6	0,0	**6 583,6**

Concentrations by rating

(in millions of euros)	31/12/2019													
Internal rating	Loans and receivables to customers													
	Medium & long-term loans				STF				OTHER				TOTAL
	Bucket 1	Bucket 2	Bucket 3	Total	Bucket 1	Bucket 2	Bucket 3	Total	Bucket 1	Bucket 2	Bucket 3	Total	
Risk-free (*)				*0*				*0*	5 589			*5 589*	5 589
Low risk	16 812	730		*17 542*	1 538	234		*1 772*				*0*	19 314
Average risk	5 382	2 559		*7 941*	2 040	352		*2 392*				*0*	10 333
High risk	19	159		*178*	216	128		*344*				*0*	522
Not rated	801	1 325		*2 126*	58	35		*93*				*0*	2 219
Proven risk			868	*868*			337	*337*			1	*1*	1 206
Total	23 014	4 773	868	*28 655*	3 852	749	337	*4 938*	5 589	0	1	*5 590*	39 183

(*) including accounts opened with the French State – Agence France Trésor – for €5,384.7 million

Breakdown of loans and receivables by financial instrument class

(in millions of euros)	31/12/2019								
Internal rating	Finance lease operations								
	Real estate leasing				Equipment leasing				TOTAL
	Bucket 1	Bucket 2	Bucket 3	Total	Bucket 1	Bucket 2	Bucket 3	Total	
Risk-free				*0*				*0*	**0**
Low risk	2 191	224		*2 415*	1 218	79		*1 297*	**3 712**
Average risk	544	647		*1 191*	308	274		*582*	**1 773**
High risk		28		*28*		21		*21*	**49**
Not rated	143	265		*408*	15	55		*70*	**478**
Proven risk			173	*173*			39	*39*	**212**
Total	2 878	1 164	173	*4 215*	1 541	429	39	*2 009*	6 224

Breakdown of other assets by accounting category

(in millions of euros)	31/12/2019													
Rating	Financial assets at fair value through profit or loss	Financial assets at fair value through equity				Securities at amortised cost				Loans and receivables to lending institutions				TOTAL
	Total	Bucket 1	Bucket 2	Bucket 3	Total	Bucket 1	Bucket 2	Bucket 3	Total	Bucket 1	Bucket 2	Bucket 3	Total	
Aaa		407,4			*407,4*	32,0			*32,0*				*0,0*	439,4
Aa1		66,4			*66,4*				*0,0*				*0,0*	66,4
Aa2		0,0			*0,0*	7 172,3			*7 172,3*	229,9			*229,9*	7 402,2
Aa3		95,4			*95,4*	26,4			*26,4*				*0,0*	121,8
A1		368,7			*368,7*	252,5			*252,5*	311,1			*311,1*	932,3
A2	*13,4*	200,2			*200,2*	55,1			*55,1*	38,7			*38,7*	307,4
A3		100,2			*100,2*				*0,0*	0,0			*0,0*	100,2
Not rated					*0,0*				*0,0*	320,5			*320,5*	320,5
Total	*13,4*	*1 238,3*	*0,0*	*0,0*	*1 238,3*	*7 538,3*	*0,0*	*0,0*	*7 538,3*	*900,2*	*0,0*	*0,0*	*900,2*	*9 690,2*

Concentrations by business sector of portfolios of loans and receivables from customers and finance lease operations

Bpifrance Financement conducts its activities within France.

(in millions of euros)	31/12/2019					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Loans and receivables to customers	**2 989,7**	**7 481,9**	**26 593,4**	**972,5**	**1 146,7**	**39 184,2**
Medium & long-term loans	*2 710,7*	*6 865,8*	*17 470,5*	*533,8*	*1 074,5*	*28 655,3*
STF	*279,0*	*616,1*	*3 531,5*	*438,7*	*72,2*	*4 937,5*
Other	*0,0*	*0,0*	*5 591,4 **	*0,0*	*0,0*	*5 591,4*
Finance lease operations	**384,3**	**825,2**	**4 438,3**	**236,1**	**339,3**	**6 223,2**
Real estate leasing	*242,9*	*349,4*	*3 261,7*	*55,5*	*305,1*	*4 214,6*
Equipment leasing	*141,4*	*475,8*	*1 176,6*	*180,6*	*34,2*	*2 008,6*
Total	**3 374,0**	**8 307,1**	**31 031,7**	**1 208,6**	**1 486,0**	**45 407,4**

* including accounts opened with the French State – Agence France Trésor – for €5,384.7 million

(in millions of euros)	31/12/2018					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Loans and receivables to customers	**5 364,7**	**8 021,7**	**21 339,7**	**1 309,4**	**1 546,4**	**37 581,9**
Medium & long-term loans	*5 064,8*	*7 280,1*	*11 536,8*	*818,4*	*1 461,5*	*26 161,6*
STF	*299,9*	*741,6*	*4 273,7*	*491,0*	*84,9*	*5 891,1*
Other	*0,0*	*0,0*	*5 529,2 **	*0,0*	*0,0*	*5 529,2*
Finance lease operations	**1 296,3**	**1 154,4**	**3 001,4**	**221,0**	**403,7**	**6 076,8**
Real estate leasing	*990,3*	*733,3*	*2 040,7*	*57,3*	*365,4*	*4 187,0*
Equipment leasing	*306,0*	*421,1*	*960,7*	*163,7*	*38,3*	*1 889,8*
Total	**6 661,0**	**9 176,1**	**24 341,1**	**1 530,4**	**1 950,1**	**43 658,7**

* including accounts opened with the French State – Agence France Trésor – for €5,231.2 million

(in millions of euros)	31/12/2019					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Guarantee commitments given and signature commitments	2 061,7	2 362,4	6 205,3	643,1	1 517,4	**12 789,9**

(in millions of euros)	31/12/2018					
Economic activity sectors	**Trade**	**Industry**	**Services**	**PW&CE**	**Tourism**	**Total**
Guarantee commitments given and signature commitments	2 072,0	2 370,8	6 024,7	627,0	1 417,6	**12 512,1**

Individually impaired financial assets by economic activity sector

(in millions of euros)	31/12/2019															
	Loans and receivables to lending institutions		Loans and receivables to customers								Finance lease operations					
			Medium & long-term loans		STF		Other		Total		Real estate leasing		Equipment leasing		Total	
Business sectors	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount
Trade	0,0	0,0	140,4	92,9	59,7	51,7	0,0	0,0	**200,1**	**144,6**	5,4	3,8	3,3	2,1	**8,7**	**5,9**
Industry	0,0	0,0	270,4	202,9	57,7	52,8	0,0	0,0	**328,1**	**255,7**	23,3	22,3	14,7	10,1	**38,0**	**32,4**
Services	0,0	0,0	633,9	455,6	214,7	200,3	1,3	1,3	**849,9**	**657,2**	125,9	122,4	26,4	24,0	**152,3**	**146,4**
PW&CE	0,0	0,0	26,4	17,2	37,3	32,0	0,0	0,0	**63,7**	**49,2**	1,7	1,7	4,1	2,8	**5,8**	**4,5**
Tourism	0,0	0,0	38,9	28,8	0,8	0,6	0,0	0,0	**39,7**	**29,4**	27,2	24,8	0,2	0,2	**27,4**	**25,0**
Total	**0,0**	**0,0**	**1 110,0**	**797,4**	**370,2**	**337,4**	**1,3**	**1,3**	**1 481,5**	**1 136,1**	**183,5**	**175,0**	**48,7**	**39,2**	**232,2**	**214,2**

(in millions of euros)	31/12/2018															
	Loans and receivables to lending institutions		Loans and receivables to customers								Finance lease operations					
			Medium & long-term loans		STF		Other		Total		Real estate leasing		Equipment leasing		Total	
Business sectors	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount	Gross amount	Net amount
Trade	0,0	0,0	154,9	115,4	29,6	26,7	0,0	0,0	**184,5**	**142,1**	31,7	30,5	4,3	2,1	**36,0**	**32,6**
Industry	0,0	0,0	293,0	239,1	59,7	55,2	0,0	0,0	**352,7**	**294,3**	36,8	34,5	21,5	14,6	**58,3**	**49,1**
Services	0,0	0,0	417,5	324,8	199,3	188,3	1,3	1,3	**618,1**	**514,4**	68,1	62,6	14,3	11,0	**82,4**	**73,6**
PW&CE	0,0	0,0	35,9	25,8	35,6	28,8	0,0	0,0	**71,5**	**54,6**	1,8	1,8	23,5	22,1	**25,3**	**23,9**
Tourism	0,0	0,0	46,8	38,0	2,2	2,1	0,0	0,0	**49,0**	**40,1**	40,9	38,5	0,1	0,1	**41,0**	**38,6**
Total	**0,0**	**0,0**	**948,1**	**743,1**	**326,4**	**301,1**	**1,3**	**1,3**	**1 275,8**	**1 045,5**	**179,3**	**167,9**	**63,7**	**49,9**	**243,0**	**217,8**

Offsetting of the assets and financial liabilities

	31/12/2019					
	Posted gross amounts	Amounts offset in the balance sheet	Net amounts shown in the balance sheet	Amounts related to financial instruments not offset in the balance sheet		
(in millions of euros)				Impact of offsetting agreements	Collateral given/received	Net amount
ASSETS						
Hedging derivatives	667,3	662,0	5,2	-	-	5,2
Repurchase agreements, securities lending and similar agreements	-	-	-	-	-	-
LIABILITIES						
Hedging derivatives	578,0	557,3	20,7	-	13,7	7,0
Repurchase agreements, securities lending and similar agreements	5 677,6	-	5 677,6	-	69,1	5 608,5

	31/12/2018					
	Posted gross amounts	Amounts offset in the balance sheet	Net amounts shown in the balance sheet	Amounts related to financial instruments not offset in the balance sheet		
(in millions of euros)				Impact of offsetting agreements	Collateral given/received	Net amount
ASSETS						
Hedging derivatives	402,8	397,0	5,8	-	5,7	0,1
Repurchase agreements, securities lending and similar agreements	-	-	-	-	-	-
LIABILITIES						
Hedging derivatives	379,8	375,1	4,7	-	3,0	1,7
Repurchase agreements, securities lending and similar agreements	6 809,0	-	6 809,0	-	26,4	6 782,6

Quantitative information relating to guarantees held

The financial effect of the guarantees held on loans and advances (excluding innovation activity) is measured by the maximum amount of the eligible sureties and guarantees under European Directive CRD4 and European Regulation CRR, which came into effect on 1 January 2014. As at 31 December 2019, total sureties and guarantees received amounted to €23,174 million.

8.5 Market risks

Financial risks are defined as the risks of losses of economic value resulting from an unfavourable evolution of the market parameters, which affect the overall balance sheet. The market parameters to which Bpifrance Financement is subject are primarily interest rates and exchange rates. The risks related to the usage of the cash of the guarantee funds are managed separately.

8.5.1. Objectives of the financial risks management policy

The financial management implemented by Bpifrance Financement strives to maintain the financial balances in terms of liquidity, interest rates and exchange positions. To optimise the usage of its financial means, the bank strives to limit the risks inherent to the financial markets, while minimising its exposure to risks that are not part of its core business, such as financial, counterparty and operational risks. Within this framework, it should be noted that Bpifrance Financement has no trading book in the regulatory sense.

8.5.2. Actors involved in the management of the financial risks

The Executive Committee takes decisions relative to financial risk management within the framework of the powers attributed to it by the Board of Directors. It also decides on isolated overruns of the limits or on corrective actions to be undertaken in order to absorb these overruns.

The ALM Committee and the Financial Management Committee concerned examine the interest and exchange rate risks, while also ensuring compliance with the established limits.

Outside of these periodic meetings, the ALM Committee can be called on to meet, notably in case of a sudden change to the market parameters or if the fixed limits are exceeded.

8.5.3. Centralisation of the management of financial risks

Bpifrance Financement manages its balance sheet in such a way that its overall structure is balanced in terms of interest rate and foreign exchange rate risk. The backing sought between usages and resources is intended to limit the establishment's exposure to financial risks. The overall rate and exchange risks are measured each month, and governed by a system of limits. The rate and exchange risks are hedged by means of future financial instruments negotiated on organised markets or over-the-counter (primarily interest rate and currency swap contracts), or by means of operations involving State securities.

8.5.4. Measurement of the risks and limits

Though the financial risks are presented in an aggregated manner, in keeping with the State's request, the specificity of the general interest missions carried out within the framework of the guarantee funds requires separate and specific management of the financial risks of the guarantee funds.

The rate risk

Bpifrance Financement manages the overall interest rate risk: all interest rate positions are monitored through macro and micro-hedging at the level of the ALM section within the Finance Department. As such, hedge instruments are kept in an overall management portfolio, and the assessment of their contribution to the establishment's rate risk reduction is integrated into the follow-up system.

The institution's rate risk is assessed through the changes in two indicators, the sensitivity of short-term interest margins in the case of revenue risk and the sensitivity of the balance sheet value on a liquidation basis (Economic Value of Equity) in the case of value risk. The charts of the deadlocks by maturity complete the system.

Analysis of the sensitivity of the cash flows

An interest rate variation of 200 basis points on the closing date would result in an increase (decrease) of the earnings equal to the amounts indicated below. For the purposes of this analysis, all other variables are presumed to remain constant.
As a reminder, using the same basis, a similar analysis is provided for 2018.

(in millions of euros)	Increase of 200 basis points	Decrease of 200 basis points
31 December 2019		
Interest-margin sensitivity, 2019	-0,1	23,60
Sensitivity of 2019 balance sheet net present value	-389,5	198,6
31 December 2018		
Interest-margin sensitivity, 2018	31,6	0,00
Sensitivity of 2018 balance sheet net present value	-341,3	273,7

The exchange risk

In view of the characteristics of its funding for companies, Bpifrance Financement is only occasionally active in the exchange market. The established limits are intended to desensitise the establishment to the risk of changing exchange rates.

For a currency, the measurement of the exchange risk is the exchange loss due to an immediate variation of +/-15% of the currency price (excluding structural position impact). The overall exchange risk is the sum of the risks per currency. No account is taken of possible correlations between currencies.

Sensitivity analysis

A 15% increase in the EUR/USD and EUR/GBP exchange rates, as of 31 December 2019, would have resulted in an increase in earnings of €0.107M. For the purposes of this analysis, all other variables, and notably interest rates, are presumed to remain constant.

A 15% decrease in the EUR/USD and EUR/GBP exchange rates, as at 31 December 2019, would have the same impacts but in the opposite direction from those previously shown, while assuming that all other variables remain constant.

8.6 Liquidity risk

The liquidity risk corresponds with the bank's inability to meet its obligations at an acceptable price, for a given location and currency. This risk can occur in case of non-concomitance of the cash flows. The refinancing risk (an integral part of the liquidity risk) arises when the funds needed to finance the non-liquid assets cannot be obtained within acceptable timeframes and at acceptable prices.

The group's liquidity risk is monitored as part of a liquidity risk management policy defined in the group Risk Management Policy approved by the Board of Directors. The liquidity situation of Bpifrance Financement is assessed on the basis of internal standards, alarm indicators and regulatory ratios.

8.6.1. Objectives of the liquidity risk management policy

The system in place, specifically defined as part of the ILAAP *(*Internal Liquidity Adequacy Assessment Process), provides Bpifrance with the necessary liquidity to meet its short-term and medium/long-term liquidity obligations. These measures should enable Bpifrance to fulfil its regulatory obligations.

Bpifrance's risk appetite is based on the following general principles:

- annual independence from the markets in the event of a crisis;
- the reduction in new origination in the event of a crisis;
- the segregated management of liquidity reserves under normal management.

From the viewpoint of cash management, the financial activity of Bpifrance Financement involves gathering the necessary resources and managing them as well as possible in view of the usages, with a general objective of operational balance for Bpifrance Financement and the preservation of its capital. It is also intended to comply with the standards imposed by the banking supervisor.

Overall, the establishment measures its medium and long-term financing needs on the basis of the schedule of operations, new business assumptions and outflow agreements for the transactions without maturities. On these bases, the financing stalemate is externalised.

The forecasts for the financing of new activity needs are updated each month, on a monthly basis for the 12 coming months, then on an annual basis beyond this horizon.

The limits relate to liquidity ratios at one month (LCR) and at twelve months (NSFR).

8.6.2. Actors involved in the management of the liquidity risk

The Executive Committee makes decisions relative to the liquidity risk management within the framework of the powers attributed to it by the Board of Directors. It also decides on isolated overruns of the limits or on corrective actions to be undertaken in order to absorb these overruns.

The ALM Committee, which includes members of the Executive Committee and the relevant managers, examines the liquidity risk, while also ensuring compliance with the established limits. Meeting on a monthly basis, this Committee makes proposals regarding the management of financial risks on the basis of files prepared by the ALM domain of the Finance Department.
Outside of these periodic meetings, the ALM Committee can be called on to meet, notably in case of a sudden change to the market parameters or if the fixed limits are exceeded.

8.6.3. Basic principle of the liquidity policy

The establishment measures its overall liquidity risks. A limit system has been established.

The finance division's organisation is based on the principle of the separation of the market operation functions from the steering, scheduling, control and reporting functions, since:

- the operational functions are performed by the Markets Department;
- the steering and follow-up functions are provided by the ALM Department.

8.6.4. Refinancing sources

Bpifrance Financement manages its balance sheet in such a way that its overall structure is balanced in terms of liquidity. The backing sought between usages and resources is intended to limit the establishment's exposure to financial risks.

Bpifrance Financement operates in the financial markets, particularly in the French domestic bond market, and also contributes to a portfolio of government securities whose repurchase agreements provide secure access to interbank liquidity at the best interest rates. Finally, Bpifrance Financement has a stock of private liabilities available for use and eligible for refinancing with the ECB.

8.7 Financial risks and liquidity risks of guarantee funds

8.7.1. Financial management objectives of the guarantee funds

The allocations received from the public authorities are partitioned into guarantee funds that are themselves grouped into financial management blocks, for which the differentiation criterion now revolves around the backer. The financial management blocks correspond with portfolios of similarly managed financial assets. There are three main financial management blocks:

- the French State (Agence France Trésor - AFT) block that includes all of the funds provided by the State. It represents the bulk of the managed assets of the guarantee funds;
- the CDC block as part of the France Investissement funds;
- the "Hived-off assets" block which includes the other small funds endowed by the other backers including ERDF Ile de France, UIMM, textile, Garantie de Valeur Liquidative.

It should be noted that other financial management blocks exist within the Bpifrance Financement procedures. As such, the regional guarantee funds are managed in a similar manner with four financial management blocks.

8.7.2. Actors involved in the financial management of the guarantee funds

The Group Risk Management Committee

The Group Risk Management Committee reviews the framework for managing assets invested in the guarantee funds and verifies their adequacy with the risk appetite previously set by the Board of Directors.

The Financial Management Committee

The Financial Management Committee meets every quarter in order to implement the investment policy for the guarantee funds, reviewed by the Group Risk Management Committee.

8.7.3. Measurement of the financial management indicators of the guarantee funds

The financial management of the guarantee funds involves analysing, for the portfolio backing the activities of the guarantee funds, the period's financial activity, accounting and financial performances and the financial risks relating to them.

Evolution of the portfolios

The evolution of the portfolios lists all of the operations and traces the evolution of the portfolio's composition over the course of the period in question. The securities are classified according to the applicable regulatory texts.

Liquidity

The guarantee funds are primarily divided into three blocks (French State, CDC and "Hived-off assets") for which the differentiation criterion is based on the backer. The liquidity analysis involves ensuring that a financial management block's available assets (capital and interest from the securities) are higher than the expected compensation.

The accounting and financial performances

The purpose of the performance analysis tables is to highlight the accounting and financial profitability of the portfolios during the period in question, and to compare their financial performances with the market rates and indices.

The performances are analysed by classifying the portfolio's securities according to accounting and internal standards (bond, State, money market and other risks).

The financial risks

The rate risk of the assets being used in the guarantee funds is measured using two indicators:

- the value risk: impairment loss of the fixed rate asset portfolio in the event of a 1% increase in rates;
- the sensitivity of financial earnings to rate changes over the course of the next twelve months: loss of financial earnings on the assets in the event of a 1% decrease in rates.

8.8 Cash flows payable by the Bpifrance Financement group relative to its financial debts, broken down by residual contractual maturity

Annual flows (in millions of euros)	31/12/2019						
	Book value	Total incoming/ outgoing flows	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	After 5 years
Repayment of term borrowings	**34 935**	**-36 038**	**0**	**-90**	**-5 805**	**-18 293**	**-11 850**
Bond loans guaranteed by EPIC Bpifrance	25 834	-27 061	0	-4	-1 524	-14 695	-10 838
Lending establishments borrowings & term accounts	5 318	-5 324	0	-3	-3 490	-1 815	-16
Customer borrowings & term accounts	3 251	-3 075	0	-83	-785	-1 760	-447
Subordinated with Bpifrance SA	532	-578	0	0	-6	-23	-549
Repayment of short-term financing	**10 461**	**-10 219**	**0**	**-3 954**	**-6 066**	**-199**	**0**
Ordinary accounts	334	-127	0	-32	-95	0	0
JJ loans	17	0	0	0	0	0	0
Deposit certificates & MTN (medium-term notes)	4 433	-4 424	0	-2 271	-1 954	-199	0
Securities sold under forward repurchase agreements	5 678	-5 668	0	-1 651	-4 016	0	0
Derivative instruments (*)	**27**	**27**	**0**	**3**	**19**	**-24**	**29**
Non-hedging derivatives	12	12		0	13	-2	0
Hedging derivatives	16	16	0	3	6	-22	29

(*) Maturities of derivatives at fair value

The 2019 table presents the undiscounted contractual flows (principal + interest)

Annual flows (in millions of euros)	31/12/2018						
	Book value	Total incoming/ outgoing flows	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	After 5 years
Repayment of term borrowings	**32 598**	**-32 567**	**-143**	**-205**	**-3 180**	**-16 768**	**-12 269**
Bond loans guaranteed by EPIC Bpifrance	23 208	-23 207	21	-13	-1 539	-10 362	-11 314
Lending establishments borrowings & term accounts	5 628	-5 617	1	-2	-1 270	-4 326	-20
Customer borrowings & term accounts	3 310	-3 290	-163	-190	-370	-2 081	-485
Subordinated with Bpifrance SA	452	-452	-2	0	0	0	-450
Repayment of short-term financing	**11 603**	**-11 621**	**-137**	**-5 752**	**-5 041**	**-691**	**0**
Ordinary accounts	196	-220	-113	-27	-80	0	0
JJ loans	24	-24	-24	0	0	0	0
Deposit certificates & MTN (medium-term notes)	4 558	-4 551	0	-2 327	-1 533	-691	0
Securities sold under forward repurchase agreements	6 825	-6 825	0	-3 398	-3 427	0	0
Derivative instruments							
Non-hedging derivatives outgoing flows		0	0	0	0	0	0
Non-hedging derivatives incoming flows		18	0	2	7	9	0
Hedging derivatives outgoing flows		-36	0	-11	0	0	-25
Hedging derivatives incoming flows		65	0	0	42	22	0

Faced with these financial liabilities, the Bpifrance Financement group has recourse to securities that can be mobilised, either at the ECB, or through repurchase agreements, depending on the more favourable rate conditions.

The financing commitments given, i.e. €6.8 billion at the end of 2019, identical to the end of 2018, have no contractual schedule. After the contract's signing, they are disbursed at the customer's request. The guarantee commitments given (€12.8 billion at the end of 2019, versus €12.5 billion at the end of 2018) can take the shape of disbursement flows if the company receiving the guaranteed loan is in default and at the end of the recovery process carried out by the guaranteed institution.

8.9 Reform of benchmark interest rates

8.9.1 Context

Regulation (EU) 2016/2011 on indices used as benchmarks for financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Index Regulation") came into force on 30 June 2016. The majority of its provisions have been applicable since 1 January 2018. The Benchmark Indices Regulation is intended to reduce the risk of manipulation of the value of indices and underlying conflicts of interest. It aims to improve the quality (integrity and accuracy) of underlying data contributions and the transparency of the methodologies used by administrators and to strengthen governance and oversight of the activities of administrators and benchmark contributors.

8.9.2 Transition to new benchmarks

Measures have been taken at the Bpifrance Group level to assess the risks and challenges from this reform and to ensure a smooth transition to the new indices. Regarding the various instances of contracts indexed on indices identified in its portfolio, Bpifrance Financement is focused primarily on the future of the European EONIA and EURIBOR indices.

To replace the EONIA rate index, the ECB launched the new €STR index on 2 October 2019, which was proposed by the working group in September 2018. Since 2 October, EONIA, previously calculated as the weighted average rate for unsecured overnight lending transactions in the euro interbank markets in European Union countries, is now calculated as the new €STR index plus a spread of 8.5 bps. A transition period until the end of 2021 has been granted to enable the switch from EONIA to the new €STR index.

The Euribor index could continue to exist, but based on a new hybrid methodology using both transactions by the panel of banks, to the extent possible, and other market price-setting data.

Bpifrance Financement has interest rate derivatives used as hedging relationships designated based on the objective pursued. The group currently only applies fair value hedge accounting. These derivatives were implemented as part of macro-hedging transactions carried out for asset-liability management of fixed-rate positions. They make it possible to hedge the rate risk associated with customer loans, or with borrowing and securities portfolios. Macro-hedge instruments are primarily rate swaps designated as fair value hedges of the group's fixed-rate assets or resources. One leg of these interest rate derivatives is indexed to a EURIBOR index. The notional amounts concerned stood at €42.5 billion at 31/12/2019.

These derivative instruments were traded as part of FBF contracts for which the definitions were modelled on those of the ISDA (International Swaps and Derivatives Association). ISDA is currently reviewing these definitions in the light of this index reform and will propose a protocol to amend the existing contracts. To date, Bpifrance Financement has not yet modified its contracts.

Given the uncertainties in 2019 surrounding the future indices and their validation, and in order to manage and minimise the financial impacts that could have been caused during the transition and convergence phase towards the new indices, strategies to manage both the basis risk (EONIA vs Euribor) and the fixing risk were proposed in the ALM Committee and then implemented.

Note 9 - Disclosure of interests in other entities

9.1 Important assumptions and judgements

Certain subsidiaries and associated companies have not been included in the scope of consolidation in view of their negligible character or contractual provisions indicating that control is in the hands of another investor.

Setting aside these exclusions, the group does not have control over a not-insignificant subsidiary in which it holds less than half of the voting rights, nor does it exercise significant influence on associated companies in which it holds less than 20% of the voting rights.

9.2 Interests in subsidiaries

Minority interests in the group's activities

The group does not have any equity interests in subsidiaries holding minority interests that are considered to be significant.

Nature and extent of the significant restrictions

The group is subject to no significant legal, regulatory or contractual restrictions that would limit its ability to access the group's assets liabilities or to settle the group's liabilities.

9.3 Interests in partnerships and associated companies

Interests in associated companies considered to be insignificant

The group holds interests in associated companies that are individually considered to be insignificant.

(in millions of euros)	31/12/2019	31/12/2018
Overall book value	11,5	5,4
Overall amount of the shares		
Net earnings from ongoing activities	0,5	1,0
Net of tax earnings from discontinued operations	0,0	0,0
Other elements of the overall earnings	0,0	0,0
Overall earnings	0,5	1,0

9.4 Interests held in non-consolidated structured entities

As in 2018, non-consolidated structured entities financed by Bpifrance Financement and its partners essentially consisted of a debt fund in 2019. These structures represented a total of €144.3 million in assets as of 31 December 2019 (€181.1 million as of 31 December 2018), the majority of which are presented as loans and advances.

(in millions of euros)	31/12/2019	31/12/2018
Nature and evolution of the risks in the structured non-consolidated entities		
Book value of the assets/liabilities	24,5	29,8
Item in the financial statements under which these assets/liabilities are booked	Financial assets at fair value through the income statement Loans and receivables	Financial assets at fair value through the income statement Loans and receivables
Amount of maximum exposure (balance sheet and off-balance sheet) to risk of loss(*)	24,5	29,8
Difference between the book value and the maximum risk of loss	0,0	0,0

Note 10 - Personnel benefits and other remuneration

10.1 Personnel expenses

(in millions of euros)	31/12/2019	31/12/2018
Salaries & wages	-143,2	-129,9
Other social charges	-50,7	-46,5
Fiscal expenses	-16,0	-15,3
Defined contribution retirement expenses	-16,8	-14,0
Defined benefit retirement expenses	-4,7	-4,8
Incentives and profit-sharing	-16,7	-15,2
Allowances/reversals of provisions for employee commitments	-0,2	-0,7
Total personnel expenses	**-248,3**	**-226,4**

10.2 Other personnel benefits

Post-employment benefits: defined benefits plan

The defined benefit post-employment plans are calculated in compliance with IAS 19 “Employee Benefits” and are covered by provisions or group insurance contracts.

Bpifrance Financement contributes to two defined benefit plans, one relative to retirement lump sum benefits and the other relative to the health expenses of pensioners.

Retirement lump sum benefits

All obligations relative to the retirement lump sum payments are covered by a group insurance policy and are estimated on the basis of the commitments assumed for the employees who opted for retirement leave, and assumptions concerning the retirement provisions for the other employees.

Health expenses of pensioners

The estimated commitments for the health expenses of pensioners have been provisioned in compliance with the agreement of 20 December 2006 relative to the health provident fund.

Characteristics and risks

Bpifrance Financement based its estimates on its employee age pyramid, their date of entering active employment and on a preliminary approach to social policy as it may emerge in the light of the provisions of the law of 21 August 2003 on pensions reform, the branch agreement by the Fédération Bancaire Française on 29 March 2005, and the applicable Social Security Financing law. These assumptions will need to be reviewed in the light of future established practice.

The plan benefits for retirement lump sum payments are acquired throughout the career on the basis of the seniority within the company, with a ceiling of six months of gross wages, settled upon retirement.

The plan benefits for health expenses cover the employees and their successors in title, who retired before 31 December 2006. They receive a monthly fixed contribution from the employer in the amount of €27.54.

The fund, set up to hedge the commitments relative to retirement lump sum payments, has been contractually externalised with the CNP. It is managed by the CNP within the framework of an orientation set by the group, which provides its governance.

These defined benefit plans expose Bpifrance Financement to an actuarial risk that is notably linked to the longevity risk (especially for the health expenses plan), to the interest rate risk and to the market risks with regard to the hedge assets.

The fund's assets

The breakdown of the fair value of the plan's assets between different categories on the basis of the nature of the assets and attached risks is the following:

(in %)	31/12/2019	31/12/2018
UCITS		
Monetary	2%	4%
Other	4%	0%
Equities	17%	18%
Bonds	77%	78%
	100%	**100%**

Significant actuarial assumptions

The actuarial mortality assumptions are based on the public statistical mortality tables (TH 00-02 and TF 00-02).

The retirement hypotheses are estimated on the basis of the employee's age: 5% of the employees in question would be under 60 years of age, 35% would be between the ages of 60 and 62 years, 55% would be between 62 and 65 years old and 5% would be above 67 years of age.

The job turnover provisions primarily evolve on the basis of the employee's age:

	31/12/2019		31/12/2018	
	Executive	Non-executive	Executive	Non-executive
Under 35 years of age	5,6%	4,6%	5,1%	3,9%
Between 35 and 44 years of age	2,1%	1,2%	2,1%	1,2%
Between 45 and 54 years of age	0,6%	0,9%	1,0%	1,0%
55 years of age or more	0,2%	0,0%	0,6%	1,9%

The adopted discount rate, rate of first category bonds, was determined based on the term for which these commitments would be carried.

The economic assumptions regarding the annual rate of wage increases and the revaluation rate of the commitments for long-service medals are also part of the actuarial assumptions.

Financing of the fund

Each quarter, the fund produces an analysis of the investment policy. Based on a prudence principle, it is primarily invested in bond UCITS.

The defined benefit plans are entirely supplied by Bpifrance Financement. The contribution obligations are determined by the contractual provisions based on actuarial elements.

Bpifrance Financement estimates that its contribution to the defined benefit plans for the 2019 fiscal year is equal to €4.7 million.

As at 31 December 2019, the average duration of the obligation relative to the defined benefit plans was 20.4 years for retirement lump sum benefits and 12.2 years for health expenses (respectively 19.6 years and 12.2 years in 2018).

A 0.5% increase in the discount rate would lead to a €2.0 million decrease in the commitment, while a 0.5% decrease would result in a €2.2 million increase in the commitment.

Other long-term benefits

Long service awards

Group employees receive bonus payments to mark the awarding of Medals of Honour in recognition of a long working life. These commitments are provisioned on the basis of the agreement signed on 15 December 2011.

Supplementary pensions

The AFB professional agreement dated 13 September 1993 on the reform of retirement schemes for the banking profession applies to the Bpifrance Financement staff. The payment of a supplementary banking pension and rebates not covered by the fund for the vested rights of the staff on 31 December 1993 is covered by a reserve fund with sufficient resources to meet pensioners’ needs.

Early departures

With regard to early departures, Bpifrance Financement is committed to its personnel. These commitments are provisioned.

Variation of obligations in respect of post-employment benefits

Change in commitments with respect to post-employment benefits	Retirement lump sum benefits			Health expenses	Long-service awards	Total 31/12/2019		
(in millions of euros)	Commitments with respect to defined benefits	Plan assets	Net liabilities/ (assets)	Commitments with respect to defined benefits	Commitments for other long-term benefits	Commitments	Plan assets	Net liabilities/ (assets)
Opening balance	**30.4**	**25.1**	**5.3**	**1.8**	**1.1**	**33.4**	**25.1**	**8.3**
Impact on profit and loss statement	**0.7**	**2.7**	**-2.0**	**-0.1**	**0.1**	**0.6**	**2.7**	**-2.1**
- Cost of services rendered during the period	1.7	0.0	1.7	0.0	0.2	1.9	0.0	1.9
- Interest on liabilities/assets relating to defined benefits	0.3	0.0	0.3	0.0	0.0	0.3	0.0	0.3
- Cost of past services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Transfer of AFE personnel	0.7	0.0	0.7	0.0	0.0	0.7	0.0	0.7
- Contribution to the employer's plan	0.0	4.7	-4.7	0.0	0.0	0.0	4.7	-4.7
- Contribution to the participant's plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Profit or loss resulting from the liquidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Paid services	-2.0	-2.0	0.0	-0.1	-0.1	-2.2	-2.0	-0.2
- Actuarial differences (relating to other long-term benefits)	N/A	N/A	N/A	N/A	0.0	0.0	N/A	0.0
Change in consolidation scope						**0.0**	**0.0**	**0.0**
Impact on gains and losses booked in shareholders' equity	**2.7**	**0.0**	**2.7**	**0.0**	**0.0**	**2.8**	**0.0**	**2.7**
- Actuarial differences	2.7	0.0	2.7	0.0	N/A	2.8	0.0	2.7
> of which actuarial gains & losses for the period relating to experience adjustment	*-0.1*	*0.0*	*-0.1*	*0.0*	*N/A*	*-0.1*	*0.0*	*-0.1*
> of which actuarial gains & losses on adjustments relating to demographic hypotheses	*1.3*	*0.0*	*1.3*	*0.0*	*N/A*	*1.3*	*0.0*	*1.3*
> of which actuarial gains & losses on adjustments to financial hypotheses	*1.5*	*0.0*	*1.5*	*0.1*	*N/A*	*1.6*	*0.0*	*1.5*
- Rate of return of the plan's assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Change in effect of asset ceiling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing balance	**33.8**	**27.9**	**6.0**	**1.8**	**1.2**	**36.7**	**27.9**	**8.9**

Change in commitments with respect to post-employment benefits	Retirement lump sum benefits			Health expenses	Long-service awards	Total 31/12/2018		
(in millions of euros)	Commitments with respect to defined benefits	Plan assets	Net liabilities/ (assets)	Commitments with respect to defined benefits	Commitments for other long-term benefits	Commitments	Plan assets	Net liabilities/ (assets)
Opening balance	**31,9**	**30,1**	**1,8**	**2,1**	**1,1**	**35,1**	**30,1**	**5,0**
Impact on profit and loss statement	**-3,4**	**-3,8**	**0,4**	**-0,1**	**-0,1**	**-3,6**	**-3,8**	**0,2**
- Cost of services rendered during the period	1,7	0,0	1,7	0,0	0,1	1,8	0,0	1,8
- Interest on liabilities/assets relating to defined benefits	0,2	0,0	0,2	0,0	0,0	0,3	0,0	0,3
- Cost of past services	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Effects of fluctuations in foreign currencies (n/a)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Contribution to the employer's plan	0,0	1,8	-1,8	0,0	0,0	0,0	1,8	-1,8
- Contribution to the participant's plan	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Profit or loss resulting from the liquidation	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Paid services	-5,4	-5,6	0,2	-0,2	0,0	-5,5	-5,6	0,0
- Actuarial differences (relating to other long-term benefits)	N/A	N/A	N/A	N/A	-0,2	-0,2	N/A	-0,2
Change in consolidation scope	**0,3**	**0,0**	**0,3**	**0,0**	**0,1**	**0,3**	**0,0**	**0,3**
Impact on gains and losses booked in shareholders' equity	**1,6**	**-1,2**	**2,8**	**-0,1**	**0,0**	**1,5**	**-1,2**	**2,7**
- Actuarial differences	1,6	-1,2	2,8	-0,1	N/A	1,5	-1,2	2,7
> of which actuarial gains & losses for the period relating to experience adjustment	*2,5*	*0,0*	*2,5*	*-0,1*	*N/A*	*2,5*	*0,0*	*2,5*
> of which actuarial gains & losses on adjustments relating to demographic hypotheses	*0,0*	*0,0*	*0,0*	*0,0*	*N/A*	*0,0*	*0,0*	*0,0*
> of which actuarial gains & losses on adjustments to financial hypotheses	*-0,8*	*-1,2*	*0,3*	*0,0*	*N/A*	*-0,9*	*-1,2*	*0,3*
- Rate of return of the plan's assets	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Change in effect of asset ceiling	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Closing balance	**30,4**	**25,1**	**5,3**	**1,8**	**1,1**	**33,4**	**25,1**	**8,3**

10.3 Personnel

The average headcount of fully consolidated companies stood at 2,418 employees in 2019, 83% of whom are managers.

10.4 - Compensation paid to members of management and administrative bodies

The amount of compensation paid to corporate officers for duties performed within Bpifrance Financement was €112,500 at 31 December 2019. This amount comes from a rebilling from Bpifrance SA, its parent company.

The fixed annual compensation allocated to the directors and the compensation paid to the Chairmen of the business line committees stood at €131.5 million.

Note 11 - Sector-specific 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 performed mainly by the real estate structures (SCI Bpifrance, Auxifinances), the support activity as well as the new business line "Entrepreneurship and Regions".

(in millions of euros)

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

31/12/2018	Financing	Guarantee	Innovation	Other	Total
NBI	609,9	104,1	40,9	15,2	770,1
General expenses	-273,0	-61,8	-97,1	-12,0	-443,9
Cost of risk	-24,6	0,0	-12,4	0,0	-37,0
Net operating income	312,3	42,3	-68,6	3,2	289,2

(in millions of euros)

Gross amounts outstanding	31/12/2019	31/12/2018
Medium- and long-term loans	29 201,5	26 688,3
. of which innovation loans	*956,5*	*944,8*
Short-term financing	4 986,0	5 943,3
Innovation financing aid	982,8	1 073,3
Guarantees given	12 789,9	12 512,1

Reminder:
The guarantee funds amounted to €5,906.7 million in 2019, versus €5,990.1 million in 2018.
The subsidies provided as part of the innovation activity amounted to €85.3 million in 2019, versus €72.3 million in 2018.

Note 12 – Financing and guarantee commitments

(in millions of euros)	31/12/2019	31/12/2018
Commitments given	**19 604,7**	**19 298,4**
Credit financing commitments	6 628,6	6 583,6
to credit institutions	*10,0*	*10,0*
to clients	*6 618,6*	*6 573,6*
Innovation aid financing commitments	186,2	202,7
Guarantee commitments	12 789,9	12 512,1
to credit institutions	*0,0*	*0,0*
to clients	*12 789,9*	*12 512,1*
Commitments on securities (deliverable securities)	0,0	0,0
Commitments received	**21 810,5**	**20 804,1**
Credit financing commitments	1 344,0	767,1
from credit institutions	*1 344,0*	*767,1*
from clients	*0,0*	*0,0*
Guarantee commitments	20 466,4	20 036,9
from credit institutions	*686,5*	*471,1*
from clients	*19 779,9*	*19 565,8*
Commitments on securities (securities receivable)	0,1	0,1

Note 13 - Other information

13.1 Related parties

The Bpifrance Financement group's related parties are the companies included in the scope of consolidation shown in note 4, non-consolidated interests, as well as the companies exerting control over the group.

Information relative to related companies

The transactions common to the fully integrated companies are eliminated in the consolidated financial statements.

The transactions with companies exercising control over the group are listed in the column "Companies exercising joint control". These are transactions carried out with EPIC Bpifrance and Caisse des Dépôts.

The transactions with companies integrated using the equity methods are listed in the "Associated companies" column.
The transactions with other related but non-consolidated entities are shown in the column "Other related parties".

31 December 2019

Balance sheet

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Assets					
Loans and advances	0,0	0,0	225,9	0,0	**225,9**
Equity instruments	0,0	0,0	0,0	3,4	**3,4**
Other receivables	7,5	26,5	0,0	0,1	**34,1**
Total assets	**7,5**	**26,5**	**225,9**	**3,5**	**263,4**
Liabilities					
Deposits	74,2	131,8	0,0	0,0	**206,0**
Term borrowings	532,2	2 821,8	0,0	0,0	**3 354,0**
Other liabilities	1,4	32,5	0,0	0,0	**33,9**
Total liabilities	**607,8**	**2 986,1**	**0,0**	**0,0**	**3 593,9**
Miscellaneous information					
Guarantees issued by the group	10,0	0,0	11,2	0,0	**21,2**
Guaranties received by the group	18 105,4	0,0	0,0	0,0	**18 105,4**
Impairment of doubtful receivables	0,0	0,0	0,0	0,2	**0,2**

Profit and loss statement

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Total expenses, including :	**10,5**	**124,5**	**0,0**	**0,1**	**135,1**
Interest expenses	10,3	124,5	0,0	0,0	**134,8**
Fees and commissions	0,0	0,0	0,0	0,0	**0,0**
Services received	0,2	0,0	0,0	0,0	**0,2**
Other	0,0	0,0	0,0	0,1	**0,1**
Total proceeds, including :	**7,3**	**1,0**	**3,3**	**0,0**	**11,6**
Interest income	0,0	0,1	3,2	0,0	**3,3**
Fees and commissions	0,0	0,0	0,0	0,0	**0,0**
Services provided	7,3	0,9	0,0	0,0	**8,2**
Dividend income	0,0	0,0	0,1	0,0	**0,1**
Other	0,0	0,0	0,0	0,0	**0,0**
Other information					
Charges for the fiscal year pertaining to doubtful loans	0,0	0,0	0,0	0,0	**0,0**

31 December 2018

Balance sheet

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Assets					
Loans and advances	0,0	0,0	217,6	0,0	**217,6**
Equity instruments	0,0	0,0	5,4	1,0	**6,4**
Other receivables	0,2	51,1	0,0	0,2	**51,5**
Total assets	**0,2**	**51,1**	**223,0**	**1,2**	**275,5**
Liabilities					
Deposits	2,0	86,2	0,0	0,0	**88,2**
Term borrowings	452,2	4 289,1	0,0	0,0	**4 741,3**
Other liabilities	1,2	27,5	0,0	0,0	**28,7**
Total liabilities	**455,4**	**4 402,8**	**0,0**	**0,0**	**4 858,2**
Miscellaneous information					
Guarantees issued by the group	10,0	0,0	11,1	0,0	**21,1**
Guaranties received by the group	18 187,3	0,0	0,0	0,0	**18 187,3**
Impairment of doubtful receivables	0,0	0,0	0,0	0,2	**0,2**

Profit and loss statement

(in millions of euros)	Parent company	Companies exercising joint control	Associated companies	Other related parties	Total
Total expenses, including :	**8,8**	**160,2**	**0,0**	**0,1**	**169,1**
Interest expenses	8,6	160,2	0,0	0,0	**168,8**
Fees and commissions	0,0	0,0	0,0	0,0	**0,0**
Services received	0,2	0,0	0,0	0,0	**0,2**
Other	0,0	0,0	0,0	0,1	**0,1**
Total proceeds, including :	**1,9**	**1,2**	**3,2**	**0,0**	**6,3**
Interest income	0,0	0,8	3,0	0,0	**3,8**
Fees and commissions	0,0	0,0	0,0	0,0	**0,0**
Services provided	1,9	0,4	0,0	0,0	**2,3**
Dividend income	0,0	0,0	0,2	0,0	**0,2**
Other	0,0	0,0	0,0	0,0	**0,0**
Other information					
Charges for the fiscal year pertaining to doubtful loans	0,0	0,0	0,0	0,0	**0,0**

13.2 Amount of Statutory Auditors' fees reported in the consolidated profit and loss statement (amount excluding tax)

	Mazars		KPMG Audit	
(in thousands of euros)	2019	2018	2019	2018
Certification of the financial statements	434	427	360	438
Other services	36	10	11	29
Total	470	437	371	467

13.3 Activities on behalf of third parties

Operations managed by Bpifrance Financement (agent) on behalf of third parties (principals) are not included in the Bank's consolidated balance sheet.

	31/12/2019							
	Assets				Liabilities			Off-balance sheet
(in millions of euros)	Receivables	Principal's account	Cash	Total	Debts	Principal's account	Total	
Financing activity								
ARI (*)	100,4	0,0	0,0	100,4	0,0	100,4	100,4	27,0
Debt funds	113,3	0,0	0,0	113,3	0,0	113,3	113,3	0,0
Guarantee activity								
DROM managed funds	0,0	0,0	62,3	62,3	0,0	62,3	62,3	0,0
Camulor	0,0	0,0	0,2	0,2	0,0	0,2	0,2	0,0
FGRU (*)	0,0	0,0	5,4	5,4	0,0	5,4	5,4	0,0
Student loans	0,0	0,0	28,5	28,5	0,0	28,5	28,5	0,0
Innovation aid activity								
Advantage	0,0	0,0	42,7	42,7	0,0	42,7	42,7	0,0
DEEP TECH GPT	0,7	5,3	3,4	9,4	9,4	0,0	9,4	5,4
ENTREPRENEURSHIP	0,0	0,0	40,2	40,2	7,8	32,4	40,2	22,4
FSN(*)	99,8	0,0	37,6	137,4	122,4	15,0	137,4	47,4
PSIM(*)	30,0	0,0	0,8	30,8	11,3	19,5	30,8	10,4
PSPC(*)	169,1	0,0	4,0	173,1	115,1	58,0	173,1	260,7
Strategic sectors	0,6	21,3	3,6	25,5	25,5	0,0	25,5	7,7
FUI(*)	0,1	143,5	0,0	143,6	143,6	0,0	143,6	1,4
FNI-PRI(*)	19,8	0,0	3,4	23,2	0,7	22,5	23,2	2,5
PIAVE(*)	67,5	0,0	2,0	69,5	41,1	28,4	69,5	75,1
French Tech	0,0	0,0	0,3	0,3	0,0	0,3	0,3	0,0
French Tech Tremplin	0,0	14,9	0,0	14,9	0,0	14,9	14,9	0,2
FRI GPT	37.4	0.0	118.5	155.9	25.9	130.0	155.9	29.2
Business Development Insurance	118,8	0,0	0,0	118,8	9,4	109,4	118,8	138,9
MAJOR RISKS GPT	0,0	7,0	0,0	7,0	0,0	7,0	7,0	0,1
FGI ATF PIA 3(*)	0,8	11,0	6,3	18,1	18,1	0,0	18,1	44,7
FGI Concours d'innovation PIA3	23,5	19,0	0,0	42,5	42,5	0,0	42,5	35,5
Total	**781,8**	**222,0**	**359,2**	**1 363,0**	**572,8**	**790,2**	**1 363,0**	**708,6**

(*) ARI: Reindustrialisation aids
FGRU: Guarantee Fund for Urban Renewal
FSN: Fonds national pour la Société Numérique (National Fund for the Digital Society)
PSIM: Programme de Soutien à l'Innovation Majeure (Major Innovation Support Programme)
PSPC: Projet de recherche et de développement Structurants des Pôles de Compétitivité (Structuring Research and Development Projects for Competitiven
FUI: Fonds Unique Interministériel (Single Interministerial Fund)
FNI-PRI: Fonds national d'innovation - Partenariats régionaux d'avenir (National Innovation Fund - Regional Partnerships for the Future)
PIAVE: Projets Industriels d'avenir (Industrial Projects for the Future)
ATF PIA 3: Assistance and Transformation of the Sectors - Investments of the Future 3 Programme

	31/12/2018							
	Assets				Liabilities			Off-balance sheet
(in millions of euros)	Receivables	Principal's account	Cash	Total	Debts	Principal's account	Total	
Financing activity								
ARI (*)	100,7	0,0	0,0	100,7	0,0	100,7	100,7	39,9
Debt funds	139,5	0,0	0,0	139,5	0,0	139,5	139,5	0,0
Guarantee activity								
DROM managed funds	0,0	0,0	63,2	63,2	0,0	63,2	63,2	0,0
Camulor	0,0	0,0	0,2	0,2	0,0	0,2	0,2	0,0
FGRU (*)	0,0	0,0	8,3	8,3	0,0	8,3	8,3	0,0
Student loans	0,0	0,0	26,7	26,7	0,0	26,7	26,7	152,7
Innovation aid activity								
Advantage	0,0	0,0	42,7	42,7	0,0	42,7	42,7	0,0
FSN(*)	89,6	324,6	0,0	414,2	200,1	214,1	414,2	72,7
PSIM(*)	26,5	40,0	0,0	66,5	21,2	45,3	66,5	16,4
PSPC(*)	139,6	781,4	19,5	940,5	111,7	828,8	940,5	209,8
Strategic sectors	0,0	61,3	4,3	65,6	25,6	40,0	65,6	1,3
FUI(*)	0,2	309,9	0,0	310,1	190,3	119,8	310,1	5,1
FNI-PRI(*)	21,8	9,0	0,7	31,5	0,8	30,7	31,5	4,0
PIAVE(*)	51,4	205,2	0,0	256,6	57,8	198,8	256,6	95,5
French Tech	0,1	0,0	0,2	0,3	0,1	0,2	0,3	0,0
Business Development Insurance	33,7	255,5	0,0	289,2	6,1	283,1	289,2	57,1
FGI ATF PIA 3(*)	0,2	209,7	0,0	209,9	0,7	209,2	209,9	1,4
FGI Concours d'innovation PIA3	7,1	140,9	0,0	148,0	34,5	113,5	148,0	17,4
Total	**610,4**	**2 337,5**	**165,8**	**3 113,7**	**648,9**	**2 464,8**	**3 113,7**	**673,3**

11. SEPARATE FINANCIAL STATEMENTS

Bpifrance Financement

INDIVIDUAL PUBLISHABLE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2019

- Publishable balance sheet
- Publishable off balance sheet
- Publishable profit and loss statement

Publishable balance sheet of Bpifrance Financement

(in millions of euros)

ASSETS	Notes	31/12/2019	31/12/2018
Cash in hand, central banks		**1,046.0**	**1,687.6**
Public sector bills and similar securities	6	**6,974.0**	**7,677.6**
Receivables from credit institutions	3	**569.0**	**458.6**
- Sight a/c		*303.3*	*196.7*
- Term a/c		*265.7*	*261.9*
Customer transactions	4	**37,307.9**	**37,717.2**
- Trade receivables		195.3	291.4
- Other customer loans		31,703.7	32,173.5
- Overdrafts		5,408.9	5,252.3
Bonds and other fixed-income securities	6	**3,403.2**	**528.1**
Shares and other variable income securities	6	**606.6**	**612.8**
Equity interests and other securities held long-term	7	**28.4**	**25.9**
Investments in affiliated companies	7	**78.4**	**70.0**
Finance and ordinary leases with purchase option	5	**6,114.6**	**5,843.6**
Operating lease	5	**198.8**	**176.7**
Intangible fixed assets	8	**98.0**	**71.3**
Tangible fixed assets	8	**24.5**	**22.6**
Subscribed but unpaid capital			
Treasury shares			
Innovation financing aid	9	**673.5**	**843.5**
Other assets	10	**398.1**	**359.8**
Accruals	11	**353.3**	**257.1**
TOTAL ASSETS		**57,874.3**	**56,352.4**

Publishable balance sheet of Bpifrance Financement

(in millions of euros)

LIABILITIES	Notes	31/12/2019	31/12/2018
Central banks		**0.0**	**0.0**
Due to credit institutions	12	**10,997.2**	**12,446.0**
- Sight a/c		*2.1*	*9.3*
- Term a/c		*10,995.1*	*12,436.7*
Customer transactions	13	**3,583.6**	**3,504.7**
- Other debts		3,583.6	3,504.7
. Sight a/c		*333.7*	*196.3*
. Term a/c		*3,249.9*	*3,308.4*
Debt represented by a security	14	**30,057.5**	**27,675.9**
- Interbank market securities & negotiable debt instruments		*4,434.0*	*4,556.5*
- Bond loans		*25,623.5*	*23,119.4*
Other liabilities	15	**1,534.3**	**1,434.1**
Accruals	16	**1,607.9**	**1,231.6**
Provisions	17	**421.9**	**432.8**
Subordinated debts, mutual guarantee deposits	18	**551.8**	**471.6**
Public guarantee funds	19	**4,308.6**	**4,364.5**
Net resources for innovation-related activity	20	**1,319.6**	**1,574.0**
Fund for general banking risks		**235.2**	**235.2**
Shareholders' equity excluding contingencies fund (FRBG)	21	**3,256.7**	**2,982.0**
- Subscribed capital		*839.9*	*839.9*
- Issue premiums		*1,183.5*	*971.6*
- Merger premiums		*0.0*	*211.9*
- Reserves		*223.7*	*213.0*
- Regulated provisions, investment subsidies		*90.9*	*63.1*
- Retained earnings		*671.8*	*468.0*
- Fiscal year earnings		*246.9*	*214.5*
TOTAL LIABILITIES		**57,874.3**	**56,352.4**

Publishable off-balance sheet of Bpifrance Financement

(in millions of euros)	Note	31/12/2019	31/12/2018
Commitments given	24		
- Financing commitments			
. Commitments to lending institutions		10,0	10,0
. Commitments to customers		6 804,8	6 776,3
- Guarantee commitments			
. Commitments on behalf of lending institutions		0,0	0,0
. Commitments on behalf of customers		11 937,8	11 735,1
- Commitments on securities			
. Securities acquired with buyback or recovery option		0,0	0,0
. Other commitments given		0,0	0,0
Commitments received	24		
- Financing commitments			
. Commitments received from lending institutions		1 344,0	767,1
. Commitments received from customers			
- Guarantee commitments			
. Commitments received from lending institutions		950,0	991,7
. Commitments received from customers		19 779,9	19 565,8
- Commitments on securities			
. Securities sold with buyback or recovery option		0,0	0,0
. Other commitments received		0,1	0,1

Publishable income statement of Bpifrance Financement

(in millions of euros)	Notes	31/12/2019	31/12/2018
Interest and related income	26	1 093,2	1 102,7
Interest and similar expenses	27	-521,8	-533,9
Income on leasing and related transactions	28	1 237,7	1 193,7
Expense on leasing and plain renting operations	29	-989,6	-1 009,0
Proceeds from plain renting operations	28	101,6	99,2
Charges on plain renting operations	29	-66,6	-79,5
Income from variable income securities	30	10,7	2,2
Fees (income)	31	14,8	9,6
Fees (expenses)	31	-2,6	-1,6
+/- Gains or losses on trading portfolio transactions	32	0,1	0,1
+/- Gains or losses on long-term portfolio & similar transactions	33	-3,2	-1,4
Other bank operating income	34	75,6	48,0
Other bank operating expenses	35	-7,4	-5,3
NET BANKING INCOME		**942,5**	**824,8**
General operating expenses	36	-438,1	-403,7
Amortisation & impairment on tangible & intangible fixed assets		-35,6	-29,9
GROSS OPERATING INCOME		**468,8**	**391,2**
Cost of risk	37	-61,0	-37,2
NET OPERATING INCOME		**407,8**	**354,0**
+/- Gains or losses on non-current assets	38	-0,1	0,0
CURRENT INCOME BEFORE TAXES		**407,7**	**354,0**
Extraordinary profit or loss		0,0	0,0
Income tax	41	-133,0	-132,2
Charges to/recoveries from the FGBR & regulatory provisions		-27,8	-7,3
NET INCOME		**246,9**	**214,5**

Bpifrance Financement

NOTES TO THE PUBLISHABLE INDIVIDUAL FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2019

Note to the financial statements

NOTE 1 - PRESENTATION AND ASSESSMENT RULES

The annual financial statements have been prepared and are presented in accordance with the provisions of the Accounting Standards Authority (ANC) rule no. 2014-07 relating to the financial statements of banking sector companies.

1.1 Presentation of the financial statements

- **Balance sheet**

  - Loans and related debts are classified under the asset or liability items on which interest is due to or from.

  - The securities portfolio is broken down according to the types of securities held in it: public sector bills, bonds and other fixed income securities, shares and other variable income securities. The breakdown depends on the intended economic purpose of the securities (trading, short-term or long-term investment) and is described in note 6.2.

  - Subordinated assets are classified according to their type either as amounts due from banks or amounts due from customers, or as "bonds and other fixed income securities".

  - Doubtful loans are recorded according to their nature under the asset items to which they are attached, in the amount net of impairment.

  - On the liabilities side, mutual guarantee deposits are included under the heading of "subordinated debt".

  - The section "Shareholders' equity excluding FGBR" covers the following items: "subscribed capital", "share premiums", "merger premiums", "reserves", "regulatory provisions and investment subsidies", "retained earnings" and "net income".

  - The equipment subsidies received for leasing transactions are shown in the "other liabilities" section.

- **Profit and loss statement**

The presentation of the profit and loss statement is based on five interim management balances: Net Banking Income, Gross Operating Earnings, Operating Earnings, Pre-tax Earnings and Net Earnings.

The significant components of the profit and loss statement are described in notes 26 to 41.

1.2 Accounting principles and methods

- **Credit risk**

A distinction is made between sound loans, restructured loans, doubtful loans and doubtful compromised loans.

The classification of credit transactions is based on the concept of established credit risk. The risk is considered to be recognised once it is probable that part of the amounts owed by a counterparty will not be received and that this probability of loss is associated with one of the following situations:

- there are one or more overdue instalments aged at least three months;
- the establishment is aware of the degraded financial situation of the counterparty, which is represented by a risk of non-collection;
- claim and collection procedures are in place between the institution and its counterparty.

Sound outstandings

The credit transactions that do not generate a confirmed risk, on the other hand, are acknowledged as being sound outstandings.

Restructured outstandings

The receivables said to be restructured are defined as receivables held on counterparties that have experienced financial difficulties, such that the establishment has had to review the receivable's initial characteristics.

Doubtful outstandings

Credit transactions that generate a recognised risk are doubtful outstandings, or "bad debt." For a particular counterparty, all these credit transactions will be classified by "tainting" as doubtful outstanding loans.

Credit operations become compromised if the recovery prospects are significantly deteriorated, and if an eventual transfer to losses is envisaged (see Note 4).

The events that may lead to downgrading as a compromised doubtful outstanding loan are:

- expiry of loan term;
- the contract's cancellation;
- closure of relations with the customer.

One year after the classification as a doubtful loan, the loan is considered to be compromised, except if the transfer to losses is not envisaged. The existence of guarantees is taken into account in the consideration of compromised outstandings.

The compromised doubtful outstanding loans are identified within doubtful outstanding loans.

When it is confirmed that the outstanding loans are non-collectible, these assets are transferred to losses.

Segmentation of outstanding loans

The kind of activity of the institution leads to the outstanding loans being segmented by:

- residual maturity;
- business sector;
- main counterparty types.

As part of its commercial policy, its selection process and its risk control, Bpifrance Financement uses an internal rating system.

Impairment allocated to doubtful loans with the clientele

Impairment charged against doubtful loans is deducted from the corresponding assets.

Provisions which Bpifrance Financement has deemed necessary to hedge doubtful off-balance sheet commitments are entered as liabilities on the balance sheet.

The impairment amount for medium and long-term loans and other loans, whether or not backed by guarantee funds, is determined dynamically, receivable by receivable, after analysis of the loss estimated on the basis of probable recoveries, guarantees included, discounted at the original loan rate.

On the closing date, the net impairment outstanding is equal to the lower of the historical cost and the current value of the future cash flows expected from interest, repayment of the capital and the value of the guarantees.

The impairment allowances and write-backs for non-recovery risk are recorded in the cost of risk. The increase of the book value related to the discount amortisation and the depreciation recovery as a result of passing time being recorded as part of the interest margin.

Depreciations of the guarantee commitments given and of the innovation aids

With regard to the guarantee commitments given, the depreciation corresponds with the capital loss as well as with the contractual interest covered by the guarantee funds. The capital loss is assessed on the basis of a statistical model for estimating potential recoveries. These depreciations do not impact the profit and loss statement, but are charged against the guarantee funds.

Regarding innovation aids, impairment is estimated individually. These depreciations do not impact the profit and loss statement, but are charged against the innovation guarantee funds.

Dynamic collective provisioning

Since 2000, sound outstandings from loans to customers are provisioned. The estimate methodology applied was updated on two occasions: in 2007 when the consolidated financial statements transferred to IFRS standards and in 2018 when IFRS 9 entered into force.

The existence of a credit risk involving a uniform set of receivables results in the recording of a provision, without waiting for the risk to have individually affected one or more receivables.

The methodology implemented by Bpifrance Financement is primarily based on an analysis of the internal ratings of the portfolio. The assessment model for collective provisions is based on simulations of stochastic scenarios that, with each counterparty, associate a possible default date and a loss rate given default.

The collective provision is booked on the balance sheet under liabilities. As risks arise, impairment for doubtful debts is booked and charged against the outstanding loans concerned, while the collective provision is recovered at the same rate.

- **Early repayments of loans granted to customers**

Bpifrance Financement directly records, through profit or loss, the compensation for early repayment of loans granted to the clientele, on the realisation date.

- **Leasing transactions**

Bpifrance Financement engages in equipment leasing, finance leasing and real estate leasing activities, a residual part of which is subject to the SICOMI regime.

In the corporate financial statements, these transactions appear on the balance sheet in the sections “leasing and rental agreements with purchase option” and “operating leasing” and in the income statement in the sections “proceeds from leasing transactions and similar,” “charges for leasing and similar” and “proceeds from operating leasing”, “charges for operating leasing”.

The leased or rented property, plant and equipment are reported on the corporate balance sheet at their purchase value, which, for leasing, includes the acquisition costs, the cost of construction and the purchase price of the land.

Accounting depreciation, subject to the limits of both maximum fiscal depreciation and the minimum straight-line allowance, is calculated item by item, with the exception of land which is not depreciated.

If a contract becomes delinquent, if the estimated value of the likely recoveries is less than the property’s book value, the difference is the subject of impairment in the Net Banking Income.

Compensation for contract terminations is posted to “Proceeds from leasing transactions and similar”. Impairment designed to cover the compensation due is also recorded in this account.

Linked to this corporate presentation is a financial presentation, which translates the economic substance of the transactions. Rents are broken down into interest and amortisation of the capital referred to as financial amortisation.

On the financial balance sheet, the financial outstanding appears which is equivalent to the gross value of property, plant and equipment minus the financial amortisation and financial impairment.

In the profit and loss statement, the Net Banking Income takes in the interest included in the rents incurred during the fiscal year and the financial capital gains or losses on the sound financial loans, and in the cost of risk, variations in financial impairment and financial capital gains or losses on the delinquent financial loans.

The financial data are outlined in notes 5, 39 and 40.

- **Operations involving financial instruments**

Balance sheet transactions

The portfolio consists of marketable securities, Treasury bills, negotiable debt instruments and interbank market certificates.

Depending on the intended economic purpose of the transactions and the risks associated with each, securities are divided into four categories, each subject to specific accounting rules:

Trading securities

These are securities which are:

- either acquired or sold with the intention of reselling them or buying them in the short term;
- or held by an establishment as a result of its market maker activity;
- or acquired or sold within the framework of specialised portfolio management;
- or the subject of a sale commitment as part of an arbitrage operation.

They are recorded on the date of acquisition at their purchase price, with accrued interest but less expenses. At each accounts closing date, they are marked to market. The overall balance of the differences resulting from price variations is included in the Net Banking Income.

Market securities

This portfolio consists of securities that cannot be included amongst the trading securities, nor amongst the long-term investment securities, nor amongst the portfolio other securities held for long-term, equity interests and shares in related companies.

They are recorded at their acquisition cost, but without accrued interest or expenses.

The differences between the acquisition price of fixed income securities and their redemption price are staggered over the residual lifespan of these securities, by using the actuarial method.

At the reporting date, these securities are valued at their market value. If this is less than their carrying amount, they are subjected to impairment, which is charged against Net Banking Income.

Investment securities

These are fixed-income securities acquired with the intention to hold to maturity.

They are financed from specific resources or interest rate hedged. They are recorded at their acquisition price, but excluding accrued coupon and expenses at purchase. The difference between the acquisition cost and the redemption price is actuarially spread over the remaining life of the security. At the accounts closing date, unrealised capital losses are not provisioned unless they carry a counterparty risk.

Should some of these securities be sold before their maturity for a significant amount, the entire portfolio would be downgraded to short-term investment securities, for the current fiscal year and the two following fiscal years, barring exceptions indicated in the texts.

Securities used for portfolio activity

Portfolio investment relates to securities acquired on a regular basis with the aim of realising a medium-term capital gain and with no intention of long-term investment in the development of issuing company, or of active participation in its management. The activity must be exercised on a significant and ongoing scale within a structured framework that provides the institution with a recurrent return on investment deriving principally from the capital gains on disposals. Included in this category are securities held in the context of a venture capital activity; such securities are posted, depending on their type, to the accounts “Bonds and other fixed securities” and “Shares and other variable income securities”.

They are measured at the accounts closing date at the lower of cost price or utility value determined in the light of the general development outlook for the issuer and the length of time for which the securities will be held. If necessary, they are subject to impairment, which is set against Net Banking Income.

Repurchase agreements

Securities received in repo transactions are shown as assets in an account which reflects the liability generated. The corresponding income is recorded in Net Banking Income.

Securities sold in repo transactions give rise to a liability. They are maintained in their original portfolio and continue to be valued according to the rules applicable to that portfolio.

Off-balance sheet operations

These transactions are classified on the basis of the notional amount and the market value of the contracts and are distinguished according to their intended economic purpose (see note 25).

Results from these operations are reported in Net Banking Income.

Hedging transactions make up the bulk of the transactions negotiated:

- income and expenses relating to forward financial instruments intended, and so designated from the outset, to hedge an item or homogenous group of items (micro-hedging[1]) are automatically recognised as income and expenses when the hedged elements are booked;
- income and expenses relating to instruments used to adjust the nature of resources to requirements defined within the framework of overall management of interest rate or currency positions (macro-hedging) are recognised[2] pro rata temporis in Net Banking Income.

In the event of cancellation of interest rate or currency swap contracts negotiated as part of overall management of interest rate positions, any payments received or made are spread over the residual life of the cancelled contract.

[1] Transactions classified as micro-hedging include interest rate swap contracts negotiated as hedging for operations to refinance business activities or as hedging for the long-term investment securities portfolio, operations on futures markets to hedge interest rate risks on this portfolio, and foreign exchange operations (forward exchange rate agreements, currency swap agreements).

[2] Transactions classified as macro-hedging include firm and conditional interest rate and currency swap contracts negotiated as part of the overall management of the Bpifrance Financement positions.

As regards transactions that constitute opening isolated open positions:

- transactions negotiated on an organised or related market are valued at each accounts closing date. The corresponding gains or losses impact directly on Net Banking Income;

- the results of transactions negotiated on an over-the-counter market are recognised according to the nature of the instruments, either on unwinding of the contracts or pro rata temporis. Unrealised losses recognised at the accounts closing date impact upon Net Banking Income.

- **Equity interests and shares in related companies, other long-term investment securities**

These securities are listed at the acquisition price, excluding expenses.

Equity investments, investments in non-consolidated subsidiaries

Investments in related companies comprise securities giving rights to the capital of a company. Their long-term ownership is considered useful to the activity of the companies which own them, either because it permits the owner to exercise an influence on the issuing company, or because it reflects a partnership relationship.

These securities are valued at the lower of either their cost price or their value in use at the year-end. Value in use represents the amount the company would be prepared to pay to acquire the securities in view of its intention in holding them. It may be determined by reference to market value, net asset value, the future earnings prospect of the issuing company, the outlook for realisation, economic circumstances. If this value is less than book value, a provision for impairment is charged to “Gains or losses on non-current assets”.

Other securities held long-term

These are investments in securities made with the intention of promoting the development of lasting professional relationships by creating a privileged relationship with the issuing company, but one that does not create a position of influence on the management of that company in view of the limited number of voting rights held. These securities are valued by the same method as investments in related companies and in affiliates.

- **Tangible and intangible fixed assets**

Fixed assets are depreciable or non-depreciable assets from which the company expects to derive future economic advantage.

The depreciation of a fixed asset is the systematic distribution of its depreciable amount in accordance with its use.

The depreciation allowance appears in the “Depreciation allowances and impairment on intangible and tangible fixed assets” in the profit and loss statement.

Exceptional depreciation resulting from the application of the General Tax Code is recognised under “Charges to/recoveries from the FGBR and regulatory provisions” in the income statement.

- **Guarantee funds and net innovation intervention resources**

In order to deal with its economic general interest mission, the State provides Bpifrance Financement with public resources intended to cover the commitments resulting from this mission. The activities covered by these funds are firstly guarantees for bank loans, and secondly the distribution of innovation aids primarily in the form of subsidies and repayable advances.

The resources provided by the State are shown on the asset side of the balance sheet and are decreased by losses and provisions established on the operations in question. For the bulk of the provided resources, the financial proceeds resulting from cash investments are reallocated.

The main affected items for these economic general interest activities are:

- on the asset side, aid for innovation financing (see note 9) and allocations to be received (see note 10);
- on the liabilities side, guarantee funds (see note 19), innovation intervention resources (see note 20);
- in the off-balance sheet, the guarantees given (see note 24).

Given that they are repayable, the guarantee funds meet the definition of debt instruments. In view of their specificity and importance for the group, they are included as balance sheet liabilities under the specific headings entitled “Public guarantee funds” and “Net resources for innovation investment”.

They are assessed at cost. This assessment includes the allocations collected, in addition to the share of the earnings paid to the funds (commissions, net financial proceeds, participation in the capital gains on securities), net of any recognised bad debts (expenses, litigation provisions and pre-litigation provisions).

The gains, losses and provisions assigned to the guarantee funds, as described in notes 19.2 and 20.2, do not transit via the profit and loss statement. The expenses and proceeds are not taxable.

Similarly, public partners, primarily regions, provide Bpifrance Financement with resources intended to finance subsidies and repayable advances. The net amount of these resources is grouped together with the innovation guarantee funds, under the “intervention resources”.

- **Fund for general banking risks**

Allocations to the fund for general banking risks are made at the discretion of the directors in order to meet expenses and risks of an exceptional nature in the banking sector.

- **Currency transactions**

Assets, liabilities and off-balance sheet items are converted into euros at the rate prevailing on the accounts closing date.

Differences arising from the mark to market of currency positions are reported in Net Banking Income.

- **Interest and commissions**

Interest and commissions are reported in Net Banking Income using the accrual method.

The commissions and handling charges, if they are insignificant amounts, are not subject to spreading.

- **Borrowing charges**

Issue expenses and redemption or issue premiums are spread over the duration of the borrowing. The resulting charge is reported in Net Banking Income.

The annual interest expense of loans with a rising interest rate or with a single coupon is accounted for on the basis of the yield to maturity cost.

- **Tax situation**

Bpifrance Financement is the parent company of a tax consolidation group comprising Auxifinances and Bpifrance Courtage. Bpifrance Financement is the beneficiary of the overall tax savings, income or expenses achieved by the tax consolidation group due to the application of the consolidation regime.

- **Pensions and other social commitments**

Post-employment benefits

They include the retirement lump sum payments, the banking sector retirement supplements and health expenses after employment.

These benefits fall under two categories: the defined contribution plans (not representative of a commitment to be provisioned by the company) and the defined benefit plans (representative of a commitment at the company's expense and resulting in an assessment and provisioning).

- Defined contribution plan

  A defined contribution plan is a plan for post-employment benefits according to which an entity pays defined contributions (as an expense) to a separate entity and will have no legal obligation to pay additional contributions if the fund does not have sufficient assets to provide all of the benefits corresponding with the services provided by the personnel during the periods in question.

- Defined benefits plan

  The obligations, hedged by an insurance contract, are assessed using an actuarial method that considers demographic and financial assumptions such as age, seniority, the probability of presence on the date of the awarding of the benefit, and the discounting rate (rate of return from the market for the bonds of high quality companies). This calculation includes a distribution of the expense over time on the basis of the activity period of the personnel members (projected credit units method). The recognition of the obligations takes into account the value of the assets established in order to hedge the obligations and actuarial elements.

  The expenses relative to defined benefit plans consist of the cost of the benefits rendered during the year, the interest on the liabilities or net assets relative to the

defined benefits (at the market rate of return of the bonds of high-quality companies), the contributions to the employer's plans, and the benefits paid.
The possible actuarial gains and losses (revaluations), the yields of the plan's assets (excluding interest) and the consequences of the reductions and possible liquidations of plans are booked in profit and loss.

Other long-term benefits

- Long service awards

  Group employees receive bonus payments to mark the awarding of Medals of Honour in recognition of a long working life. These commitments are provisioned on the basis of the agreement signed on 15 December 2011.

- Supplementary pensions

  The AFB professional agreement dated 13 September 1993 on the reform of retirement schemes for the banking profession applies to the Bpifrance Financement staff. The payment of a supplementary banking pension and rebates not covered by the fund for the rights acquired by staff at 31 December 1993 is covered by a reserve fund with sufficient resources to meet pensioners' needs.

- Early departures

  With regard to early departures, Bpifrance Financement is committed to its personnel. These commitments are provisioned.

Cessation of employment compensation

This involves compensation paid to employees at the time of the termination of their employment contract, prior to retirement, whether in case of dismissal or acceptance of a voluntary departure plan. The end of employment contract allowances is provisioned. The benefits paid more than 12 months after the closing date are the subject of discounting.

Significant actuarial assumptions

The actuarial mortality assumptions are based on the public statistical mortality tables.

The job turnover provisions primarily evolve on the basis of the employee's age, based on historical statistical data.

The adopted discount rate, rate of first category bonds, was determined based on the term for which these commitments would be carried.

The economic assumptions regarding the annual rate of wage increases and the revaluation rate of the commitments for long-service medals are also part of the actuarial assumptions.

NOTE 2 - SIGNIFICANT EVENTS DURING THE FISCAL YEAR AND EVENTS AFTER THE CLOSING

2.1 Significant events during the fiscal year

Takeover of Agence France Entrepreneurs (AFE)

In order to strengthen national and local action supporting entrepreneurship and business creation, the Bpifrance Group is taking over certain activities until now exercised jointly by the French State and by the Caisse des Dépôts group.

Within this framework, Bpifrance Financement has taken over the activities of Agence France Entrepreneur (AFE), which mainly comprise the award of grants, the management of a website dedicated to entrepreneurship and the training of creation support personnel. In accordance with the treaty of universal devolution signed on 20 December 2018, it has been agreed that the AFE shall transfer to Bpifrance Financement all the means available to it for the performance of these activities from 1 January 2019. Consequently, Bpifrance Financement has taken over the employees, the financial and operational resources of the AFE as well as the commitments related to the receipt and disbursement of grants.

"FCT Bpifrance SME 2019-1" Securitisation transaction

Bpifrance Financement securitised a part of its medium and long-term customer loans (PLMT). Bpifrance Financement is both the seller of the loans and the sole investor in the Securitisation Fund (FCT) to which the loans have been sold. This transaction enables the sold loans to be converted into securities eligible for the ECB's Targeted Longer-Term Refinancing Operations (TLTROs), thus benefiting from advantageous refinancing costs.

On 25 October 2019, the FCT Bpifrance SME 2019-1 thus issued €1,550,900,000 of senior bonds, €450,300,000 of subordinated bonds and €58,136 residual units. These securities were purchased by Bpifrance Financement, offsetting the sale to the FCT of an equivalent amount of receivables.

Note that this transaction is not qualified from an accounting standpoint as a sale, which means that the FCT is fully consolidated in the Bpifrance Financement consolidated financial statements and those of Bpifrance SA.

2.2 Post balance sheet events

No significant event occurred after the closing date of the financial statements.

NOTE 3 - RECEIVABLES FROM CREDIT INSTITUTIONS

(in millions of euros)	31/12/2019	31/12/2018
Demand deposits and overnight loans	303,3	196,7
Term accounts and loans	265,7	261,9
Subordinated loans	0,0	0,0
Securities received in repo transactions	0,0	0,0
Doubtful debts		
. Gross amount	*0,0*	*0,0*
. Impairment	*0,0*	*0,0*
Net amount of doubtful loans	0,0	0,0
Receivables	0,0	0,0
Total (*)	**569,0**	**458,6**
(*) of which refinancing loans for subsidiaries or equity interests	225,9	217,6

Breakdown of sound outstandings (excluding accruals) by residual maturity at 31 December 2019

(in millions of euros)	D ≤ 3 m.	3 m. < D ≤ 1 year	1 year < D ≤ 5 years	D > 5 years
Sound outstandings	323,2	18,3	95,6	131,9
	569,0			

NOTE 4 - TRANSACTIONS WITH CUSTOMERS - ASSETS

This note describes loan and financing transactions for short-term receivables.

(in millions of euros)	31/12/2019		31/12/2018	
Trade receivables	195,3		291,4	
Overdrafts (excluding AFT)	18,8		14,6	
Short-term credit facilities	4 585,6		5 570,3	
Equipment loans (1)	14 750,4		15 016,9	
of which restructured credits		*144,4*		*155,8*
Accounts opened with Agence France Trésor	5 384,7		5 231,2	
Credit export	294,4		132,0	
Other loans and subordinated loans	11 196,7		10 726,9	
of which restructured credits		*169,0*		*140,7*
Loans to financial customers	7,8		3,9	
Doubtful debts				
. Gross amount (2)		*1 481,6*		*1 275,9*
. Impairment		*-273,2*		*-230,4*
Allocated callable guarantee funds(3)		*-374,6*		*-360,8*
Net amount of doubtful loans	833,8		684,7	
Receivables	40,4		45,3	
Total (4) (5)	**37 307,9**		**37 717,2**	
(1) Receivables have been sold during fiscal year 2019, as part of the "FCT Bpifrance SME 2019-1" securitisation transaction (see "Significant events" in Note 2.1)				
(2) Before deduction of any guarantees				
(3) This item represents the impairment established on the guarantee funds				
(4) Excluding collective provisions shown as balance sheet liabilities				
(5) Of which eligible debts with the Eurosystem (ECB)	5 590,0		5 600,1	

The total amount of doubtful receivables is broken down as follows:

(in millions of euros)	Doubtful outstandings	Compromised doubtful outstandings	TOTAL
Outstandings	517,5	964,1	**1 481,6**
Impairment	0,0	-273,2	**-273,2**
Allocated callable guarantee funds	-129,4	-245,2	**-374,6**
Net amount	**388,1**	**445,7**	**833,8**

Breakdown of loans outstanding (excluding related receivables) as at 31 December 2019

- By residual maturity

(in millions of euros)	D ≤ 3 m.	3 m. < D ≤ 1 year	1 year < D ≤ 5 years	D > 5 years
Sound outstandings	7 586,4	6 182,2	14 293,7	8 371,4
	36 433,7			

- By economic business sectors

(in millions of euros)	Trade	Industry	Services	PW&CE	Tourism	TOTAL
Sound outstandings	3 246,6	8 390,9	22 245,6 (*)	1 204,9	1 345,7	**36 433,7**
Doubtful outstandings	189,6	371,2	787,7	67,5	65,6	**1 481,6**
Impairment	-66,4	-124,2	-35,8	-20,3	-26,5	**-273,2**

(*) Including €5,384.7 million with Agence France Trésor

- By major types of counterparty

(in millions of euros)	Administrations -	Credit establishments	Non-credit institutions	Companies	Clientele Retail	TOTAL
Sound outstandings	5 581,1	0,0	7,8	30 843,4	1,4	**36 433,7**
Doubtful outstandings	0,0	0,0	0,0	1 481,6	0,0	**1 481,6**
Impairment	0,0	0,0	0,0	-273,2	0,0	**-273,2**

NOTE 5 FINANCE LEASE AND OPERATING LEASE TRANSACTIONS

Fund flows recorded during the 2019 fiscal year

(in millions of euros)	Finance lease and property leases	Finance lease and equipment leases	TOTAL
Gross value of fixed assets as at 31/12/2018	**7 473,0**	**3 554,5**	**11 027,5**
Entries	583,6	779,3	1 362,9
Exits	-408,1	-649,5	-1 057,6
Gross value of fixed assets as at 31/12/2019	**7 648,5**	**3 684,3**	**11 332,8**
Total depreciation and amortisation as at 31/12/2019	-2 328,8	-1 921,4	-4 250,2
Total impairment as at 31/12/2019 (*)	-790,1	-1,6	-791,7
Total allocated guarantee funds as at 31/12/2019	-9,9	-4,7	-14,6
Net value of fixed assets as at 31/12/2019	**4 519,7**	**1 756,6**	**6 276,3**
Net receivables	25,7	11,4	37,1
Subtotal	**4 545,4**	**1 768,0**	**6 313,4**
Unrealised reserve	39,7	295,8	335,5
Net financial outstandings as at 31/12/2019	**4 585,1**	**2 063,8**	**6 648,9**
(*) of which provisions Article 64 of the Sicomi tax regime	-5,7	0,0	-5,7
- Provisions Art. 57	-768,5	0,0	-768,5

NOTE 6 - SECURITIES PORTFOLIO

6.1 Flows recorded during the 2019 fiscal year

(in millions of euros)	Public sector bills and similar securities	Bonds and other fixed-income securities	Shares and other variable income securities
Gross amount as at 31/12/2018	**7 677,6**	**528,1**	**615,3**
Entries		3 334,8	5,3
Exits	-667,6	-457,3	-10,3
Amortisation of premiums/discounts	-25,9	-0,8	
Change in related receivables	-10,1	0,3	
Gross amount as at 31/12/2019	**6 974,0**	**3 405,1**	**610,3**
Total impairment as at 31/12/2019 (*)		-1,9	-3,7
Net amount as at 31/12/2019	**6 974,0**	**3 403,2**	**606,6**

(*) Impairment for unrealised capital losses and for doubtful receivables

The following table gives details of the share of securities held for the use of the guarantee funds:

(in millions of euros)	Public sector bills and similar securities	Bonds and other fixed income securities	Shares and other variable income securities
Gross amount as at 31/12/2019	**14,1**	**130,2**	**67,0**
Total impairment	0,0	0,0	-0,3
Net amount as at 31/12/2019	**14,1**	**130,2**	**66,7**

Breakdown of the fixed income securities portfolio by residual duration as at 31 December 2019

(in millions of euros)	D ≤ 3 m.	3 m. < D ≤ 1 year	1 year < D ≤ 5 years	D > 5 years	Related receivables	TOTAL
Public sector bills and similar securities	1 037,4	0,0	2 632,3	3 232,7	71,7	**6 974,0**
Bonds and other fixed-income securities	132,1	651,9	89,3	2 527,0	2,9	**3 403,2**
	1 169,4	**651,9**	**2 721,6**	**5 759,7**	**74,6**	**10 377,2**
	10 302,6					

6.2 Breakdown by portfolio type (net amounts, including related receivables)

(in millions of euros)	31/12/2019						31/12/2018
	Public sector bills and similar securities	Bonds and other fixed income securities		Shares and other variable income securities		TOTAL	TOTAL
		Listed securities	Unlisted securities	Listed securities	Unlisted securities		
Placements	0,0	2 580,7	668,9	0,0	606,6	3 856,2	927,8
Investments	6 974,0	53,5	100,1	0,0	0,0	7 127,6	7 890,7
Total	**6 974,0**	**3 403,2 (*)**		**606,6**		**10 983,8**	**8 818,5**

(*) Of which - securities issued by the French State or local authorities: 0.0

- Securities issued by the FCT Bpifrance SME 2019-1 (see "Significant events" in Note 2.1): 2,001.2
- Securities issued by other issuers: 1,402.0

Securities sold on repo amounted to €7,787.9 million at the end of 2019 versus €6,239.8 million at the end of 2018 (amounts expressed in net book value).

The net value of investment securities contains no provision for impairment of counterparty risk.

6.3 Transfers between portfolios and sale of investment securities before maturity

There were no transfers between portfolios, nor significant disposals of investment securities before maturity over the course of the fiscal year.

6.4 Portfolio valuation (including related receivables and excluding doubtful receivables) as of 31 December 2019

(in millions of euros)	Gross value difference	Market value	Difference	Unrealised capital losses (excluding doubtful receivables)	Unrealised capital gains
Market securities	3 861,8	3 872,3	10,5	-5,6	16,1
Investment securities (*)	7 127,6	7 731,6	604,0		

(*) Securites in the investment portfolio, mainly OATs, are part of the overall management of the liquidity and interest rate positions of the Establishment with the general objective of risk hedging.
They enable in particular the need for securities arising from the securing of interbank transactions and exchange systems to be met.

NOTE 7 - EQUITY INVESTMENTS AND OTHER LONG-TERM SECURITIES, INVESTMENTS IN RELATED COMPANIES

7.1 Flows recorded during the 2019 fiscal year

(in millions of euros)	Equity interests	Other long-term securities	Share in affiliates
Gross amount as at 31/12/2018	**11,6**	**15,4**	**70,2**
Entries and other movements	5,5	0,3	0,1
Exits and other movements	-3,0	-0,2	0,0
Change in related receivables	0,0	0,0	8,3
Gross amount as at 31/12/2019	**14,1**	**15,5**	**78,6**
Total impairment as at 31/12/2019	-0,3	-0,9	-0,2
Net amount as at 31/12/2019 (1)	**13,8**	**14,6**	**78,4**
(1) Of which: - Listed securities	0,0	0,0	0,0
- Non-listed securities	13,8	14,6	78,4

7.2 Equity interests and subsidiaries

Subsidiaries and equity interests (in thousands of euros)	Financial information				
	Book value of the securities held		Loans and advances granted by the company and not yet repaid	Amount of sureties and endorsements given by the company	Dividends collected by the company during the fiscal year
	Gross	Net			
A - Subsidiaries in which over 50% of the capital is owned by the company 1) French subsidiaries 2) Foreign subsidiaries	70 432	70 237	20 304	0	2 288
B - Equity interests in which 10 to 50% of the capital is owned by the Company 1) Equity interests in French companies (information regrouped) 2) Equity interests in foreign companies (information regrouped)	25 751	24 783	225 902	10 000	108

Note 7.3 - Information on related parties

(in millions of euros)

COMMITMENTS GIVEN	31/12/2019
Financing commitments	
- Credit institutions	0,0
- Customers	10,0 (*)
Guarantee commitments	
- Credit institutions	0,0
- Customers	0,0
Commitments on securities	
- Credit institutions	0,0
- Customers	0,0

(*) of which Bpifrance SA: 10.0

Operations with related parties are negotiated at arm’s length.

NOTE 8 - TANGIBLE AND INTANGIBLE FIXED ASSETS

(in millions of euros)	Fixed intangible assets	Fixed tangible assets		
		Land and Buildings		Other
		Operating	*Non-operating*	
Gross amount as at 31/12/2018	**262,5**	**34,6**	**0,7**	**36,2**
Acquisitions	57,2	6,4	0,0	4,5
Exits	-1,0	-2,2	-0,1	0,0
Gross amount as at 31/12/2019	**318,7**	**38,8**	**0,6**	**40,7**
Total depreciation and amortisation as at 31/12/2019	-220,7	-24,4	-0,5	-30,7
Net amount as at 31/12/2019	**98,0**	**14,4**	**0,1**	**10,0**
Total	**98,0**	**24,5**		

Fixed assets are depreciated annually, on a straight line basis for buildings, or fixtures and fittings, or on an accelerated basis for IT equipment, according to their estimated useful life, in general:

- Software: from 1 to 5 years
- Buildings: from 25 to 55 years
- Fittings, furnishings and office equipment: from 4 to 10 years
- IT hardware: 4 years

The amount of exceptional amortisation & depreciation was €27.8 million as at 31 December 2019.

NOTE 9 - INNOVATION FINANCING AIDS

(in millions of euros)

Funds	Sound Gross Amounts	Doubtful Gross Amounts	Impair-ment	Allocated guarantee funds	Total 31/12/2019	Total 31/12/2018
Innovation aid - ISI(*)	469,7	188,5	0,0	-180,3	**477,9**	**561,2**
PMII - ISI 2008(*)	81,4	132,5	0,0	-128,9	**85,0**	**135,0**
FRGI(*)	23,3	3,9	0,0	0,0	**27,2**	**27,8**
DEEP TECH Industrial Innovation Fund	7,0	0,0	0,0	0,0	**7,0**	**0,0**
Aid on partners financing	39,5	36,1	0,0	0,0	**75,6**	**118,6**
FNI-FISO(*)	0,8	0,1	0,0	-0,1	**0,8**	**0,9**
Total	**621,7**	**361,1**	**0,0**	**-309,3**	**673,5**	**843,5**

(*) ISI : Innovation Stratégie Industrielle (Strategic Industrial Innovation)
PMII: Programme Mobilisateur pour l'Innovation Industrielle (Mobilising Programme for industrial innovation) initiated by the former AII, Agence pour l'innovation Industrielle (Industrial Innovation Agency)
FRGI: Fonds Régionaux de Garantie de l'Innovation (Innovation Guarantee Regional Fund)
FNI-FISO: Fonds National d'Innovation - Fonds Innovation Sociale (National Innovation Fund - Social Innovation Fund)

NOTE 10 - OTHER ASSETS

(in millions of euros)	31/12/2019	31/12/2018
Guarantee margins paid on repurchase transactions and interest rate swap contracts	180,5	107,7
Premiums on purchased conditional instruments	0,0	0,0
Allocation to be received on guarantee funds	0,0	1,6
Subsidies to be received on leasing operations	5,9	2,4
Allocation to be received on innovation financing aid	104,2	135,3
Other sundry debtors	107,1	112,4
Stocks and sundry assets	0,4	0,4
Total	**398,1**	**359,8**

Note 11 - Accruals - Assets

(in millions of euros)	31/12/2019	31/12/2018
Securities deposited for settlement	5,4	3,3
Adjustment accounts for off-balance sheet transactions in foreign currencies (1)	11,3	5,7
Loan issue fees awaiting allocation	21,1	20,9
Loan issue premiums awaiting allocation	57,3	57,1
Other prepaid expenses	114,1	21,2
Income receivable on forward financial instruments (2)	57,3	67,3
Proceeds to be received on leasing operations	3,7	5,1
Medium and long-term direct debits in progress	6,3	6,7
Guarantee fee to be spread EMTN EPIC Bpifrance	25,6	32,2
Other	51,2	37,6
Total	**353,3**	**257,1**

(1) This item includes revaluation differences on off-balance sheet transactions put in place for hedging purposes involving balance sheet transactions

(2) This income essentially represents the total positive difference betw een interest receivable and interest payable on each interest rate sw ap contract

NOTE 12 - DUE TO CREDIT INSTITUTIONS

(in millions of euros)	31/12/2019	31/12/2018
Demand deposits	2,1	9,3
Overnight borrowings	0,0	0,0
Term borrowings	1 051,9	2 328,8
. including Livret Développement Durable (LDD or Sustainable Development Passbook) resources	*950,0*	*2 200,0*
. including KfW and CEB loans	*66,7*	*93,4*
Refinancing with the ECB	4 300,0	3 300,0
Securities sold under forward repurchase agreements (1)	5 689,9	6 824,9
Other payables	0,0	0,0
Related liabilities (2)	-46,7	-17,0
Total	**10 997,2**	**12 446,0**
(1) Of which - Public sector bills	5 677,6	6 824,9
- Bonds and other fixed-income securities	0,0	0,0
(2) Remuneration of a portion of the debts to lending institutions is at a negative interest rate		

Breakdown of debts (excluding accruals) by residual maturity as at 31 December 2019

(in millions of euros)

D ≤ 3 m.	3 m. < D ≤ 1 year	1 year < D ≤ 5 years	D > 5 years
2 618,1	6 596,1	1 813,8	15,9
11 043,9			

NOTE 13 - TRANSACTIONS WITH CUSTOMERS - LIABILITIES

(in millions of euros)	31/12/2019	31/12/2018
Loan with EPIC Bpifrance	1 848,6	2 042,5
Security deposits	975,6	901,8
Demand deposits (*)	333,7	196,3
State shareholder advance: Capital Preservation Guarantee Fund	202,6	202,6
Funds received awaiting allocation		
. Short-term financing	152,0	115,2
. Medium and long-term loans	56,2	30,1
Other payables	14,9	16,2
Total	**3 583,6**	**3 504,7**
(*) of which - Bpifrance SA	74,1	2,0
- EPIC Bpifrance	131,8	86,2

Breakdown of customer deposits by residual duration as at 31 December 2019

(in millions of euros)

D ≤ 3 m.	3 m. < D ≤ 1 year	1 year < D ≤ 5 years	D > 5 years
678,2	704,6	1 572,8	628,0
3 583,6			

NOTE 14 - DEBT SECURITIES

Breakdown of outstanding debts by residual maturity as at 31 December 2019

(in millions of euros)	D ≤ 3 m.	3 m. < D ≤ 1 year	1 year < D ≤ 5 years	D > 5 years	Debts related	TOTAL
Interbank market securities and negotiable debt securities	2 377,4	1 861,2	199,0		-3,6	**4 434,0**
Bond loans	0,0	1 250,0	13 750,0	10 506,0	117,5	**25 623,5**
Total	**2 377,4**	**3 111,2**	**13 949,0**	**10 506,0**	**113,9**	**30 057,5**

NOTE 15 - OTHER LIABILITIES

(in millions of euros)	31/12/2019	31/12/2018
Payments due on securities not fully paid up	0,0	0,0
Tax and company receivables	26,7	21,1
Guarantee margins received on repurchase transactions and interest rate swap contracts	123,6	35,1
Premiums on conditional instruments sold	17,0	0,0
Advances from lessees	283,9	283,5
Equipment subsidies to be received on finance lease operations	23,8	26,1
Suppliers of lease finance	54,5	66,8
Other miscellaneous creditors for leasing operations	3,3	0,1
Guarantee commissions earned in advance from customers	0,4	0,7
Disputes to be paid on guarantee funds	854,0	882,1
Other sundry creditors	88,5	53,4
Miscellaneous advances	58,6	65,2
Total	**1 534,3**	**1 434,1**

NOTE 16 - ACCRUALS - LIABILITIES

(in millions of euros)	31/12/2019	31/12/2018
Allocation to the Development Participatory Loan to be spread	109,4	109,7
Adjustment accounts for off-balance sheet transactions in foreign currencies (1)	1,8	2,9
Trading or termination cash payments on interest rate swap contracts	3,0	4,1
Other deferred income	313,6	306,3
Expenses payable on forward financial instruments (2)	44,4	44,3
Provisions for paid holidays	31,9	29,7
Deferred finance lease rent	74,2	73,4
Subsidies to be paid on innovation aids	66,5	80,0
Guarantee commissions booked in advance	413,5	295,9
Innovation pending accounts	14,5	14,5
Miscellaneous	535,1	270,8
Total	**1 607,9**	**1 231,6**

(1) This item includes revaluation differences on off-balance sheet transactions put in place for hedging purposes involving balance sheet transactions

(2) These expenses primarily represent the total negative difference betw een interest receivable and interest payable for each interest rate sw ap contract.

NOTE 17 - PROVISIONS

(in millions of euros)	31/12/2019	31/12/2018
Provisions on credit risks	378,9	392,0
Provisions for employee benefit commitments (*)	25,2	23,3
Provisions related to innovation activity	10,1	10,1
Other	7,7	7,4
Total	**421,9**	**432,8**

(*) Retirement lump sum benefits are covered by an insurance policy w hose assets total €27.9 million.

NOTE 18 - SUBORDINATED DEBTS, MUTUAL GUARANTEE DEPOSITS

(in millions of euros)	31/12/2019	31/12/2018
Bpifrance SA subordinated term loan	530,0	450,0
Reserve Fund (*)	12,3	12,2
Mutual guarantee deposits	7,3	7,2
Debts	2,2	2,2
Total	**551,8**	**471,6**

(*) This reserve fund was created by former OSEO guarantee shareholders; its purpose is to hedge the outstanding guaranteed loans backed by it. Reimbursements to the latter require a decision from the shareholders.

● NOTE 19 - PUBLIC GUARANTEE FUNDS

19.1 Accounting position of the guarantee funds

(in thousands of euros)

Guarantee Fund	Balance of funds of guarantee at 31 December 2018	Allocations 2019	Reimbursements and redeployments 2019	Result 2019	Balance of funds of guarantee at 31 December 2019	Doubtful and interest to pay	Customers Commission received in advance	ASSETS accounting of the fund of guarantee
Reserve Fund								
Reserve Fund	619 145	0	-4 000	3 489	618 634	0	0	618 634
Mutual fund for guarantee funds	558 183	0	-150 000	2 841	411024	0	0	411024
AFT (Agence France Trésor)								
Creation of SMEs and VSEs	681709	63 008	0	-62 912	681805	320 459	55 125	1057 389
Business start-up loans	5 333	0	0	358	5 691	35	0	5 726
Transfer/buy-out of SMEs and VSEs	313 904	26 379	0	-17 771	322 512	138 488	29 051	490 051
Strengthening of the financial structure of SMEs and VSE	161812	0	-23 364	8 931	147 379	68 409	6 505	222 293
Over-mutualisation fund	0	0	0	0	0	0	0	0
Innovation of SMEs and VSEs	43 363	2 929	0	-2 517	43 775	46 084	2 356	92 215
Specific short-term financing for SMEs and VSEs	66 474	0	-25 829	11519	52 164	7 687	32	59 883
Cash-strengthening SMEs and mid-tier companies	29 124	0	0	25 547	54 671	24 948	-155	79 464
Supplementary guarantee cash strengthening SMEs & mid-tier companies	5 831	0	0	5 650	11481	37 161	-49	48 593
Confirmed credit lines for SMEs, VSEs and mid-tier companies	835	0	0	312	1147	5 015	-12	6 150
Supplementary guarantee cash strengthening SMEs, VSE and mid-tier companies	998	0	0	913	1911	7 384	-153	9 142
FGKP	158 061	0	0	-1363	156 698	94 129	34 167	284 994
FASEP	60 369	10 000	0	-2 751	67 618	2 004	30	69 652
Own funds guarantee	68 184	0	0	-4 755	63 429	1858	1729	67 016
Participatory Seed Loan (PPA)	62 760	4 688	0	-6 187	61261	8 945	4 702	74 908
Sureties on innovative projects	273	0	0	1	274	0	0	274
Biotechnology guarantee	21099	0	0	-1429	19 670	1310	-2	20 978
Structured financing	30 636	0	0	519	31155	0	-85	31070
Strengthening top of the balance sheet	481327	69 395	0	-14 670	536 052	134 120	43 248	713 421
PPMTR	50 833	0	0	-2 567	48 266	10 360	331	58 957
Green Loans	79 242	0	0	-38	79 204	7 093	2 945	89 242
Sustainable Development Innovation	7 599	0	0	66	7 665	106	1	7 772
Wood PPD	5 274	970	0	72	6 316	1055	0	7 371
CICE pre-financing	1036	0	0	-1	1035	4	0	1039
Innovation loans	80 417	12 794	0	-2 851	90 360	22 100	7 236	119 697
Eco-Energy Loans (PEE)	23 610	0	0	0	23 610	689	182	24 482
Digital loans	33 551	0	0	265	33 816	6 304	661	40 781
LICC	1600	0	0	34	1634	0	50	1684
Robotics Loans	35 011	0	0	-1310	33 701	7 102	1864	42 667
Interdependent Economy (French acronym ESS) Loan	1661	0	0	16	1677	39	4	1720
SOFIRED	8 436	1500	0	-557	9 379	2 365	0	11744
Prêt Croissance Industrie (Industry Growth Loan)	118 526	0	0	3 991	122 517	9 024	10 384	141925
Prêt d'Amorçage Investissement (Investment Seed Loan)	41427	9 000	0	-3 797	46 630	5 748	7 118	59 495
Prêt Entreprises et Quartiers (Company and Neighbourhood)	2 061	0	0	-15	2 046	27	1	2 074
Prêt Croissance Automobile (Automotive Growth Loan)	11278	0	0	-5 116	6 162	5 580	732	12 474
Cash-Strengthening for Livestock Farming	13 134	0	0	-222	12 912	935	925	14 772
Wood sector loan	10 004	0	0	59	10 063	0	9	10 072
Agricultural methanisation loan	10 004	0	0	56	10 060	0	0	10 060
CREAT K/K 2019	0	0	0	1095	1095	104	7 484	8 683
DEVK/K 2019	0	0	0	268	268	274	3 649	4 191
TRANS K/K 2019	0	0	0	707	707	383	5 833	6 923
RENF TRESO K/K	0	0	0	-372	-372	762	1546	1935
INTER DEVK/K	0	0	0	44	44	0	169	213
CREA CG	0	0	0	925	925	167	10 708	11800
CREA EXNI	0	0	0	179	179	0	1628	1807
TRANS CG	0	0	0	-16	-16	64	498	546
DEVCG	0	0	0	131	131	54	1581	1765
RTCG	0	0	0	16	16	133	973	1122
ADVANCE+OVERSEAS	0	7 500	0	1	7 501	0	0	7 501
EIB – State	9	0	0	0	9	0	0	9
Development of SMEs and VSEs	62 066	0	-10 044	366	52 388	6 796	-50	59 134
Eastern countries	17	0	0	0	17	0	0	17
SMEPIC	205	0	0	7	212	975	0	1187
Development capital & participatory loans	189	0	0	0	189	180	0	369
Set-up of young entrepreneurs in rural settings	79	0	0	1	80	21	0	101
DROM	126 861	0	0	-3 436	123 425	34 532	-560	157 397
CDC (Caisse des Dépôts et Consignations)								
France Investissement Garantie	123 430	10 600	0	-13 145	120 885	3 727	314	124 926
Other funds								
EIB – Technological Development	0	0	0	0	0	0	0	0
Own funds guarantee – IDF ERDF	1770	0	0	13	1783	14	1	1798
Net asset value guarantee	5 774	0	0	0	5 774	0	0	5 774
UIMM	200	0	-1	0	199	0	0	199
PPD UIMM Midi-Pyrénées	704	0	0	-273	431	1129	0	1560
"Entreprendre Croissance" Network	1329	0	-1	-34	1294	338	42	1674
UIMM Méditérannée	899	0	0	-34	865	34	0	899
UIMM Limousin Poitou Charentes	849	0	0	-41	808	185	0	993
CCI – Innovation Pays de Loire	611	0	-8	5	608	151	2	761
BEST WESTERN	471	0	-10	0	461	0	0	461
National Clothing Federation	901	0	-9	1	893	47	2	942
PPD UIMM Grand Nord Est	853	0	0	-209	644	214	0	858
PPD UIMM National	734	0	0	-98	636	201	0	837
PPD UIMM National 2	1492	126	0	-400	1218	400	0	1618
UIMM FRENCH FAB	1587	0	0	0	1587	0	0	1587
Other management (*)	129 309	26 000	-2 509	-4 423	148 377	0	0	207 217
GUARANTEE FUND	**4 364 463**	**244 889**	**-215 774**	**-84 912**	**4 308 666**	**1 027 451**	**242 752**	**5 637 709**

(*) Other management : Territory Revitalisation National Fund, Hotel Renovation Fund, PCE (business start-up loan), Professional Loan and miscellaneous

19.2 Earnings of the guarantee funds as at 31 December 2019

(in thousands of euros)

Guarantee Fund	Financial income and new fees	Equity interests for capital gains and recoveries	Commission	Doubtful provisions	Net doubtful expenses	Pre-litigious doubtful provisions	Results
Reserve Fund							
Reserve Fund	3 489	0	0	0	0	0	3 489
Mutual fund for guarantee funds	2 841	0	0	0	0	0	2 841
AFT (Agence France Trésor)							
Creation of SMEs and VSEs	8 161	0	27 269	-97 088	82	-1336	-62 912
Business start-up loans	31	0	10	247	0	70	358
Transfer/buy-out of SMEs and VSEs	3 282	0	15 473	-39 195	44	2 625	-17 771
Strengthening of the financial structure of SMEs and VSE	1621	0	4 736	999	24	1551	8 931
Over-mutualisation fund	0	0	0	0	0	0	0
Innovation of SMEs and VSEs	591	0	1318	-3 765	2	-663	-2 517
Specific short-term financing for SMEs and VSEs	630	0	819	9 348	0	722	11 519
Cash-strengthening SMEs and mid-tier companies	596	0	152	23 365	0	1434	25 547
Supplementary guarantee cash strengthening SMEs & mid-tier companies	316	0	35	5 063	0	236	5 650
Confirmed credit lines for SMEs, VSEs and mid-tier companies	37	0	1	260	0	14	312
Supplementary guarantee cash strengthening SMEs, VSE and mid-tier companies	52	0	9	745	0	107	913
FGKP	1994	0	14 187	-19 452	1	1907	-1363
FASEP	361	0	400	-3 512	0	0	-2 751
Own funds guarantee	377	296	220	-5 648	0	0	-4 755
Participatory Seed Loan (PPA)	405	0	2 230	-9 051	0	229	-6 187
Sureties on innovative projects	1	0	0	0	0	0	1
Biotechnology guarantee	121	0	117	-1708	0	41	-1429
Structured financing	174	0	345	0	0	0	519
Strengthening top of the balance sheet	3 522	0	25 268	-38 146	0	-5 314	-14 670
PPM TR	959	0	245	-4 487	0	716	-2 567
Green Loans	489	0	1662	-2 063	0	-126	-38
Sustainable Development Innovation	44	0	22	35	0	-35	66
Wood PPD	39	0	0	-268	0	301	72
CICE pre-financing	7	0	0	-8	0	0	-1
Innovation loans	598	0	3 515	-6 750	0	-214	-2 851
Eco-Energy Loans (PEE)	387	0	105	-415	0	-77	0
Digital loans	228	0	682	-869	0	224	265
LICC	9	0	25	0	0	0	34
Robotics Loans	228	0	1302	-2 849	0	9	-1310
Interdependent Economy (French acronym ESS) Loan	10	0	6	-6	0	6	16
SOFIRED	61	0	0	-657	0	39	-557
Prêt Croissance Industrie (Industry Growth Loan)	753	0	4 151	-2 082	0	1169	3 991
Prêt d'Amorçage Investissement (Investment Seed Loan)	269	0	2 575	-6 145	0	-496	-3 797
Prêt Entrepriseset Quartiers (Company and Neighbourhood)	11	0	1	0	0	-27	-15
Prêt Croissance Automobile (Automotive Growth Loan)	63	0	401	0	0	-5 580	-5 116
Cash-Strengthening for Livestock Farming	77	0	249	-560	0	12	-222
Wood sect or loan	56	0	3	0	0	0	59
Agricultural methanisation loan	56	0	0	0	0	0	56
CREAT K/K 2019	2	0	1197	-104	0	0	1095
DEV K/K 2019	1	0	540	-6	0	-267	268
TRANS K/K 2019	3	0	1087	0	0	-383	707
RENF TRESO K/K	1	0	388	0	0	-761	-372
INTER DEV K/K	0	0	44	0	0	0	44
CREA CG	1	0	1091	-62	0	-105	925
CREA EX NI	0	0	179	0	0	0	179
TRANS CG	0	0	48	0	0	-64	-16
DEV CG	0	0	184	0	0	-53	131
RT CG	0	0	149	0	0	-133	16
ADVANCE + OVERSEAS	1	0	0	0	0	0	1
EIB – State	0	0	0	0	0	0	0
Development of SMEs and VSEs	491	0	5	-289	122	37	366
Eastern countries	0	0	0	0	0	0	0
SME PIC	7	0	0	0	0	0	7
Development capital & participatory loans	0	0	0	0	0	0	0
Set-up of young entrepreneurs in rural settings	1	0	0	0	0	0	1
DROM	1063	0	245	-5 479	0	735	-3 436
CDC (Caisse des Dépôts et Consignations)							
France Investissement Garantie	0	4 286	42	-17 473	0	0	-13 145
Other funds							
EIB – Technological Development	0	0	0	0	0	0	0
Own funds guarantee – IDF ERDF	0	0	6	7	0	0	13
Net asset value guarantee	0	0	0	0	0	0	0
UIMM	0	0	0	0	0	0	0
PPD UIMM Midi-Pyrénées	0	0	0	-280	0	7	-273
"Entreprendre Croissance" Network	0	0	19	14	0	-67	-34
UIMM Méditérannée	0	0	0	0	0	-34	-34
UIMM Limousin Poitou Charentes	0	0	0	-88	0	47	-41
CCI – Innovation Pays de Loire	0	0	2	-44	0	47	5
BEST WESTERN	0	0	0	0	0	0	0
National Clothing Federation	0	0	1	0	0	0	1
PPD UIMM Grand Nord Est	0	0	0	5	0	-214	-209
PPD UIMM National	0	0	0	-98	0	0	-98
PPD UIMM National 2	0	0	0	-200	0	-200	-400
UIMM FRENCH FAB	0	0	0	0	0	0	0
Other management	0	0	735	-431	-4 727	0	-4 423
GUARANTEE FUND	**34 517**	**4 582**	**113 495**	**-229 190**	**-4 452**	**-3 864**	**-84 912**

NOTE 20 - NET RESOURCES FOR INNOVATION-RELATED ACTIVITY

20.1 Accounting position of the guarantee funds

(in millions of euros)

Funds	Balance at 31/12/2018	Allocations 2019	Repay-ments and redeploy ments 2019	Results 2019	Balance at 31/12/2019	Sound recoverable advances	Sound innovation loan amounts outstanding
Innovation aid - ISI	982,7	89,0	0,0	-154,4	917,3	469,8	784,7
PMII - ISI 2008	150,8	0,0	0,0	-45,6	105,2	81,4	0,0
FRGI	0,0	0,0	0,0	0,0	0,0	23,3	34,0
Financing aids partners	435,7	0,0	-153,0	-34,4	248,3	39,4	39,0
DEEP TECH Industrial Innovation Fund	0,0	55,0	0,0	-20,8	34,2	7,0	0,0
Overseas Departments and Territories	0,0	6,0	0,0	0,0	6,0	0,0	0,0
FNI-FISO	4,8	4,0	0,0	-0,2	8,6	0,8	1,2
Total	**1 574,0**	**154,0**	**-153,0**	**-255,4**	**1 319,6**	**621,7**	**858,9**

20.2 Earnings of the guarantee funds as at 31 December 2019

(in millions of euros)

Funds	Subsidies	Provisions, losses & recognised failures	Appraisals & miscellaneous expenses	Financial earnings & charges	Miscellaneous proceeds	Earnings at 31/12/2019
Innovation aid - ISI	-37,9	-118,4	-0,1	0,0	2,0	**-154,4**
PMII - ISI 2008	0,5	-46,1	0,0	0,0	0,0	**-45,6**
						0,0
Financing aids partners	-27,9	-7,7	-1,4	0,0	2,6	**-34,4**
DEEP TECH Industrial Innovation Fund	-20,4	0,0	-0,4			**-20,8**
FNI-FISO	0,0	-0,2	0,0	0,0	0,0	**-0,2**
Total	**-85,7**	**-172,4**	**-1,9**	**0,0**	**4,6**	**-255,4**

NOTE 21 - CHANGE IN SHAREHOLDERS' EQUITY

Shareholders' funds prior to appropriation of results changed as follows:

(in millions of euros)	31/12/2018	Assignment of earnings 2019	Other movements	31/12/2019
Subscribed capital	839,9	0,0	0,0	839,9
Share premiums	971,6	0,0	0,0	971,6
Merger premiums	211,9	0,0	0,0	211,9
Legal reserve	48,4	10,7	0,0	59,1
Other reserves	164,6	0,0	0,0	164,6
Regulated provisions, investment subsidies	63,1		27,8 (1)	90,9
Retained earnings	468	203,8	0,0	671,8
Profit or loss for the fiscal year	214,5	-214,5	246,9 (2)	246,9
Total	**2 982,0**	**0,0**	**274,7**	**3 256,7**

(1) Exceptional amortisation allowance for software
(2) 2019 profit

The share capital consists of 104,988,415 ordinary shares with a face value of €8, all fully paid-up.

The majority of the share capital must remain in the ownership of the French State, a French State institution, public body or public corporation.

NOTE 22-EURO EQUIVALENT OF FOREIGN CURRENCY TRANSACTIONS

(in millions of euros)	31/12/2019	31/12/2018
Assets	2,2	4,9
Liabilities	306,8	303,3

These net balance sheet positions are covered by off-balance-sheet operations.

NOTE 23 - TABLE OF IMPAIRMENT FLOWS AND PROVISIONS

(in millions of euros)	Impairment and Provisions At 31/12/18	Allocations to impairment and provisions	Reversals of impairment and available provisions	Reversals of impairment and provisions used (1)	Other changes (2)	Impairment and provisions At 31/12/19	Unrecoverable receivables not covered by provisions	Recoveries on amortised receivables	IMPACT ON THE RESULT (3)
Impairment & provisions bad debts and credit risk	**622,7**	**170,2**	**115,4**	**24,8**	**-0,6**	**652,1**	**9,4**	**3,2**	**-61,0**
- Impairment of doubtful loans	*230,7*	*109,2*	*41,3*	*24,8*	*-0,6*	*273,2*	*9,3*	*3,2*	*-74,0*
. Interbank loans	*0,0*	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Customer loans	*230,4*	109,2	41,3	24,5	-0,6	273,2	9,3	3,2	-74,0
. Securities & other transactions	*0,3*	0,0	0,0	0,3	0,0	0,0	0,0	0,0	0,0
- Collective credit risk provision	*388,8*	60,8	74,0	*0,0*	*0,0*	*375,6*	*0,0*	*0,0*	13,2
- Other provisions	*3,2*	0,2	0,1	*0,0*	0,0	*3,3*	0,1	*0,0*	-0,2
Other operating provisions	**40,8**	9,2	2,6	4,4	**0,0**	**43,0**			
Fund for general banking risks	**235,2**	**0,0**	**0,0**	**0,0**	**0,0**	**235,2**			

(1) Reversals correspond to w rite-offs as losses

(2) Changes in scope, exchange rates and reclassifications of provisions

(3) -/+ Net allow ances or reversals

- Non-recoverable receivables

+ Recoveries on impaired receivables

NOTE 24 - OFF-BALANCE SHEET COMMITMENTS

24.1 Commitments given

(in thousands of euros)	31/12/2019	31/12/2018
AFT (Agence France Trésor)		
Creation of SMEs and VSEs	3 654 996	4 187 563
Transfer/buy-out of SMEs and VSEs	1 781 632	2 266 945
Strengthening of the financial structure of SMEs and VSEs	394 414	542 311
Innovation of SMEs and VSEs	178 484	179 808
Specific short-term financing for SMEs and VSEs	233 552	249 342
Cash-strengthening SMEs and mid-tier companies	10 552	14 964
Supplementary guarantee cash strengthening SMEs & mid-tier companies	1 613	2 862
Confirmed credit lines for SMEs, VSEs and mid-tier companies	27	36
Supplementary guarantee cash strengthening SMEs, VSE and mid-tier companies	311	345
FGKP	1 560 516	1 882 595
FASEP	99 955	105 382
Own funds guarantee (excluding IDF ERDF)	30 772	33 537
Participatory Seed Loan (PPA)	40	40
Sureties on innovative projects	147	223
Biotechnology guarantee	13 063	17 083
Structured financing	27 331	27 944
PPMTR	38	141
Sustainable Development Innovation	1 093	2 114
CICE pre-financing	0	72
Development of SMEs and VSEs	597	38 302
Cash-Strengthening for Livestock Farming	32 860	1 460
Agricultural methanisation loan	468 644	0
CREAT K/K 2019	220 799	0
DEV K/K 2019	472 839	0
TRANS K/K 2019	76 993	0
RENF TRESO K/K	0	0
INTER DEV K/K	17 638	0
CREA CG	287 723	0
CREA EX NI	38 217	0
TRANS CG	18 639	0
DEV CG	58 168	0
RT CG	32 194	0
SME PIC	0	0
CDC (Caisse des Dépôts et Consignations)		
France Investissement Garantie	116 396	120 140
Other funds		
Own funds guarantee (IDF ERDF)	0	60
UIMM	34	6
Other management	276 747	229 399
DROM		
DROM	39 256	55 825
Guarantee fund commitments	**10 146 280**	**9 958 499**
Doubtful guarantee fund commitments	**1 791 540**	**1 776 614**
Total guarantee fund commitments	**11 937 820**	**11 735 113**

Guarantee commitments correspond to repayment guarantees on loans distributed by other institutions. They are primarily backing guarantee funds.

Furthermore, guarantee contracts not yet completed as of 31 December 2019 totalled €206.5 million.

Financing commitments amounting to €6,786.3 million correspond chiefly to confirmed credit agreements issued by Bpifrance Financement.

24.2 Commitments received

Under guarantee commitments received from customers, €2,938.0 million in commitments received from Bpifrance SA have not yet been used.

NOTE 25 - FOREIGN CURRENCY TRANSACTIONS AND FORWARD FINANCIAL INSTRUMENTS

(in millions of euros)	31/12/2019								31/12/2018	
	Hedge				Management of positions (*)		TOTAL		TOTAL	
	Micro		Macro							
	Nominal	Market value	Nominal	Market value	Nominal	Market value	Nominal	Market value	Nominal	Market value
OTC transactions performed										
. Currency swap contracts	8,8	-1,8	286,9	11,5	0,0	0,0	295,7	9,7	298,6	4,8
. Interest rate swap contracts	0,0	0,0	41 840,4	94,0	0,0	0,0	41 840,4	94,0	35 613,7	6,3
. Interest rate caps and floors	0,0	0,0	451,1	-12,5	0,0	0,0	451,1	-12,5	2,4	0,0
Transactions carried out on official markets										
. Interest rate contracts sold firm	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
. Interest rate contracts purchased firm	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total	**8,8**	**-1,8**	**42 578,4**	**93,0**	**0,0**	**0,0**	**42 587,2**	**91,2**	**35 914,7**	**11,1**

(*) Isolated open positions.

No credit risk provision has been carried out on forward financial instruments.

Breakdown by residual maturity as at 31 December 2019

(in millions of euros)	D ≤ 1 yr	1 year < D ≤ 5 years	D > 5 years
OTC transactions performed	3 077,20	26 342,51	13 167,5
Transactions carried out on official markets	0,0	0,0	0,0

The notional amount of contracts listed above serves only as an indication of activity volume; the counterparty risk attached to the forward financial instruments used by Bpifrance Financement is assessed according to the methodology used to calculate European prudential ratios as at 31 December. As such, it takes account of the impact of the offset contracts in effect at that date and of the guarantees received. The amount is broken down as follows:

(in millions of euros)	31/12/2019	31/12/2018
Positive replacement cost (1)	674,7	*406,8*
Risk with central administrations and equivalents	0,0	*0,0*
Risks with lending establishments in zone A (3)	0,0	*406,8*
Customer risks	0,0	*0,0*
Potential credit risk (2)	325,8	*278,4*
Total exposure (1)+(2)	**1 000,5**	**685,2**
Incidence of offsetting agreements	-718,1	*-521,0*
Incidence of guarantees received	-122,4	*-33,3*
Total after the impact of offsetting agreements and guarantees received	**160,0**	**130,9**
Equivalent weighted credit risk (4)	**4,8**	**9,8**
(1) Corresponds to net unrealised capital gains, before applying weighting rates related to the counterparty type:		
- interest rate instruments	661,3	399,1
- exchange rate instruments	13,4	7,7

(2) The potential credit risk is calculated on the basis of the total nominal amount multiplied by the mark-up factor depending on the remaining life of the transactions and the contract type, before applying the weighting rates.
This estimated amount represents the potential modification to the replacement cost up to maturity.

(3) The A zone includes: Member states of the European Union or parties to the European Economic Area, the other member countries of Organisation for Economic Cooperation and Development (OECD), the countries that have special loan agreements with the International Monetary Fund (IMF) as part of overall IMF borrowing agreements.

(4) The exposure after the effect of the offsetting agreements and guarantees received is weighted according to the nature of the counterparty.

NOTE 26 - INTEREST AND SIMILAR INCOME

(in millions of euros)	31/12/2019	31/12/2018
Transactions with lending institutions	52,9	57,5
Customer transactions (1)	757,8	747,9
- Overdrafts	*0,0*	*0,0*
- Export loans	*2,1*	*1,3*
- Short-term credit facilities	*59,9*	*64,6*
- Medium & long-term loans	*344,3*	*326,6*
- Sundry loans & subordinated debt	*238,6*	*239,1*
- Off-balance sheet operations	*112,9*	*116,3*
Bonds and other fixed-income securities	263,6	294,1
Financial instruments for hedging purposes	18,9	3,2
Total (2)	**1 093,2**	**1 102,7**
(1) Of which reversal of impairment for doubtful receivables through the passage of time (See note 1.2)	0,6	0,7
(2) Of which negative interest on liabilities and securities issuances	60,6	64,5

NOTE 27 - INTEREST AND SIMILAR EXPENSES

(in millions of euros)	31/12/2019	31/12/2018
Transactions with lending institutions	-70,7	-106,4
Customer transactions	-139,1	-138,1
Bonds and other fixed-income securities	-311,8	-286,1
- Bonds	*-304,0*	*-284,3*
- Negotiable debt securities	*-7,8*	*-1,8*
- Subordinated securities	*0,0*	*0,0*
- Result of micro-hedging	*0,0*	*0,0*
Other interest and similar charges	-0,2	-0,2
Financial instruments for hedging purposes	0,0	-3,1
Total (*)	**-521,8**	**-533,9**
(*) Of which negative interest on receivables and securities portfolios	-3,1	-2,4

NOTE 28 - INCOME FROM FINANCE LEASE AND OPERATING LEASE OPERATIONS

(in millions of euros)	31/12/2019	31/12/2018
Rents	1 201,6	1 176,3
Other proceeds	98,5	88,9
Capital gains	50,2	45,2
Cost of risk	-11,0	-17,5
Total	**1 339,3**	**1 292,9**

NOTE 29 - EXPENSES FROM FINANCE LEASE AND OPERATING LEASE OPERATIONS

(in millions of euros)	31/12/2019	31/12/2018
Depreciation allowances	-773,6	-829,9
Allocation to special provisions	-145,0	-142,3
Capital losses	-43,0	-30,9
Other expenses	-94,6	-85,4
Total	**-1 056,2**	**-1 088,5**

NOTE 30 - INCOME FROM VARIABLE INCOME SECURITIES

(in millions of euros)	31/12/2019	31/12/2018
Equity interests	0,1	0,5
Other securities held long-term	0,0	0,2
Investments in affiliated companies	10,6	1,5
Total	**10,7**	**2,2**

NOTE 31 - COMMISSIONS

(in millions of euros)	31/12/2019	31/12/2018
Proceeds		
Commissions on operations with customers	14,8	9,5
Commissions on the delivery of financial services	0,0	0,1
Total	**14,8**	**9,6**
Expenses		
Expenses on securities operations	-2,6	-1,6
Total	**-2,6**	**-1,6**

NOTE 32 - GAINS OR LOSSES ON TRADING PORTFOLIO TRANSACTIONS

(in millions of euros)	31/12/2019	31/12/2018
Trading securities	0,0	0,0
Exchange operations	0,1	0,1
Operations involving financial instruments	0,0	0,0
Total	**0,1**	**0,1**

NOTE 33 - GAINS OR LOSSES ON LONG-TERM PORTFOLIO & SIMILAR TRANSACTIONS

(in millions of euros)	31/12/2019	31/12/2018
Net allocations to or write-backs from depreciations	-3,1	-1,2
Disposal capital losses	-0,1	-0,2
Disposal capital gains	0,0	0,0
Total	**-3,2**	**-1,4**

NOTE 34 - OTHER OPERATING INCOME

(in millions of euros)	31/12/2019	31/12/2018
Income charged to Group companies	29,7	14,4
Other expenses charged back	1,7	1,4
Use of partner resources in financing of innovation aid	0,7	0,9
Commissions on recoveries and insurance income	19,5	10,0
Recovery of available provisions	0,0	0,0
Share of investment subsidies	1,5	1,0
Miscellaneous proceeds related to innovation activity	12,0	11,6
Management proceeds on DROM managed funds	0,8	0,9
Other proceeds	9,7	7,8
Total	**75,6**	**48,0**

NOTE 35 - OTHER OPERATING EXPENSES

(in millions of euros)	31/12/2019	31/12/2018
Depreciation allowances for intangible and tangible non-operating fixed assets	0,0	0,0
Allocations to provisions for liability litigation and banking operations	-0,2	-0,9
Repayment of proceeds of subsidies from the Regional Department of Industry, Research and the Environment	-0,9	-0,6
Other expenses on banking operations	-6,3	-3,8
Total	**-7,4**	**-5,3**

NOTE 36 - OPERATING GENERAL EXPENSES

(in millions of euros)	31/12/2019	31/12/2018
Personnel costs		
- Salaries and wages	-141,3	-129,1
- Defined contribution retirement expenses	-16,5	-14,0
- Defined benefit retirement expenses	-4,8	-4,8
- Other social charges	-49,7	-45,8
- Incentives and profit-sharing	-16,5	-15,2
- Fiscal expenses	-14,3	-16,7
- Allowances/reversals for personnel commitments	-8,1	-4,7
Subtotal	**-251,2**	**-230,3**
Duties and taxes	-27,7	-30,8
Other administrative costs	-159,2	-142,6
Total	**-438,1**	**-403,7**

36.1 Breakdown of fair value of assets covering retirement commitments

The breakdown of the fair value of the plan's assets between different categories is based on the nature of the assets and on the attached risks.

	31/12/2019	31/12/2018
	in %	in %
UCITS		
Monetary	2%	4%
Other	4%	0%
Equities	17%	19%
Bond	77%	77%
Total	**100%**	**100%**

36.2 Variation of obligations in respect of post-employment benefits

(in millions of euros)	Retirement lump sum benefits			Health expenses	Long-service awards	TOTAL 31/12/2019		
	Commitments with respect to defined benefits	Plan assets	Net liabilities / (assets)	Commitments with respect to defined benefits	Commitments for other long-term benefits	Bonds	Plan assets	Net liabilities / (assets)
Opening balance	***29,9***	***25,1***	***4,8***	***1,8***	***1,1***	***32,8***	***25,1***	7,7
- Cost of services rendered during the period	1,7	0,0	1,7	0,0	0,2	1,8	0,0	1,8
- Interest on liabilities/assets relating to defined benefits	0,3	0,0	0,3	0,0	0,0	0,3	0,0	0,3
- Cost of past services	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Effects of fluctuations in foreign currencies	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Transfer of AFE personnel	0,7	0,0	0,7	0,0	0,0	0,7	0,0	0,7
- Contribution to the employer's plan	0,0	4,7	-4,7	0,0	0,0	0,0	4,7	-4,7
- Contribution to the participant's plan	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Profit or loss resulting from the liquidation	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Paid services	-2,0	-2,0	0,0	-0,1	-0,1	-2,2	-2,0	-0,2
- Actuarial differences	2,7	0,0	2,7	0,0	0,0	2,7	0,0	2,7
> of which actuarial gains & losses for the period relating to experience adjustment	*-0,1*	*0,0*	*-0,1*	*0,0*	*0,0*	*-0,2*	*0,0*	*-0,2*
> of which actuarial gains & losses on adjustments relating to demographic hypotheses	*1,3*	*0,0*	*1,3*	*0,0*	*0,0*	*1,3*	*0,0*	*1,3*
> of which actuarial gains & losses on adjustments to financial hypotheses	*1,5*	*0,0*	*1,5*	*0,1*	*0,0*	*1,6*	*0,0*	*1,6*
Closing balance	**33,2**	**27,9**	**5,3**	**1,8**	**1,2**	**36,1**	**27,9**	**8,3**

(in millions of euros)	Retirement lump sum benefits			Health expenses	Long-service awards	TOTAL 31/12/2018		
	Commitments with respect to defined benefits	Plan assets	Net liabilities / (assets)	Commitments with respect to defined benefits	Commitments for other long-term benefits	Bonds	Plan assets	Net liabilities / (assets)
Opening balance	***31,9***	***30,1***	***1,8***	***2,1***	***1,1***	***35,1***	***30,1***	5,0
- Cost of services rendered during the period	1,7	0,0	1,7	0,0	0,2	1,8	0,0	1,8
- Interest on liabilities/assets relating to defined benefits	0,2	0,0	0,2	0,0	0,0	0,3	0,0	0,3
- Cost of past services	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Effects of fluctuations in foreign currencies	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Contribution to the employer's plan	0,0	1,8	-1,8	0,0	0,0	0,0	1,8	-1,8
- Contribution to the participant's plan	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Profit or loss resulting from the liquidation	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Paid services	-5,6	-5,6	0,0	-0,2	-0,1	-5,8	-5,6	-0,2
- Actuarial differences	1,6	-1,2	2,8	-0,1	-0,2	1,4	-1,2	2,6
> of which actuarial gains & losses for the period relating to experience adjustment	*2,5*	*0,0*	*2,5*	*-0,1*	*-0,1*	*2,4*	*0,0*	*2,4*
> of which actuarial gains & losses on adjustments relating to demographic hypotheses	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*
> of which actuarial gains & losses on adjustments to financial hypotheses	*-0,8*	*-1,2*	*0,3*	*0,0*	*-0,1*	*-1,0*	*-1,2*	*0,2*
Closing balance	**29,9**	**25,1**	**4,8**	**1,8**	**1,1**	**32,8**	**25,1**	**7,7**

NOTE 37 - COST OF RISK

(in millions of euros)	31/12/2019 Reduction to assets	Collective provisions	Other liabilities	TOTAL
Net allocations to or writebacks of impairment and provisions	-67,9	13,2	-0,1	-54,8
Non-provisioned losses	-9,3	0,0	-0,1	-9,4
Recoveries of amortised receivables	3,2	0,0	0,0	3,2
Balance	**-74,0**	**13,2**	**-0,2**	**-61,0**

(in millions of euros)	31/12/2018 Reduction to assets	Collective provisions	Other liabilities	TOTAL
Net allocations to or writebacks of impairment and provisions	-61,7	26,9	-0,3	-35,1
Non-provisioned losses	-5,6	0,0	-0,2	-5,8
Recoveries of amortised receivables	3,7	0,0	0,0	3,7
Balance	**-63,6**	**26,9**	**-0,5**	**-37,2**

NOTE 38 - GAINS OR LOSSES ON NON-CURRENT ASSETS

	31/12/2019				31/12/2018
(in millions of euros)	Investment securities	Tangible and intangible operating assets	Equity interests and other long-term investment securities share in affiliates	TOTAL	TOTAL
Allowances to Impairment	0,0	0,0	-0,1	-0,1	-0,1
Write-back of Impairment	0,0	0,0	0,0	0,0	0,2
Disposal capital losses	0,0	0,0	0,0	0,0	-0,1
Disposal capital gains	0,0	0,0	0,0	0,0	0,0
Balance	**0,0**	**0,0**	**-0,1**	**-0,1**	**0,0**

NOTE 39 - RECONCILIATION BETWEEN THE CORPORATE RESULT AND THE FINANCIAL RESULT

(in millions of euros)	31/12/2019		
	Finance lease and property leases	Finance lease and equipment leases	TOTAL
Allocations to accounting depreciation & amortisation	-324,2	-449,3	-773,5
Accounting capital gains or losses	6,5	0,8	7,3
Total	**-317,7**	**-448,5**	**-766,2**
Allocations to financial depreciation & amortisation	-324,0	-597,9	-921,9
Financial capital gains or losses	8,0	1,5	9,5
Financial impairment on asset items	1,0	1,0	2,0
Total	**-315,0**	**-595,4**	**-910,4**
Variation in latent reserve	1,2	-146,9	-145,7

NOTE 40 - MAIN INTERIM FINANCIAL MANAGEMENT BALANCES

(in millions of euros)	31/12/2019	31/12/2018
NET BANKING INCOME	**797,5**	**759,8**
General operating expenses	-438,1	-403,7
Depreciation, amortisation & impairment on on tangible and intangible fixed assets	-35,6	-29,9
GROSS OPERATING INCOME	**323,8**	**326,2**
Cost of risk	-61,7	-38,9
NET OPERATING INCOME	**262,1**	**287,3**
Gains or losses on non-current assets	-0,1	0,0
CURRENT EARNINGS BEFORE TAXES	**262,0**	**287,3**
Extraordinary profit or loss	0,0	0,0
Income tax	-133,0	-132,2
Charges to/recoveries from the FGBR & regulatory provisions	-27,8	-7,3
Net Earnings	**101,2**	**147,8**

NOTE 41 - TAX SITUATION

Corporate tax is recorded using the tax payable method.

The taxable income of the company for 2019 (provisional) at the basic rate is a profit of €391.1 million, taking into account the main net add-backs or deductions as follows:

(in millions of euros)

Pre-tax book income for the financial year	**379,9**
Net allowance of collective provision	-13,2
Handling and administration charges to be spread	-0,8
Taxes and various non-deductible contributions	20,8
Other provisions	4,4
Taxable income	**391,1**

Taxable income, at common rate of 34.43% generated a tax expense of €134.3 million after tax credits.

No tax expense is recognised for taxable earnings at the lower rate of 15%.

NOTE 42 - SECTOR-SPECIFIC INFORMATION

Bpifrance Financement operates primarily in the following business lines:

- medium and long-term loans: this involves long- and medium-term financing in the form of direct loans, leasing operations on plant & equipment and property, and financial leases; it also includes innovation loans;
- short-term financing which includes the operations to participate in the financing of public sector receivables in France and its overseas departments and territories, either directly or by signature;
- the guarantee actions cover banks and equity investment institutions from risks of the failure of the beneficiaries of the financing;
- innovation financing aid in the form of repayable advances or grants.

By agreement, the “Other” heading includes the proceeds from the capital, re-invoicing and, to a lesser degree, income from equity interests.

(in millions of euros)	31/12/2019		31/12/2018	
Activity	**Financial NBI**	**Average outstandings**	**Financial NBI**	**Average outstandings**
Medium- and long-term loans	517,5	33 632,1	489,9	30 623,5
- of which finance leases	*87,2*	*6 280,8*	*84,1*	*6 109,1*
Short-term financing	123,3	5 840,0	135,9	6 237,9
Guarantee	101,9	15 960,4	100,4	15 456,0
- of which commissions	95,7		*95,0*	
- of which financial income	3,2		*5,4*	
Innovation	16,6		16,7	
Other	38,2		16,9	

NOTE 43 - ACTIVITIES ON BEHALF OF THIRD PARTIES

Operations managed by Bpifrance Financement (agent) on behalf of third parties (principal) are not included in the bank's balance sheet.

(in millions of euros)	31/12/2019							
	Assets				Liabilities			Off-balance sheet
	Receivables	Principal's account	Cash	Total	Debts	Principal's account	Total	
Financing activity								
ARI (*)	100,4	0,0	0,0	100,4	0,0	100,4	100,4	27,0
Debt funds	113,3	0,0	0,0	113,3	0,0	113,3	113,3	0,0
Guarantee activity								
DROM managed funds	0,0	0,0	62,3	62,3	0,0	62,3	62,3	0,0
Camulor	0,0	0,0	0,2	0,2	0,0	0,2	0,2	0,0
FGRU (*)	0,0	0,0	5,4	5,4	0,0	5,4	5,4	0,0
Student loans	0,0	0,0	28,5	28,5	0,0	28,5	28,5	0,0
Innovation aid activity								
Advantage	0,0	0,0	42,7	42,7	0,0	42,7	42,7	0,0
DEEP TECH GPT	0,7	5,3	3,4	9,4	9,4	0,0	9,4	5,4
ENTREPRENEURSHIP	0,0	0,0	40,2	40,2	7,8	32,4	40,2	22,4
FSN(*)	99,8	0,0	37,6	137,4	122,4	15,0	137,4	47,4
PSIM(*)	30,0	0,0	0,8	30,8	11,3	19,5	30,8	10,4
PSPC(*)	169,1	0,0	4,0	173,1	115,1	58,0	173,1	260,7
Strategic sectors	0,6	21,3	3,6	25,5	25,5	0,0	25,5	7,7
FUI(*)	0,1	143,5	0,0	143,6	143,6	0,0	143,6	1,4
FNI-PRI(*)	19,8	0,0	3,4	23,2	0,7	22,5	23,2	2,5
PIAVE(*)	67,5	0,0	2,0	69,5	41,1	28,4	69,5	75,1
French Tech	0,0	0,0	0,3	0,3	0,0	0,3	0,3	0,0
French Tech Tremplin	0,0	14,9	0,0	14,9	0,0	14,9	14,9	0,2
FRI GPT	37,4	0,0	118,5	155,9	25,9	130,0	155,9	29,2
Business Development Insurance	118,8	0,0	0,0	118,8	9,4	109,4	118,8	138,9
MAJOR RISKS GPT	0,0	7,0	0,0	7,0	0,0	7,0	7,0	0,1
FGI ATF PIA 3(*)	0,8	11,0	6,3	18,1	18,1	0,0	18,1	44,7
FGI Concours d'innovation PIA3	23,5	19,0	0,0	42,5	42,5	0,0	42,5	35,5
Total	**781,8**	**222,0**	**359,2**	**1 363,0**	**572,8**	**790,2**	**1 363,0**	**708,6**

(*) ARI: Reindustrialisation aids
FGRU: Guarantee Fund for Urban Renew al
FSN: Fonds national pour la Société Numérique (National Fund for the Digital Society)
PSIM: Programme de Soutien à l'Innovation Majeure (Major Innovation Support Programme)
PSPC: Projet de recherche et de développement Structurants des Pôles de Compétitivité (Structuring Research and Development Projects for C
FUI: Fonds Unique Interministériel (Single Interministerial Fund)
FNI-PRI: Fonds national d'innovation - Partenariats régionaux d'avenir (National Innovation Fund - Regional Partnerships for the Future)
PIAVE: Projets Industriels d'avenir (Industrial Projects for the Future)
ATF PIA 3: Assistance and Transformation of the Sectors - Investments of the Future 3 Programme

NOTE 44 - PERSONNEL

The average headcount stood at 2,405 employees in 2019, 82.6% of whom are managers.

NOTE 45 - COMPENSATION PAID TO MEMBERS OF ADMINISTRATIVE BODIES

The compensation allocated to the directors and the compensation paid to the Chairmen of the business line committees stood at €131.5 million.

NOTE 46 - IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE COMPANY'S FINANCIAL STATEMENTS

Bpifrance SA (Group)

27-31 Avenue du Général Leclerc
94710 Maisons-Alfort Cedex
Créteil Trade and Companies Registration no. 507 523 678

The consolidated financial statements of the company referred to above are available on the website: www.bpifrance.fr

12. REPORTS FROM THE STATUTORY AUDITORS

12.1. Report on the consolidated financial statements

KPMG S.A.
Registered office
Tour EQHO
2 Avenue Gambetta
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92066 Paris la Défense Cedex
France

Mazars
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
France

Bpifrance Financement S.A.

Report from the statutory auditors on the consolidated financial statements

Fiscal year ending 31 December 2019
Bpifrance Financement S.A.
27-31, avenue du Général Leclerc - 94710 Maisons-Alfort
This report contains 103 pages
Reference: US-20-1-11

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Bpifrance Financement S.A.

Registered office: 27-31, avenue du Général Leclerc – 94710 Maisons-Alfort
Share capital: €839,907,320

Report from the statutory auditors on the consolidated financial statements

Fiscal year ending 31 December 2019

To the Shareholders,

Opinion

In performing the assignment entrusted to us by your General Meeting, we conducted an audit of the Bpifrance Financement S.A. consolidated financial statements for the fiscal year ended 31 December 2019, as attached to this report.

We certify that, in accordance with the IFRS as adopted by the European Union, the consolidated financial statements are true and fair and present an accurate picture of the results of the operations of the past fiscal year, as well as the financial situation and assets, at fiscal year-end, of the group consisting of the persons and entities included in the consolidation.

The opinion expressed above is consistent with the content of our report to the Audit Committee. The consolidated financial statements were approved by the Board of Directors on 11 March 2020 in the context of the health crisis from the Covid-19 epidemic, based on information available at that date.

Basis for the opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the elements that we have collected provide a sufficient and appropriate basis for our opinion.

The responsibilities incumbent on us pursuant to these standards are included in the section entitled "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements," in this report.

Independence

We conducted our audit in compliance with the rules of independence that are applicable to us, during the period from 1 January 2019 until the date on which our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of EU Regulation no. 537/2014 or by the professional code of ethics for Statutory Auditors.

Observation

Without qualifying the opinion expressed above, we draw your attention to the change in accounting method related to the first-time application of IFRS 16 as of 1 January 2019, presented in Notes 2.1 "Accounting standards applicable at 31 December 2019" and 2.2 "Impacts from the first-time application of IFRS 16".

Justification of our assessments - Key audit points

Pursuant to Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we hereby draw your attention to the key audit points relating to risks of significant anomalies that, in our professional judgement were the most important for the audit of the consolidated financial statements for the fiscal year, as well as the responses we have provided in light of such risks.

The assessments made are part of our audit of the consolidated financial statements, taken as a whole, and have contributed to forming the opinion we expressed above. We do not express an opinion on any items in these consolidated financial statements taken separately.

<u>Impairments on credit outstandings:</u>

- **Risk identified:**

Bpifrance Financement applies IFRS 9 "Financial Instruments", which defines in particular a methodology for the impairment of financial assets covering all sound and doubtful exposures and based on the assessment of expected losses on outstanding credits.

Impairments on sound and deteriorated outstandings (bucket 1, bucket 2):

As indicated in Note 5.5 to the consolidated financial statements, Bpifrance Financement recognises, with respect to expected credit losses, impairments on sound and deteriorated outstandings. Following the change in method described in the notes, these impairments are determined according to internal credit risk models, by taking into account forward-looking macro-economic data. Credit outstandings are initially classified in "bucket 1". Where there has been no significant increase in credit risk since the origin (SICR), they remain classified in "bucket 1" and their impairments are based on expected credit losses at 12 months. If there is a significant increase in credit risk, the outstandings are transferred to "bucket 2" and their impairments are based on expected losses at maturity.

Impairments on credits on an individual basis (bucket 3):

Bpifrance Financement recognises impairments to cover expected credit losses resulting from its customers' inability to meet their financial commitments. As stated in Note 5.5 to the consolidated financial statements, management calculates impairment on an individual basis, based on the difference between the carrying amount of the asset with proven credit risk and the present value of future cash flows that it considers recoverable at maturity after taking into account the call on guarantees.

We considered the calculation of impairments on loans for credit risk to be a key audit point due to:

- the risk of material impact on the bank's results,
- the relative size of the loan outstandings on the balance sheet and the commitments granted to customers,
- the importance of the model's parameters,
- the complexity of estimating the likelihood of default, losses given default, including the value of related guarantees,
- the sensitivity of calculation parameters to the assumptions applied by management.

- **Audit approach:**

We took note of the internal control procedures implemented by the bank to identify the loans concerned and assess the amount of the impairment to be recorded on these outstandings.

We also tested the operational design and effectiveness of the key controls performed under these procedures.

For impairments of both sound and deteriorated outstandings, we performed a critical review of the documentation made available to justify the methodology used, the applicable parameters and the governance system controlling their update, the audit trail and controls carried out on the bases, and we ensured that the correct impairments flowed through to the accounting information system.

For impairments estimated on an individual basis, we tested the automated controls on the downgrading of loans on a sample of credit files, and controls relating to the estimation of impairment amounts (in particular the estimated value of guarantees).

We also implemented the following substantive procedures:

- For impairment of both sound and deteriorated outstandings, we verified the comprehensiveness of the base, assessed the reasonableness of the main parameters used and carried out an independent calculation of the provision at 31 December 2019 on the main credit portfolios.
- For impairment calculated on an individual basis, we verified the adequacy of the impairment recognised with regard to future cash flow forecasts estimated by the bank, via sampling of credit files.

Specific verification

We also proceeded, in accordance with the professional standards applicable in France, with the specific legal and regulatory verifications of the information provided on the Group in the report of the Board of Directors.

We have no comments to make regarding their sincerity or their consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance pursuant to Article L. 225-102-1 of the French Commercial Code is presented in the management report of the Group, it being specified that in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the sincerity or consistency of the information contained in this statement with the consolidated financial statements, which must be provided in a report by an independent third party organisation.

Information required by other statutory and regulatory obligations

Appointment of the statutory auditors

We were appointed Statutory Auditors of Bpifrance Financement S.A. by the General Meeting of 28 May 2009 for KPMG S.A. and of 18 May 2004 for Mazars.

At 31 December 2019, KPMG S.A. was in its eleventh uninterrupted year.

At this date, the duration of Mazars' uninterrupted appointment as Statutory Auditor was more than 24 years.

Responsibilities of senior management and persons comprising the corporate governance relating to the consolidated financial statements

It is the responsibility of senior management to prepare the consolidated financial statements presenting a true and fair view, in accordance with IFRS as adopted in the European Union, as well as to set up the internal control that it deems necessary to the preparation of consolidated financial statements that do not contain any significant misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, it is incumbent on senior management to assess the company's capacity to continue operating; to present in these financial statements, as applicable, the necessary information on its business continuity and to apply the accounting contention of business continuity, unless these is a plan to liquidate the company or discontinue operations.

It is the Audit Committees responsibility to monitor the preparation of financial information and the effectiveness of the internal central and risk management systems, as well as internal audit systems, where applicable, concerning procedures for the preparation and processing of accounting and financial information.

The consolidated financial statements were prepared by your Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Audit objective and process

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements do not contain any significant misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the applicable professional standards will systematically detect any and all significant misstatements. Misstatements may be due to fraud or error and are considered significant when they can reasonably be expected, taken individually or together, to influence the economic decisions that users of the financial statements make on the basis thereof.

As stipulated in Article L. 823-10-1 of the French Commercial Code, our certification of the financial statements does not consist in guaranteeing the viability or quality of your company's management.

In the context of an audit conducted in accordance with the professional standards applicable in France, the Statutory Auditor exercises his or her professional judgment throughout the audit. Moreover:

- the Statutory Auditor identifies the risks that the consolidated financial statements contain significant misstatements, whether these are the result of fraud or error, defines and implements audit procedures to deal with these risks, and gathers the materials that he/she deems sufficient and appropriate to form his/her opinion. The risk of a failure to detect a significant misstatement resulting from fraud is higher than that of a significant misstatement resulting from an error, because fraud can involve collusion, falsification, wilful omissions, false statements, or circumvention of internal control;

- he/she familiarises him herself with the internal control relevant to the audit in order to define the appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;

- he/she appraises the appropriateness of the accounting methods applied and the reasonable nature of accounting estimates made by management, as well as the information about them supplied in the consolidated financial statements;

- he/she appraises the appropriateness of management's application of the accounting policy of business continuity and, based on the items collected, the existence or not of significant uncertainty relating to events or circumstances that may call into question the company's capacity to continue operating. This assessment is based on the items collected up until the date of the report; however, subsequent circumstances or events could compromise business continuity. If the Statutory Auditor concludes that there is significant uncertainty, he/she draws the readers' attention to the information provided in the consolidated financial statements about such uncertainty or, if this information is not provided or not relevant, formulates a qualified certification or a refusal to certify;

- he/she reviews the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying operations and events in such a way as to provide a true and fair view;

- with respect to the financial information of the persons or entities included in the scope of consolidation, he/she collects those items he/she considers sufficient and appropriate to express an opinion on the consolidated financial statements. He/she is responsible for the management, supervision, and completion of the audit of the consolidated financial statements, as well as the opinion expressed on those financial statements.

Report submitted to the Audit Committee

We submit to the Audit Committee a report presenting in particular the scope of the audit work conducted and work schedule followed, as well as the findings resulting from our work. We also inform it of any major internal control deficiencies that we have identified with regard to the procedures fin preparing and processing accounting and financial information.

The information provided in the report to the Audit Committee includes risks of significant anomalies that we considered to have been the most important for the audit of the consolidated financial statements and that therefore constitute key audit points, which we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of EU Regulation no. 537-2014 confirming our independence, pursuant to rules applicable in France, as set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' professional code of ethics. Where relevant we inform the Audit Committee of any risks to our independence and the safeguards applied.

The Statutory Auditors

Paris La Défense
23 March 2020
KPMG S.A.

Ulrich Sarfati
Partner

Courbevoie
23 March 2020
Mazars

Jean Latorzeff
Partner

Matthew Brown
Partner

12.2. Report on the separate financial statements

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

Mazars
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
France

Bpifrance Financement S.A.

Report from the statutory auditors on the individual financial statements

Fiscal year ending 31 December 2019
Bpifrance Financement S.A.
27-31, avenue du Général Leclerc - 94710 Maisons-Alfort
This report contains 62 pages
Référence : US-20-1-10

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

Mazars
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
France

Bpifrance Financement S.A.

Registered office: 27-31, avenue du Général Leclerc – 94710 Maisons-Alfort
Share capital: €839,907,320

Report from the statutory auditors on the individual financial statements

Fiscal year ending 31 December 2019

To the Shareholders,

Opinion

In performing the assignment entrusted to us by your General Meeting, we conducted an audit of the Bpifrance Financement individual financial statements for the fiscal year ended 31 December 2019, as attached to this report.

We certify that the individual financial statements are, with respect to French accounting rules and principles, truthful and sincere and provide a fair picture of the result of the operations of the past fiscal year and of the financial situation and asset base of the company at the end of the fiscal year.
The opinion expressed above is consistent with the content of our report to the Audit Committee. The individual financial statements were approved by the Board of Directors on 11 March 2020 in the context of the health crisis from the Covid-19 epidemic, based on information available at that date.

Basis for the opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the elements that we have collected provide a sufficient and appropriate basis for our opinion.

The responsibilities incumbent on us pursuant to these standards are included in the section entitled "Responsibilities of the Statutory Auditors relating to the audit of the annual financial statements," in this report.

Independence

We conducted our audit in compliance with the rules of independence that are applicable to us, during the period from 01/01/2019 until the date on which our report was issued, and specifically, we did not provide any services prohibited by Article 5, paragraph 1, of EU Regulation no. 537/2014 or by the professional code of ethics for Statutory Auditors.

Justification of our assessments - Key audit points

Pursuant to Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we hereby bring to your attention the key audit points relating to risks of significant anomalies that, in our professional judgement, were the most important for the audit of the individual financial statements for the fiscal year, as well as the responses we have provided in light of such risks.

The assessments made are part of our audit of the individual financial statements taken as whole and have contributed to forming the opinion we expressed above. We do not express an opinion on any items in these annual financial statements taken separately.

Impairments and provisions for credit risk

- **Risk identified:**

Bpifrance Financement recognises impairments and provisions in order to cover identified risks of losses resulting from its customers' inability to meet their financial commitments.

Impairments and provisions are estimated on an individual or collective basis by taking into account the value of the guarantees held. As stated in Note 2.1 to the financial statements, management calculates impairment on an individual basis, based on the difference between the carrying amount of the asset with proven credit risk and the present value at the EIR of future cash flows that it considers recoverable after the call on guarantees has been taken into account.

Collective impairments are calculated on the loans that are non-doubtful, by analysing the credit risk of a uniform set of loans, identified by means or internal portfolio ratings. As a reminder, the estimation methodology used by Bpifrance Financement was modified on 1 January 2018 on the effective date of IFRS 9 for the scope used for the bank's consolidated financial statements. Collective provisions are estimated based on simulations of stochastic scenarios that associate a possible default date and a loss rate given default for each counterparty.

The assessment of impairment and provisions requires judgement in identifying exposure (or groups with similar exposure) that presents a risk of non-recovery or in determining future recoverable cash flows and recovery periods.

As indicated in Note 23 to the individual financial statements, the amount of impairments and provisions for credit risk stood at €652.1 million at 31 December 2019. We considered the calculation of impairments and provisions on receivables for credit risk to be a key audit matter, due to:

- the risk of material impact on the bank's results,
- the relative size of the loan outstandings on the balance sheet and the commitments granted to customers,
- the complexity of estimating the likelihood of default, losses given default, including the value of related guarantees,
- the sensitivity of calculation parameters to the assumptions applied by management.

- **Audit approach:**

We took note of the internal control procedures implemented by the bank to identify the loans concerned and assess the amount of the impairment and provisions to be recorded on these outstandings.

We also tested the operational design and effectiveness of the key controls performed under these procedures.

- For provisions of both sound and deteriorated outstandings, we performed a critical review of the documentation made available to justify the methodology used, the applicable parameters and the governance system controlling their update, the audit trail and controls carried out on the bases, and we ensured that the correct impairments flowed through to the accounting information system.
- For impairments estimated on an individual basis, we tested the automated controls on the downgrading of loans on a sample of credit files, and controls relating to the estimation of impairment amounts (in particular the estimated value of guarantees).

We also implemented the following substantive procedures:

- For impairment of both sound and deteriorated outstandings, we verified the comprehensiveness of the base, assessed the reasonableness of the main parameters used and carried out an independent calculation of the provision at 31 December 2019 on the main credit portfolios.
- For impairment calculated on an individual basis, we verified the suitability of the impairment recorded with regard to future cash flow forecasts estimated by the bank, via sampling of credit files.

Specific verification

We also performed, in accordance with the professional standards applicable in France, with the specific legal and regulatory verifications.

Information provided in the management report end other documents sent to shareholders about the financial position and individual financial statements

We have no comments to make regarding the sincerity and consistency with the individual financial statements of the information provided in the Board of Directors' management report and in the other documents provided to the shareholders regarding the financial situation and individual financial statements.

We hereby certify the sincerity and consistency of the individual financial statements with the information regarding payment terms mentioned in Article D. 441-4 of the French Commercial Code.

As indicated in the management report, this information does not include banking and related transactions, as your company considers that they are not within the scope of the information to be provided.

Corporate governance information

We hereby certify that information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code is included in the corporate governance report of the Board of Directors.

With respect to the information provided in application of the provisions of Article L. 225-37-3 of the French Commercial Code on the compensation and benefits paid to corporate officers and the commitments made in their favour, we have verified their consistency with the financial statements or with the data used to prepare the financial statements and, if applicable, with the items collected by your company from the companies controlled by it within the consolidation scope. Based on this work, we attest to the accuracy and sincerity of this information.

Other information

Pursuant to this law, we ensured that information relating to equity interests and takeovers, as well as the identity of holders of the share capital or voting rights and cross-shareholdings, has been provided in the management report.

Information required by other statutory and regulatory obligations

Appointment of the statutory auditors

We were appointed Statutory Auditors of Bpifrance Financement S.A. by the General Meeting of 28 May 2009 for KPMG S.A. and of 18 May 2004 for Mazars.

At 31 December 2019, KPMG S.A. was in its eleventh uninterrupted year.

At this date, the duration of Mazars' uninterrupted appointment as Statutory Auditor was more than 24 years.

Responsibilities of senior management and persons comprising the corporate governance relating to the individual financial statements.

It is the responsibility of senior management to prepare the individual financial statements presenting a true and fair view, in accordance with French accounting rules and principles, as well as setting up the internal control that it deems necessary to the preparation of individual financial statements that do not contain any significant misstatements, whether due to fraud or error.

When preparing the individual financial statements, it is incumbent on senior management to assess the company's capacity to continue operating; to present in these financial statements, as applicable, the necessary information on its business continuity and to apply the accounting convention of business continuity, unless there is a plan to liquidate the company or discontinue operations.

It is the Audit Committee's responsibility to monitor the preparation of financial information and the effectiveness of the internal control and risk management systems, as well as internal audit systems, where applicable, concerning procedures for the preparation and processing of accounting and financial information.

The individual financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditor relating to the audit of the annual financial statements

Audit objective and process

Our responsibility is to prepare a report on the individual financial statements. Our objective is to obtain reasonable assurance that the individual financial statements do not contain any significant misstatement. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the applicable professional standards will systematically detect any and all significant misstatements. Misstatements may be due to fraud or error and are considered significant when they can reasonably be expected, taken individually or together, to influence the economic decisions that users of the financial statements make on the basis thereof.

As stipulated in Article L. 823-10-1 of the French Commercial Code, our certification of the financial statements does not consist in guaranteeing the viability or quality of your company's management.

In the context of an audit conducted in accordance with the professional standards applicable in France, the Statutory Auditor exercises his or her professional judgment throughout the audit. Moreover:

- the Statutory Auditor identifies the risks that the annual financial statements contain significant misstatements, whether them are the result of fraud or error, defines and implements audit procedures to deal with them risks, and gathers the materials that he/she deems sufficient and appropriate to form his/her opinion. The risk of a failure to detect a significant misstatement resulting from fraud is higher than that of a significant misstatement resulting from an error, because fraud can involve collusion, falsification, wilful omissions, false statements, or circumvention of internal control;

- he/she familiarises him herself with the internal control relevant to the audit in order to define the appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;

- he/she assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as information about them provided in the individual financial statements;

- he/she appraises the appropriateness of management's application of the accounting policy of business continuity and, based on the items collected, the existence or not of significant uncertainty relating to events or circumstances that may call into question the company's capacity to continue operating. This assessment is based on the items collected up until the date of the report; however, subsequent circumstances or events could compromise business continuity. If the Statutory Auditor concludes that there is significant uncertainty, he/she draws the readers' attention to the information provided in the individual financial statement about such uncertainty or if this information is not provided or not relevant, formulates a qualified certification or a refusal to certify;

- he/she reviews the overall presentation of the individual financial statements and assesses whether the individual financial statements reflect underlying operations and events in such a way as to provide a true and fair view.

Report submitted to the Audit Committee

We submit to the Audit Committee a report presenting in particular the scope of the audit work conducted and work schedule followed, as well as the findings resulting from our work. We also inform it of any major internal control deficiencies that we have identified with regard to the procedures fin preparing and processing accounting and financial information.

The information provided in the report to the Audit Committee includes risks of significant anomalies, which are considered to have been the most important for the audit of the individual financial statements and that therefore constitute key audit points, which we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of EU Regulation no. 537-2014 confirming our independence, pursuant to rules applicable in France, as set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' professional code of ethics. Where relevant we inform the Audit Committee of any risks to our independence and the safeguards applied.

The Statutory Auditors

Paris La Défense
23 March 2020

KPMG S.A.

Ulrich Sarfati
Partner

Courbevoie
23 March 2020

Mazars

Jean Latorzeff
Partner

Matthew Brown
Partner

Bpifrance Financement S.A.

Special report of the Statutory Auditors on related party agreements

General Meeting to approve the financial statements for the fiscal year ended 31 December 2019

KPMG S.A.

MAZARS

KPMG S.A.

Siege social : 2, avenue Gambetta – 92 066 Paris La defense
Tel : +33 (0) 1 55 68 68 68 - Fax : +33 (0) 1 55 68 86 60

SOCIETE ANONYME D'EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES
Capital de 5 497 100 Euros - RCS Nanterre 775 726 417

MAZARS

Siege social : 61, rue Henri Regnault - 92 400 Courbevoie
Tel : +33 (0) 1 49 97 60 00 - Fax : +33 (0) 1 49 97 60 01

SOCIETE ANONYME D'EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES A DIRECTOIRE ET CONSEIL DE SURVEILLANCE
Capital de 8 320 000 Euros - RCS Nanterre 784 824 153

Bpifrance Financement S.A.

Public limited company (*société anonyme*) with capital of €839,907,320
Registered office: 27-31 avenue du Général Leclerc – 94710 Maisons-Alfort
Trade and Companies Register: 320 252 489

Special report of the Statutory Auditors on related party agreements

General Meeting to approve the financial statements for the fiscal year ended 31 December 2019

KPMG S.A. MAZARS

BPIFRANCE FINANCEMENT S.A.

General Meeting called to approve the financial statements for the fiscal year ending 31 December 2019

Special report of the Statutory Auditors on related party agreements

In our capacity as Statutory Auditors of your company, we hereby present our report on related party agreements.

It is our responsibility to inform you, based on the information provided to us, of the characteristics, the main terms and the grounds justifying the interest to the company of the agreements of which we have been informed and/or which we discovered during our assignment, without providing an opinion as to their usefulness or their soundness or investigating the existence of other agreements. It is our responsibility, according to the terms of Article R. 225-31 of the French Commercial Code, to assess why it was important to enter into these agreements in view of their approval.

It is also our responsibility, where applicable, to provide you with the information pursuant to Article R. 225-31 of the French Commercial Code regarding the execution, over the past fiscal year, of the agreements already approved by the General Meeting.

We have carried out the due diligence reviews we considered necessary in view of the professional doctrine of the *Compagnie nationale des commissaires aux comptes* (French National Association of Statutory Auditors) for this assignment. These due diligence reviews consisted in verifying that the information provided to us is in accordance with the underlying documents from which it was produced.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

Agreements approved and concluded over the past fiscal year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements which were previously approved by your Board of Directors.

1

- **Agreement for the provision of services between Bpifrance Assurance Export and Bpifrance Financement relating to the management of business development insurance and bonding facility products.**

Contracting parties:

The French State, Bpifrance Assurance Export.

Persons involved:

Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement S.A. and Chairman of Bpifrance Assurance Export.

Nature and purpose:

Your Board of Directors on 14 March 2019 authorised this agreement, the purpose of which is for Bpifrance Assurance Export to mandate Bpifrance Financement to perform all or some of the following duties:

- Collect revenue.

- Carry out amicable and contentious debt collection as the case may be, as well as any action to preserve the rights of the French State in France and abroad, with the ability to delegate to authorised third parties in accordance with the relevant legislation.

- Ensure the payment of expenses, including claims compensation, and all funds handling transactions resulting from its insured activity in the name and on behalf of the French State, which remains the holder of the rights and obligations from these transactions.

- Carry out receivables collection related to the New products "Business Development Insurance" and "Bonding Facility". In addition, as part of the management of the business development insurance and bonding facility products, Bpifrance Financement makes its technical infrastructure available, namely the following IT systems: BEL, GDC-OAD, Cassiopae, OSR, the related accounting tools, Agora, Extranet and Atrium.

Lastly, Bpifrance Financement will also perform the various accounting and financial transactions required to manage the business development insurance and bonding facility products on behalf of Bpifrance Assurance Export, particularly:

- Monitoring of resources;

2

- Operational management of the cash accounts required for the receipts and disbursements of the business development insurance and bonding facility products;
- Accounting records related to these flows.

<u>Grounds justifying the interest of the agreement:</u>:

The agreement authorised on 14 March 2019 thus allows Bpifrance Financement to make resources and technical infrastructure available to Bpifrance Assurance Export to market and manage the New products.

<u>Terms:</u>:

Bpifrance Financement undertakes to perform the Services diligently and to implement the means necessary for the proper performance of the Agreement. Bpifrance Financement also undertakes to permanently assign a team with the necessary experience, skills and appropriate human and material resources to carry out the services, and to ensure that Bpifrance Assurance Export will have access to all the information, data, assistance and documents necessary for the commitment.

Bpifrance Assurance Export undertakes to provide Bpifrance Financement with all the means and information required for the commitment and management of the transactions processed by Bpifrance Financement under the agreement. Bpifrance Assurance Export also undertakes to ensure that Bpifrance Financement will have access to all information, data, assistance and documents required for the commitment, and all means and information necessary for the commitment and the management of the transactions processed by Bpifrance Financement.

Bpifrance Financement will have a general power of representation for the performance of the service, and may, on behalf of Bpifrance Assurance Export, sign all documents and perform all acts required to manage the financial flows linked to the contracts signed by Bpifrance Assurance Export with customers in respect of the business development insurance and bonding facility products.

Remuneration for all services performed by Bpifrance Financement under the agreement is based on a total fixed amount of:

- €100,000 excluding taxes for calendar year 2019 and following calendar years based on the assumption of automatic renewal.

Your company has recognised €100,000 excluding taxes in revenue corresponding to the remuneration of this agreement with respect to the fiscal year ended on 31 December 2019.

- **Tier 2 subordinated loan agreement between Bpifrance S.A. and Bpifrance Financement**

Contracting parties:

Bpifrance S.A.

Persons involved:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement and of Bpifrance S.A..
- Claire Dumas, as a director of both Bpifrance Financement and Bpifrance S.A.
- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature and purpose:

On 19 September 2019, your Board of Directors authorised the signing of this agreement, intended to formalise the terms and conditions for taking out a subordinated loan of €80 million (in principal amount) with Bpifrance S.A. for the fiscal year 2019. In addition, this agreement indicates that a second subordinated loan could be granted by Bpifrance S.A. in 2020 for a principal amount of €20 million under the terms indicated in this agreement.

Grounds justifying the interest of the agreement::

The agreement authorised on 19 September 2019 thus enables Bpifrance Financement to strengthen its financial structure, finance the needs of its usual business activities and comply with the capital adequacy requirements pursuant to the Applicable Regulations.

Terms::

The €80 million and €20 million (if made available) Subordinated Loans will bear interest at a fixed rate equal to the "TEC 10" rate as published on the Banque de France website on the borrowing date of each loan plus a margin from the borrowing date (inclusive) to the maturity date (exclusive).

Payments of principal and interest on each Subordinated Loan shall be made in euros by credit or transfer to a euro account (or to any other account to which amounts in euros may be credited or transferred).

Pursuant to the agreement, the €80 million subordinated loan was recognised as a liability in the balance sheet for the fiscal year ended 31 December 2019.

As a reminder, Bpifrance Financement received a €300 million subordinated loan from Bpifrance S.A. on 27 April 2017. A first amendment dated 20 December 2018 increased the amount of this subordinated loan by €150 million. This agreement is a second amendment to the initial loan of 28 April 2017, which increases the total loan amount to €530 million.

Regarding this agreement, your company recognised an expense of €5,637,516.99 for accrued interest during fiscal year 2019.

- **Amendment no.1 to the service provision agreement of 20 December 2018**

Contracting party:

Bpifrance S.A.

Persons involved:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement, Chairman and Chief Executive Officer of Bpifrance Participations, and Chief Executive Officer of Bpifrance S.A.
- Claire Dumas, as a director of both Bpifrance Financement and Bpifrance S.A.
- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature and purpose:

This amendment modifies Article 7 of the service provision agreement between Bpifrance S.A. and Bpifrance Financement of 20 December 2018. It changes the base for compensation paid to Bpifrance Financement by Bpifrance S.A. for the management of the Entrepreneurship and Territories activity and has been authorised by your Board of Directors on 20 December 2019.

Terms::

This compensation, set at 8% of the management costs of the Entrepreneurship and Territories activity, will not apply to expenses related to management of social cohesion funds (FCS).

Pursuant to this agreement, no financial impact has been noted in the financial statements of Bpifrance Financement with respect to fiscal year 2019.

- **Amendment to the financial agreement between Bpifrance S.A. and Bpifrance Financement**

Contracting parties:

Bpifrance S.A.

Persons involved:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement, Chairman and Chief Executive Officer of Bpifrance Participations, and Chief Executive Officer of Bpifrance S.A.
- Claire Dumas, as a director of both Bpifrance Financement and Bpifrance S.A.
- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature and purpose:

Your Board of Directors on 19 December 2019 signed an amendment to the agreement authorised by the Board of Directors on 19 December 2018, intended to set out the terms and conditions relating to (i) the financing of the Entrepreneurship and Territories Activity and (ii) the management of resources by Bpifrance Financement. This amendment determines the amount of funding necessary to ensure the financing of the Creation, Entrepreneurship and Territories activity for 2020.

Grounds justifying the interest of the agreement :

This amendment modifies Article 7 of the service provision agreement mentioned above. It changes the base for compensation paid to Bpifrance Financement by Bpifrance S.A. for the management of the Entrepreneurship and Territories activity.

Terms:

For 2020, the loan granted by Bpifrance S.A. to Bpifrance Financement has been agreed for €40 million, according to the following terms and conditions:

- €20 million on signing this agreement.
- The balance, on a call for funds by Bpifrance Financement, after the closing date for the financial statements on 30 June 2020.

Pursuant to this agreement, no financial impact has been noted in the financial statements of Bpifrance S.A. . with respect to fiscal year 2019.

- **Agreement between the French State, the Caisse des Dépôts *et Consignations* (CDC), Bpifrance S.A. and Bpifrance Financement relating to the transfer of management of social cohesion funds**

<u>Contracting parties</u>:

The French State, CDC, Bpifrance Financement and Bpifrance S.A.

<u>Persons involved</u>:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement and Chief Executive Officer of Bpifrance S.A.;
- Odile Renaud-Basso, as Director General of the Treasury, representing the French State
- Marie Adeline-Peix, as Executive Director of Bpifrance Financement
- Eric Lombard, as Director of Caisse des Dépôts et Consignations

<u>Nature and purpose</u>:

On 19 December 2019, your Board of Directors approved and signed an agreement between the French State, CDC, Bpifrance S.A. and Bpifrance Financement validating the transfer of the management of the social cohesion fund "PTZ / ex NACRE". Thus, this agreement enables the transfer from CDC to Bpifrance, as of 1 January 2020, of the FCS and the management of the PTZ/ex NACRE mechanism to be implemented.

Furthermore, CDC undertakes to examine the request for the payment of a loan envelope of 25 million euros so that it can be implemented before 31 December 2019 and subject to a guarantee decision of the FCS intended to cover this package.

<u>Terms</u>:

For 2020, the loan granted by Bpifrance S.A. to Bpifrance Financement has been agreed for €40 million, according to the following terms and conditions:

- €20 million on signing this agreement.
- The balance, on a call for funds by Bpifrance Financement, after the closing date for the financial statements on 30 June 2020.

Pursuant to this agreement, no financial impact has been noted in the financial statements of Bpifrance S.A. . with respect to fiscal year 2019.

- **Agreement between the French State, the Caisse des Dépôts *et Consignations* (CDC), Bpifrance S.A. and Bpifrance Financement relating to the transfer of management of social cohesion funds**

Contracting parties:

The French State, CDC, Bpifrance Financement and Bpifrance S.A.

Persons involved:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement and Chief Executive Officer of Bpifrance S.A.;
- Odile Renaud-Basso, as Director General of the Treasury, representing the French State
- Marie Adeline-Peix, as Executive Director of Bpifrance Financement
- Eric Lombard, as Director of Caisse des Dépôts et Consignations

Nature and purpose:

On 19 December 2019, your Board of Directors approved and signed an agreement between the French State, CDC, Bpifrance S.A. and Bpifrance Financement validating the transfer of the management of the social cohesion fund "PTZ / ex NACRE". Thus, this agreement enables the transfer from CDC to Bpifrance, as of 1 January 2020, of the FCS and the management of the PTZ/ex NACRE mechanism to be implemented.

Furthermore, CDC undertakes to examine the request for the payment of a loan envelope of 25 million euros so that it can be implemented before 31 December 2019 and subject to a guarantee decision of the FCS intended to cover this package.

Terms:

The agreement provides in part for Bpifrance to take over the management mandate of the *Fonds de cohésion sociale* (Social Cohesion Fund. FCS) from 1 January 2020. On this point the agreement provides for:

- The signature of a mandate agreement between Bpifrance and the French State. The agreement, approved in its first version by the Board of Directors on 19 December 2019, sets out in particular the management fees paid to Bpifrance.

- CDC's commitment to draw up an inventory of the assets and liabilities transferred on the basis of the decree at 31 December 2018 and to circulate this inventory with the third parties involved in the mechanism. CDC will inform Bpifrance of any discrepancies noted between the accounting balances and the management monitoring. These items will be presented and approved by the FCS governance bodies.

- The assumption of all the prior commitments of the FCS, in particular those taken towards the subscribers and beneficiaries of the FCS.

The agreement also provides for the transfer of the PTZ mechanism from 1 January 2020 from CDC to Bpifrance. Thus, Bpifrance is assuming the operational management of the PTZ (ex-Nacre) scheme, in place of CDC, with the agreement of the French State, which provides its guarantee, in the context of the FCS. To facilitate the transition of this resource and to avoid any disruption for project sponsors, CDC will pay out, before 31 December 2019, a €25 million loan package to the Savings Fund.

Once the entire €25 million package has been used, the loans will no longer benefit from the savings fund bonus, and Bpifrance Financement will assume the PTZ financing subject to the grant of the FCS guarantee. Bpifrance undertakes to implement, from its own resources, before the end of the first half of 2020, the necessary mechanisms for PTZ financings to create businesses for the long-term unemployed.

Pursuant to this agreement, no financial impact has been noted in the financial statements of Bpifrance Financement with respect to fiscal year 2019.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

a) Agreements approved during previous financial years that remained in effect during the year ended

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements and commitments concluded over the past fiscal year which were previously approved by your Board of Directors.

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- **Counter-guarantee from Bpifrance S.A. to Bpifrance Financement**

Contracting party:

Bpifrance S.A.

Persons involved:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement and Chief Executive Officer of Bpifrance S.A.;
- The Caisse des Dépôts et Consignations, as a director of both Bpifrance Financement and Bpifrance S.A. represented by Eric Lombard, Olivier Sichel, Florence Mas and Virginie Chapron-du-Jeu;
- Elisabeth Henry Perez, as a director of both Bpifrance Financement and Bpifrance S.A.;
- Eric Verkant, as a director of both Bpifrance Financement and Bpifrance S.A.;
- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature and purpose:

Your Board of Directors on 19 December 2018 authorised this agreement which replaces and supersedes the agreement authorised by your Board of Directors on 15 March 2017, for the purpose of establishing a counter-guarantee provided by Bpifrance S.A. to Bpifrance Financement covering the guarantee commitments given by Bpifrance Financement for bank financing transactions.

Grounds justifying the interest of the agreement :

The agreement signed on 19 December 2018 is part of the minimum regulatory solvency requirements imposed under the "Supervisory Review and Evaluation Process" (SREP).

It enables Bpifrance Financement to maintain savings in regulatory capital requirements for its guarantee transactions included in the risk-weighted asset base (RWA).

Terms::

This counter-guarantee covers an initial period of five years which may be extended during the first three years by way of tacit renewal for a further five-year term, the remuneration of which comprises two components: the level of the expected loss and the additional capital required by the transaction i.e. 2.6 basis points of your company's commitments in respect of the guarantee activity up to a maximum amount defined in the agreement.

Under this agreement, an amount of €18,105,421,175.63 of guarantee commitments received was recognised as an off-balance sheet commitment for the fiscal year ended 31 December 2019.

Your company recognised an expense of €4,711,862.18 corresponding to the remuneration of this counter-guarantee for the fiscal year ended 31 December 2019.

- **Subordinated loan agreement entered into between Bpifrance S.A. and Bpifrance Financement**

Contracting party:

Bpifrance S.A.

Persons involved:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement and Chief Executive Officer of Bpifrance S.A..
- Claire Dumas, as independent director of Bpifrance S.A.
- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature and purpose:

On 19 December 2018, your Board of Directors authorised the signing of this agreement, intended to formalise the terms and conditions for taking out a 10-year €150 million subordinated loan with Bpifrance S.A., at a fixed rate equal to the TEC10 rate of 20 December 2018 + an initial margin of 111 basis points.

Grounds justifying the interest of the agreement::

This subordinated loan enables your Company to increase its Tier 2 capital and thus fully satisfy the overall 12% requirement for prudential solvency ratios, pursuant to the ECB recommendation.

Terms::

According to the terms of this agreement, the borrower has up to 29 March 2019 at the latest to revise the initial margin. The lender has up to 30 April 2019 at the latest to decide whether or not to accept the revised margin.

This €150 million subordinated loan is added to the €300 million subordinated loan, with a 10-year maturity and Iced rate equal to the TEC10 rate of 15 June 2017 + 69 basis points, whose terms and conditions were formalised by the agreement signed on 14 June 2017 and previously approved by the Board of Directors on 27 April 2017.

Your company recorded a €5,637,516.99 expense corresponding to accrued interest during 2019.

- **Memorandum of understanding between the Caisse des Dépôts and Bpifrance S.A. relating to the transfer of new business support activities**

Contracting parties:

Caisse des Dépôts and Bpifrance S.A.

Persons involved:

- The Caisse des Dépôts et Consignations, as a director of both Bpifrance Financement and Bpifrance S.A., represented by Eric Lombard, Olivier Sichel, Florence Mas and Virginie Chapron-du-Jeu

- Claire Dumas, as a director of both Bpifrance Financement and Bpifrance S.A.

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement, Chairman and Chief Executive Officer of Bpifrance Participations, and Chief Executive Officer of Bpifrance S.A.

- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature and purpose:

Your Board of Directors on 19 December 2018 approved the signature of this memorandum of understanding intending to define the scope, the terms and conditions for the assumption by Bpifrance S.A., on the dates set out in this agreement, of all activities previously carried out by the Caisse des Dépôts in the field of new business creation and entrepreneur support.

Grounds justifying the interest of the agreement :

This memorandum of understanding is justified by the desire to strengthen the clarity within the CDC Group of the respective activities of the Caisse des Dépôts, Bpifrance S.A. and Bpifrance Financement

Terms::

From 1 January 2019, Bpifrance S.A. will begin to assume the activities previously carried out by the Caisse des Dépôts et Consignations to support new business creation and entrepreneurs.

The expenses resulting from the takeover of these activities will be borne by Bpifrance S.A.. However, the payment of the balance of the annual financial commitments undertaken by the Caisse des Dépôts in the National or Regional Commitments Committees before the date of the takeover will remain the responsibility of the Caisse des Dépôts.

Under this agreement, your company recognised income of €4,693,088 for the fiscal year ended 31 December 2019.

- **Agreement for the provision of services between Bpifrance S.A. and Bpifrance Financement - Entrepreneurial and Territories Activity**

Contracting parties:

Bpifrance S.A.

Persons involved:

- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement and Chief Executive Officer of Bpifrance S.A.

- Claire Dumas, as a director of both Bpifrance Financement and Bpifrance S.A.

- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature and purpose:

Your Board of Directors on 19 December 2018 approved the signature of this agreement which defines the respective rights and obligations of Bpifrance S.A. and Bpifrance Financement with respect to missions promoting entrepreneurship and the territories, previously carried out by the Caisse des Dépôts et Consignations, and that these be effectuated pursuant to the terms and conditions defined by the memorandum of understanding presented in the preceding point.

Terms::

The terms and conditions of this agreement provide that Bpifrance Financement, benefiting from a general retainer agreement, will carry out the management and administration of the Entrepreneurial and Territories activity, as well as its relationship with third parties, in the name and on behalf, of Bpifrance S.A..

This agreement will give rise to an annual re-invoicing by Bpifrance Financement of the management costs of the Entrepreneurial and Territories Activity, on the basis of its audited financial statements. A fixed remuneration of 8% of these expenses will be calculated over the same period and supplement the amount due by Bpifrance S.A..

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Financial agreement between Bpifrance S.A. and Bpifrance Financement - Entrepreneurial and Territories Activity**

Contracting party:

Bpifrance S.A.

Persons involved:

- Claire Dumas, as a director of both Bpifrance Financement and Bpifrance S.A.
- Nicolas Dufourcq, as Chief Executive Officer of Bpifrance Financement, Chairman and Chief Executive Officer of Bpifrance Participations, and Chief Executive Officer of Bpifrance S.A.
- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights

Nature and purpose:

Your Board of Directors on 19 December 2018 approved the signature of this agreement intended to set out the terms and conditions relating to (i) the financing of the Entrepreneurship and Territories Activity and (ii) the management of resources by Bpifrance Financement.

Terms::

Pursuant to this agreement Bpifrance Financement and Bpifrance S.A. will together annually determine the amount of the allowance required to ensure the proper functioning of the Account by taking into account, where applicable, the re-usable resources and repayments made with respect to the financed transactions.

The annual replenishment will be made through an amendment to this Agreement.

For 2019, Bpifrance S.A. granted to Bpifrance Financement €40 million to finance its assistance through subsides and related support with respect to the Entrepreneurship and Territories Activity, according to the following terms and conditions:

- €20 million on signing this Agreement.
- The balance, on a call for funds by Bpifrance Financement, after the closing date for the financial statements on 30 June 2019.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Agreement for the provision of services between EPIC Bpifrance, Bpifrance Financement and Bpifrance Investissement relating to the management of the FII**

Contracting parties:

Bpifrance Investissement and EPIC Bpifrance

Persons involved:

Yann Pouezat, member of the Boards of Directors of Bpifrance Financement and of EPIC Bpifrance

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Nature and purpose:

Your Board of Directors on 19 December 2018 approved the signing of this agreement by which EPIC Bpifrance grants, according to the terms and conditions provided by the Agreement, to Bpifrance Financement and to Bpifrance Investissement, the assignment to provide financial, accounting, administrative, legal and tax services related to the management and implementation of the FII.

Terms::

EPIC Bpifrance will specify and provide, for each service, in agreement with the service provider(s) (Bpifrance Financement and/or Bpifrance Investissement), the information or documents required to perform the aforementioned Services by the Service Provider(s) concerned.

The Service Providers undertake to perform the Services according to the regulations and professional standards of practice for services of the same type.

The Service Providers will perform the Services or any assignment carried out as part of the Agreement on the basis they deem most appropriate and shall freely define the terms and conditions of their actions and the conditions in which they coordinate the information and the parties involved within the deadlines given to them for each Service or assignment.

The Service Providers will regularly inform EPIC Bpifrance of the performance of these Services and/or any assignment carried out as part of the Agreement.

Grounds justifying the company's interest:

In the context of increased transactions passing through EPIC Bpifrance (PIA, ERDF, FII, bond issues, etc.), it seemed necessary to update and expand the scope of the services to be provided by the Bpifrance group on behalf of EPIC Bpifrance.

Under this agreement, your company recognised income of €300,000 for the fiscal year ended 31 December 2019.

- **Agreement for the provision of services for the implementation of the *Fonds Régionaux de Garantie* Innovation between Bpifrance Financement and Bpifrance Régions**

Contracting party:

Bpifrance Régions

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Persons involved:

- The Caisse des Dépôts et Consignations, as a director of both Bpifrance Financement and Bpifrance Régions, represented by Delphine de Chaisemartin, Pierre-François Koehl and Sabine Schimel.

Nature, purpose and terms:

The purpose of the agreement is to define the operation of the FRGI system and the nature of the services between Bpifrance Financement and Bpifrance Régions. As part of this mechanism, local authorities provide Bpifrance Régions with funds to create the FRGI whose purpose is to hedge the risks and cost of liquidity resulting from the assistance granted by your company's network.

The agreement sets the remuneration for services provided at 4.80%, net of taxes, of the amount of funds paid out as part of the eligible renovation assistance to the FRGI.

Under this agreement, your company recognised income of €1,304,515.97 for the fiscal year ended 31 December 2019.

- **Intragroup services agreement between EPIC Bpifrance - Bpifrance Financement - Bpifrance Régions - AUXI FINANCES - SCI Bpifrance**

Contracting parties:

EPIC Bpifrance, Bpifrance Régions, AUXI-FINANCES and SCI Bpifrance

Persons involved:

- The French State, as a director of both Bpifrance Financement and EPIC Bpifrance, represented by François Jamet, Sébastien Raspier and Alain Schmitt

- The Caisse des Dépôts et Consignations, as a director of both Bpifrance Financement and Bpifrance Régions, represented by Delphine de Chaisemartin, Pierre-François Koehl and Sabine Schimel

- Bpifrance Financement as a legal entity shareholder holding more than 10% of the voting rights in AUXI FINANCES, SCI Bpifrance and Bpifrance Régions

Nature, purpose and terms:

The purpose of the agreement, signed on 17 March 2008, is to define the framework for intercompany services and establish the general principles for re-invoicing between the different parties.

On 29 March 2011, the Board of Directors also approved an amendment to the agreement concerning Bpifrance Régions. The amendment signed on 30 March 2011, defines the types of services provided by your company to its subsidiary and sets the terms and conditions for their remuneration, namely:

- €300,000 net of taxes for services related to accounting and financial management, the monitoring of the guarantee funds and legal follow-up for Bpifrance Régions;

- 0.45% of the amounts charged to the guarantee funds during the previous year for services related to the marketing and granting of guarantees provided by Bpifrance Régions;

- 0.2% net of taxes of the amounts charged to the guarantee funds during the previous year for operation management services.

Under this agreement, the company recognised the following for the fiscal year ended 31 December 2019:

- income of €567,259 in respect of the re-invoicing to EPIC Bpifrance of payroll costs.

- income of €410,455 in respect of the re-invoicing to AUXI FINANCES of payroll costs.

- income of €2,030,956.99 in respect of the re-invoicing to Bpifrance Régions of business services and payroll costs.

- **Invoicing agreement related to the EPIC Bpifrance guarantee on public EMTN issuances between EPIC Bpifrance and Bpifrance Financement, as modified by amendment no. 1, dated 8 April 2015**

Contracting party:

EPIC Bpifrance

Persons involved:

- The French State, as a director of both Bpifrance Financement and EPIC Bpifrance, represented by François Jamet, Sébastien Raspiller and Alain Schmitt.

Nature, purpose and terms:

The agreement concerns a guarantee granted by EPIC Bpifrance to investors subscribing for EMTNs, BMTNs, bilateral loans and certificates of deposit issued by your company. It provides for remuneration for EPIC Bpifrance, given the benefit received by Bpifrance Financement

The remuneration on the guarantee is reviewed annually by the Board of Directors of EPIC Bpifrance. It is initially set at

- 0.15% of the outstanding amount of securities issued under medium and long-term funding programmes.

- 0.02% of the outstanding amount of securities issued under short-term funding programmes.

Pursuant to this agreement an overall charge of €39,161,637.39 was recognised by your company for the fiscal year ended 31 December 2019.

- **Agreement and supplemental agreement relating to the provision of services for the management of the Business Development Insurance product**

Contracting party:

Bpifrance Assurance Export

Persons involved:

- Nicolas Dufourcq, as Chairman and Chief Executive Officer of Bpifrance Financement and Chairman of Bpifrance Assurance Export.

Nature, purpose and terms:

Your Board of Directors, on 18 September 2017 and 20 December 2017, authorised the signature of this agreement and its amendment between Bpifrance Assurance Export and Bpifrance Financement. These were signed on 25 September 2017 and 20 December 2017 respectively, as part of the transformation of Bpifrance Assurance Export.

Products that can be managed in Bpifrance Financement IT systems will be designed, in order to facilitate instruction and management within the Bpifrance network.

Under the terms of this agreement, the new "Business Development Insurance" product was subject to testing by the regional departments between 1 October and 15 March 2018.

Grounds justifying the interest of the agreement:

This agreement responds to the desire to pool resources and develop synergies within the Bpifrance group. It provides for remuneration enabling your company to cover all of the expenses incurred in order to provide these services.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Financial agreement between Bpifrance Financement and Bpifrance Assurance Export relating to the opening of a current account**

Contracting party:

Bpifrance Assurance Export

Persons involved:

- Nicolas Dufourcq, as Chairman and Chief Executive Officer of Bpifrance Financement and Chairman of Bpifrance Assurance Export SAS.

Nature, purpose and terms:

Your Board of Directors on 16 December 2016 authorised this agreement whose purpose is to define the terms and conditions under which Bpifrance Financement, as a credit institution, undertakes to manage cash deposits for Bpifrance Assurance Export or provide it with liquidity.

In application of the agreement the loan interest is calculated on a daily basis. It is equal to the product of the balance, of that days EONIA rate plus a Bpifrance Financement 3-month average refinancing spread, on an exact day basis over 365 days.

Interest is paid monthly and debited from or credited to the account with effect from the first day of the following month.

As a guide, and based on an annual EONIA rate of -0.354% (the rate as of 16 December 2016), the annual percentage rate is assumed to be zero on the signature date of the agreement.

The agreement was signed on 20 December 2016 and a current account was consequently opened. At 31 December 2016 the account had a credit balance of €5,591,705.33.

Grounds justifying the interest of the agreement :

As a credit institution with access to the money market, Bpifrance Financement actively participates in the cash management of the various Bpifrance Group entities by opening current accounts for them in its books at market conditions.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Agreement relating to the loan agreement in the event of liquidity stress at Bpifrance Financement**

Contracting parties:

Bpifrance S.A. and Bpifrance Participations

Persons involved:

- Nicolas Dufourcq, as Chairman and Chief Executive Officer of Bpifrance Financement, Chairman and Chief Executive Officer of Bpifrance Participations, and Chief Executive Officer of Bpifrance S.A.;
- The Caisse des Dépôts et Consignations, as a director of Bpifrance Financement and Bpifrance Régions, represented by Delphine de Chaisemartin, Pierre-François Koehl and François-Louis Ricard ;
- Elisabeth Henry Perez, as a director of both Bpifrance Financement and Bpifrance S.A.;
- Eric Verkant, as a director of both Bpifrance Financement and Bpifrance S.A.;
- Bpifrance S.A. as the shareholding legal entity with over 10% of the voting rights.

Nature, purpose and grounds justifying the interest in the agreement:

At its meeting on 15 December 2016, your Board of Directors authorised the signing of this agreement, which is intended to formalise the terms of the mobilisation by Bpifrance S.A. and Bpifrance Participations for the benefit of Bpifrance Financement, of some of their available cash in the event of cash flow problems at Bpifrance Financement pending a permanent solution. This agreement was signed on 21 December 2016.

Terms:

In application of the agreement the loan interest is calculated on a daily basis. It is equal to the product of the balance, of that days EONIA rate plus a Bpifrance Financement 3-month average refinancing spread, on an exact day basis over 365 days.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Agreement between Bpifrance Financement and Bpifrance Participations on the backup of market transactions**

Contracting party:

Bpifrance Participations

Persons involved:

- Nicolas Dufourcq, as Chairman and Chief Executive Officer of Bpifrance Financement and Bpifrance Participations
- The Caisse des Dépôts et Consignations, as a director of both Bpifrance Financement and Bpifrance Régions, represented by Delphine de Chaisemartin, Pierre-François Koehl and Sabine Schimel

Nature and purpose:

At its meeting on 17 December 2015, the Board of Directors authorised the signing of this agreement between Bpifrance Participations and Bpifrance Financement. The agreement was signed on 14 January 2016 to enable Bpifrance Participations to mandate Bpifrance Financement to transmit orders on the financial markets for the acquisition or sale of all types of securities and the acquisition or sale of all types of financial assets.

The agreement sets out the framework for the relationship between Bpifrance Financement and Bpifrance Participations.

The agreement took effect on 14 January 2016 and is tacitly renewed for subsequent periods of one year unless terminated by one of the Parties.

Grounds justifying the interest of the agreement:

The signing of this agreement is motivated by the desire to ensure continuity for Bpifrance Group so that Bpifrance Participations' market transactions are processed even in the absence of the Bpifrance Investissement employees responsible for these transactions, as well as to reduce operational risk.

Terms::

In application of the agreement, the assignments carried out within the framework defined will be invoiced a fixed amount of €20,000 excluding taxes.

Pursuant to this agreement, income of €100,000 was recognised by your company for the fiscal year ended 31 December 2019.

- **Service agreement between Bpifrance Financement and Bpifrance Participations relating to financial contracts and derivative instruments (equity swaps) entered into by Bpifrance Participations**

Contracting party:

Bpifrance Participation

Persons involved:

- Nicolas Dufourcq, as Chairman and Chief Executive Officer of Bpifrance Financement and Bpifrance Participations
- The Caisse des Dépôts et Consignations, as a director of both Bpifrance Financement and Bpifrance Régions, represented by Delphine de Chaisemartin, Pierre-François Koehl and Sabine Schimel

Nature and purpose:

The agreement was signed on 15 September 2015. Its purpose is to provide a framework for the services supplied by Bpifrance Financement to Bpifrance Participations related to financial contracts and derivative instruments entered into by Bpifrance Participations.

Terms:

In application of the agreement, the assignments carried out within the defined framework will be invoiced al the fixed amount of fifty thousand euros excluding taxes per year plus ten thousand euros excluding taxes per transaction based on a number of transactions less than or equal to ten equity swap transactions. By amendment, this remuneration will then be adjusted annually based on the actual volume and the outlook for growth in financial contracts and derivative instruments.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Regulated agreement for periodic audits with Sogama Credit Associatif**

Contracting party:

SOGAMA Crédit Associatif

Persons involved:

Bpifrance Financement as the shareholding legal entity with over 10% of the voting rights of SOGAMA Crédit Associatif.

Nature, purpose and terms:

The agreement signed on 28 October 2014, authorises Bpifrance Financement to provide audit services for SOGAMA Credit Associatif, as required by the Decree of 3 November 2014.

The agreement took effect on 1 January 2015 for an initial period ending 31 December 2017. It is tacitly renewable for periods of three years.

Pursuant to this agreement, the assignments carried out within this framework will be invoiced at the fixed amount of fifteen thousand euros excluding taxes per year. This may be revised at the end of the first agreement period.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Periodic audit service agreement signed between Bpifrance Financement and ALSABAIL**

Contracting party:

ALSABAIL

Persons involved:

Bpifrance Financement as the shareholding legal entity with over 10% of the voting rights of ALSABAIL.

Nature, purpose and terms:

The purpose of this agreement is to define the nature and the terms and conditions for the periodic audit services pursuant to the Decree of 3 November 2014 and provided for ALSABAIL by your company's Audit department.

This agreement stipulates that the services will be provided in accordance with the Bpifrance Financement audit charter and will be described in an audit plan, the contents and procedures of which are approved annually.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Agreement relative to the implementation of the Restaurant Modernisation Fund of 22 October 2009 between the State, EPIC Bpifrance and Bpifrance Financement**

Contracting party:

EPIC Bpifrance

Persons involved:

- The French State, as a director of both Bpifrance Financement and EPIC Bpifrance, represented by François Janet, Sébastien Raspiller and Alain Schmitt.

Nature, purpose and terms:

The agreement on the implementation of the Prêts de Modernisation et de Transmission de la Restauration (PPMTR) calls for the implementation of two funds: the PMR guarantee fund (formerly the PPMTR guarantee fund) and the subsidy compensation fund for zero-rate PMRs (Loans for Catering Modernisation).

The State pays the amounts from the proceeds of the annual contribution on restaurant sector sales as anticipated by law to EPIC Bpifrance, which releases them to the funds based on your company's calls for funds.

Your Board of Directors on 27 September 2011 authorised this agreement which enables EPIC Bpifrance to transfer a maximum of €7.9 million to Bpifrance

Financement to cover specific requirements. The funds will be used to finance promotional initiatives in the Catering sector and sets out the terms of the contributions paid to the FMR. This agreement also provides for the evolution of the PPMTR towards two formulas of Catering Modernization Loan, adapted to the needs of small businesses.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Financial management agreement between EPIC Bpifrance and Bpifrance Financement**

Contracting party:

EPIC Bpifrance

Persons involved:

The French State, as a director of both Bpifrance Financement and EPIC Bpifrance, represented by François Janet, Sébastien Raspiller and Alain Schmitt.

Nature, purpose and terms:

This agreement defines the nature of the services and the terms for the implementation and management of investment and refinancing transactions in the financial markets, which your company provides for EPIC Bpifrance. As part of this mechanism, EPIC Bpifrance has delegated the power to implement these transactions to the Financial Operations Department of your company. This agreement does not provide for remuneration.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Current account and cash pooling agreement between EPIC Bpifrance and Bpifrance Financement**

Contracting party:

EPIC Bpifrance

Persons involved:

The French State, as a director of both Bpifrance Financement and EPIC Bpifrance, represented by François Janet, Sébastien Raspiller and Alain Schmitt.

Nature, purpose and terms:

This agreement defines the operation and procedures for the remuneration of the current account opened in the name of your company for centralised cash management.

Since no funds have been deposited in the account under this agreement, no interest income or expense was recognised by the company for the year ended 31 December 2019.

- **ERDF fund agreement**

Contracting party:

Bpifrance Régions

Persons involved: Caisse des Dépôts et Consignations, as a director of both Bpifrance Financement and Bpifrance Régions, represented by Delphine de Chaisemartin, Pierre-François Koehl and Sabine Schimel.

Nature, purpose and terms:

This agreement defines the terms of the ERDF system between Bpifrance Financement and Bpifrance Régions.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

- **Shareholder loan agreements**

Contracting party:

EPIC Bpifrance

Persons involved:

The French State, as a director of both Bpifrance Financement and EPIC Bpifrance, represented by François Janet, Sébastien Raspiller and Alain Schmitt.

Nature, purpose and terms:

These agreements relate to the implementation of advances granted by the French State to your company, as part of the creation of the over-mutualisation fund and the preserved capital fund.

The agreement had no financial impact for the fiscal year ended 31 December 2019.

Drafted in Paris La Défense and Courbevoie, 23 March 2020

The Statutory Auditors

KPMG S.A.		MAZARS
Ulrich Sarfati	Matthew Brown	Jean Latorzeff

13. GENERAL INFORMATION CONCERNING BPIFRANCE FINANCEMENT

Bpifrance Financement is a public limited company with share capital of €839,907,320, registered in the Créteil Trade and Companies Register under the number 320 252 489 (APE code 6492 Z) and LEI number 969 500 Q2MA 9VB Q8B G884.

Bpifrance Financement was created on 22 December 1980 under the name of Crédit d'Equipement des PME. The term of the company is set at 99 years starting on 14 November 1980.

The registered office is located at 27-31, avenue du Général Leclerc, 94710 Maisons-Alfort, Paris (Tel: +33 (0)1 41 79 80 00).

Website: www.bpifrance.fr
The information shown on the website is not part of the prospectus.

13.1. History and development of Bpifrance Financement

The EPIC (Public Establishment with an Industrial and Commercial Nature) OSEO was born in 2005 from the merger of ANVAR (Agence nationale de valorisation de la recherche), the BDPME (Banque du Développement des PME) and its subsidiary Sofaris (Société française de garantie des financements des PME). Through these three companies, which have become subsidiaries of EPIC and have been renamed OSEO Innovation, OSEO Financement and OSEO Garantie, EPIC OSEO was entrusted with the financing and support of SMEs across three business lines: support for innovation, the financing of investments and of the operating cycle in partnership with banks, as well as bank financing and equity investment guarantees.

In 2007, as part of the Government's policy to promote and develop the investments devoted to research and innovation, priority was given to supporting innovation within medium-sized companies. To achieve this, the Government decided to merge the Agence de l'Innovation Industrielle (AII) with OSEO, in view of the general interest mission shared by them: financing and supporting companies during the most decisive phases of their life cycle. As such, on 1 January 2008 and after the dissolution of the AII, the "Industrial Strategic Innovation" activity was transferred to OSEO innovation by the State.

In order to improve OSEO's responsiveness and effectiveness, and therefore the quality of its services, while also helping to clarify and simplify its organisation, the project to merge the group's operational entities was initiated in 2008. It was made possible by law no. 2010-1249 on banking and financial regulation of 22 October 2010, and took the form of a merger through absorption by OSEO Financement, which became OSEO SA, of the companies OSEO Garantie, OSEO Innovation and OSEO Bretagne.

On 6 June 2012, the Minister for the Economy announced the creation of the Banque Publique d'Investissement (BPI - Public Investment Bank). A public group intended to support the financing and development of companies, acting in accordance with public policies implemented by the State and by the Regions, the group gathers the activities of OSEO, CDC Entreprises and the Strategic Investment Fund. The creation of the Public Investment Bank was made official under law no. 2012-1559 of 31 December 2012, which amended Order no. 2005-722 of 29 June 2005 relating to the creation of the public institution OSEO, which became EPIC BPI-Groupe, and OSEO SA. Société anonyme (public limited company) and financial company, it has been held since 12 July 2013 equally by the State, via EPIC BPI-Groupe and the Caisse des Dépôts. OSEO, now called Bpifrance Financement, became a subsidiary of BPI-Groupe, in the same way as the entities that include the equity activities of CDC Entreprises and the FSI, became Bpifrance Investissement and Bpifrance Participations. Finally, law no. 2015.990 of 6 August 2015 for growth, business and equal economic opportunity amended Order no. 2005-722 of 29 June 2005 relating to the public investment bank and allowed harmonisation of the corporate names of all the group entities, with EPIC BPI-Groupe and BPI-Groupe becoming, respectively, EPIC Bpifrance and Bpifrance SA.

13.2. Corporate purpose of Bpifrance Financement

Pursuant to Order no. 2005-722 of 29 June 2005 on the public investment bank, the purpose of Bpifrance Financement is to fulfil the following general interest missions:

- Foster growth through innovation and technology transfer under the conditions set out in Article 9 of said Order;
- Contribute to economic development by taking on some of the risk resulting from loans to small and medium-sized enterprises;

- Meet the specific financing needs of small and medium-sized enterprises in terms of their capital expenditure and operating receivables.

The Company contributes to financing capital expenditure and operating receivables for intermediate-size companies.

The Company also contributes to reinforcing the national and local actions to promote entrepreneurship, notably in fragile regions, to promote the creation and takeover of companies, and to support the development of very small enterprises and small and medium sized companies.

To that end, Bpifrance Financement may engage in any securities or real estate transactions, including the purchase and sale of property, the acceptance or conferral of leaseholds or emphyteutic leases, and any building construction.

13.3. General Meetings

Shareholders' meetings are called and held subject to the conditions provided by law. Each share gives the holder the right to attend General Meetings and to vote under the conditions laid down by law.

13.4. Other general information concerning the issuer

13.4.1. Information included for reference

The following information is incorporated by reference in this Universal Registration Document:

- for the 2018 fiscal year, the Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on 15 April 2019, under number D.19-0339. The consolidated financial statements appear on pages 93 to 190 and the corresponding audit report is on pages 242 to 249. The declaration by the persons responsible for the registration document is on page 279;

- for the 2017 fiscal year, the Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on 27 April 2018, under number D.18-0430. The consolidated financial statements appear on pages 80 to 165 and the corresponding audit report is on pages 218 to 224. The declaration by the persons responsible for the registration document is on page 251.

13.4.2. Trend information

Bpifrance Financement certifies that no significant deterioration has affected its prospects since the date of its last audited and published financial statements.

13.4.3. Legal proceedings and arbitration

Bpifrance Financement certifies that over the last 12 months, no government, legal or arbitration proceedings of which it is aware, which are pending or by which it is threatened, are likely to have or have had any significant effect on the financial position or profitability of the company or the group.

13.4.4. Significant change in the issuer's financial position

Bpifrance Financement certifies that no significant change in the group's end of the last fiscal year for which audited financial statements were published.

13.4.5. Conflicts of interest at the level of the administrative and management bodies

To the knowledge of the persons responsible for this Universal Registration Document, there is no conflict of interest between the obligations towards the issuer of any of the members of the Board of Directors and their private interests and/or other obligations.

13.4.6. Documents available to the public

Bpifrance Financement certifies that:

- copies of the act of incorporation and updated Articles of association of the issuer may be consulted at its registered offices, 27-31 avenue du Général Leclerc 94710 Maisons-Alfort Cedex;
- the 2019 annual report of the Bpifrance Financement company can be accessed on its website: bpifrance.fr;
- the 2018 and 2017 annual reports, serving as Registration Documents, are available for consultation on the website: bpifrance.fr.

14. PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATON DOCUMENT AND THE AUDITS

14.1. Persons responsible

Mr Nicolas Dufourcq, Chief Executive of Bpifrance Financement, and Mr Arnaud Caudoux, Executive Director, are responsible for the information contained in this document.

14.1.1. Statement of the Chief Executive Officer and the Executive Director

We hereby certify, having taken all reasonable measures to this effect, that the information contained in this Universal Registration Document is, to the best of our knowledge, a true representation of the facts and contains no omission likely to affect its interpretation.

We certify that, to the best of our knowledge, the financial statements have been prepared in compliance with the applicable accounting standards, and provide a fair picture of the assets, financial situation and earnings of the Company and of all of the companies included in the consolidation, and that the management report contained in this Universal Registration Document includes a faithful picture of the evolution of the business, results and financial situation of the company and of all of the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are faced.

14 April 2020

Nicolas Dufourcq
General Manager

Arnaud Caudoux
Executive Director

14.2. Statutory Auditors

14.2.1. Current Statutory Auditors

MAZARS, member of the Regional Association of Versailles, Exaltis – 61 rue Henri Regnault 92075 La Défense Cedex – appointed for the first time in 1996 and whose term of office was renewed by the Ordinary General Meeting on 9 May 2016 and that expires at the close of the General Meeting called to approve the financial statements of the fiscal year to 31 December 2021, represented by Jean Latorzeff and Matthew Brown.

The separate and consolidated financial statements for the year ended 31 December 2017 were audited and certified by Charles de Boisriou and Matthew Brown and those for the year ended 31 December 2018 were audited and certified by Jean Latorzeff and Matthew Brown.

KPMG SA, member of the Regional Association of Versailles – 2, avenue Gambetta – CS 60055 – 92066 Paris la Défense – appointed for the first time in 2009, whose term of office was renewed by the Combined General Meeting on 12 May 2015 and expires at the close of the General Meeting called to approve the financial statements for the year ending 31 December 2020, represented by Ulrich Sarfati.

The separate and consolidated financial statements for the year ended 31 December 2017 and those ended 31 December 2018 were audited and certified by Ulrich Sarfati.

14.2.2. Alternate auditors

Mr Franck Boyer
61 rue Henri Regnault – 92075 La Défense Cedex
Appointed by the General Meeting of 27 May 2010 for a term of six fiscal years
Member of the Regional Association of Versailles
The term of office for Bpifrance Financement expires in 2022.

KPMG Audit FS I
2, avenue Gambetta – CS 60055 – 92066 Paris la Défense
Appointed by the General Meeting of 12 May 2015 for a term of six fiscal years
Member of the Regional Association of Versailles
The term of office for Bpifrance Financement expires in 2021.

15. CROSS-REFERENCE TABLES

1. Cross-reference table of the Universal Registration Document

This cross-reference table, in view of each of the sections provided for in Annexes I and II to European Commission Regulation (EC) no. 2019/980 of 14 March 2019 (the "Regulation"), contains the numbers of the paragraph(s) of this Universal Registration Document containing the information referred to in each section of the Regulation.

Unless otherwise stated, the references to notes contained in this cross-reference table refer to the notes to the consolidated financial statements.

Annexes I and II of the European Regulation (EU) No. 2019/980			Universal Registration Document
			Section(s)
I		Persons responsible, third party information, experts' reports and competent authority approval	
1.		Persons responsible	14.1
2.		Statement of the persons responsible for the Universal Registration Document	14.1
II		**Statutory Auditors**	
1.		Names and addresses of the issuer's Auditors	14.2
2.		Auditors who have resigned, been removed or not been reappointed	Not applicable
III		**Risk factors**	
			5.2
IV		**Information about the issuer**	
1.		History and development of the issuer	13.1
V		**Business overview**	
1.		Main activities	3 and 5.1.4
2.		Main markets	3 and 5.1.4
3.		Significant events in the development of the business	5.1.2 and 5.2
4.		Strategy and objectives	5.1.3
5.		Dependence on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	Not applicable
6.		Competitive position	3
7.		Investments	5.1.9 and 5.1.8
IV		**Organisational structure**	
1.		Brief description of the Group	4
2.		List of the significant subsidiaries	5.1.9 and Note 7.2 (Notes to the separate financial statements)
IX		**Operating and financial review**	
1.		Financial condition	5.1.6
2.		Net operating income	2.1 and Note 40 (Notes to the separate financial statements)

Annexes I and II of the European Regulation (EU) No. 2019/980			Universal Registration Document
			Section(s)
X		**Capital resources**	
1.		Share capital information	5.1.5
2.		Sources and amounts of the issuer's cash flows	10
3.		Information on the funding requirements and funding structure of the issuer	5.1.5
4.		Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	5.2
5.		Information regarding the anticipated sources of funds	Note 8.6.4
XI		**Regulatory environment**	5.2
XII		**Trend information**	5.1.7 and 13.4.2
XIII		**Profit forecasts or estimates**	Not applicable
XIV		**Administrative, management and supervisory bodies and senior management**	
1.		Board of Directors and General Management	6.1, 6.2, 6.3
2.		Conflicts of interest within administrative, management and supervisory bodies and senior management	13.4.5
XV		**Remuneration and benefits paid to persons referred to in item XIV.1**	
1.		Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	6.4
2.		Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	10 and Note 10
XVI		**Board and management practices**	
1.		Date of expiration of the current term of office of members of administrative, management and supervisory bodies	6.1.2 and 6.1.3
2.		Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries	Not applicable
3.		Information about the issuer's audit committee and remuneration committee	6.52, 6.5.3, 6.5.4 and 5.3.1
4.		Compliance with the applicable corporate governance regime	6.5 (preamble)
		Potential significant impacts on corporate governance	6.1.2
XVII		**Employees**	
1.		Number of employees at the end of the period covered by the historical financial information or the average number for each financial year in the period and a breakdown of employees	9 and Note 44 (Notes to the separate financial statements)

2.		Directors' shareholdings and stock options	Not applicable
3.		Description of any arrangements for involving the employees in the capital of the issuer	Not applicable
XVIII		**Main shareholders**	
1.		Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law	Not applicable
2.		Differences between the voting rights of major shareholders	Not applicable
3.		Ownership or control of the issuer and measures in place to ensure that such control is not abused	2.2
4.		Any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	Not applicable
XIX		**Related party transactions**	5.1.9, 6.5.2, 12.3 and Note 13.1
XX		**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
1.		Historical financial information	9
		Interim and other financial information	Not applicable
		Audit of historical annual financial information	14.2.1
2.		Pro-forma financial information	Not applicable
3.		Annual financial statements (separate and consolidated financial statements)	10 and 11
7.		Dividend policy	5.1.9
8.		Legal proceedings and arbitration	13.4.3
9.		Significant change in the issuer's financial position	13.4.4
XXI		**Additional information**	
1.		Issued Capital	13 (preamble)
2.		Memorandum and Articles of Association	13.4.6
XXII		**Material contracts**	Not applicable
XXIV		**Available documents**	13.4.6

2. Cross-reference table for the annual financial report

This Universal Registration Document includes all items from the annual financial report referred to in Article L. 451-1-2, subsection I of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulation. The following cross-reference table refers to sections of the Universal Registration Document corresponding to the different sections of the annual financial report.

The references to notes contained in this cross-reference table refer to the notes to the consolidated financial statements.

Annual financial report			Universal Registration Document
			Section(s)
I		**Annual financial statements of the Company**	11
II		**Consolidated financial statements of the Company**	10
III		**Management report containing at least the information referred to in Articles L. 225-100, L. 255-102, L. 225-100-3 and L. 225-211, paragraph 2 of the French Commercial Code**	
1		Information referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code: - Analysis of results - Analysis of financial position - Key human resource and environmental indicators - Principal risks and uncertainties - Capital increase delegations in effect	 5.1.6 5.1.4 5.1.8 5.2 6.9
		Information referred to in Article L. 225-100-3 of the French Commercial Code: - Factors that may be relevant in the event of a tender offer	Not applicable

Annual financial report			Universal Registration Document
			Section(s)
3.		Information referred to in Article L. 225-211 of the French Commercial Code: - Buyback by the Company of its own shares	5.1.9
IV		**Declaration by the persons responsible for the Annual Financial Report**	14.1
V		**Report from the Statutory Auditors on the annual and consolidated financial statements**	12
VI		**Fees paid to Statutory Auditors**	Note 13.2
VII		**Board of Directors' corporate governance report**	6
VIII		**Statutory Auditors' report on the Board of Directors' Report**	12.2

Bpifrance Financement
Public Limited Company with Board of Directors
With capital of €839,907,320
Creteil TCR number 320 252 489

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