



SERVIR L'AVENIR

EP BUDG - Public Hearing

“New financial instruments and the role of NPBs for the benefit of European SMEs”

Centrally managed financial instruments

26/04/2016

01. Bpifrance in short

02. The role of NPBs in the EU

03. Bpifrance's experience with InnovFin

04. Bpifrance's current projects with EIB/EIF

01.

Bpifrance in short

Introduction – Bpifrance in short

2,200 employees

42 regional offices

6 activities

- Guarantees
- Loans
- Innovation
- Funds of funds
- Small cap investment
- Mid/large cap investment

90%
of decisions taken
at regional level

An active role
as an operator of the
Investments for the Future
Program

Guarantee and
innovation
investment funds
across all the regions

A transversal and flexible
structure, organised to
meet
clients' needs

- **An investment bank:**
co-financing,
co-investing, partnerships
- **A public-sector bank**
offsetting market failures
- **A full-service bank**
supervised by the ECB
- **A bank respected by the markets:**
financed at French TB rate
+ 14 bp

The No. 1 European investment
company for start-up, risk and
development capital for SME /
intermediate enterprises and large
corporations, with €18 billion under
management and 380 professional
staff

4 values
to Serve the Future: Simple,
Accessible, Optimistic and
Proactive

Introduction – Bpifrance's key figures in 2015

13,3 Bn€
of financing



Short term loans
Classic loans & cofinancing
Development lending
Innovation financing

8 Bn€
of guaranteed loans



4 Bn€ risks taken*

**Partner Banks' loans are partially guaranteed from 40% up to 70%, with the support of most French Regions*

1.8 Bn€
of equity



Direct investments in VC
Direct investments in SMEs
Direct investments in Mid/large Caps
Subscriptions into partner funds

02.

The role of NPBs in Europe

02. The role of NPBs in Europe

NPBs' key role in the EU is now acknowledged by the Communication of July 2015

“Working together for jobs and growth: The role of National Promotional Banks (NPBs) in supporting the Investment Plan for Europe” (July 2015)

- **Sets up key principles to enhance cooperation between NPBs & the EIB group, especially through investment platforms**

- **Positive aspects of this Communication include :**
 - A wide definition of NPBs, acknowledging the diversity of their business models and scopes of intervention
 - The EC acknowledges NPBs expertise, especially “their knowledge of the local context, business and investor communities as well as national policies and strategies”
 - Large focus on the need for, and possible ways towards, an enhanced cooperation between NPBs and the EIB

02. The role of NPBs in Europe

NPBs strongly support financial instruments

- Pure grants imply a high degree of market intervention and a high risk of free rider effects compared to financial instruments
- Support mechanisms provided through financial instruments tend to be more economically efficient since they generally have a larger impact than grants
- The repayment obligation encourages the final beneficiary to spend the money in the most economical and profitable way
- The money repaid can be invested again generating a multiplier effect
- Meanwhile, grants remain useful instruments to support not yet bankable project and promote RDI in SMEs. They can also be mixed with financial instruments (repayable advances, soft loans etc.)

02. The role of NPBs in Europe

NPBs are key actors for the implementation of EU Financial instruments

- **NPBs** have an in-depth knowledge of their national markets
- **NPBs** are essential for the mobilization of private investors
- **NPBs** role and expertise is now fully acknowledged at EU level
 - Communication on NPBs
 - EFSI Regulation
- **NPBs** are invited to contribute to the implementation of EFSI through:
 - Implementing EC/EIF financial instruments for SMEs (SME Window)
 - Setting up of investment platform
 - Participating actively to the European Investment Advisory Hub (EIAH)
 - Publishing information about EFSI

02. The role of NPBs in Europe

NPBs are crucial for the implementation of the Juncker Plan

- **NPBs** have been deeply involved in the Juncker plan since its announcement notably through :
 - An active participation to the Work streams with the EIB group
 - A joint letter to the EP rapporteurs of the EFSI regulation in may 2015

- **NPBs** are playing a key role in the implementation of the EFSI SME window:
 - Bpifrance in May 2015 (InnovFin SMEG)
 - KfW in July 2015 (COSME LGF)
 - BGK in July 2015 (COSME LGF counter-guarantee)
 - CMZRB in July 2015 (COSME LGF counter-guarantee)
 - Etc.

02. The role of NPBs in Europe

Bpifrance is strongly involved in the implementation of EFSI

➤ **Bpifrance's involvement in the Juncker plan in 2015:**

- Active participation to the Work Streams NPBs & EIB (guarantee, equity, advisory) – S1 2015
- Participation to the debate on the draft EFSI Regulation (June 2015) >> amendment proposals
- Negotiation of the MoU with EIB on the European Investment Advisory Hub
- Support of larger use of investment platforms

➤ **Bpifrance's Financial contribution to the IPE in 2015 : 737 M€**

- EUR 420m in debt: loans to innovative companies guaranteed by EIF
- Co-investments in 7 French Investment funds alongside EIF (RCR mandate)

03.

**Bpifrance's
experience with
InnovFin**

03. Bpifrance's experience with InnovFin

Bpifrance's InnovFin agreement with EIF

- 1st transaction approved by EIF under the Juncker plan in May 2015
- Supported through the SME window of the Juncker Plan (frontloading procedure)
- A portfolio of EUR 420m of loans to innovative SMEs and Small Midcaps guaranteed by EIF
- **Guarantee covering two recent products:**
 - The EIF Innovation Loan (320M€ with a 50% guarantee from EIF)
 - The EIF Seed Investment Loan (100M€ with a 40% guarantee)

03. Bpifrance's experience with InnovFin

A portfolio of EUR 420m issued through 2 products

➤ The EIF Innovation Loan (EUR 320m)

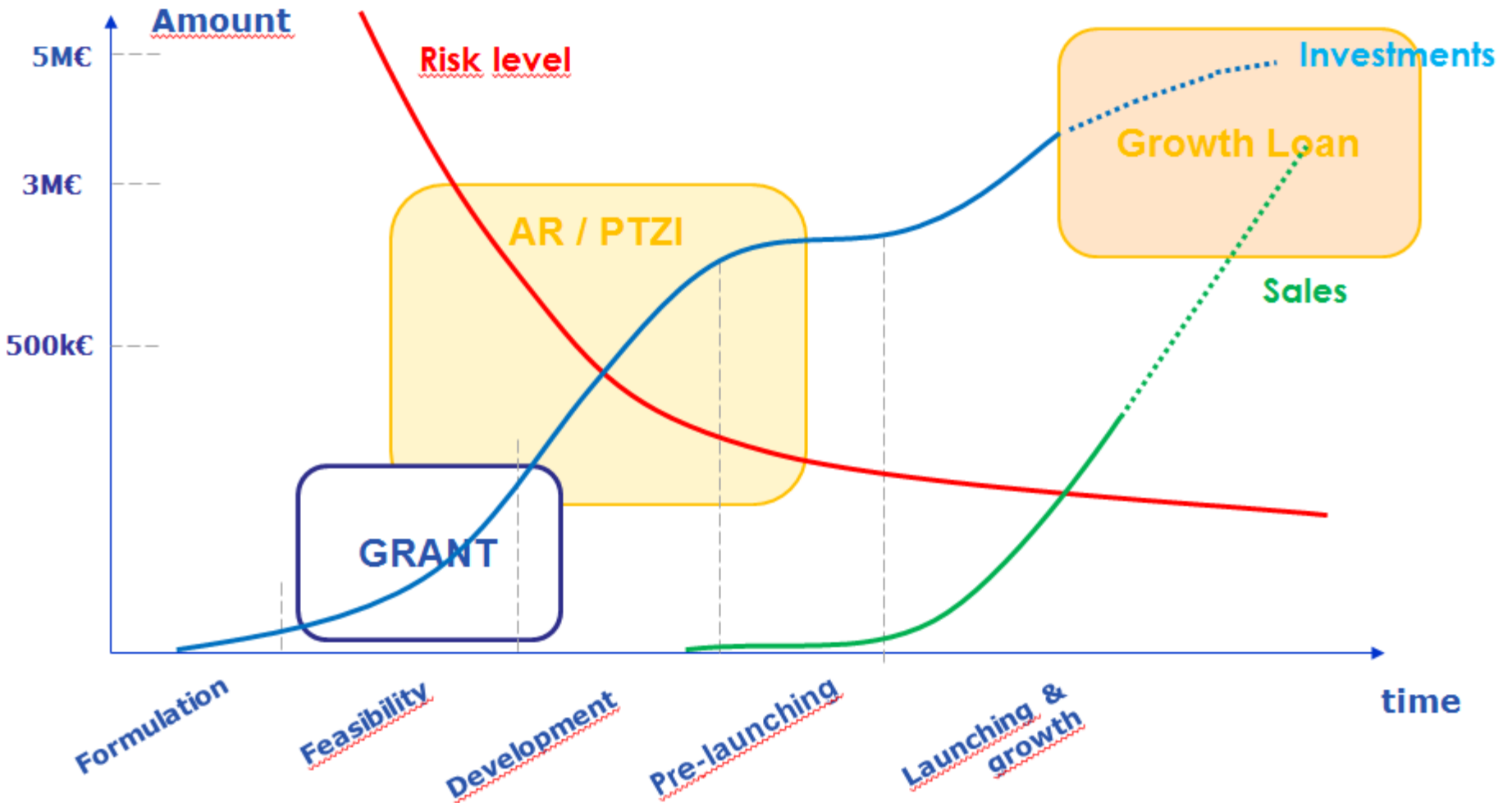
- Launch: February 2014 through the Risk Sharing Initiative (RSI)
- Beneficiaries : SMEs and Small Midcaps (up to 500 employees)
- Aim: to finance the industrial launch of innovations
- Amount : up to EUR 5m
- Very attractive conditions: no collateral required, 2 years grace period

➤ The EIF seed investment loan (EUR 100m)

- Launch: 2015
- Beneficiaries : innovative start-ups of less than 5 years which access to new equity funds from investors
- Aim: to help innovative start-ups in the negotiation of their valorization with identified investors (Loan concomitant to the fund raising)
- Amount: up to EUR 500k€ (1€ of debt for 2€ in equity received)

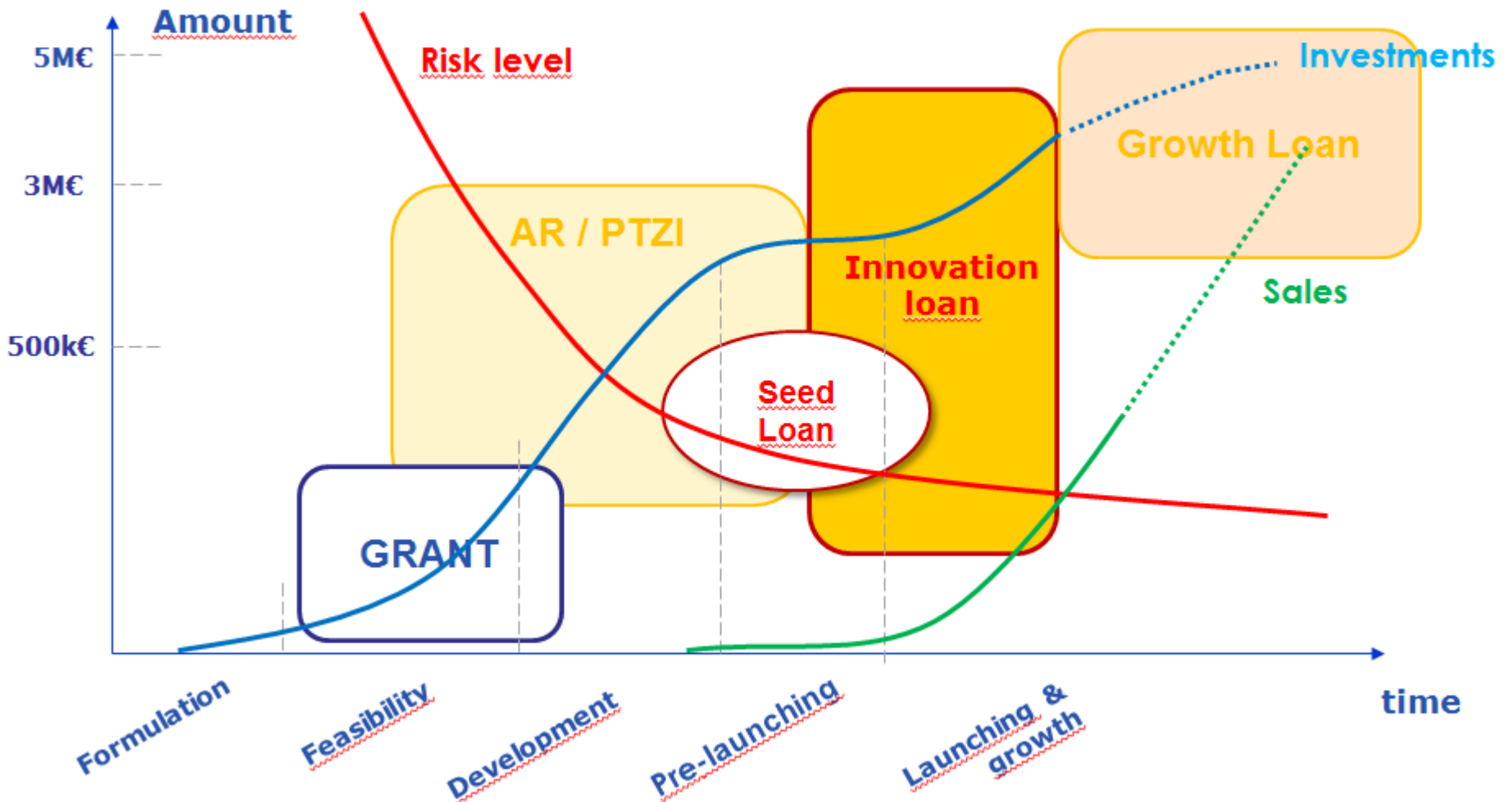
03. Bpifrance's experience with InnovFin

Innovation products before EU support



03. Bpifrance's experience with InnovFin

Innovation products with EU support (RSI & InnovFin)



03. Bpifrance's experience with InnovFin

Bpifrance has efficiently rolled out the InnovFin facility

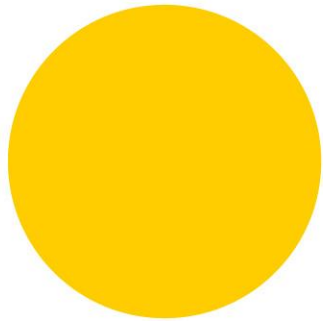
- **As in February 2016 (after only 8 months)**, Bpifrance had issued:
 - EUR 200m (PI FEI product) = **62% of the portfolio**
 - EUR 50m (PAi Start-up product) = **50% of the portfolio**
- **Thanks to InnovFin, Bpifrance has already supported more than 700 innovative companies** (Target = 1245 companies).
- **Bpifrance is currently applying for an increase of its InnovFin portfolio** to continue financing innovative SMEs & small Mid-caps at favorable conditions.
- **Additional 1790 companies** are expected to be included in the InnovFin portfolio following this increase.

04.

**Current projects with
EIB/EIF**

04. Bpifrance current projects with EIB & EIF

Project	EIB/EIF	Type	Details	Target
InnovFin SMEG Increase	EIF	Guarantee	New agreement covering the same products (PI & PAI)	Mid-2016
New CCS Guarantee	EIF	Guarantee	EIF Guarantee for loans to SMEs from the cultural and creative sector (CCS)	2016
Guarantee for Midcap loans	EIB	Guarantee	EIB Guarantee for loans to Midcaps (innovative or key sectors) through MCG or the new EFSI guarantee product	2016
SME « factory of future » Loans	EIF	Guarantee	EIF Guarantee for unsecured loans for industrial priorities (digital, robotics, green investments)	2017
EIF/NPBs Securitisation Initiative (ENSI)	EIF	Securitisation	Resources of NPIs and EIF will be bundled to purchase and/or guarantee certain tranches	2016
Co-investment of the EIB alongside our SPI fund	EIB	Equity	EIB will create a parallel fund managed by Bpifrance to coinvest alongside the SPI fund on a deal by deal basis	2016
EIF/NPBs EFSI Equity platform	EIF	Equity	Under this initiative, Bpifrance is working on the design of a multilateral investment programme with other NPBs	2016
Co-investments In Funds with EIF	EIF	Equity	Pursuit of co-investments in french funds alongside EIF investments on RCR	2016
EIAH – Advisory Hub	EIB	Advisory	Promotion of the Juncker Plan in France	2016



SERVIR
L'AVENIR

