

ACTIVITY 2016**FOURTH YEAR OF STRONG GROWTH AND CREATION
OF A SUPPORT SERVICE FOR COMPANIES, OFFERING
ADVICE, TRAINING AND RELATIONSHIP-BUILDING**

- ✓ € 8.4 BILLION OF PRIVATE BANK LOANS SECURED BY BPIFRANCE (+5%)
- ✓ € 6.7 BILLION OF INVESTMENT CREDITS (+10%)
- ✓ € 2.4 BILLION OF CAPITAL INVESTMENT (+31%)
- ✓ 74,000 FUNDINGS FOR COMPANIES
- ✓ € 24.4 BILLION INJECTED INTO THE ECONOMY
- ✓ 5,500 COMPANIES SUPPORTED WITH ADVICE, TRAINING AND RELATIONSHIP-BUILDING

HIGHLIGHTS:

- 2016 was Bpifrance's fourth consecutive year of growth in all of its activities. In credit, unsecured loans, which are particularly valued by companies and are specific to Bpifrance, increased 20%, in the context of a 10% growth of total investment credits. Equity activity increased by 31%. The increasing average amount of secured credits and the relative decline in cash financing are both signs of overall improvement in the health of SMEs.
- Last year was also particularly active in terms of financing and support for exports. Export loans, in particular, reached a record € 729 million. Up 50% on 2015. Export credit (buyer credit and seller credit) consolidated its launch to € 30 million for the year, and offers good prospects for 2017. The range of services for export was complemented by the creation of Export Insurance in January 2017, following the transfer of Coface's public guarantees.
- 2016 was marked by very strong growth in the provision of a new activity for Bpifrance. Support in the form of advice, training and relationship-building. 5,500 companies were supported during 2,100 advisory assignments, 250 events, and 45 training sessions. More than 31,000 people were advised, trained or put in contact with potential partners or clients. In addition to accelerators dedicated to startups and SMEs, the ETI accelerator was created in the first quarter, bringing the number of companies accelerated by Bpifrance to 190.



Guarantee

**Total
8.4 €bn***

	2015		2016		Change (€)
	Amount(€bn)	No. of companies	Amount(€bn)	No. of companies	
Amount of secured private loans*	8	60,421	8.4	61,238	+4%

*a company can benefit from various operations

Financing

**TOTAL:
13.6 €bn**

	2015		2016		Change (€)
	Amount(€bn)	No. of companies	Amount(€bn)	No. of companies	
Investment Credits	6.1	6,295	6.7	6,199	+10%
<i>of which unsecured</i>	2	3,306	2.4	3,398	+20%
Short Term	5.9	-	5.6	-	-5%
Subtotal	11.8	-	12.2	-	+3%
Innovation	1.3	5,357	1.3	6,041	=

Investment

**Total:
2.4 €bn**

	2015		2016		Change (€)
	Amount(€m)	No. of funds	Amount(€m)	No. of funds	
Subscriptions to partner Activity fund- of-funds funds	685	44	729	41	+6%
	<i>Amount(€m)</i>	<i>No. of companies</i>	<i>Amount(€m)</i>	<i>No. of companies</i>	<i>Change (€)</i>
Direct Investment in SMEs	132	97	139	96	+5%
Investment in Innovation Capital	169	54	191	53	+13%
Investment Mid & Large Cap	777	31	1,102	42	+42%
Industrial Project Companies	40	1	199	4	X 5



GUARANTEE: INCREASE OF 5% IN CONNECTION WITH RECOVERY OF PRIVATE BANK CREDIT

Secured private loans, up 5% in 2016 to € 8.4bn, clearly confirm a recovery of private bank credit initiated in 2015 and continued in 2016.

The growth in the amount of secured private loans in 2016 was also a result of the decision taken in 2015 to double the delegation thresholds to partner banks. From then on, for loans of up to 200,000 euros, the private bank does not have to ask that Bpifrance examines the file, and automatically benefits from the guarantee.

The volume of bank loans secured by Bpifrance in 2016 was € 8.4 billion, of which € 2 billion was done with full delegation of decision-making to the banks. It should be noted that business start-up loans grew by 50%, reflecting the strength of entrepreneurship in France.

FINANCING: € 13.6BN OF NEW FINANCING, SIGNIFICANT GROWTH OF UNSECURED LOANS AND OF FINANCING FOR ECOLOGICAL AND ENVIRONMENTAL TRANSITION

Annual commitments for medium-term and long-term loans rose by 10% to € 6.7 billion, following already exceptional growth of 11% in 2015. 97% of investment credits granted were subject to the "one for one" rule: one euro of Bpifrance financing requires at least one euro of private financing from banking partners and investors.

The strong increase in investment credits was linked, on the one hand, to the 20% growth in unsecured loans, which reached € 2.4 billion, and on the other hand, to the financing of Energy-Environment projects, which amounted to € 860 million (+46%).

It is noted that unsecured loans supplement the interventions of commercial banks in order to finance the share of intangible assets or to grow the working capital requirement for development projects.

The 5% decrease in short-term financing activity, to € 5.6 billion, reflects stability of new pre-financing approvals for the Employment Competitive Tax Credit (CICE) and a decrease of € 117 million (-3%) of conventional short-term credit. This confirms the overall improvement in the cash position of companies linked to payment deadlines, and to good financing of the operating cycle by the banks.

At the same time, with the pre-financing of the CICE being multi-year, the outstanding amounts increased by 19% over the financial year.

AID AND FINANCING OF INNOVATION: HIGH-LEVEL STABILISATION

With € 1.3 billion in aid and financing granted to more than 6,000 companies in 2016, innovation activity is stable after several years of growth, and after doubling between 2013 and 2015. Unsecured loans (seed and innovation loans) represented more than € 350 million in 2016 (+15%), and aid and collaborative programs rose to more than € 930 million, financed in part by the Future Investments Program (PIA).

Hub activity brought together about 30,000 people in 2016, in the context of relationship-building for large groups and start-ups. More than 50 groups signed a partnership aimed at establishing professional relationships with French start-ups; generating several hundred business contacts.

The second edition of *Bpifrance Inno Génération*, in May 2016 at the AccorHotel Arena, brought together 20,000 participants (entrepreneurs, startups executives, microbusinesses, SMEs, mid-sized companies,



and large companies) representing all business ecosystems, to explore themes of innovation and, more broadly, of entrepreneurial dynamics.

CAPITAL INVESTMENT: A SIGNIFICANT INCREASE IN DIRECT EQUITY INVESTMENTS IN COMPANIES, AND OF FUND-OF-FUNDS ACTIVITY TO € 2.4 BILLION, UP MORE THAN 30%

Innovation Capital

Direct investment in innovation capital was € 191 million in 2016, in 53 companies, versus € 169 million in 2015, in 54 companies; a growth of 13%. This growth was particularly due to the success of the Large Venture fund (Sigfox, Scality, Medday, Sequans, Gensight, Devialet, Vexim, etc.), in line with the strong growth of over € 10 million in the French innovation business ecosystem, but also due to strong activity of the Digital Ambition Fund (FAN), managed on behalf of PIA, which invested nearly € 39 million in 2016, notably in Colibri, Splio and Openclassrooms.

Investment in SMEs

Direct investment in SMEs was very dynamic in 2016, with € 139 million invested in 96 SMEs, including 80 new investments. In 2016, as in 2015, one investment in two was a primary opening-up of capital.

Sustained support (300 assignments in 2016) for shareholdings enabled 82 other acquisitions to be made on a portfolio of 474 lines.

In addition, the SME fund management department introduced specific tools for family businesses, notably through the creation of the "Pass Repreneur", which facilitates business transfers/takeovers. Finally, teams intensified their activities for French Touch and French Fab companies.

Investment in Mid-sized and Large Companies

Activity of the Mid&Large Caps division saw strong growth in 2016, reaching € 1,102 million (+42%) in 42 new investments (+35%).

Mid&Large Caps pursued its diversification strategy by making significant investments in healthcare (MediPôle Partenaires), crèches (Les Petits Chaperons Rouges, La Maison Bleue), and education (INSEEC, AD Education). At the same time, the Mid&Large Caps division made a very significant amount of transfers and capital gains: € 1,667 million in transfers for more than € 500 million in capital gains (Valéo, Eiffage, Ubisoft and Schneider in particular).

Industrial Project Companies (SPI Funds)

The Societies of Industrial Projects Fund, managed by Bpifrance on behalf of the State as part of the Future Investments Programme, aims to invest in those industrial project activities most promising for activity and for employment prospects in industrial sectors. In 2016 the SPI fund was bought by the European Investment Bank, for € 100 million, bringing the investment capacity to € 800 million via tickets of € 10 million to € 160 million.

The SPI fund invested € 199 million in 2016 after a 2015 launch at € 40 million. Four energy projects were funded in 2016: DNCS Energies (renewable marine energies), Evertree (green chemistry), AFM Téléthon (gene therapies) and Carbiolice (Bioplastics). These investments aimed to create around 6,000 direct and indirect jobs.

Fund of Funds:



Fund-of-fund investment activity grew 6% to € 729 million of subscriptions in 2016, in 41 new funds, after 7% growth in 2015. Subscriptions were distributed in a balanced manner between the innovation capital funds and the "small cap", both nationally and regionally. As in 2015, the growth trend in the size of new funds continued in 2016.

Bpifrance also made 45 new funds investment decisions in 2016, for a total of € 1.3 billion, which will result in a very strong increase in subscriptions in 2017 (traditional one-year lag).

INTERNATIONAL:

2016 saw a significant increase in products supporting the internationalisation of companies. Export financing had a record year in 2016: € 729 million of international growth loans were granted, an increase of 50% compared to 2015. Taking into account co-financing at parity with commercial banks, at least € 1.5 billion of export projects were supported for more than 700 companies.

In total, the various tools linked to export (guarantee of international projects, advance + export, etc.), as well as international growth loans, enabled Bpifrance to support more than 3,000 companies that mobilised more than € 2.3 billion for their international projects.

Export Credit, launched in 2015, increased from € 12 million to € 30 million in 2016. This product, which allows French companies to offer financing to their foreign customers, is expected to increase in 2017, with a target of around € 150 million in loans.

Africa accounts for half of export credit related business flow. Africa is therefore a major strategic focus for Bpifrance. In 2016, a mission to Ivory Coast and South Africa was able to support 15 companies with SME and mid-sized company accelerators. In 2016, Bpifrance also finalised its participation in the first *cross border Franco-African* fund, which was endowed with € 77 million.

Finally, throughout 2016, Bpifrance was heavily involved in preparation to transfer the Export Insurance activity, which had hitherto been carried out by Coface. Teams (approximately 250 people) were taken on in early January 2017 and are fully operational.

With the integration of Export Insurance, Bpifrance now has a complete and unique range of financial tools that cover all the needs of companies wishing to expand internationally.

SUPPORT:

Launch of the support activity in 2015 enabled teams in 2016 to consolidate and enrich a well-structured offer, which is rapidly growing in power. Support for Bpifrance's corporate clients is now an integral part of the bank and is based on three pillars: advice, training and relationship-building.

In 2016, more than 5,500 client companies were supported to change their scale, to structure themselves, or to implement a digital transformation plan.

In 2016 the bank launched the first promotion of its startup accelerator, with 36 startups.

The SME accelerator, on the other hand, took on a sustained pace, with 2 ongoing promotions, for 120 companies, the first promotion coming to the end of its acceleration cycle in March 2017. The first promotion of the mid-sized company accelerator was finally launched at the beginning of 2016 and has 23 mid-sized companies.



The supporting activity will continue to grow in 2017, with a particular strengthening of services offered on issues related to the digital and to internationalisation; major axes of company development.

The close collaboration established with Business France at the creation of Bpifrance enabled the latter, in 2016, to support about 1,000 companies with assignments carried out internationally.

Finally, given the success of the acceleration programmes, new regional accelerators will be set up in 2017, in partnership with the Regions, after a first launch at PACA in 2016.

REGIONAL PARTNERSHIPS

In 2016, Bpifrance strongly consolidated its partnerships with the new Regions. Companies were thus able to mobilise more than € 1 billion of support backed by regional funding.

In addition, the first FEDER innovation funds were deployed in Auvergne-Rhône Alpes.

Finally, a new "growth loan", for the development of microbusinesses, was launched in partnership with the Ile-de-France (in September 2016) and Brittany (in November 2016) Regions, before a generalisation in 2017. This microbusiness loan is a tool created in partnership with the Regions to finance the intangible investment of small businesses. Managed online, without security, and for amounts between 10k and 50k €, it must be associated with a private bank loan. During the last quarter of 2016, approximately 100 files were processed for approximately € 4.5 million of financing.

ACTIVITY 2016

8.4 Bn€ of secured private loans

13.6 Bn€ of credit and aid

2.4 Bn€ of equity

24.4 Bn€ injected into the economy by Bpifrance in 2016

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About Bpifrance

Bpifrance's equity investments are managed by **Bpifrance** Investment.

Bpifrance, a subsidiary of the Caisse des Dépôts and of the State, trusted partner of entrepreneurs, supports companies from their start-up to their listing on the stock market, through credit, guarantees and equity. **Bpifrance** also provides support services and enhanced assistance for innovation, external growth, and export, in partnership with Business France.



Bpifrance offers companies a continuous range of financing options for each key stage in their development, and a highly adaptive range of regionally-specific services.

Through its 47 regional offices (90% of decisions taken in the region), **Bpifrance** represents a tool for entrepreneurs, for true economic competitiveness. **Bpifrance** operates via the application of public policies driven by State and Regional governments in order to meet three objectives:

- support business growth;
- prepare the competitiveness of the future;
- contribute to the development of an economic ecosystem that favours entrepreneurial activity.

With **Bpifrance**, companies benefit from a powerful, local and effective discussion partner, to meet all of their financial, innovation and investment needs.

For more information: www.bpifrance.fr - Follow us at  @bpifrance

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