RÉPUBLIQUE FRANÇAISE
Liberté
Égalité
Fraternité

AFD GROUPE

UNIVERSAL

Universal registration document

2023

#WorldInCommon

2023
UNIVERSAL REGISTRATION DOCUMENT

This is a translation into English of the Universal Registration Document of the Company issued in French and it is available on the website of the Issuer.

This Universal Registration Document was filed on 26 April 2024 with the AMF in its capacity as the competent authority under EU Regulation 2017/1129, without prior approval pursuant to Article 9 of said Regulation.

The Universal Registration Document may be used for the purpose of an offer to the public of securities or admission of securities to trading on a regulated market, if supplemented by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document.

The resulting documents are approved as a whole by the AMF in accordance with Regulation (EU) 2017/1129. This Document is a reproduction of the official version of the Universal Registration Document prepared in accordance with the European Single Electronic Format (ESEF) and filed with the AMF, available on the websites of the Company and the AMF.

Message from the CEO

2023 saw the reinforcement of two simultaneous, contradictory and intertwined underlying trends. On the one hand, the return of violence and the calling into question of geopolitical balances. On the other, the reinforcement of international cooperation for sustainable development. With financial commitments up +10% compared to 2022 to reach more than €13bn, its two subsidiaries, Proparco and Expertise France, at unprecedented levels of activity, and a balance sheet on the rise to nearly €70bn, the AFD Group aims to make a very active contribution to the diplomacy of the living, multiplying its partnerships around major global challenges and providing attention, support and respect to the most vulnerable.

COP28, which attracted nearly 100,000 participants, was a key moment for the Group, highlighting its demand for impact. As the first bank that is 100% aligned with the Paris Agreement, AFD reached a record level of climate finance of €7.5bn, i.e. 85% of France's climate finance target. Our commitment to the environmental agenda is also embodied in the financing of Nature, with the conviction that the preservation of climate and biodiversity are two sides of the same coin. The deterioration of one compromises the preservation of the other and it is through their mutual reinforcement that the trajectories of sustainable development will turn in the right direction. The Group had pledged to commit €1bn to biodiversity by 2025. This target was exceeded in 2023. Aligning with the 2030 Agenda, the Paris Climate Agreement and the Kumming-Montreal Agreement for biodiversity requires being exemplary in our refinancing capacity. In 2023, half of the bonds issued by AFD were, once again, in a green and sustainable SDG format. This work is recognised by the markets, as shown by the Global Capital ranking, which placed AFD 2nd in the "Most Impressive Agency ESG Bond Issuer" category, and Moody's ESG non-financial rating, which placed AFD joint 1st in its "Specific Purpose Banks & Agencies – Europe" sector and 8th in Moody's rating universe, which includes 4,667 organisations and companies worldwide.

In 2023, the Group continued its commitment to the most vulnerable countries. As part of its development mandate, the Group intervenes in conflict prevention and reconstruction. This is embodied by the MINKA Fund, which has committed more than €1bn since 2017, by Proparco's Fragile Countries Facility and by Expertise France's peace and stability projects. In the Palestinian Autonomous Territories, where 24 projects are under way, including waste collection and maternal and child health. In Ukraine, after two budget loans granted in 2022, AFD will be given a mandate to support municipalities, public companies and the private sector. An outlook that is closely aligned with our European and multilateral partners, and an objective for the Group to commit €500M over four years in Ukraine.

The Group is also continuing its actions in countries committed to a low-carbon trajectory. With nearly €2.5bn committed in 2023 in Latin America, including €1.5bn in climate finance, the Group is the continent's leading bilateral partner. Brazil, which holds the talisman of global governance for the next two years with the presidency of the G20 and the COP30, is a key AFD partner, with €750M granted last year, mainly to financial institutions. And Africa, all of Africa, in the diversity of its companies, remains the Group's geographical priority with nearly 40% of the volume of projects signed in 2023, i.e. nearly €5bn. After the success of the Choose Africa initiative supporting African start-ups, VSEs and SMEs for a total of €3.5bn in financing, Choose Africa 2 will be launched in 2024 to support the continent's entrepreneurship as part of Team France. And we are also very proud of our actions in all French Overseas Departments and Collectivities, amounting to nearly €1bn each year, where we are reinforcing the capacities of project managers to lead sustainable development projects and where we are seeking to foster more regional initiatives with neighbouring countries.

The Group once again demonstrated the robustness of its business model, with consolidated net income of €371M and a stable capital adequacy ratio of 14.95%. These results were made possible through the commitment of all the Group's employees, whom I would like to thank, and to the amity of all our clients and partners, as reiterated at the June Summit for a new financial pact organised by the President of the Republic. With all the public development banks, through the Finance in Common system (FiCS), which I lead, and the International Development Finance Club (IDFC), of which AFD has ceded the chair to the West African BOAD and to the Colombian bank Bancoldex. With the World Bank notably, for which AFD has become the leading global partner with €20bn in co-financing since 2017. With the private sector, where Proparco launched, in 2023, its strategy of mobilising €1 of private finance for €1 of its own business. With philanthropic foundations, such as the Gates Foundation, with whom AFD signed its first co-financing agreement in December to support the social protection system in Pakistan. The AFD Group's mobilisation was also strengthened with its European partners, through AFD's participation in the JEFIC network and Proparco's in the EDFI group and, in 2023, with Expertise France chairing the Networks of Practitioners. It is ever more committed in its mobilisation with national actors, with the growth of France's footprint in funded projects. 73% of AFD's ongoing projects involved at least one French public or private stakeholder. This ratio confirms AFD's position as an agent for mobilising French expertise internationally in the service of solidarity and of a sustainable investment policy.

Lastly, 2023 was a year of consolidation for the AFD Group, whose configuration with its three entities is unprecedented in the international development landscape. This format allows us to provide a broader, more flexible Group offering tailored to the needs of our clients and partners. And 2024 will be the first year of implementation of our strategy in group format, with a new Strategic Orientation Plan, unifying the Group's actions until 2029, the day before the SDG deadline. I would like to thank all the teams who carry out our mandate, who live the transitions at work, and who act on a daily basis for a shared world.

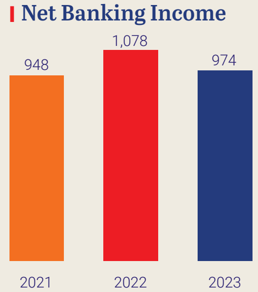
Rémy Rioux

CEO

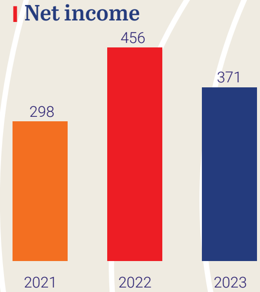
Our key figures

IFRS (€M)

Net Banking Income

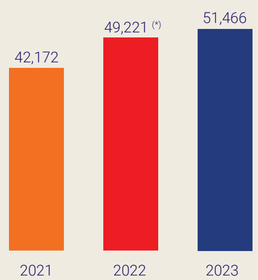


Net income



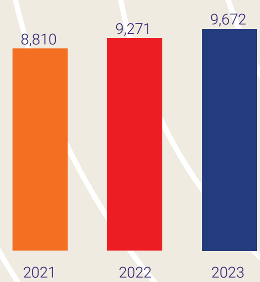
AFD is well within the banking ratios

Outstanding loans

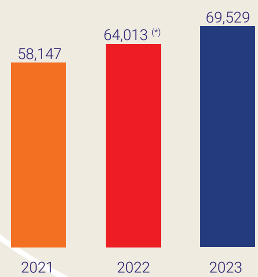


(*) Reinstatement in the consolidated balance sheet of €2.9bn of loans made at the request of third parties (from AFD's own resources), initially classified as third party under IFRS

Regulatory capital

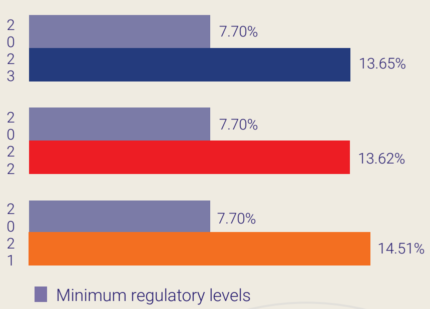


Total of balance sheet



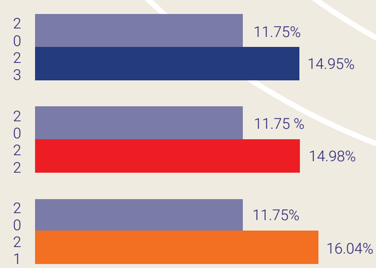
(*) Reinstatement in the consolidated balance sheet of €2.9bn of loans made at the request of third parties (from AFD's own resources), initially classified as third party under IFRS

CET1 ratio



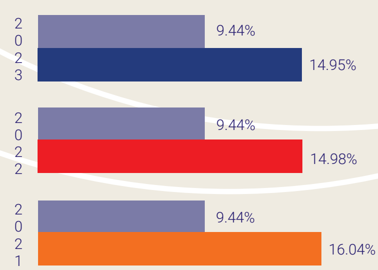
* Excluding countercyclical buffer

Solvency ratio



* Excluding countercyclical buffer

T1 ratio



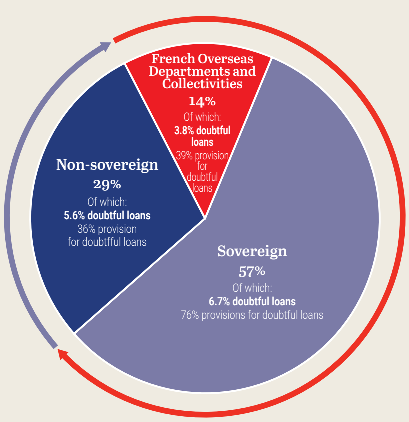
* Excluding countercyclical buffer

Performing assets

Total outstanding loans at 31 December 2023

€51.5bn

Doubtful loans: 5.9%



AFD GROUP: A HIGH-PERFORMANCE MODEL FOR IMPLEMENTING FRANCE'S DEVELOPMENT POLICY

SOURCES of financing

LOANS

FINANCIAL MARKETS

DIVIDENDS PAID TO THE STATE
€65 M

GRANTS

STATE BUDGET
FR
€2.3 BN

EUROPE AND OTHER DONORS
EU
€578 M

OTHER ACTIVITIES

AFD GROUPE

NET INCOME: €371.3M

GROUP COMMITMENTS €13.1 BN

Committed AMOUNTS

9.8 BILLION EUROS

OF WHICH
PROPARCO
€1.7 BN

1.6 BILLION EUROS

1.7 BILLION EUROS

OF WHICH

DELEGATED FUNDS
€578 M

GUARANTEES
€686 M

EQUITY INVESTMENTS
€440 M

LOANS	SUBSIDIZED LOANS		GRANTS
✓	✓	AFRICA AND THE MIDDLE EAST	✓
✓		LATIN AMERICA	✓
✓		ASIA	
✓	✓	FRENCH OVERSEAS TERRITORIES	✓

Expected OUTCOMES & IMPACTS*

#education #zerohunger #health
#climate #biodiversity

EDUCATION

87,000
PEOPLE TO BENEFIT
from technical and vocational training

ZERO HUNGER

856 000
FAMILY FARMS
with improved economic performance

HEALTH

46 M
PEOPLE with better access to healthcare

CLIMATE

36 M
DE PERSONNES
with increased climate resilience

BIODIVERSITY

287,600 HECTARES to benefit
from conservation/restoration programs for terrestrial biodiversity

(*) Expected outcomes and impacts reported for projects allocated in 2023.

Our 2018-2023 strategy

Initially planned to last until 2022, the Group's strategy was extended until 2023.

The Group's strategy is based on 5 commitments which come together as the #A Shared World vision.

5 commitments

1 100% Paris Agreement

The Paris Agreement now stands at the heart of the AFD Groupmandate. The Agency will draw on public and private resources to fund capital investments that protect the Earth from climate change and biodiversity loss: all project funding will finance resilient lowcarbon development in keeping with the Paris Agreement.

2 100% social link

AFD Group will base its actions on their capacity to reinforce social cohesion within populations and between territories, reducing inequalities — particularly gender inequality — and increasing access to education.

We are convinced that these two major commitments, 100% Paris Agreement and 100% social link, are closely linked and are the heart of the 2030 Agenda.

3 3D development thinking

In fragile and crises-afflicted situations, sustainable development requires peace and stability, which in turn require resolutions for the social, political, and environmental causes of conflict.

AFD Group pledges to uphold the third "D" in France's Defense, Diplomacy and Development trinity. Promoting a 3D vision for conflict prevention, the Group will work alongside other development professionals, complementing the work of humanitarian organizations and the French diplomatic and military corps.

4 Non-sovereign first

Alongside sovereign central governments, non-sovereign entities must also direct their investments toward attaining the Sustainable Development Goals. Local governments, public enterprises, civil society organizations, foundations, companies, and financial institutions all have a vital role to play. AFD Group will thus dedicate more funding to all of them in countries where it operates.

5 Partnership by design

The fifth AFD Group commitment to working with partners will affect all Agency commitments and operating modes. The Group will apply a very simple principle: a project conducted with a third party is always better than one undertaken alone.

The United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on climate — in their comprehensiveness, geographic universality, and relevance at every level from central governments to civil society – require a collective response made stronger through partnerships. The new AFD Group strategy therefore features a systematic openness to all potential partners.

Implementing these 5 commitments requires us to look at the world in a different way. We will also have to incorporate the SDGs into a dynamic transitions policy and increasingly apply the results of research and innovation.

The 6 transitions underlying AFD's actions are:

#1. Demographic and social

This means financing basic social services such as education and health and helping to improve social ties.

#2. Energy

This means ensuring universal access to a reliable, sustainable, affordable source of low- carbon energy to help keep global warming below the 1.5°C to 2°C mark in comparison with the pre-industrial era.

#3. Regional and ecological

This means sustainably developing the potential of all land, urban and rural, with respect for the ecological and social issues at stake.

#4. Digital and technological

This means capitalising on digital, technological transfers and cross-cutting innovations to speed up development trajectories and achieve the SDGs.

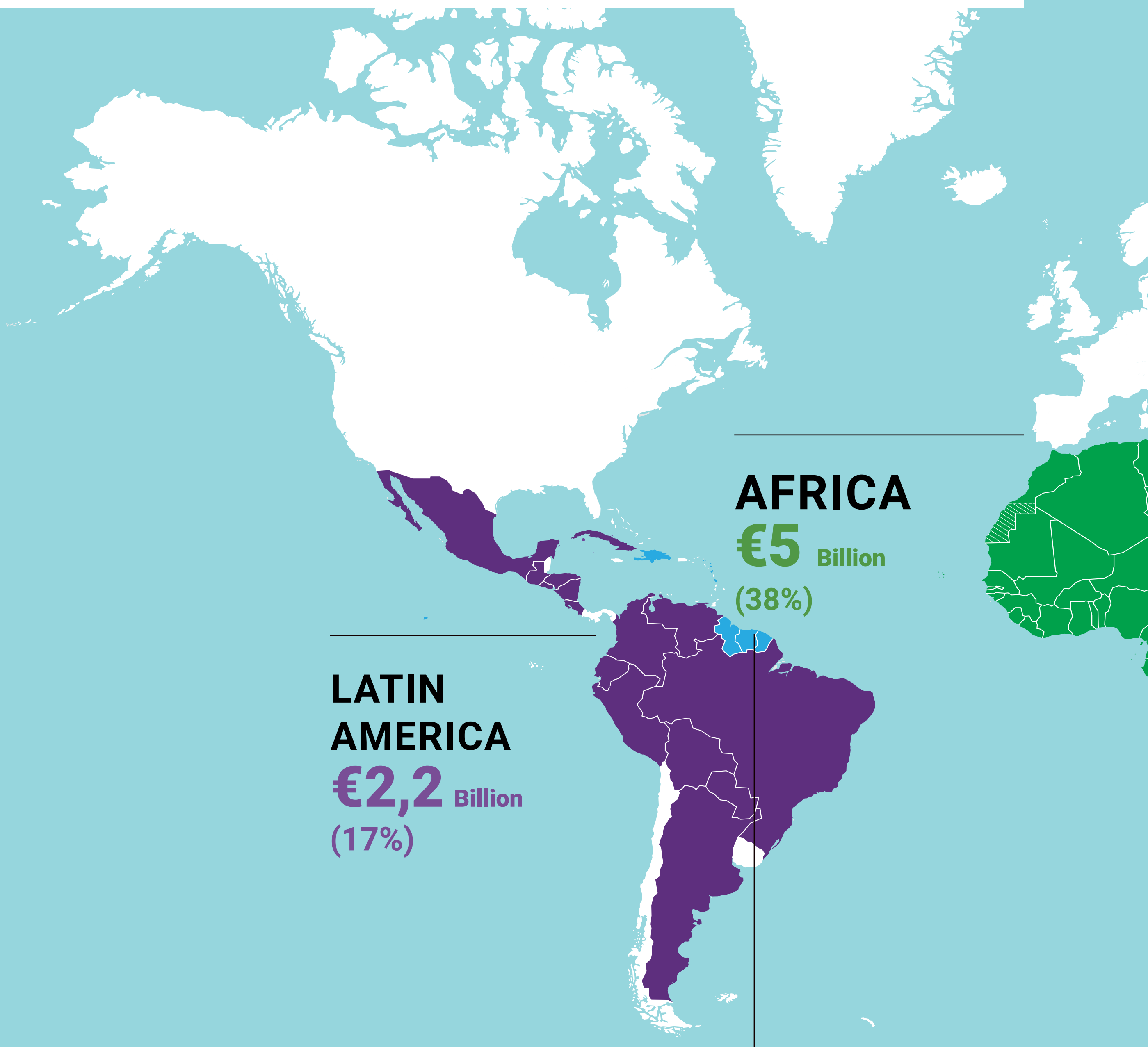
#5. Political and civic

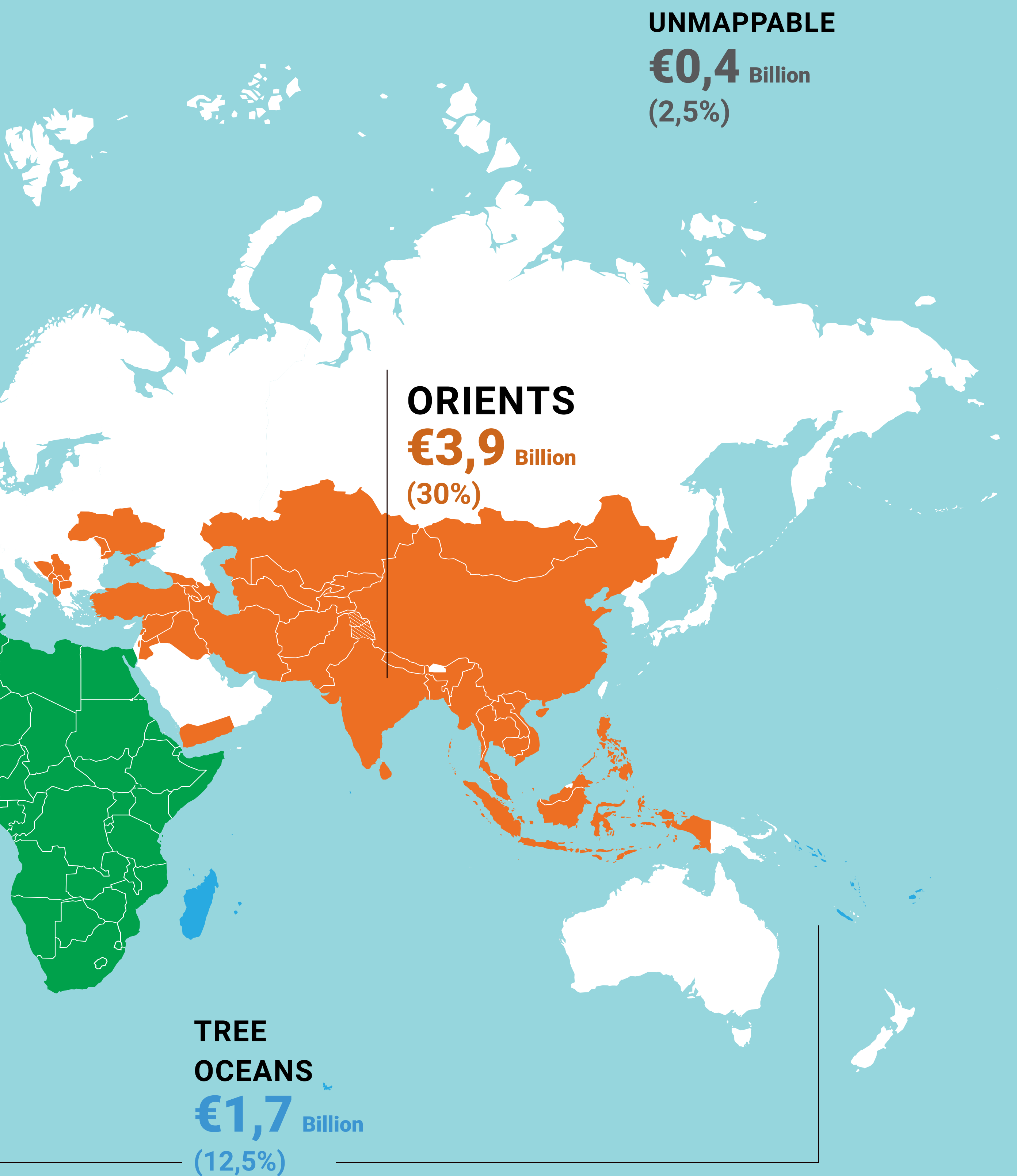
This means reinventing governance models to make them more inclusive and participative.

#6. Economic and financial

This means promoting diversified economic models and financial systems and channelling resources towards sustainable development.

Geographical distribution of new financing authorisations in 2023




UNMAPPABLE
€0,4 Billion
(2,5%)
ORIENTS
€3,9 Billion
(30%)
TREE OCEANS
€1,7 Billion
(12,5%)

Methodology and glossary

Figures

Due to rounding, the tables' column totals may differ slightly from the sum of the lines composing them. The abbreviation €K signifies thousands of euros, €M signifies millions of euros and €bn signifies billions of euros. Commitments are presented net of cancellations during the year. For loans and grants, data in foreign currencies have been converted into euros for payments at the end of the month of disbursement, using the exchange rate at the date when the commitment was approved and the closing price (31 December) for outstandings. For borrowings, the year's issues were converted to the closing exchange rate.

Scope

Except for the tables in Sections 1.6.3 and 9.10 which present all of the activities carried out by AFD on its own behalf and on behalf of third parties, all other data included in this document covers the same scope as that used to prepare financial statements established according to international accounting standards – in other words, only activities on AFD's own behalf.

Glossary

TA:	Technical assistance
ACPR:	French Prudential Supervisory and Resolution Authority
GBS:	Global Budget Support
AFD:	Agence Française de Développement
ODA:	Official Development Assistance
ARIZ:	*Assurance pour le risque de financement de l'investissement privé* (Insurance for private investment financing risk in AFD's areas of operation)
ECB:	European Central Bank
PIB:	Public Investment Bank
C2D:	Debt Reduction-Development Contracts
CSEC:	Central Social and Economic Committee
Campus:	Formerly Cefeb (Center for Financial, Economic and Banking Studies)
CICID:	Interministerial Committee for International Co-operation and Development
CMF:	French Monetary and Financial Code
COM:	Contractual targets and resources
SSC:	Strategic Steering Committee
SEC:	Social and Economic Committee. It replaces the elected employee representatives in the company. It brings together all the employee representative bodies (IRP), employee representatives (DP), works council (CE) and Health, Safety and Working Conditions Committee (CHSCT).
DFID:	Department for International Development
DOM:	*Département d'Outre-mer* (French Overseas Department)
EPIC:	*Établissement public industriel et commercial* (Industrial and commercial public undertaking)
FEXTE:	*Fonds d'expertise technique et d'échanges d'expériences* (Technical expertise and experience fund)
FFEM:	*Fonds français pour l'environnement mondial* (French Global Environment Fund)
Fisea:	*Fonds d'investissement et de soutien aux entreprises en Afrique* (Investment and Support Fund for Businesses in Africa)
PRGF:	Poverty Reduction and Growth Facility
FSD:	*Fonds de solidarité pour le développement* (Solidarity Fund for Development)
FSP:	*Fonds de solidarité prioritaire* (Priority Solidarity Fund)
IDFC:	International Development Finance Club
MEAE:	Ministère de l'Europe et des Affaires étrangères (French Ministry of Europe and Foreign Affairs)
MAE:	Ministère des Affaires étrangères (French Ministry of Foreign Affairs) – Former title
MINEFI:	Ministère de l'Économie et des Finances (French Ministry of the Economy and Finance)
NAO:	*Négociation annuelle obligatoire* (Mandatory Annual Negotiations)
SDG:	Sustainable Development Goals
NGO:	Non-Governmental Organisation
OSEO:	Development Bank for Small and Medium-sized Enterprises
DC:	Developing countries
PEE:	*Plan d'épargne entreprise* (Employee Savings Plan)
LDC:	Least Developed Countries
POS:	Strategic Orientation Plan
HIPC:	Heavily-indebted poor countries
MIC:	Middle-income countries
RCS:	*Ressources à conditions spéciales* (Resources with special conditions)
FTT:	Financial Transaction Tax
PSZ:	Priority Solidarity Zone (PSZ)

Activities of the Agence Française de Développement Group in 2023

1.1 General information

1.1.1 Legal status

Registered office and administrative headquarters

Agence Française de Développement

5, rue Roland-Barthes 75598 Paris CEDEX 12

Tel.: 01 53 44 31 31

Legal form

Agence Française de Développement (hereinafter referred to as "AFD") is an *établissement public de l'État à caractère industriel et commercial* (EPIC) (public industrial and commercial establishment with legal personality and financial autonomy (EPIC)). AFD is a financing company that exercises an ongoing public interest mission within the meaning of Article L.511-104 of the CMF. Its bylaws are defined in Articles L.515-13 and R.515-5 to R.515-25 of the French Monetary and Financial Code (CMF). AFD is managed by a Chief Executive Officer (CEO) who is appointed by Decree for a three-year term (Article R.515-16 of the CMF) and a Board of Directors in its areas of responsibility (Articles R.515-17 to R.515-19 of the CMF). The Strategic Steering Committee (SSC), an AFD entity comprising State representatives on the Board of Directors and chaired by the Minister for Cooperation (Article R.515-7 of the CMF), is responsible for strengthening the link between policy guidelines relating to Official Development Assistance (ODA) set out by the Interministerial Committee for International Co-operation and Development (CICID), and the way in which these policies are laid out and executed by AFD. The SSC coordinates the State's preparation of the contractual targets and resources binding the Agency to the State, and monitors their implementation. It prepares, prior to their presentation to the Board of Directors, the guidelines set by the French State for the Agency pursuant to the decisions made by CICID (Article R.515-7 of the CMF).

ACPR Supervision

AFD, as a financing company, comes under the direct supervision of the French Prudential Supervisory and Resolution Authority (ACPR).

The issuer's governing law

AFD is subject to French law.

Date of creation and duration

AFD was created by Order No. 21 of 2 December 1941 establishing the Caisse Centrale de la France Libre, for an indefinite period.

Statutory purpose

In accordance with the provisions of Article L.515-13 and R.515-5 of the CMF, AFD exercises an ongoing public interest mission within the meaning of Article L.511-104 of the CMF. It may carry out the banking tasks related to this mission. In accordance with the provisions of Article R.515-6 of the CMF, AFD's mission is to carry out financial transactions of all kinds in order to contribute to the implementation of the State development aid policy abroad, and the development of the French Overseas Departments and Collectivities as well as New Caledonia. To this end, AFD finances environmentally friendly development operations and may conduct other activities and services linked to its role. In particular, AFD is responsible for directly or indirectly providing technical expertise to its beneficiaries.

Trade and companies registration

RCS Paris B 775 665 599

Consultation of legal documents

At the registered office – 5, rue Roland-Barthes – 75598 Paris CEDEX 12

Financial year

From 1 January to 31 December.

Documents available to the public

During the period of their validity, the following documents (or copies of these documents) may, where applicable, be consulted on a physical medium at AFD's head office or on its website (www.afd.fr):

- AFD's current memorandum of association, amending decrees and bylaws;
- Universal Registration Documents, reference documents;
- the annual financial statements, the consolidated financial statements, the half-year reports, the statutory auditors' reports on the annual financial statements, the statutory auditors' reports on the consolidated financial statements.

1.1.2 General information about AFD's share capital

AFD funding amounted to €4,567,998,856 in 2023. In accordance with the provisions of Article R.515-15 of the CMF, this allocation may be increased by incorporation of reserves upon deliberation of the Board of Directors approved by decree of the Minister of the Economy and Finance. It may also be increased through the allocation of public funds in accordance with current laws and regulations.

1.1.3 Dividends

Pursuant to Article 79 of the amending Finance Law No. 2001-1276 of 28 December 2001 (amended by Article 88 of the amending Finance Law for 2003 No. 2003-1312 of 30 December 2003), a dividend may be paid to the French State. The dividend is deducted as a priority from the distributable profit for the financial year, under the meaning of Article L.232-11 of the French Commercial Code. It may be deducted from the available reserves.

The capital allocations received by AFD do not give rise to compensation.

After examining AFD's financial position and ascertaining the existence of distributable amounts, on the basis of the report of the Board of Directors, the Minister for the Economy and the Minister responsible for the budget set by decree the dividend paid to the State.

1.2 AFD Group's 2018-2023 strategy

Initially planned to last until 2022, the Group's strategy has been extended until 2023. This extension allows AFD Group to postpone the development of its new strategy by one year, in order to take into account the institutional sequence of events taking place in 2023 (presidential development council, Paris Summit for the financing of development, interministerial committee on international cooperation and development) and to remain fully aligned with the new priorities of French development policy.

1.2.1 AFD Group's mission and commitments

AFD Group's main mission is to help build a shared world, a world that preserves and protects our five great global assets, namely the planet, the social link, peace, partnerships and economic prosperity.

To best respond to these development issues and the ambition of the French government, AFD implemented its strategy for the period 2018-2023. The Group identified five structural commitments to promote shared global assets.

100% Paris Agreement

AFD Group's strategy is centred around implementation of the Paris Agreement and ensuring that all its financing is compatible with low-carbon, resilient development, within the meaning of this agreement.

100% social link

The Group is committed to combating inequality and carrying out action governed by the single tenet of stronger social link between communities and territories. Access to education and gender equality are two top priorities in this area.

3D development thinking

AFD promotes the triptych of Defence, Diplomacy and Development (the "3Ds") and works alongside other development players to supplement the action of humanitarian aid workers, diplomats and military personnel. A "3D vision" is a vision focused first and foremost on the prevention of armed conflict.

Priority for non-sovereign players

AFD intends to reinforce the financing of non-sovereign actors in its countries of intervention: public companies, local authorities, civil society organisations, foundations, and the private and financial sectors. Their role is essential in order to direct investments towards the achievement of the sustainable development goals (SDGs).

Partnership reflex

AFD's fifth commitment is to prioritise partnership. To meet these commitments, AFD Group firmly believes in the principle whereby working on a project with a partner is always better than working on a project alone. This willingness to always embrace new players is one of the key markers of our new strategy.

1.2.2 AFD Group's action

AFD Group's action takes the shape of a three-lined matrix.

Geographic lines

Based on the specific needs of each territory, country or region, AFD has identified three areas for action:

- "Africa", to obtain an accurate, comprehensive picture of the whole continent;
- "The Three Oceans" where France is represented through its Overseas Departments and Collectivities and seeks to boost regional momentum;
- the emerging regions of the "Orients" and the "Americas" where a significant share of the issues surrounding the low-carbon transition and the transformation of our economic and social models are found.

Geographic focus, the six transitions

AFD's strategic operations are designed to support six major transitions: demographic and social, energy, territorial and ecological, digital and technological, political and civic, and economic and financial.

The research and innovation line

The aim is to anticipate future development issues to help us constantly improve our projects and invent the models and orientations for future sustainable development.

1.3 AFD operations

1.3.1 Overview

Main missions

AFD is responsible for financing international development projects and programmes within the strategic framework defined by the Interministerial Committee for International Co-operation and Development (CICID). The framework agreement of 20 July 2021 signed between the French State and AFD defines the latter's role and public service missions as well as the financial relations between them. AFD is also responsible for financing development in the French Overseas Departments and Collectivities and in New Caledonia.

Under its bylaws, AFD may also carry out other activities and provide services related to its mission:

- it is responsible for directly or indirectly providing technical expertise to its beneficiaries (Article R.515-6 of the CMF);
- in addition to its operations on its own behalf, it is authorised to carry out a certain number of operations on behalf of third parties:
  - as such, it may represent financing companies, other French or international credit institutions, the European Union, foreign States or international organisations and institutions (Article R.515-13 of the CMF),
  - it is also authorised to manage public and private funds in the context of operations financed by the European Union, by international institutions or organisations, by public authorities, by foreign States, by credit institutions and development banks and by public or private legal entities, governed by French or foreign law. It may also entrust the management of public or private funds to the same entities under specific agreements (Article 10, paragraph II of Programming Law No. 2021-1031 of 4 August 2021 on solidarity-based development and the fight against global inequalities),
  - AFD also manages operations financed by the French State's budget on behalf and at the risk of the latter (Article R.515-12 of the CMF);
- it has the task of managing the annual loan portfolio delegated by the State for financing projects proposed by NGOs and ensuring project design and evaluation (Article R.515-11 of the CMF);
- AFD is increasingly focused on its intellectual production, in other words, discussion, production, capitalisation and research relating to development aid and sustainable development issues;
- lastly, AFD, provides training and further education for top-level managers in the foreign countries and the French Overseas Departments and Collectivities in its area of operation *via* the Development Campus (formerly CEFEB: Centre for Financial, Economic and Banking Studies), which it founded in 1961.

Contractual targets and resources

The purpose of the contractual targets and resources (COM) agreed between the French government and AFD is to define AFD's objectives and schedule its resources. They cover all of AFD Group's activities, and set the guidelines for them, in foreign countries and the French Overseas Departments and Collectivities, while considering goals and characteristics unique to each type of intervention. It also covers the coordination of intellectual production, communication, support and advisory activities for the State and the policy for AFD partners.

1.3.2 AFD's proprietary activities

The following types of financing are available:

1.3.2.1 In foreign countries

Current activities

- **Grants**.

  Priority operations in priority poor countries financed by MEAE budget resources (Programme 209) and by the share of the Financial Transaction Tax (FTT) directly allocated to AFD in 2017 and 2018. Grants are broken down into (i) financing project aid, (ii) advance research funds or supporting projects, (iii) equity investments in partnerships and facilities.
- **Loans**.
  - The non-sovereign pricing structure includes subsidised products with subsidy levels that vary primarily according to counterparty and country risk. This subsidy is funded by State budgets. The structure also includes a market-rate product that is entirely unsubsidised.
  - The sovereign pricing structure includes concessional products obtained due to direct subsidisation and/or use of RCSs from the French Treasury. The level of subsidisation varies according to country and project.

- **Guarantees**.

  Guarantee activity in foreign countries entails, on the one hand, commitments made directly by AFD to cover such operations as borrowings, issue subscriptions or cash facilities and, on the other hand, guarantee commitments through Ariz, its guarantee facility. This facility guarantees private-sector outstandings through local banks that request it. Ariz is open to all of AFD's areas of operation in accordance with the geographical objectives set in its contractual targets and resources. Ariz offers two standard individual guarantee and portfolio guarantee products and additional innovative products such as a capital guarantee.

Mandate-specific operations

Global Budget Support (GBS) on the basis of the Treasury's resources (Programme 110) granted in the form of grants, primarily in the least developed countries (LDCs).

1.3.2.2 In French Overseas Departments and Collectivities

Since 2019, all the financial tools available to AFD under Action 9 of budget programme 123 of the Ministry for French Overseas Departments and Collectivities (grants and loan subsidies) have been part of the sustainable trajectory pursued by the Ministry, in line with the Sustainable Development Goals (SDGs).

AFD's overseas activities are mainly carried out *via* loans (subsidised and non-subsidised), grants and guarantees. They aim to contribute to the development of overseas territories and to integration in their regional environment.

- **Loans**.
  - Financing public-sector investment in a spirit of partnership, especially thanks to the support given to local authorities for defining and implementing their development strategies. This activity takes the form of subsidised loans to the public sector (local authorities, EPCIs, public institutions, non-profit groups) or in the form of non-subsidised loans. AFD is today the leading financial partner for the overseas public sector covering almost two-thirds of its annual loan requirements (excluding social housing) and half of its debt (AFD outstanding loans to French Overseas Departments and Collectivities amounts to €6.3bn).
  - In addition, AFD can grant short-term loans to public authorities, to pre-finance subsidies from the EU, the State or from higher local authorities.
  - Financing of the private sector through direct lending to companies at market rates, in a spirit of complementarity with the banking sector, and consistent with the climate commitments of the AFD Group and the SDGs.
  - AFD also supports the development of micro-credit institutions in the French Overseas Departments and Collectivities by contributing to their refinancing.
- **Grants**.
  - In addition to its loan activity, AFD implements consulting and support actions for the overseas public sector. The Agency thus works with public players on capacity building for their investment operations.
  - In 2023, the French Overseas Departments and Collectivities Fund (FOM), created at the end of 2019 by the French Ministry of Overseas Departments and Collectivities and managed by AFD, made it possible to mobilise grants to support engineering among overseas public players. Moreover, technical assistance continued with the COROM contracts (recovery contract in the French Overseas Departments and Collectivities), intended to provide technical and financial support to overseas local authorities, in exchange for strict commitments from local authorities. In 2023, the government decided to extend the COROM system to 12 new municipalities for the 2023-2025 period.
- **Guarantees**.
  - AFD also carries out a significant medium to long-term bank loan guarantee activity for small and medium businesses in the French Pacific collectivities through Sogefom, in which it is the majority shareholder.
  - It manages the FOGAP (Guarantee Fund for Agriculture, Fisheries, Aquaculture and Forestry sectors) created in 2010 by the French State and entrusted to AFD.
  - The FGSPM (Saint-Pierre-et-Miquelon Guarantee Funds) and the Mayotte Guarantee Fund, for the General Economy section (FGM-EG), are run on a run-off basis due to the deployment of Bpifrance "guaranteed" products in these regions. AFD is responsible for its management.
- **Management or representation mandates in the French Overseas Departments and Collectivities.**
  - AFD has a stake on its own behalf in the share capital of Société Immobilière de Nouvelle Calédonie (SIC).

1.3.2.3 Intellectual production

AFD ensures that the projects it finances integrate the development issues of the future. Through its research and development, AFD helps to construct the future sustainable development models and orientations. AFD relies on intellectual production through modelling, studies and assessments, the management of a network of experts and the publication of its research work to increase the added value of its operations. Through its experimentation processes, it also promotes research into new practices. All these activities are part of AFD's strategic and operational orientations. They are carried out in partnership with French and international research centres, with a focus on the use and promotion of expertise of Southern countries.

1.3.2.4 Promotion of knowledge on sustainable development

Based in Marseille, prior to its transformation into the AFD Group Campus on 1 January 2024, which will make it a structure based in Marseille and Paris, the AFD Campus (formerly Cefeb) aims to design and develop innovative educational formats and educational resources (training cycles, seminars, capsules, MOOCs, etc.) and to lead learning communities, for the benefit of the various players contributing to the transitions in AFD's countries of operation. These training courses target the Group's partners in the countries of operation, the community of development players (in France or abroad) and also as part of mixed audience training courses, AFD agents at head office and in the network. Its purpose is to transfer and share knowledge and expertise required to become committed and creative change players to serve transitions.

1.3.3 AFD mandate-specific activities

AFD's bylaws provide for cases in which AFD acts on behalf of third parties. In accordance with Article R.515-12 of the CMF, AFD manages the specific operations financed by the French State's budget on the State's behalf and at its risk. The terms of these operations are set out in agreements with the appropriate ministries.

These are either (i) framework agreements governing terms for AFD's implementation of a project category, or (ii) individual temporary agreements setting terms for the implementation of a specific project.

Moreover, pursuant to Article 10, paragraph II of Programming Law No. 2021-1031 of 4 August 2021 on solidarity-based development and the fight against global inequalities, AFD is authorised to carry out activities on behalf of other third parties (European Union, international institutions or organisations, foreign States but also for any public authority, any credit institution, development banks or public or private institutions and generally for public or private legal entities, governed by French or foreign law). To this end, it has been entrusted with managing loans delegated by the European Commission or other financial stakeholders (the UK's DFID, the Monegasque Cooperation, etc.).

In accordance with international accounting rules, these activities are excluded from the consolidated balance sheet, they are made at the request of third parties with special condition resource granted by the State. AFD's compensation for this type of activity is decided on a case-by-case basis as set out by the agreement and is intended to cover AFD's costs.

1.3.4 AFD's areas of operation (see Appendix 1)

The geographical areas in which AFD is authorised to operate are listed in Appendix 1, with the understanding that its operating mandate (forms of intervention, sectors, etc.) differs according to the country.

1.3.5 Information about any restrictions on the use of capital that have materially affected, or could materially affect, directly or indirectly, the issuer's operations

The restrictions on the use of capital that could materially affect the issuer's operations are limited to:

- equity investments made by AFD: these are transactions subject to State approval by an interministerial decree under the conditions set by Decree No. 53-707 of 9 August 1953 on the State's control of national companies;
- lending granted by AFD outside of its geographic scope of operations defined by Article R.515-9 of the French Monetary and Financial Code: these transactions require State authorisation under the conditions set by the aforesaid Article R.515-9 of the French Monetary and Financial Code.

1.4 Own-account activities

AFD's lending and grant activities are financed by different kinds of resources.

For its own-account activities, AFD uses three main types of financing:

Budgetary resources

- Funds for foreign country and French Overseas Departments and Collectivities loan subsidies (€263M of credit appropriations drawn in 2023) [1] [2].
- Grants received from the State for project grant, French Overseas Departments and Collectivities and NGO activities (€917M of credit appropriations drawn in 2023 [3]).

Loans from the State (special condition resource)

Up to 2017 inclusive, AFD contracted loans with the State for a period of 30 years, including 10 years deferred at 0.25%. Apart from the liquidity that they provide and their eligibility for Tier 2 of the regulatory capital, these resources contribute to subsidising the outstandings that justify the use of State rates: the financial advantage in comparison with market resources is thus measured and injected into operations making use of subsidies.

In 2023, AFD received €150M in special condition resource (RCS) in the first half of 2023. The funds were repaid to the French State in advance in the second half of 2023 in order to allow AFD's capital increase in the same amount.

Market borrowings

AFD's bond issues totalled €8,030M in the 2023 financial year.

AFD issued six bonds in the form of public issues on the euro, sterling and US dollar markets for a total amount of €7,614M:

- £500M at 3.2 years (equivalent to €568M);
- €1,500M at 7 years;
- $1,750M at 3 years (equivalent to €1,626M);
- €2,000M at 10 years in SDG bond format;
- €500M at 15 years in SDG bond format;
- $1,500M at 2 years (equivalent to €1,421M) in SDG bond format.

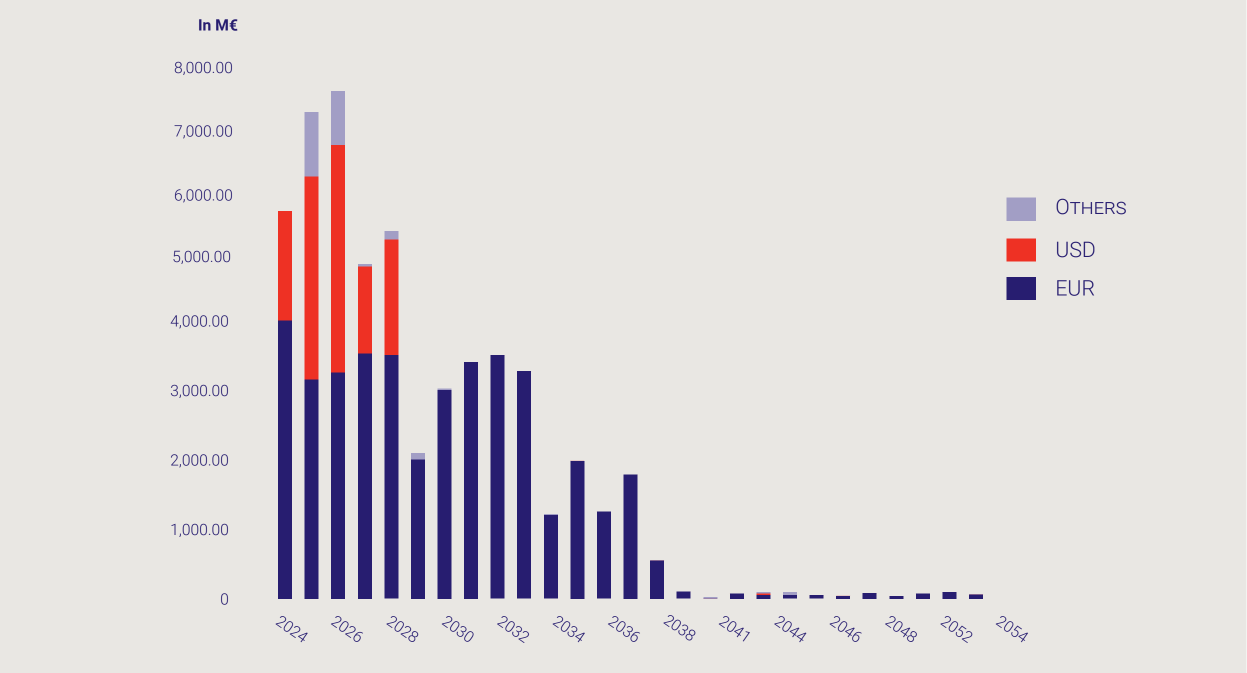
AFD has also undertaken:

- 1 tap issue without order book opening for €100M;
- 4 private placements issued in yuan and Turkish lira for a total of €315M.

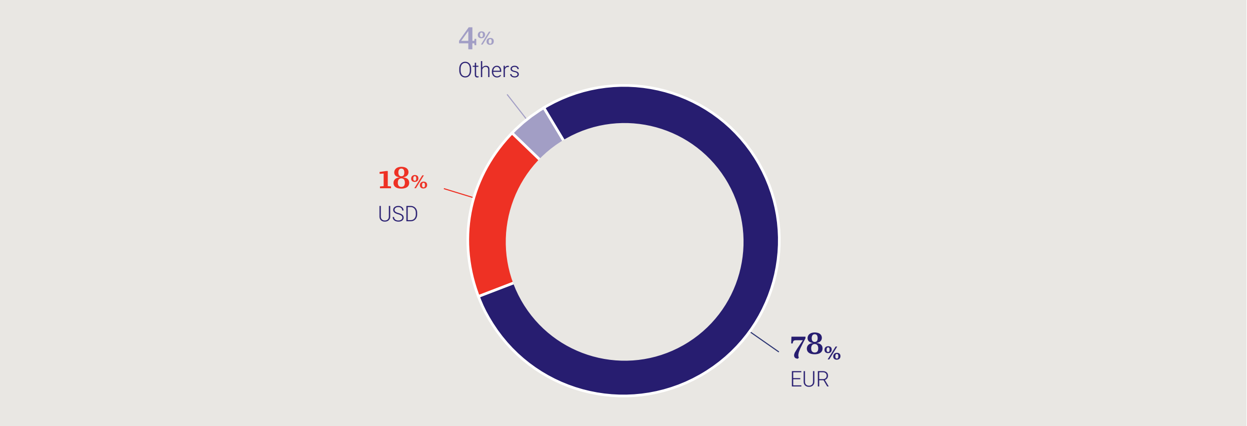
Taking into account the issues completed in 2023, the nominal stock of AFD's market debt at the end of 2023 reached a volume of €51.3bn at the corporate level and €50.5bn at the consolidated level.

1) *Excluding RCS.*
2) *Excluding exceptional contributions to the reserve account.*
3) *Subsidies excluding DGT.*

The breakdown by maturity date is as follows

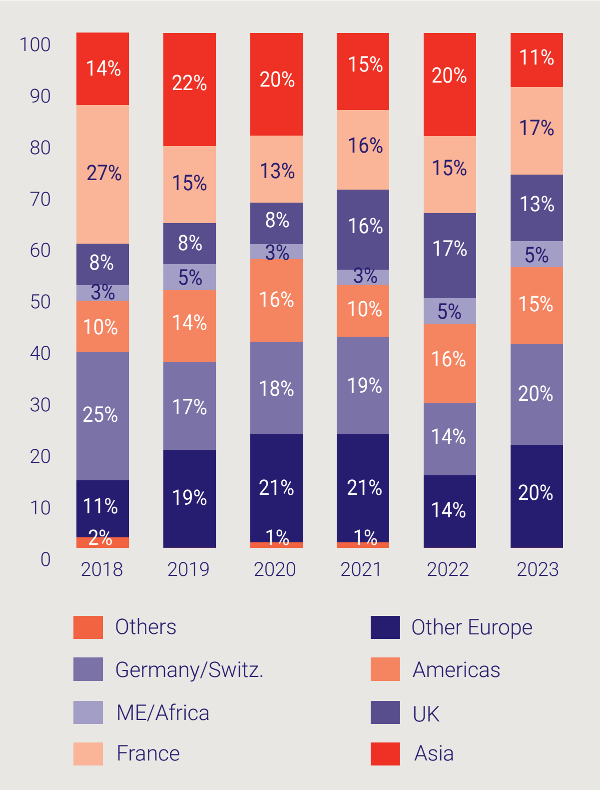


The outstanding debt stock at end-2023 is mainly denominated in euros



To meet its growing financing requirements, AFD ensures that it constantly maintains and expands its investor base which guarantees secure access to cash resources and competitive prices. The investor base by geographic area and type of "public" [(1)] operation breaks down as follows:

Geographical area



Type of operation

There has been an increase in the number of banks returning to the supranational/sovereign local offices segment due to more attractive levels than in the past and a decrease in the contribution of central banks/official institutions with a more limited presence in Asia.

1) *So-called "public" operations generally meet three main criteria: (i) they are publicised widely to target domestic and international investors, (ii) an order book is held to collate investor subscriptions and (iii) there is a minimum amount to meet the benchmark size (equal to or greater than €500M or $500M for fixed-rate loans).*

1.5 AFD Group

1.5.1 Consolidation scope

As part of its mission to finance development, AFD holds equity investments in companies or organisations in the geographic areas in which it is active, *i.e.* foreign countries and the French Overseas Departments and Collectivities. The percentages of ownership and of voting rights shown below represent both direct and indirect investments.

AFD Group – Scope of consolidation at 31 December 2023

	Countries	Method [1]	Percentage of ownership 2023	Percentage of ownership 2022	Percentage of control 2023	Percentage of control 2022
France						
Mainland France						
Proparco	France	FC	84.79	79.76	84.79	79.76
Sogefom	France	FC	60.00	60.00	58.69	58.69
Fisea	France	FC	100.00	100.00	100.00	100.00
Expertise France	France	FC	100.00	100.00	100.00	100.00
French Overseas Departments and Collectivities						
Soderag	France – Guadeloupe	FC	100.00	100.00	100.00	100.00
SIC	France – New Caledonia	EQ	50.00	50.00	50.00	50.00
Socredo	France – Polynesia	EQ	35.00	35.00	35.00	35.00

(1) FC: Full consolidation – EQ: Equity method.
AFD Group – Scope of consolidation at 31 December 2023.

Details of the consolidation scope are presented in Note 4.1 to the consolidated financial statements.

1.5.2 Information about subsidiaries

The information below (company data in accordance with French accounting standards) sets out the principal data relating to the subsidiaries which are fully consolidated into the financial statements of AFD.

Proparco (Société de promotion et de participation pour la coopération économique)

Purpose:	To promote development projects, acquire equity investments and grant loans in the regions in which AFD is mandated to operate
Legal form:	Public limited company (financial company)
Registered office:	151, rue Saint-Honoré, 75001 Paris
Share capital:	€1,353,513,248 (excluding issue premium)
AFD's stake:	84.79%
Other shareholders:	French credit institutions (90.98%), private investors (1%), international financial institutions (7.49%), ethical foundations and funds (0.53%)
Balance sheet total:	€8,189M
Net position:	€1,687M
Equity investments:	€1,670M
Gross outstanding loans:	€5,612M
Net banking income:	€177.5M

Expertise France

Purpose:	French technical assistance and public international expertise abroad on bilateral and multilateral financing
Legal form:	Simplified joint stock company (société anonyme par actions simplifiée)
Registered office:	40, boulevard de Port Royal, 75005 Paris
Share capital:	€828,933
AFD's stake:	100.00%
Other shareholders:	None
Balance sheet total:	€925M
Net position:	€5.4M
Net income:	€1.3M

Sogefom (French Overseas Guarantee Fund Management Company)

Purpose:	To provide a partial guarantee for financing operations undertaken by credit institutions operating in the French Overseas Departments and Collectivities and having subscribed to a portion of its share capital or having received approval from its Board
Legal form:	Public limited company
Registered office:	5, rue Roland-Barthes, 75012 Paris
Share capital:	€1,102,208
AFD's stake:	60% (including 1.32% through Socredo)
Other shareholders:	Nine credit institutions (40.00%) including Banque de Nouvelle-Calédonie (7.51%) and Banque de Polynésie (7.51%)
Balance sheet total:	€54M
Net position:	€10M (excluding FRBG)
Gross outstanding loans:	NS
Net banking income:	€2.7M (including €603K in investment grants)

Soderag (Société de développement régional Antilles-Guyane)

Purpose:	To grant loans and acquire equity investments in order to promote development in the Antilles – French Guiana region
Legal form:	Public limited company in liquidation (in voluntary liquidation since 17/7/1998 – SDR)
Registered office:	Fort-de-France (Martinique)
Share capital:	€111,923,132
AFD's stake:	100.00%
Other shareholders:	None
Balance sheet total:	€7.3M
Net position:	-€8M (excluding FRBG)
Gross outstanding loans:	NS
Net banking income:	€0.1M

Fisea (Fonds d'investissement et de soutien aux entreprises en Afrique)

Purpose:	To promote the growth of African SMEs
Legal form:	Simplified joint stock company (*société anonyme par actions simplifiée*)
Registered office:	5, rue Roland-Barthes, 75012 Paris
Share capital:	€350,000,000
AFD's stake:	100.00%
Other shareholders:	None
Balance sheet total:	€222M
Net position:	€214M
Gross outstanding loans:	NS
Equity investments:	€211M (amount net of impairments)
Net income:	-€12M

1.5.3 Presentation of subsidiaries

1.5.3.1 Proparco

Proparco is a development financial institution.

At the end of December 2023, Proparco's share capital stood at €1,353,513,248 and was distributed between AFD for 84.8% and private shareholders for 15.2% (including 6.2% for French financial institutions, 7.5% for international financial institutions, 1% for investors and 0.5% for ethical funds and foundations).

Proparco is Group's only player in private sector activities. Its mission is to work with the private sector to promote sustainable and inclusive growth models with a low carbon footprint in developing and emerging countries. Proparco plays a role in achieving sustainable development goals (SDGs). Its sector-focused strategy, adapted to match each country's level of development, is focused on the productive sector, banking intermediation and financial systems, infrastructure, energy, health, education and private equity. Proparco's areas of operation now include all developing countries as defined by the Organisation for Economic Co-operation and Development's (OECD's) Development Assistance Committee (DAC) and covers a geographic area extending from the major emerging countries to the poorest countries, especially in Africa; it must meet high corporate social responsibility (CSR), and impact, requirements. Proparco offers a complete range of financial instruments to meet the specific needs of private investors in developing countries: loans, quasi-equity, equity and guarantees.

1.5.3.2 Expertise France

A public agency, Expertise France is the interministerial player in international technical cooperation, a subsidiary of the Agence Française de Développement Group (AFD Group) since 1 January 2022.

The second largest agency in Europe, it designs and implements projects that sustainably strengthen public policies in developing and emerging countries. Governance, security, climate, health, education, etc. It operates in key areas of development and contributes, alongside its partners, to the achievement of the Sustainable Development Goals (SDGs).

Present on five continents, Expertise France adapts its strategy to the challenges of each region, in line with French and European development aid policies.

1.5.3.3 Fisea

The share capital of Fisea is €350M.

Launched in 2021, Fisea+ is continuing its deployment.

Fisea+ authorised five financing projects in 2023 (excluding technical assistance) for €22M and four delegated technical assistance projects totalling €1.4M for two investment funds.

Fisea+ made five subscriptions in 2023 totalling €20M, bringing the amount signed to date to approximately €112M, ahead of the pace initially planned (€210M to be invested over seven years). These projects involve one general investment fund, three financial institutions and one infrastructure in the healthcare sector.

Although its investment period is over, in 2022, Fisea Historique subscribed an additional €2.3M to the capital increase of a company in its portfolio active in the production/distribution of mattresses in East Africa. Disbursements for the two vehicles amounted to €30M (compared to €63M in 2022).

1.5.3.4 Soderag

The Regional Development Company of the Antilles-French Guiana (Soderag) is a regional development company in which AFD took control in 1995 at the State's request. The extent of its losses and poor outlook led to the company's liquidation in July 1998. AFD acts as Soderag's out-of-court liquidator and carries out transactions relating to the Company's liabilities and assets. Outstanding cash advances by AFD to Soderag amount to €8M and are fully written down in AFD's parent company financial statements. In March 2023, a capital increase by incorporation of AFD receivables took place, bringing the capital from €5M to €112M.

1.5.3.5 Sogefom

Sogefom (French Overseas Guarantee Fund Management Company) manages guarantee funds in the French Pacific Collectivities, providing partial guarantees for financing operations undertaken by credit institutions in this zone. In particular, its aim is to support small and very small businesses (SMEs and VSEs) in a range of economic sectors. AFD manages Sogefom within the framework of a regulated agreement.

It was noted during the first quarter that the potential commitment was no longer sufficient to cover future activity. Beneficiaries were notified that production would cease on 13 February 2023. The Board of Directors, meeting expressly on 20 March 2023, validated measures that enabled an immediate resumption of production, for which the momentum observed in 2022 (€48.2M, i.e. +72% compared to 2021) seems to have been confirmed in 2023, when it reached €43.8M with 654 new grants:

- in **New Caledonia,** production – which had reached a record level in 2022 (€18.7M, i.e. +183% compared to 2021) – recorded a 34% reduction in 2023 to amount to €12.3M with 146 guarantees granted, mainly due to the temporary halt that occurred in the first quarter. However, it made it possible to offset the amortisation of outstandings, which rose 5% to €42.5M with 787 guarantees in the portfolio, compared to €40.3M for 727 guarantees at the end of 2022;
- in **French Polynesia,** the temporary halt of production in the first quarter had no visible impact on the level of grants, up 7% to €31.4M (€29.5M at the end of 2022), without, however, returning to the pre-Covid level of €34.3M. Outstandings continued to grow to surpass the historical level of 2022 (€85.1M) by 9%. They amounted to €93M and comprised 2,016 guarantees;
- in **Wallis-et-Futuna,** the fund has only recorded one grant since 2019. Outstandings only comprise four guarantees for €0.1M.

Gross consolidated outstandings for guarantees at 31 December 2023 amounted to €135.6M, compared to €125.5M at the end of 2022, i.e. an 8% increase.

1.5.3.6 Banque Socredo

Socredo (50% French Polynesia, 35% AFD and 15% BRED), a French semi-public company (*société anonyme d'économie mixte*) (law of 1946) with share capital of €184.4M, approved as a bank since 1984, is a major player in the financing of the Polynesian economy. It notably ensures a presence across the region, unlike the competing commercial banks. Its activities extend to every sector of the economy and, more particularly, to several key sectors such as housing, the marine sector and tourism. It is also involved in marine transport that serves distant archipelagos such as the Tuamotu Archipelago, the Marquesas and the Austral Islands, in air transport as a shareholder in carriers Air Tahiti and Air Tahiti Nui, as well as in the housing sector.

In December 2023, Socredo unveiled its new strategy for the next five financial years, based on four main guidelines. They notably mark the reaffirmation of the latest commitments and the desire to continue the efforts made in terms of the sustainability of its model:

- invest more intensively in sectors with climate and biodiversity co-benefits and improve the bank's skills in climate finance;
- increase the bank's regional reach through the development of partnerships with other Pacific regions;
- provide a specific and dedicated response to island and inclusive clients by finalising the roll-out of the Group's offering;
- continue to support priority economic sectors according to the needs and guidelines of the new government.

Socredo therefore differs greatly from the two competing banks on the market (Banque de Polynésie and Banque de Tahiti, subsidiaries of Société Générale and the BPCE group) as a result of its unique positioning in inclusive banking (in 2022, 60% of the bank's clients were part of this segment, comprising most of the relevant individuals, non-profit groups and professionals in the region) and in green finance. Its market share in the individual customer segment continues to grow, as does customer satisfaction.

Socredo is the leading banking institution in Papeete with a 42.7% market share for all loans combined (49% for loans to individuals and 36.5% for loans to businesses in 2023), as well as approximately 39.1% of deposit collection at the end of 2023.

In addition to its banking activities, Socredo has three main subsidiaries which are extensions of its operating activities: OSB (Océanienne de services bancaires, specialised in digital banking, checking and publishing), OFINA (Océanienne de financement, which sends and receives cash for American Express cardholders in the French Pacific), and OCA (Océanienne de centre d'appel, a call centre). The Bank also wholly owns OCI (Océanienne de Capital Investissement) which manages the equity investments and development interests of the "venture capital" activity. In 2016, it created OFIMMO (Océanienne de financement Immobilière), a company which is wholly-owned by OCI, with a view to preparing projects as part of the OLS-P (Social-private housing body) initiative.

At 31 December 2023, Socredo employed 499 people. The projected closing as at the end of 2023 shows a balance sheet total of €3.4bn, slightly higher than that of 2022 (€3.1bn). It consists mainly of customer receivables for €2.5bn (compared with €2.3bn in 2022) and liabilities of €2.5bn (compared with € 2.3bn in 2022) in deposits. The bank generated net banking income (NBI) of €83.5M and net income of €12.5M, compared with €83.1M and €12.5M respectively in 2022. All regulatory ratios are satisfactory.

AFD is actively involved in Socredo's governance with three out of ten directors (with five directors from French Polynesia and two from the BRED).

1.5.3.7 La Société Immobilière de Nouvelle Calédonie (SIC)

SIC was created in 1988 when SICNC (Société immobilière et de crédit de Nouvelle-Calédonie) was split into two separate companies: BCI (Banque calédonienne d'investissement) and SIC (Société immobilière et de crédit de Nouvelle-Calédonie). Its mission is to contribute to social cohesion and the fight against inequalities and exclusion by offering housing solutions adapted to populations with the most modest means.

AFD holds a stake in SIC (shareholding: 50% AFD, 50% local authority of New Caledonia), the leading lessor in New Caledonia. SIC manages a portfolio of approximately 11,000 housing units in which over 30,000 Caledonians live (one in ten Caledonians at the regional level).

1.6 Activities of the Agence Française de Développement Group in 2023

1.6.1 International economic context

1. Global economic growth ultimately proved resilient in 2023, thanks notably to the better-than-expected performance in the **United States**. According to the IMF's October 2023 projections (WEO), it amounted to 3%, a figure reduced to 2.6% in the latest World Bank projections (GEP, January 2024), which maintained at 4%, like the IMF, the estimate of growth in **Emerging and Developing Countries (EDCs)** for 2023.
2. Economic activity remained disparate from one region to another. The United States posted robust real GDP growth, which led the World Bank (WB) to raise the IMF's October growth forecast by 0.4 percentage points to 2.5%. Europe saw its trajectory slowed down but remained in positive territory with growth in the eurozone of around 0.4% in 2023 according to the World Bank (compared to 0.7% in the October WEO), despite a probable German recession. EDCs ended the year in dispersed order: Asia exceeded 5% growth and sub-Saharan Africa was around 3% (despite growth of less than 1% for South African), while Latin America only slightly exceeded 2%. The Middle East and Central Asia, even before the effects of the Israeli-Palestinian conflict, were on a 2% growth trajectory.
3. For 2024, the scenario of a soft landing for the global economy has gained momentum, buoyed by the slowdown in inflation which heralds the end of the monetary tightening cycle and the possible start of a very gradual easing. According to the World Bank, global growth is expected to slow for the third consecutive year to 2.4% in 2024 (compared to 2.9% in the WEO of October 2023), *i.e.* nearly three-quarters of a percentage point below the average of the 2010s. The convergence of the United States and the eurozone at around 1.2-1.5% growth as projected in the WEO of October 2023 was not confirmed in the latest WB projections, which are pessimistic for the eurozone, with expected growth of around 0.7% (1.6% in the United States). According to the IMF and the World Bank, EDCs should see their growth remain at around 4%, *i.e.* more than a percentage point lower than the average of the previous decade. Asia is expected to suffer from the slowdown of the Chinese economy (whose growth could tend towards 4% after 5.2% in 2023) despite an Indian economy that remains very dynamic (6.3%); the Philippines and Vietnam could also approach 6%, while Indonesia would remain at a level of around 5%. Latin America should maintain a relatively low level of growth for a second consecutive year, probably around 2%, in line with Brazil (1.5%) and Mexico (2.6%), which should experience a significant slowdown. Forecasts for Central Asia and the Middle East are difficult to make in the current context, but they tend to be upward (3.4% in 2024) after a slowdown in 2023 (2%). Lastly, sub-Saharan Africa could benefit from a slight acceleration (from 3.3% in 2023 to 4% in 2024 according to the WEO of last October and from 2.9% to 3.8% according to the WB in January) with some fragile or uncertain situations, notably in Central Africa At the crossroads of these last two blocks, Egypt would probably be one of the exceptions, with growth slowing to around 3.5%, while Morocco would see its activity accelerate by about one point to around 3.5%.
4. **China** remains a major source of uncertainty for the global economy, weighing on demand for commodities, the availability of goods that will be key in the ecological transition, and the fluidity of global value chains. Domestically, developers saw the volume of property sales drop drastically in 2023. Following the tightening of regulations governing the debt of real estate developers, requests for rescheduling, payment defaults and bankruptcies have multiplied. The public insurer China Bond Insurance has provided its guarantee on the loans of six major developers. With 8% of loans granted to the real estate sector (28% including mortgage loans), this real estate crisis could significantly weigh on certain systemic banks with weaker capital buffers. Tensions continue to spread to public finances, where a significant portion of resources (3 to 4% of GDP) stems from real estate business. This could represent an overall loss (tax revenue and financing) of at least 30% for local authorities. In addition, one asset manager has also defaulted on its savings products, which could raise fears of new financial tensions and, above all, an aggravation of the loss of consumer confidence, which is currently at the heart of the issue with demand-side growth. In a context of low confidence among households, consumers/savers, the government support measures and the reallocation of credit to the productive sector have fuelled industrial production overcapacity, which is exported by **China**, especially since the fall in prices in domestic markets and the weakness of the yuan boosted export competitiveness. Thus, even if the real estate crisis has not yet had a massive effect on growth, which has remained stable at around 5%, it raises questions as to the medium to long-term growth drivers to reach the rank of high-income country, sustain macroeconomic and socio-political stability, as well as **China's** role as a driver of the global economy.

5. Inflation continues to slow down gradually. After peaking at an annual average of 8.7% in 2022, a record since 1996, the global inflation rate reached 6.9% in 2023, according to the IMF, and is projected to be 5.8% in 2024. In **EDCs**, inflation reached 8.5% in 2023 and should remain at close to 8% in 2024. Risks of a ratchet effect and persistent pressure on the price level are to be feared. Even if commodity prices (energy, minerals, agricultural products) have fallen significantly since their surge in the first half of 2022, they remain on average 30% higher than their pre-pandemic level and subject to numerous uncertainties, notably geopolitical ones, regarding global economic growth, the orientation of monetary policies and climate shocks. The price of the Brent barrel has not reacted excessively to the conflict in the Middle East since 7 October, closing 2023 at around $80). Projections for 2024 remain between $70 (IMF) and $90 (Oxford Economics). The outlook of sluggish global growth and rising production in the **United States** would suggest that the strategy of **Saudi Arabia** and **Russia** of keeping oil at least $90 a barrel is being thwarted. However, the risk of volatility increased with two open conflicts in Ukraine and the Middle East potentially weighing on prices, uncertainty about the Chinese recovery, and the reduction in OPEC+ quotas. The oil cartel is beset by tensions between the proponents of the reduction in production (**Saudi Arabia** and **Russia**) and other countries such as **Nigeria** and **Angola**, the latter having announced its withdrawal from the organisation in December. Moreover, the BRICS club, which includes 10 countries since 1 January 2024, now represents 40% of global hydrocarbon production (IEA data), *i.e.* double the previous amount following the integration of **Saudi Arabia**, **the United Arab Emirates**, **Iran**, **Egypt** and **Ethiopia** (the only country with no fossil resources). Following the attacks of the Yemeni Houthis on ships in the Red Sea, the main shipping companies and major oil companies decided to temporarily suspend their activities in the Red Sea, through which 12% of world trade transits. According to S&P, the bypassing of Africa (40% longer for a Singapore-Rotterdam journey than the Suez Canal) could again destabilise supply chains and increase the cost of transport as well as the risk premiums applied by insurers. As regards the natural gas market, reserves were replenished in Europe and should make it possible to limit prices to levels in line with the first half of the 2010s (below $20/mmbtu in Europe), again provided that producer countries like **Qatar** do not react brutally to the evolution of the **Israel-Palestine** conflict. Similarly, projections for metal prices and food prices for 2024 are relatively stable (IMF, Oxford Economics), but with volatility factors inherent in climatic conditions, the **Russian-Ukrainian** conflict (less **Russian** control over the Black Sea favouring **Ukrainian** cereal exports) and economic activity in China, the world's main importer of minerals and metals. It should be noted that the IMF underlined a relatively strong transmission from monetary policy (**United States**) to commodity prices. As an illustration, a 10 basis point increase in the US federal funds rate would lead to a 2% drop in oil prices with a persistent effect over eight months, while food prices would fall by 1% with a less persistent effect.
6. The slowdown in inflation heralds the end of the monetary tightening cycle and a gradual easing of interest rates in most economies, barring another inflationary and/or financial shock affecting **EDC** currencies. However, in the face of the euphoria of the financial markets, which included the scenario of a soft landing of the economy and an early cut in key rates, central banks in the **United States** and **Europe** continued to stress the need for a decisive anchoring of inflation expectations towards the 2% target and a reduction in tensions on the labour market. The withdrawal of unconventional policies (asset purchases by central banks) and the associated deflation of central banks' balance sheets is expected to continue at a very gradual pace.
7. Global systemic financial risks are currently under control according to the IMF (Global Finance Stability Report, October 2023). Points of vigilance remain with regard to non-regulated finance (*i.e.* non-banking financial institutions) and notably as regards this sector's capacity to meet its financial commitments in the context of declining liquidity and high interest rates. As an illustration, for advanced economies, debt related to the commercial real estate sector – whose sources of financing and asset values are decreasing while refinancing needs are increasing – represents nearly 12% of GDP in **Europe** and 18% in the **United States**. Furthermore, according to the OECD, the company insolvency rate has already exceeded the level reached in 2009 in some countries. The Allianz Group forecasts a growth rate of insolvent companies worldwide of 10% in 2024, after 6% in 2023.
8. The low attractiveness of **EDCs** in terms of foreign direct investment (FDI) and international financing flows remains a strong marker since the health crisis. Despite the more restrictive monetary policies implemented by most EDCs, external imbalances continue to weigh on certain currencies (**Argentina**, **Nigeria**, **Angola**, **Turkey**, **Zambia**, **Kenya**, **Egypt**, **Pakistan**) and the external liquidity position through the reduction in foreign exchange reserves. Thus, the evolution of the **WAEMU** foreign exchange reserves is a point of vigilance given the increase in financing requirements in the face of a drying up of financing sources, as observed in many other EDCs. Aggregate reserves fell by 45% from January 2022 to September 2023, to an all-time low of 3.4 months' cover for imports of goods and services, below the comfort band of 4.5-6.5 months estimated by the IMF in early 2023. At this level, reserves only cover 54% of the regional borrowing requirement.

9. The macro-financial vulnerabilities of **EDCs** are confronted with climate vulnerabilities. When the cost of climate events exacerbates fiscal imbalances and affects the ability to repay public debt, the government may see its investment capacity to mitigate the cost of future climate shocks greatly reduced. The vicious circle resulting from this dual vulnerability raises fears of a "debt-climate spiral" in some countries. The sustainability of the sovereign debt of an increasing number of **EDCs** is under threat, despite the prospect of a slow decline in interest rates and a possible easing of international financial conditions.
10. In this difficult global context, 18 sovereign debt defaults were recorded over the last three years alone, exceeding the total of 15 in the previous two decades. As of 31 August 2023, of the 69 low-income countries (LICs) eligible for the Poverty Reduction and Growth Trust (PRGT), 26 were at high risk of debt distress and 10 were in debt distress according to the IMF (they numbered, respectively, 16 and 2 in 2013). 28 countries eligible to borrow from the World Bank's International Development Association (IDA) are now at high risk of debt distress and 11 are in debt distress (World Bank, International Debt Report 2023). Moreover, several middle-income countries stand out for the significant deterioration in their macroeconomic fundamentals (**Egypt**, **Kenya**, **Bolivia**) and major weaknesses and challenges still weigh on other countries (**Tunisia**, **Pakistan**, **Argentina**).
11. The risk of a new debt crisis, whether systemic or not, and the observation of an inadequacy of existing restructuring tools, led the United Nations General Secretariat to launch the Sustainable Development Goals (SDG) recovery plan in February 2023 and to organise the Paris Summit for a New Global Financial Compact in June. Faced with the substantial financing needs, an increase in the financing capacity of multilateral development banks (MDBs) is recommended, in particular by redirecting the special drawing rights (SDRs) allocated to advanced countries in 2021. The lending conditions of MDBs must change, notably by extending their duration, using conditional weather clauses and granting more loans in local currencies or guarantee instruments. The G20 declaration in New Delhi in September 2023 mentioned pledges of SDRs or equivalent contributions from G20 countries and non-G20 countries of 73.0bn in SDRs (*i.e.* $103.4bn), of which ¼ pledged to the PRGT and 45% intended for the IMF's recent Resilience and Sustainability Trust (RST), with the significant balance remaining to be allocated, notably through the MDBs.
12. In summary, the risk factors to be kept in mind for 2024 are, in particular:
    - delayed and significant effects of monetary policies on demand and the strength of companies, leading to a recession in 2024 in certain advanced and emerging countries; it could also take the form of maintaining key rates "higher and longer" in certain regions due to monetary or budgetary divergences or wage-price loops;
    - recurring and/or intense weather events, exacerbating budgetary vulnerabilities or disrupting global trade, notably in agricultural commodities and energy;
    - a failure of **Chinese economic policies** in their fight against the real estate crisis and in their support for structural changes in the economic model;
    - a continued deterioration in **US** public finances with an upward effect on interest rates, or even a prolonged fiscal crisis or a diplomatic and/or economic breakdown following the presidential election of November 2024;
    - the continuation and intensification of commercial or geo-economic conflicts, notably around i) renewable energies, leading to an increase in the cost of the green transition; ii) food, leading to food insecurity; and iii) new technologies (*e.g.* processors and artificial intelligence) leading to diverging productivity trajectories;
    - the extension of the conflicts in **Ukraine** and **the Middle East**, or even around **Taiwan** (even if this scenario is unlikely in the short term), involving global public opinion in a high-intensity information war.

1.6.2 Information about offices and activities at 31 December 2023

Net banking income and revenue by country of fully consolidated subsidiaries and those accounted for under the equity method in AFD's financial statements

The table below presents the net banking income and revenue of AFD employees of fully consolidated and equity-accounted companies.

	2023 financial year				At 31/12/2023
	Net banking income *(in millions of euros)* (1)	**Revenue** *(in millions of euros)* (1) (2)	**Profit (loss) for the period before tax** (1)	**Public subsidies received**	**FTE headcount**
European Union member states:					
France	1,097	456	416	48	4,618
TOTAL	**1,097**	**456**	**416**	**48**	**4,618**

(1) Data from the parent company financial statements of the entities concerned.
(2) Revenue concerns non-financial companies (Expertise France and SIC).

Location of entities by country

The table below lists all Group companies, whether consolidated fully or using the equity method.

Offices by country	Activities
France	
AFD – Agence Française de Développement	Financial institution
Fisea – Fonds d'investissement et de soutien aux entreprises en Afrique	Investment funds
Proparco – Société de promotion et de participation pour la coopération économique	Financial institution
Soderag – Société de développement régional Antilles-Guyane	Guarantee fund
Sogefom – French Overseas Guarantee Fund Management Company	Guarantee fund
Expertise France – French technical assistance and public international expertise abroad on bilateral and multilateral financing	Expertise operator
New Caledonia	
SIC – Société immobilière de Nouvelle-Calédonie	Real estate company
French Polynesia	
Banque Socredo	Bank

1.6.3 AFD Group activities

The data provided herein exclude AFD's refinancing operations for Proparco.

To make the scopes more comparable, AFD's activities in foreign countries include Proparco sub-participations, *i.e.* Proparco financing guaranteed by AFD.

AFD Group 2023-2022 approvals

In millions of euros	Amount approved for 2023	Amount approved for 2022
AFD Foreign countries		
Current activities	**9,056**	**8,430**
Grants	850	917
Sovereign concessional loans	5,249	5,691
Non-sovereign concessional loans	661	523
Non-sovereign non-concessional loans	1,739	1,077
of which NCLs declarable in ODA	1,282	532
of which AFD sub-participation loans to Proparco	447	599
Funding for NGOs	161	139
Equity investments	200	83
Guarantees	196	-
of which AFD sub-participation loans to Proparco	193	-
Mandate-specific operations	**571**	**281**
GBS	71	60
C2D	480	180
FGEF (French Global Environment Facility)	20	41
Specific activities using resources from other financial stakeholders	**549**	**465**
Loans delegated by other financial stakeholders – EE	525	390
Green/Climate Fund	24	76
Total AFD Foreign countries	**10,176**	**9,176**
AFD French Overseas Departments and Collectivities		
Current activities	**934**	**1,107**
Loans	876	1,038
Public sector guarantees	-	10
Private sector guarantees	44	49
Grants	15	11
Total AFD French Overseas Departments and Collectivities	**934**	**1,107**
Proparco Foreign countries		
Loans	1,737	1,577
of which approved AFD sub-participation loans to Proparco	487	637
Equity investments	217	316
Fisea	23	26
Other investments	14	79
Guarantees	639	274
of which approved AFD sub-participation loans to Proparco	193	-
Grants	17	11
Total Proparco Foreign countries	**2,647**	**2,284**
Proparco – Specific activities using resources from other financial stakeholders		
Loans	21	-
Grants	8	9
Total Proparco – Specific activities using resources from other financial stakeholders	**30**	**9**
of which sub-participations granted to Proparco	-640	-599
TOTAL GROUP APPROVALS	**13,146**	**11,977**

In 2023, AFD Group's overall activity amounted to €13.1bn in commitment approvals, up €1.2bn compared to 2022. This is due to the following factors:

- an increase in approvals on the AFD scope of (+€827M): this increase was driven by the activity of the foreign States scope (+€1bn). Activity in the French Overseas Departments and Collectivities was down slightly (-€173M):
  - for foreign States, the increase was mainly due to an increase in loan volumes (+€358M) and C2D volumes (+ €300M) and other aggregates of current activities in foreign States such as guarantees (+€196M), equity investments (+€117M) and delegated loans (+€84M). Subsidies were down slightly (-€67M),
  - in French Overseas Departments and Collectivities, the €173M decrease was almost exclusively due to the decrease in loan approvals (-€162M). Guarantees were also down slightly (-€15M). Subsidies were up slightly (+ €4M);
- the increase in approvals on the Proparco scope of (+ €363M) was largely due to the guarantee activity (+€364M) and loans (+€160M). The profit-sharing activity decreased (- €99M).

1.6.3.1 AFD, foreign States

Current activities

Loans this year amounted to €7.65bn compared to €7.29bn in 2022.

In 2023, the year was marked by a sharp increase in non-sovereign business (+€800M, or +50%), mainly driven by non-sovereign, non-concessional loans, partly offset by a decrease in sovereign business (-€442M).

Total grant approvals amounted to €850M at the end of 2023, a slight decrease compared to 2022.

Activity on specific mandates was up sharply compared to the previous year: approvals amounted to €571M compared with €281M in 2022. This increase was linked to C2D (+€300M).

Activities using resources from other financial stakeholders

These activities were up, to €549M, an €84M increase compared to 2022. This increase is mainly due to European Union funds.

1.6.3.2 AFD, French Overseas Departments and Collectivities

In 2023, AFD continued to support actors in the French Overseas Departments and Collectivities to implement their sustainable development projects.

Commitment approvals (loans, guarantees and subsidies) in the French Overseas Departments and Collectivities stabilised at €934bn in 2023. Business on specific Sogefom and FOGAP mandates amounted to €45M. A significant portion of overseas business once again involved financing the public sector, in a context of uncertainty over the extent of the economic recovery, marked at the same time by an unprecedented rise in interest rates. Commitment approvals (loans and grants) to the public sector thus amounted to €655M, lower than the amount recorded the previous financial year (due notably to an exceptional loan guaranteed by the French State granted to New Caledonia in the amount of €175M). Loans to the overseas public sector, which account for four-fifths of own-account activities, were maintained despite the context which has exacerbated the persistent financial difficulties of local authorities. They are based in particular on subsidised loans to provide financing at preferential rates for investment projects with a strong social and environmental impact in the regions. In 2023, AFD implemented a unique subsidised loan tool, the public sector transition loan (PSP-T), to replace the former Green PSPs and subsidised PSPs in the social sector. These subsidised transition loans, aimed at strengthening the impact of AFD's financing in the French Overseas Departments and Collectivities, amounted to €345M.

1.6.3.3 Proparco, foreign States

Proparco approvals, signatures and disbursements in 2023 were up compared to 2022. Approvals amounted to €2.7bn, up compared to 2022, while signatures increased (+7%) to €2.0bn. Disbursements remained stable compared to last year and amounted to €1.4bn.

1.6.4 AFD's activities in foreign countries

The tables and figures below show the changes in AFD's current activity in foreign countries (€9,056M in approvals in 2023 compared to €8,430M in 2022).

1.6.4.1 Total volume of approvals, disbursements, undisbursed balances and outstandings [1]

The change in AFD's current activities in foreign countries over the last two years can be broken down as follows for the four types of financing:

In millions of euros	2023	2022	Difference 2023/2022 €M	Difference 2023/2022 in %
Loans				
Approvals	7,649	7,291	358	4.9%
Disbursements	4,979	5,828	-848	-14.6%
Undisbursed balance at 31/12 [1]	24,272	23,507	765	3.3%
Outstandings at 31/12	39,729	38,373	1,356	3.5%
Grants				
Approvals	1,011	1,056	-45	-4.2%
Disbursements	850	872	- 23	-2.6%
Undisbursed balance at 31/12 [1]	3,352	3,223	128	4.0%
Outstandings at 31/12	24	28	-3	-11.6%
Guarantees				
Approvals	196	-	196	n/a
Outstandings	207	196	12	5.9%
Equity investments				
Approvals	200	83	117	141.1%
Disbursements	-	-	-	n/a
TOTAL				
Approvals	9,056	8,430	626	7.4%
Disbursements	5,829	6,700	-871	-13.0%
Undisbursed balance at 31/12 [1]	27,624	26,731	893	3.3%
Outstandings at 31/12	39,961	38,596	1,364	3.5%

(1) Signed and unsigned.

Approvals of current activities in foreign countries amounted to €9.1bn in 2023 compared to €8.4bn in 2022.

Disbursements amounted to €5.8bn, down compared to 2022 (€6.7bn).

This decrease was driven by loans, and particularly by sovereign concessional loans.

Over 40% of the payments made in 2023 were for projects granted in 2023 and 2022 (17% and 25% respectively), and a quarter by the grants in 2021 and 2020 (22% and 5% respectively).

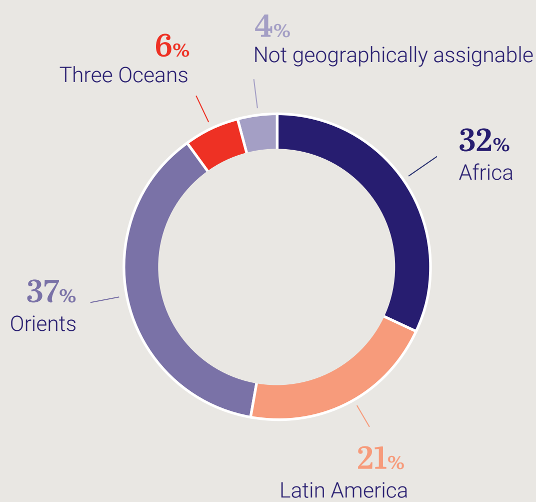
For a breakdown of approvals and disbursements by type of financing, see Appendix 6.

1.6.4.2 Geographical distribution of AFD's approvals

Approvals in 2022 and 2023, presented by beneficiary country, break down as follows:

	Loans		Grants		Guarantees given		Equity investments		General	
In millions of euros	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Africa	2,381	2,950	523	630	-	-	-	-	2,904	3,580
Latin America	1,682	1,259	21	20	193	-	-	-	1,896	1,279
Orients	3,183	2,803	162	139	-	-	-	-	3,346	2,942
Three Oceans	402	279	119	116	3	-	-	-	524	395
Not geographically assignable	-	-	*186*	*151*	-	-	*200*	*83*	*386*	*234*
GRAND TOTAL	**7,649**	**7,291**	**1,011**	**1,056**	**196**	**-**	**200**	**83**	**9,056**	**8,430**

Breakdown of 2023 approvals per geographic area



AFD's current activity in **Africa** in 2023 was down compared to 2022; the volume of commitments amounted to €2.9bn (vs €3.6bn the previous year). This level remains satisfactory in a complicated security and macroeconomic context. In particular, the rise in interest rates combined with the significant level of indebtedness of a large number of African States restricts sovereign business in historically promising regions such as Kenya. Non-sovereign business amounted to approximately €408M, mainly on financial sector counterparties. In this respect, it is worth highlighting the €10M innovative Tier II project for Zep-Re, a reinsurance player in East Africa.

The Gulf of Guinea (€753M) and North Africa (€810M) regions were the driving forces of business. It remained satisfactory in the Greater Sahel region (€556M), especially as the suspension of activities in Burkina Faso and Niger had the effect of reducing commitments over the year by €29.5M and €13M respectively. The business plan in Southern Africa suffered from the abandonment of discussions on a €500M transition loan for Eskom (the South African national electricity company) and the postponement of a €100M loan for the Angolan State (irrigation project). This level of commitments in Southern Africa (€52M) was the main reason for the fall in lending this financial year compared with last.

In 2023, projects with climate co-benefits represented 46% of the volume granted.

In 2023, the impetus provided by the New Africa-France Summit of 2021 was continued. AFD's African activity has embodied the transformational agenda through a number of projects: protection and enhancement of the archaeological site of Laas Geel (Somalia); rehabilitation of multi-sports grounds and classrooms in Guinea Bissau; support of the African Sports Movement to create new inclusive outlooks for youth through sport; Youth Culture Sport Project in Nouakchott and Nouadhibou (Mauritania); project to rehabilitate and develop the Great Zimbabwe site, a UNESCO World Heritage Site.

In a difficult macroeconomic context, numerous interventions in the form of budget support were provided to affected economies (Gabon, Senegal, Cameroon, Côte d'Ivoire).

In the **Orients** scope, economic growth, boosted by sustained domestic demand and the revival of international trade, generally contained inflationary pressures related to energy. However, this favourable situation remains fragile and unstable in the face of the lasting risks of the war in Ukraine, the resurgence of geopolitical crises (Armenia-Azerbaijan, Serbia-Kosovo, Myanmar, the Israel-Hamas war) and the effects of climate events or natural disasters (earthquakes in Turkey, for example). After the mandate granted to Moldova in 2022, AFD was authorised to operate in Mongolia by decision of the CICID's COSEC [1], and in Ukraine by interministerial decision, in support of its accession to the status of candidate for European Union membership. Lastly, the year was marked by the opening of an office in Baghdad, following the presidential commitment confirmed during the visit of the Iraqi Prime Minister in the first quarter of 2023.

Financing approved in 2023 (€3.3bn, compared with €2.9bn in 2022) primarily benefited Eurasia countries (44% of commitments), followed by South Asia (23%) and South-East Asia (20%). AFD's current exposures to India and Morocco are close to major risk limits and are rigorously monitored. On the other hand, the non-payment cases recorded in Sri Lanka, under negotiation at the Paris Club, and in Lebanon prohibit any new debt being issued to these countries.

AFD's business mainly took the form of sovereign loans (€2.3bn), including public project budget financing (PP-BF) such as Climat Bangladesh (€300M in multi-tranche financing (MTF)), in support of the IMF's first operation in Asia financed by the resilience and sustainability facility.

In 2023, non-sovereign lending business (€882M) significantly exceeded 2022 achievements. Non-sovereign business was particularly dynamic in Turkey, at its highest level over its 20-year presence in the country. €200M was also mobilised in India, notably from the leading financiers of the energy sector, and €120M in Vietnam.

76% of these new commitments contributes to the objective of combating climate change (100% Paris Agreement), a level comparable to that of the last two years.

After the post-pandemic upturn, growth in the **Latin America** region slowed significantly under the combined effect of external shocks and structural effects, in an environment marked by inflationary pressures justifying the tightening of monetary policy and the slowdown in household consumption. However, strong disparities among countries remain. Thus, some countries are facing public debt sustainability issues, while other countries are retaining the confidence of international investors and could benefit in the short to medium-term from nearshoring (Mexico). The political map has shifted to the left (with the notable exception of Argentina at the end of 2023), with political alternation resulting from sanction votes against traditional parties.

Despite business being limited by the economic situation in some of its countries of operation (in particular in Cuba and Bolivia), AFD reached €1.9bn in commitments in 2023 (+48% compared to 2022). In terms of regional distribution, the Brazil/Southern Cone Regional Department significantly increased its contribution to the achievement of the business plan (€657M), while the Andean local offices maintained their trajectory at €789M; the Central America Regional Department contributed €253M.

The structure of the Latin America department's business plan has changed significantly to contribute to a rebalancing of intervention methods: the share of project aid has been increased to 50% of the business plan, in particular for local authorities or their offshoots (in Colombia, Brazil and Argentina), reinforcing the commitment to local development that has characterised AFD's action since the start of its activities in Latin America.

The "planet" remains a strong marker for AFD in Latin America as 2023 closed above the target of 70% of financing with climate co-benefits.

AFD's business in the **Three Oceans** in foreign States amounted to €524M in 2023, mainly in the form of sovereign loans (€381M).

Climate co-benefits in the foreign States neighbouring the French Overseas Departments and Collectivities represented over 70% for 2023.

1) *COSEC: Co-secretariat.*

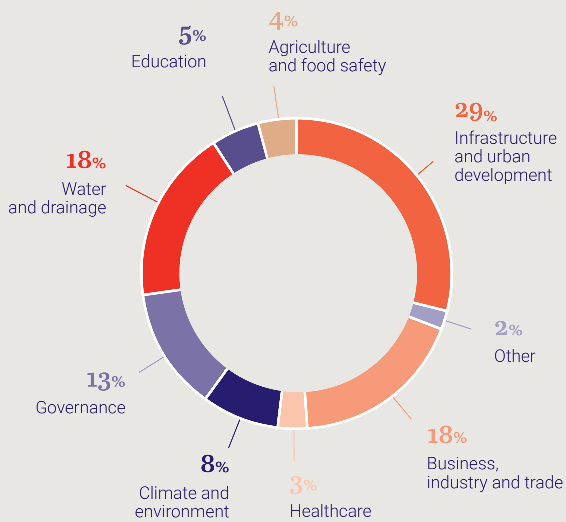
1

1.6.4.3 Breakdown of AFD approvals by sector of activity

The 2022 and 2023 approvals including budgetary aid, guarantees given, loans, grants and equity investments in current activities are shown as follows, by branch of activity:

In millions of euros	2023	2022	% of the 2023 total	% of the 2022 total
Agriculture and food safety	404	468	4%	6%
Climate and environment	695	941	8%	11%
Crisis and vulnerabilities	28	26	0%	0%
Water and drainage	1,634	832	18%	10%
Education	414	390	5%	5%
Governance	1,218	675	13%	8%
Infrastructure and urban development	2,593	3,246	29%	39%
Healthcare	285	170	3%	2%
Business, Industry and Trade	1,599	1,194	18%	14%
Other and multiple sectors	185	487	2%	6%
TOTAL	**9,056**	**8,430**	**100%**	**100%**

Breakdown of AFD 2023 approvals by sector of activity



In 2023, the infrastructure and urban development sector, which includes urban development, energy and transport, showed a significant decline compared to 2022 in AFD grants in Foreign States, from €3.2bn to €2.6bn.

In 2023, the year was marked by a growing interest in transnational connectivity infrastructures (in terms of transport or digital technology) and the security of logistics chains (such as the implementation of the EU's Global Gateway in Africa).

i. The Group's commitments for the benefit of the **transport** sector were substantially reduced compared to 2022, due to the unexpected postponement of certain projects. The year in 2023 was marked by the absence of "mass urban transport" projects (metro, tramways, BRT, etc.), which constitute the historical foundation of AFD's transport portfolio. Thus, business over the year notably focused on sustainable mobility for medium-sized cities (active modes, peaceful spaces, traffic management, buses); technological innovation, with an electric river shuttle project in Lagos (€190M); but also support for less "visible" components of urban mobility policies, with a programme targeting transport hubs and small-scale transport operators in Abidjan (€110M).

ii. In the **energy** sector, the year was marked by a business plan in terms of volume, which, although lower than in previous years, was higher in terms of the number of projects. The lower volume is explained by the impossibility of lending to ESKOM, the postponement of several public policy budget financing lines in the Balkans and the complexity of preparing JETP (Just Energy Transition Partnership) operations in Indonesia. A significant share of projects was thus intended to support a modernised and low-carbon offering, as shown by the signing and entry into force of PEEB COOL (energy efficiency programme for buildings), as well as by initiatives on access through support for electrification via mini-networks.

    The continued implementation of the JETP initiative enables AFD Group's "energy" offer to continue to be structured to address the climate crisis, while also integrating issues of inequality, in particular gender and biodiversity. The new Senegal JETP signed at the Paris Summit in June demonstrates its success.

iii. The **urban development** sector was marked by a number of multi-country initiatives, such as the finalisation of negotiations with the European Commission for the launch of the Fast Cities guarantee scheme (Latin America, Eurasia, North Africa and Asia) and the launch of the UPFI project preparation facility for the Caucasus (€5M). There were also two other structuring projects in the sector over the period: the financing of Bogota (non-sovereign loan of €150M in local currency) and the financing of the urban programme in Bangladesh (sovereign loan of €200M).

In 2023, the CICID **Climate and Environment** segment also posted a relative decrease in grants in Foreign States, from €941 million in 2022 to €695 million in 2023.

Despite the fall in the amounts granted in the sector, 2023 demonstrated the success of the merger of climate and nature issues within AFD's Climate and Nature division in 2022, first and foremost in operations, with intensive support for project teams, but also as part of methodological projects serving operations and also as part of the Group's participation in the international environmental agenda. The division has a cross-functional role in supporting a better integration of climate and nature issues into projects by being part of all project teams. The growing ambition to include these issues is reflected in their integration, as early as possible, in the project cycle, notably through a systematic screening of projects registered with the Identification Committee, the possible mobilisation of the FAPS (facility for initiating, preparing and monitoring projects), set up in early 2023, an increase in intermediate and reinforced support, at the appraisal stage, but also sometimes at the monitoring-execution stage: more than half of co-benefit projects benefited from light, intermediate or reinforced support, including more than ten missions supported.

Climate and Nature coordinated the AFD Group's interventions in the events of the international Planet agenda in 2023, in particular the One Forest Summit, the Paris Summit for a New Financial Pact, AGNU, Africa Climate Week, FICS and COP 28.

Following the example of the Global Shield programme, a number of flagship projects were awarded: The Pro-Poor Basket Fund in Rwanda is an example of a decentralised local investment fund targeting the poorest districts, which has benefited from the expertise of the Global Centre on Adaptation in order to integrate adaptation issues into the Fund. The budgetary support for the State of Himachal Pradesh in India is another flagship project involving disaster risk reduction expertise on the identification of activities as well as on the definition of the performance matrix. With partner banks (CAF, Bancoldex, Socredo, TADB (LC Agricole)) working on the Zibo district heating project in China, the project's alignment and goals were carefully developed to make it a flagship project. Work was also conducted in the social sector, for example the agricultural education/training project in Benin.

The **water and sanitation sector** saw one of the most significant increases compared to 2022, rising from €832M to more than €1.6bn, representing 18% of total funding granted over the year. This was a record level well above the average commitments for the 2016-2021 period.

In 2023, as was the case the previous year, AFD's operations in the sector were unfortunately impacted by the consequences of crises and conflicts. After Lebanon, Burkina Faso, Mali and Sri Lanka, it was in Niger and Palestine that circumstances forced significant constraints on commitments, project execution and disbursements. The share of loans granted in Africa thus lost its majority position to Latin America.

In 2023, the water and sanitation sector was given greater attention on the international agenda, a trend that should be confirmed in the coming years and lead to a strengthened global governance of the sector. In March 2023, the first UN conference on water since 1977 took place. Structuring subjects were addressed, such as the management of cross-border water in Africa (promotion of Team Europe, specialising in the field), access to drinking water and sanitation in the Sahel countries (resulting in a joint declaration of the G5 Sahel water ministers), the integration of Nature-based Solutions in infrastructure projects (exchange of experiences with other donors and The Nature Conservancy), or the reinforcement of the involvement of public banks in national development initiatives in this sector through the promotion of the Water Finance Coalition.

The year's loan commitments were dominated by sovereign loans, even though non-sovereign loans were up sharply in 2023 thanks to three loans: two in Brazil (€200M and €50M) and one in Turkey (€75M). Five transactions (sovereign and non-sovereign) thus represented half of the year's commitments: the one in Brazil €250M; Mauritius €200M; India €100M; Cambodia €100M; Iraq €100M.

Approvals relating to **governance** also increased significantly, from €675M in 2022 to more than €1.2bn in 2023. This sector represented 13% of total grants in 2022, compared to 8% in 2022.

The Governance theme was the subject of a certain number of strategic requests, which represented interesting lines of support to legitimise and consolidate interventions in the field. The number of new projects remained relatively stable, between 31 and 38 over the last three years (35 in 2023). The increase in total volume was therefore due largely to an increase in the average ticket. The geographical distribution of commitments was balanced among regions, with activity maintained in Africa.

The contingency loan in Peru (€200M) was a significant grant in the field, AFD's first sovereign loan in this region. Through this financing, AFD will provide short-term liquidity in the event of a natural disaster in order to free up budgetary resources to meet emergency needs and strengthen, in the more medium-term, the capacities of the authorities in the areas of prevention, preparation and management of extreme natural and climate hazards.

Agriculture remained relatively stable in 2023 compared to the previous year. The sector posted €404M in grants, compared to €468M in 2022.

The year in 2023 was marked by the continued deterioration of the global food security situation, with the war in Ukraine leading to significant political attention being paid to this issue. The conflicts in the Sahel also impacted the sector because it is a major area of operation in terms of agricultural and rural development.

The **education** sector covers youth education, training and employment. This sector posted a stable share of 5% of total approvals in 2022 and 2023, with the corresponding amounts rising from €390M to €414M.

In terms of sectoral breakdown, business remained stable in basic education and vocational training. On the other hand, there was an increasing share for higher education, with a flagship operation in Colombia (€60M), and a relative decrease for employment.

The year in 2023 was marked by a growing demand from AFD's partner countries for teaching of and in French: we were able to grant projects in support of this theme in Comoros, Egypt, Tunisia and Morocco (grants revised upwards from €80M to €130M at the request of Morocco). This growing activity helps to anticipate the issue of AFD's contribution to the Francophonie Summit in Villers-Cotterêts in 2024.

Approvals in the **healthcare** sector saw a first increase since the Covid-related crisis, from €170M in 2022 to €285M in 2023.

2023 saw the completion of the process to develop and disseminate France's strategy on sexual and reproductive health and rights and the French strategy on global health for 2023-2027. Global healthcare financing reforms were initiated and France changed its strategic framework for reinforced action on healthcare systems. AFD is a key player in this evolution, with a new post-COVID-19 strategy, a growing partnership approach, and the development of instruments aligned with the reform of the international financial architecture.

The financial programming for the year made it possible to translate AFD's priorities in terms of healthcare and social protection into its operations, with the granting of flagship projects, such as support for the human resources management policy in the healthcare sector in Côte d'Ivoire through budget support (€36M); or the development of resilient hospital infrastructures in Rwanda *via* support for the Musanze hospital (€79M).

The **production sector** also saw an increase in earmarked grants, from €1.2bn in 2022 to €1.6bn in 2023.

The evolution of the sector underlined the continued financial mobilisation to encourage the transformation of production systems, entrepreneurship and value chains towards resilient and sustainable economic trajectories.

1.6.5 AFD activities in French Overseas Departments and Collectivities

1.6.5.1 Total volume of approvals, disbursements and outstandings (loans on AFD's own behalf)

			Difference 2023/2022	
In millions of euros	**2023**	2022	€M	in %
Approvals (excl. guarantees)	**934**	**1,107**	**-173**	**-16%**
• DOM	625	605	20	3%
• French Overseas Territories	308	502	-194	-39%
• Multi-country	1	-	1	n.s.
Disbursements	**963**	**937**	**26**	**3%**
• DOM	623	469	154	33%
• French Overseas Territories	340	468	-128	-27%
Undisbursed balance at 31/12	**795**	**1,034**	**-239**	**-23%**
• DOM	429	617	-188	-30%
• French Overseas Territories	366	427	-61	-14%
Outstandings at 31/12	**7,103**	**6,760**	**343**	**5%**
• DOM	4,047	3,840	207	5%
• French Overseas Territories	3,020	2,882	138	5%
• TAAF	36	38	-2	-6%

The French Overseas Departments and Collectivities include those in the Pacific, Saint-Pierre-et-Miquelon, Saint Martin and Saint Barthélemy collectivities.

1.6.5.2 Breakdown by region

	Approvals		Difference 2023/2022	
In millions of euros	**2023**	2022	€M	in %
DOM	**626**	**605**	**21**	**3%**
Guadeloupe	94	97	-3	-3%
French Guiana	51	52	-1	-3%
Martinique	74	108	-34	-31%
Mayotte	169	111	58	52%
Reunion Island	215	178	37	21%
Multi-country French Overseas Departments	23	58	-35	-61%
French Overseas Territories	**308**	**454**	**-190**	**-42%**
New Caledonia	94	337	-243	-72%
French Polynesia	198	154	44	28%
Saint-Martin	13	11	2	15%
Multi-country	4	-	4	n.s.
TOTAL	**934**	**1,107**	**-173**	**-16%**

The level of commitment approvals in the French Overseas Departments and Collectivities (excluding guarantees) amounted to €934M in 2023, down compared to 2022. Some French Overseas Departments and Collectivities posted a significant increase in approvals, notably Mayotte and Reunion Island. The volume of commitments in French Polynesia also increased sharply, in view of a €125M long-term credit line for Socredo. In New Caledonia, the reduction over the year was due to the granting of a large State-guaranteed loan in 2022 (€175M).

1.6.5.3 Loans, provisions and guarantees given on its own behalf, by product

	Approvals		Difference 2023/2022	
In millions of euros	**2023**	2022	€M	in %
Current activities	934	1,107	-173	-16%
Loans	**876**	**1,038**	**-163**	**-16%**
Public sector	638	906	-268	-30%
Subsidised loans to local authorities [(1)]	*343*	*365*	*-22*	*-6%*
Other loans – public sector [(2)]	*295*	*541*	*-246*	*-45%*
Private sector	237	132	105	-80%
Banks	*175*	*92*	*83*	*90%*
Companies	*62*	*40*	*22*	*55%*
Grants	**15**	**11**	**4**	**36%**
Guarantees	**44**	**59**	**-15**	**-25%**

(1) Including Green loans.
(2) Other public sector loans include ADIE and PS2E loans.

Loans to the public sector amounted to €638M compared to €906M in 2022, including €258M in pre-financing of European and State grants. AFD generally maintained its overseas activity in an uncertain and rising interest rate environment. Thus, out of the €638M in commitment approvals, €295M has been granted in respect of non-subsidised loans, compared to €541M in 2022. However, this difference must be observed in the light of exceptional financing. In 2022, non-subsidised loans included the €175M SGL granted to New Caledonia.

Subsidised loans were down slightly to €343M, compared to €365M in 2022, under the effect of the rise in interest rates which began in February 2022 and continued throughout 2023 and which, consequently, led to the accelerated use of the subsidy budget.

Lastly, AFD is continuing to support public sector engineering, thanks to the renewal of the French Overseas Departments and Collectivities Fund (FOM). Created by the Ministry of French Overseas Departments and Collectivities at the end of 2019, it provides subsidies intended to strengthen the capacities of public contracting authorities and to support regional cooperation projects including the French Overseas Departments and Collectivities. In 2023, 38 projects were supported, for a total of €8.9M in approvals. The FOM's interventions have mainly targeted engineering support for public contracting authorities in order to reinforce their basic capacities and facilitate the initiation of their investment projects. Moreover, AFD continues to implement the "technical assistance" component of the French Overseas Departments and Collectivities Recovery Contracts (COROM), launched in 2021 following the report by parliamentarians Georges Patient and Jean-René Cazeneuve, to increase support for local authorities in the most difficulty. Following the success of the system, a new €3.8M budget was entrusted to AFD at the end of 2023 by the Ministry of Overseas Departments and Collectivities to deploy new technical assistants in the French Overseas Departments and Collectivities over the 2023-2025 period. Also worth noting is the start of Expertise France's mandate in the French Overseas Departments and Collectivities, for an experimental period of three years, which will be in charge of recruiting technical assistants for public sector actors.

Private sector business amounted to €237M in market-conditional direct loans and €44M in guarantees (Sogefom). This level of business is satisfactory with projects dedicated to the energy transition, support for the financial sector, and significant support for entrepreneurship and VSEs *via* Sogefom.

1.6.6 Intellectual production

1.6.6.1 Research, assessment and publication activities

Research

In 2023, research activities were in line with the priorities of the research, innovation and knowledge strategy for the 2019-2022 period. They focused on exploring in greater detail the interactions among the various pillars of sustainable development around the notion of strong sustainability and five signature programmes: ecological transitions, macroeconomic analyses, inequalities, shared assets and the Sahel. Developing partnerships with local actors by strengthening the degree of involvement of research institutions from AFD's regions of operation as well as strengthening the link between research work and the formulation of public policies also guided the research activities conducted.

Thus, the development of methodological tools aimed at informing public policy dialogues on the sustainable development trajectories of the AFD Group's countries of operation continued. These include the GEMMES [(1)] and ESTEEM [(2)] tools for modelling the macroeconomic impacts of climate change, tools for diagnosing multidimensional inequalities or analysing fiscal impact, ESGAP or ENCA tools for assessing the issues in relation to the preservation of natural capital, and the shared assets approach. At the same time, the structuring of integrated dialogue approaches was further developed in Colombia and Vietnam, the latter country now having an active strategic dialogue memorandum, fuelled by research. In this respect, it joins Côte d'Ivoire, Morocco and Tunisia. Dialogues on the fair transition and net-zero trajectories are also taking place in South Africa, Mexico, Colombia, Senegal and India. Similar exercises are planned in Indonesia and Rwanda, where initial discussions on the structuring of research-informed public policy dialogues were initiated in 2023.

AFD's research on the ecological transitions (climate/ biodiversity) theme focuses on an analysis of the interactions between economic development/prosperity on the one hand, and the environment on the other, with the introduction of tools for the measurement and the quantification of these interactions. The work undertaken on financial climate risks was extended in 2023 to Colombia and Indonesia, and initiated in Ghana. With regard to adapting to climate change, the work focuses on small insular states and the development of weather and climate services with the aim of reducing the risk of natural disasters. The programme to model the nitrogen cycle with a view to an agro-ecological transition in Africa should produce initial results in 2024. The biodiversity research and knowledge programme, which aims to encourage the development of a pro-nature economy based on the lessons learned from research, is now entering its development phase. Work on the assessment of financial risks related to biodiversity was extended as part of a pilot project in South Africa, the promising results of which were published at the end of 2023. The partnership with the TNFD [(3)] continued around the implementation of the framework developed for use by participants in the financial system. A study on the use of biodiversity metrics to enable Public Development Banks to assess the impacts and dependencies of their project portfolios on biodiversity is under way to complete this approach. Methodological changes to the ESGAP indicator of strong environmental sustainability are currently being developed as part of studies on Vietnam, Colombia and South Africa. AFD continued to develop GEMMES macroeconomic models, with six existing models (Brazil, Côte d'Ivoire, Colombia, Vietnam, Tunisia and Morocco) and two models under construction in India and Mexico. The ESTEEM model, which analyses macro-structural vulnerabilities related to the low-carbon transition, is deployed in four countries (Uzbekistan, Bolivia, Armenia and Vietnam). It assesses the transition risk associated with the decline of the emissive sectors in terms of external revenues, budgetary revenues and income and employment. Its roll-out is planned in other regions including Indonesia, Bangladesh, Cambodia and Rwanda.

For social cohesion/the social link and human development, work focuses on four main themes: inequalities, social protection – notably through integration into the labour market – training/employment match and demographic transition insisting on gender. This work falls within the prospect of fair transition, by studying the different aspects of sustainable structural change induced by development. The studies carried out propose recommendations on public policies. Initiatives to deepen public policy dialogue on inequalities with a fair transition approach were structured in Indonesia, Colombia, South Africa and Mexico under the Coordinated Inequalities Facility and implemented by AFD since 2017 under delegation of funds from the European Commission. Since 2023, they have been supplemented by a series of studies aimed at exploring the "fair" dimension of the energy transition in Vietnam. AFD's recognised positioning on the intersection of inequalities and the environmental issues of transitions enabled the organisation of a major international conference in South Africa in November 2023. Work on the interactions of Gender and Shared Assets or on ageing in Africa is being promoted, as are two systematic reviews of the literature on the theme of climate change education and its impact in terms of behaviours and social norms.

On the Governance, Shared Assets and Regions theme, AFD focuses its work on several themes: (i) the sector deployment of the shared assets approach (medicine, water, oceans and biodiversity, urban and rural land, access to energy), (ii) the analysis of their economic model and relationship with States, notably in a context of fragility, (iii) the study of how public policies are made in Africa, (iv) issues of security-development, notably in the Sahel, and (v) issues in terms of governance and the implementation of environmental and climate transitions. In 2023, the Shared Assets programme was particularly productive with the publication in the AFD-World Bank co-edition of a collective publication on Shared Assets in Africa and the implementation of three new programmes exploring the link between shared assets and citizen participation in Colombia and Brazil. Discussions on the link between the preservation of natural resources, protected areas and conflicts continued with the launch of a study on the Togo-Benin border area. The obstacles to the implementation of adaptation plans were explored through the link between climate change adaptation and the reduction of the risk of natural disasters. Work on the concept of resilience of small island states will be initiated in early 2024 in French Polynesia as an extension of this work. The question of the population's perception of adaptation issues and solutions and the contribution of serious games to building a new social contract adapted to the realities of transitions are the subject of discussions and exchanges with the academic community.

1) *General Monetary and Multisectoral Macrodynamics for the Ecological Shift*
2) *Exposure to Structural Transition in an Economic-Ecological Model*
3) *Task Force on Nature-Related Financial Disclosures.*

Priority is given to work on Africa with a specific focus on the Sahel. Despite the deterioration of diplomatic relations between France and three Sahelian countries, the research and capacity-building programmes financed, notably, by the "*Savoirs Sahel*" and "*Savoirs Sahel 2*" projects, were, for the most part, continued and promoted through changes in their geographical scope. The themes of regional governance and local legitimacy, Arab-Islamic education, the resilience of agro-pastoral systems to climate constraints, the social inclusion of young people, and the delivery of public services and mediation are at the heart of the development issues addressed in this work. The capacity building activities of research institutions and think tanks in French-speaking and Sahelian Africa funded by the "*Savoirs Sahel 2*" programme and the PCDI (Pôle Clermontois de Développement International) actively contribute to AFD's research support activities in the South. Moreover, in addition to the publication on Shared Assets in Africa, in January 2023 AFD published the fourth annual edition of the series on African economies launched in 2020, published by *Repères La Découverte*.

Finally, the research programme dedicated to public development banks as key players in achieving the sustainable development goals was further strengthened in 2023 to feed into the discussions of the Finance In Common Summit (FICS). The update of the database listing public development banks (PDBs) around the world initiated in 2019 with Peking University is continuing. It makes it possible to map the public policy objectives that its 526 PDBs pursue. The momentum initiated by AFD in 2019 thus enabled 120 publications to be published through a network of international researchers. In 2023, AFD initiated the creation of the Global Research Network on PDBs (GRN), which aims to pursue the production of original work, and to promote peer reviews, publications in peer-reviewed economic journals and the dissemination of research findings among policy makers and development bank managers. More specifically, this network should focus on working on five themes: PDBs in the international financial architecture, private sector mobilisation, climate and biodiversity, social responsibility of PDBs, and analysis of structured data on PDBs. Finally, AFD has developed the "SDG Prospector", a tool using artificial intelligence to comprehensively map the way in which BPDs integrate the SDGs into their strategic narrative. Its application on a pilot basis to one or two specific PDB portfolios could be launched in 2024.

In 2023, AFD's research activity was also highlighted at major international meetings, such as the Summit for a New Financial Pact in Paris, the FICS 2023 in Cartagena, and the COP 28 in Dubai. In line with the emerging themes of these international agendas and the strategic overhaul under way at AFD, initial discussions were conducted to structure future multi-year research programmes around five themes to complement the existing signature programmes: sustainable finance and sustainable development financing, industrialisation and environmental transitions, social contract and sustainable development, multidimensional vulnerabilities, data and ecological transitions. 2024 will confirm the relevance of these various themes.

The coordination of the research dynamics led by AFD involves the multiplication of exchanges with academic communities. In this respect, two new mechanisms set up in 2023 should make it possible to further increase these exchanges beyond existing research collaborations. They involve the possibility for AFD to host (i) teacher-researchers in delegations thanks to MESR funding or (ii) researchers invited to its premises for periods of up to 12 months. These two new statuses usefully complement the CIFRE system, which made it possible to welcome six CIFRE scholarship holders to AFD in 2023.

In support of the Agency's operations and risk management, thirteen macroeconomic analysis missions were carried out in 2023. These diagnostics focused primarily on (i) regions where AFD's exposure is significant or historical (Côte d'Ivoire, Philippines, Tunisia, Turkey, Vietnam), (ii) regions undergoing change or turnaround (Ethiopia, Ghana, Niger) and (iii) regions where macroeconomic structuring work is useful for establishing an AFD intervention strategy, and monitoring or ramping up operations (Costa Rica, Georgia, Mauritania, Peru, Philippines, Serbia). These missions covered 20.6% of the Group's outstanding loans. The missions initially planned in Colombia, Egypt, Madagascar, Mozambique and Senegal could not be carried out for reasons of organisation or local context and will be carried out in 2024.

Assessments

AFD conducts assessments of the projects and programmes it finances and also produces extensive evaluations of its sectoral or cross-sector strategies (set out in its intervention frameworks), on specific topics, countries and/or funding instruments. All extensive and joint assessments lead to a publication, while only the performance summaries for the evaluations of projects/programmes are published on the AFD website and the open data site. In 2023, AFD evaluated 65 projects through 35 assessments.

In 2013, AFD adopted a first assessment policy. An independent appraisal of this assessment policy was carried out and published in September 2021 (the full report is available online). AFD then launched a participatory process, spanning over one year and bringing together the various Group entities and the administrations concerned, to develop a new policy, now extended to the Group and which should be presented to AFD's Board of Directors in 2024. The policy recalls that appraisal meets decision-making support, learning and accountability requirements. It aims to improve strategies, programmes and projects and ultimately development results through lessons learned. It contributes to the production of knowledge to inform decision-making within the Group but also contributes to the external knowledge capital by contributing to the debate on development and international solidarity issues. The appraisal contributes to AFD's responsibility to report on the interventions it finances to the French State, its partners, the various development and international solidarity players in France and abroad, as well as French citizens (see the 2023 appraisal report and the open data of the assessments).

AFD Group subscribes to the principles of the OECD's Development Assistance Committee (DAC) for the assessment of development, and the assessment work carried out is consistent with the criteria defined by the DAC.

AFD also conducts joint assessments with the other departments responsible for evaluating France's development assistance programmes, at the Ministry of Europe and Foreign Affairs (MEAE), the Ministry of the Economy, Finance and Industrial and Digital Sovereignty (MEFSIN).

Publications

In 2023, Éditions AFD published 91 titles, slightly less than in 2022 (104 titles): 88 titles in its own collections, two co-published with the World Bank, and one co-published with *La Découverte*. Compared to 2022, research papers remained the most productive collection with more titles than in 2022; MacroDevs maintained the same productivity with 15 publications. Policy Briefs are worth highlighting, with a threefold increase in titles compared to 2022. Development issues were down (10 publications in 2023 compared to 19 in 2023).

Over 1,300 downloadable titles are available in the Éditions AFD catalogue. Since 1 January 2021, new publications are released under a Creative Commons license.

These publications are disseminated externally *via* the AFD website, while part of the catalogue is also available on the CAIRN portal. Likewise, most of them are accessible and referenced on various databases such as Ideas/RePEc and Google Scholar.

The promotion of publications is based on several channels, in particular the dedicated newsletter "*Études et savoirs*" (which has 29,284 subscribers for the French-language version and 7,205 subscribers for the English-language version), the use of various formats ("*Grandes Lignes*" podcast, videos and motion design, computer graphics, etc.) as well as the organisation of events around publications. There is also an active presence on social networks with an "Éditions Agence Française de Développement" account on LinkedIn and Facebook, which was set up in July 2022.

1.6.6.2 The AFD campus

In 2023, the year was marked by the construction of the AFD Group Campus, officially launched on 1 January 2024, and which required the active mobilisation of the two teams now working together: Campus and Air.

At the same time, it was a very busy year, with the launch of new projects and the acceleration of projects launched the previous year.

In 2023, the Innovation for Democracy Foundation launched and rolled out its activities, as proposed in the report submitted by Achille Mbembe to President Macron in October 2021. Through the creation of innovative tools and programmes, the aim is to encourage the emergence of African democratic thinking and support for endogenous models, to help disseminate and share them, and to support the strengthening of a democratic culture through empowerment. In 2023, one year after the foundation's bylaws were filed, "rearmament of thought" activities were launched: organisation of the first meetings in Grand Bassam; first training sessions in Goree, Arles, Yaoundé ; first initiatives supported; Labs launch.

In 2023, the Campus continued to roll out its flagship and innovative courses, highlighting the acquisition of key skills to contribute to transitions, through new educational approaches, etc. This is the case of the "Academy of Mediterranean Talents" pilot course, announced in 2022 by Emmanuel Macron at the opening ceremony of the Forum of Mediterranean Worlds in Marseille, advocating for a different outlook among Mediterranean youth on both sides of the sea, with a view to creating together and transforming these societies through unifying projects rooted in its regions. The first cohort was supported, with very positive feedback and a confirmation of the relevance of this project; a beautiful closing event was organised in Tunis in May 2023, and one TV and two radio broadcasts were produced on this project. Equally, its Talents were once again highlighted at Emerging Valley in November 2023. In 2023, funding for the project was also secured for the next three years.

It is also worth mentioning the *Mouv'Outremer* project which, by using design thinking and prototyping, mobilises committed players in the French Overseas Departments and Collectivities around concrete projects aimed at achieving the SDGs.

Several older campus projects also confirm their relevance: the Play training course, which continues to be rolled out internally, externally and for aid operators. A beautiful internal/external edition for women was successfully tested in Dakar; The Transformac'tion project, which is moving from a pilot project to a full-scale project; the SIBC project [(1)], which supports a cohort of around forty impact entrepreneurs each year in scaling up their work. In 2023, the SIBC was opened to an all-female cohort. Moreover, a new "Mediterranean SIBC" project was built to be deployed in 2024; the Lead Campus and Young Leaders projects were rolled out, offering high-potential African people the keys to develop their leadership and their ability to manage their business, and to establish a network young African and French talent.

1) *Social and Inclusive Business Camp.*

In 2023, MoDEV, a professional master's degree in project management and sustainable development issues, supported a new cohort of 40 master's students in Clermont-Ferrand, Marseille and *via* distance learning, and Back to Modev was launched in June 2023 with great success. A “certificate on supporting the ecological transition” was offered in the form of a certificate at the M6 university in Rabat, with very positive feedback.

A “Learning Territories” project is starting to take off, being integrated into the appraisal of a regional project in the Kédougou region. It aims to rethink the ways in which ideas and energies emerge in the regions.

Projects in the field of CCI (*Kréafrica*) or art for development, courses developed respectively with Senghor University and Trace Academy, and with Ferdi and the Metis foundation, brought together classes of around twenty learners each. The Djowamon application, which brings together museum cooperation partners around an online training application, was developed and is about to be released.

The activity of supporting and leading communities of change agents is still a key component of the training offer. In 2023, the Campus structured this community coordination activity. A training course was designed on this topic, and opened twice. A dozen learning communities are coordinated, bringing together players from various backgrounds involved in the transitions. In particular, with EGI [(1)], the Campus is working on the design and management of a platform to bring together and support the players involved in the modernisation of the energy sector in our countries of operation, as part of the Digital Energy Facility.

2023 also provided an opportunity to structure the urban and regional offering under the "Urban Factory" umbrella, and to deploy several of the courses launched in 2022. This is the case of the Urban Prospective Lab training-action course, in conjunction with the Ateliers de Cergy and the Institut des Futurs souhaitables, which aims to help those involved in urban planning to understand the issues and identify solutions through new shared narratives and visions for the development of intermediate cities in Africa. The campus also coordinated the “Making the city together” initiative and contributed to the “collective urban fabric” course. It organised training on local public finances and sessions on the sustainable city fresco. It supported the deployment of MOOCs in this field. Almost 15,000 auditor days were counted in this field.

In the field of biodiversity, the BiPP (Biodiversity Partner Programme), launched in June 2021, was rolled out in the Maghreb, and is being relaunched in Southern Africa, so that entrepreneurs and intrapreneurs can discover deep ecology, accelerate their pro-nature projects, and anchor their leadership positions. A programme was also initiated with public development banks in the field of green finance, to raise awareness of regenerative practices in the regions.

The collaboration with "Agir pour le vivant" expanded, with a first initiative in Africa in January 2023 and in Latin America in April. The campus organises reinvention residencies on the subject of post-development at these sites.

Lastly, we can mention the New Understanding of the World course, with École Normale Supérieure, the University of Thies and the UCAD, which is an unprecedented transnational training course between Europe and Africa, based on sharing the fundamental challenges of the 21st century and co-construction of new ways of thinking, understanding and responding to these vital issues. The second edition took place with great presentations.

In 2023, the Campus continued to enhance its production of online educational resources. Around thirty new educational resources were promoted each month on e-Campus, the AFD Group’s online portal for educational resources, which was updated at the end of the year to include the entire digital offering, and in particular access to the MOOC Campus portal. Season 5 of the “News of Tomorrow” series was uploaded in July, addressing a collection of inspiring new personalities committed to major transitions, and inviting people to search, think, transmit, produce or live differently. A season 6 was prepared, and a first season of podcasts was launched. New MOOCs were also launched: a mini MOOC on climate finance, a Real Estate MOOC, an enhancement of the project management course for development projects, digital capsules on the urban fabric. New MOOCs were launched on “Human rights and development”, “PPP”, a new version of the Ecological Transition MOOC.

2023 also saw the launch of new instructions, to prepare the innovative training courses of tomorrow. These include, for example, the preparation of a training course on new economic models and new ways of doing public policy (TAL project), with three universities in the SOUTH. The appraisal of a project on world kitchens was launched with Les Grandes Tables. A training project on “Healthcare, food, care” issues, with the NGO Santé Diabète, was reinforced and will be enhanced and widely rolled out in 2024. Lastly, a development policy review process, open to the France team, was prepared and will be launched in April 2024, as an flagship training course for the new AFD Group Campus.

1) *Operational division of the SDD (Solutions pour le Développement Durable – Solutions for Sustainable Development) Executive Department, which deals with energy infrastructure projects.*

In 2023, the Campus consolidated its positioning as a Campus for the Group, by continuing to manage training courses on behalf of Expertise France and Proparco, with a particular contribution from the Campus on the themes of community management, skills in the 21st century and the multidisciplinary approach. This is the case for the Campus' contribution to projects led by expertise France (Parfid, PPFI).

The Campus continued to reinforce its positioning as a platform, multiplying structuring partnerships for the deployment of its training actions. Partnerships are multiplying, with a view to fostering a mix of knowledge and skills.

1.6.7 Proparco's activity

Pursuant to Proparco's 2023-2027 strategy, 2023 focused on the following priority operational objectives: Africa (including Choose Africa and Venture Capital Africa), climate, Gender (2X) and Bottom 40.

Proparco is the only private sector player of AFD Group, as the amended Finance Law of 30 July 2020 established the possibility for AFD to use its subsidiary Proparco to provide certain services (quasi-public).

Proparco's 2023 approvals (excluding Fisea) amounted to €2,654M, broken down as follows:

- equity investments of €217M (€316M in 2022);
- guarantees of €639M (€274M in 2022);
- grants of €25M (€20M in 2022);
- transactions on loans, quasi-equity and other securities of €1,772M (€1,656M in 2022) which break down as follows:
  - loans: €1,758M:
    - of which subsidised loans: €205M (€101M in 2022),
    - of which loans backed by State grants: €29M (€9M in 2022),
    - of which AFD sub-participation loans representing €487M of these transactions in 2023 (€637M in 2022);
  - other securities: €14M (€79M in 2022).

In 2023, Africa remained at the heart of Proparco's geographical mandate; Approvals on the African continent totalled €1,213M, i.e. 46% of approvals; Latin America totalled €510M, Orients €667 and Three Oceans €190M. An amount of €74M was approved for projects impacting several countries.

	Loans		Equity investments		Other investments		Guarantees		Grant		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Africa	761	580	123	141	2	33	305	220	22	16	1,213	991
Latin America	234	356	26	29	11	46	238	2	-	-	510	433
Orients	602	535	38	46	-	-	25	27	1	2	667	608
Three Oceans	161	14	-	-	-	-	29	15	-	-	190	29
Europe	-	-	-	-	-	-	7	10	-	-	7	10
Multi-country	-	92	30	100	-	-	34	-	2	3	67	195
TOTAL PROPARCO	**1,758**	**1,577**	**217**	**316**	**14**	**79**	**639**	**274**	**25**	**20**	**2,654**	**2,267**
Fisea			17	26	5				1		23	26
TOTAL	**1,758**	**1,577**	**234**	**342**	**18**	**79**	**639**	**274**	**26**	**20**	**2,677**	**2,293**

In 2023, 39 countries (excluding multi-country cases) were affected by loan approval decisions, including Turkey (€208M), Mauritius (€142M), Egypt (€137M) and Georgia (€119M).

The sectoral breakdown of loan approvals is very varied and marked by the predominance of the "financial institutions" sector with €1,210M, *i.e.* 69% of loan approvals, followed by the "infrastructure" sector with €391M, *i.e.* 22% of total approvals.

The "companies" sector, for its part, amounted to €161M, or 9% of loan approvals.

In the equity investment activity, 51% of approvals related to direct investments, with a predominance of the healthcare sector, followed by the information and communication and telecom sectors, while 49% were investment funds.

1.6.8 Expertise France activities

The Expertise France (EF) business posted breakeven results for the third consecutive year. Revenue (project execution) amounted to €388.5M, very close to the planned budget, up 14% compared to 2022, despite the events in the Sahel, which had a negative impact on Expertise France business. This effort is underpinned by well-targeted growth drivers: the new European programme, the continuation of an ambitious partnership with AFD, the ramping up of International Technical Experts (ITE) in line with presidential commitments, the highly ambitious reconstitution of the healthcare initiative.

In 2023, the rebalancing among the main donors financing Expertise France's projects was confirmed. The European Union remains the leading lessor of Expertise France with 46% of the portfolio, compared to 51% in 2022. The development of operations financed by French donors continued, while those financed by AFD remained stable at 21%. Thus, the share of the “French ministries” scope now stands at 27% (compared to 21% in 2022).

Almost all of the topics covered by Expertise France grew in 2023. In particular, projects related to Healthcare, and Economic and Financial Governance, as well as the execution of the International Technical Experts (ITE) orders developed significantly in 2023.

The breakdown of revenue in 2023 confirms the very strong alignment of the agency with the geographical priorities of French aid. The agency is committed to operational development towards new regions (Americas, Indo-Pacific region, the Balkans), but it remains highly concentrated on the African continent, to which it devotes 57% of its revenue. Geographical diversification also takes place through the agency’s business in Ukraine.

2
CHAPTER

Statement of Non-Financial Performance

Background

The Agence française de développement (AFD) group has been established since 1 January 2022, notably byits three main entities – Agence française de développement (AFD), Proparco and Expertise France (EF). It finances and supports transitions in all the regions where it works towards a more just and sustainable world. It implements the priorities defined by the government in the field of development policy, in accordance with France's international commitments, within the reference framework set by the 2030 Agenda for Sustainable Development [1] and by the Paris Agreement. The No. 2021-1031 law of 4 August 2021 on the programming relating to solidarity development and the fight against global inequalities sets its major objectives, specified by the Presidential Development Council (PCD), the Interministerial Committee for International Cooperation and Development (CICID) and the Interministerial Committee for French Overseas Departments and Collectivities (CIOM) in 2023.

The highlights of the Group's activities in 2023 were as follows:

- the geographical distribution of AFD's 2023 commitments was characterised by activities in Africa, which continued to decline to reach 36% of AFD's commitments and a volume of €3.6bn (-€300M compared to 2021). This trend, which has been observed for several years, can be explained by the discontinuation of business in countries where military coups have taken place (Niger, Burkina Faso, Mali), and by a scope of operations that is shrinking due to the economic context and debt levels of many countries in the region (Kenya, Mozambique);
- in 2023, this reduction in business was offset by an increase in commitments in Latin America (18% of AFD's business plan) and an increasing share of business in the Orients, which now represents nearly one third of business (31% of AFD's business plan). Commitments for the 3 Oceans were relatively stable, at around 15%;
- in 2023, the Africa region was the Proparco's main region in terms of approvals (52%). Second was Latin America & the Caribbean, representing 20%, up slightly compared to 2022. Lastly, the Middle East increased significantly to reach 18% of global approvals in 2023, with the other regions (Asia and multi-country) consequently falling in relative terms;
- Expertise France's business – although part of a dynamic of operational development towards new regions (Americas, Indo-Pacific region, the Balkans) – remains highly concentrated in the African continent, to which it devoted 57% of its revenue in 2023. This African priority is all the more marked because some of Expertise France's multi-region projects (16% of revenue) include a strong Africa component;
- climate financing in 2023 amounted to €7.5bn in foreign States and the French Overseas Departments and Collectivities, *i.e.* 62% of commitments [2]. In foreign States, AFD and Proparco approved 266 climate projects, for a total amount of €7.1bn in financing, *i.e.* 64% of its commitments [3]. The Group therefore exceeded the 50% target set in 2012 and renewed in its Climate and Development strategy.
- in 2023, the share of AFD's commitments with an objective of promoting gender equality (volumes labelled CAD1 and CAD2 [4]) was maintained compared to previous years, at 50% (*i.e.* €4.7bn);
- in 2023, AFD borrowed a total of €8.030bn, nearly half of which was realized by sustainable bonds, *i.e.* 43% [5] of the amount borrowed.

AFD Group's corporate social responsibility (CSR) in 2023

AFD Group is committed to adopting best practices in its business lines. For close to 20 years, its approach to corporate social responsibility has enabled it to comply with the social, environmental and ethical requirements, respect for human rights, the fight against corruption, transparency, and beyond that, to structure its practices, thus positioning itself among the players with the highest ratings by non-financial rating agencies. The alignment between the Group's missions, its corporate social responsibility policy and the pursuit of excellence in terms of non-financial performance was once again recognised in 2023: with a score of 74/100, AFD ranked first *ex aequo* in its peer group (Specific purpose banks and agencies in Europe) by Moody's Analytics (formerly Vigeo Eiris). In addition, AFD obtained an AAA rating in the last MSCI rating report, in February 2023.

1) *Adopted on 25 September 2015 by the Heads of State and Government at the United Nations Special Summit on Sustainable Development, the 2030 Agenda sets 17 Sustainable Development Goals (SDGs) broken down into 169 targets to meet the challenges of globalisation based on the three components – environmental, social and economic – of sustainable development.*
2) *Excluding C2D, FAPS, FEXTE, FICOL, FID, FGEF, guarantees.*
3) *In 2022, AFD Group approved 251 climate projects, for a total amount of €5.6bn in financing.*
4) *Projects/programmes marked as "Significant objective" or "Main objective" (values 1 or 2) are considered by the OECD's DAC as aid directed towards gender equality.*
5) *https://www.afd.fr/fr/actualites/communique-de-presse/plafond-demprunt-obligataire-pour-lannee-2024.*

AFD Group's corporate social responsibility policy covers the 2018-2022 period, extended to 2023. The priorities of the new corporate social responsibility policy will be fully integrated and will flow from the Group's new Strategic Orientation Plan (2024-2029) currently being validated.

In 2023, the CSR policy covered all of the Group's sustainable development issues, whether in relation to the projects financed or its internal operations. It reinforces the consistency between the Group's missions and the quality of its work, and promotes cohesion within the teams. It is based on six commitments:

Incorporating sustainable development issues into operations
Governance and appropriation of the corporate social responsibility approach
Transparency and dialogue with stakeholders
Professional ethics and financial exemplarity
Socially responsible and fair management of employees
Control of the direct environmental and societal footprint

AFD Group's corporate social responsibility approach is led by a team attached to the department in charge of strategy. This is supported by a network of CSR focal persons within the departments responsible for implementing the various areas of the corporate social responsibility policy, namely a representative of the environmental and social support, strategy, risks, human resources, general secretariat, purchasing, finance and assessment teams, the corporate project as well as Proparco and Expertise France. This network is thus involved in managing the social responsibility approach (in particular the co-construction and implementation of the annual action plan), its accountability, as well as communication and staff awareness-raising actions.

Across the Group's three entities, expert teams provide cross-functional support to integrate sustainable development into operations, on topics such as climate, gender, environmental and social risk management, intervention in countries in crisis and conflicts, capacity building of clients and partners, or as part of the analysis of the contribution to the sustainable development of projects. The CSR approach also relies on a sponsor in the person of the Deputy Chief Executive Officer in charge of the Group's operations.

Preparation of the Statement of Non-Financial Performance

The publication of non-financial information as part of the Statement of Non-Financial Performance (SNFP) results from the transposition into French law [1] of the European Directive 2014/95/EU, known as the Non-Financial Reporting Directive (NFRD).

AFD, both an EPIC (industrial and commercial public undertaking) and a financing company, whose securities are admitted to trading on a regulated market, follows an exemplary approach and has published a Statement of Non-Financial Performance since the 2018 financial year, the content of which complies with legal and regulatory requirements. Since the 2022 financial year, this declaration includes Expertise France in its scope.

This statement provides information on how the Group monitors the social and environmental consequences of its activity and the effects of this activity on human rights and the fight against corruption and tax avoidance. It thus includes:

- its business model;
- the main risks related to the Group's activity including, where relevant and proportionate, risks created by its business relations, products or services;
- the policies and action plans rolled out to manage these risks;
- results, including key performance indicators.

The methodology used is described in the methodological note (see Appendix 9 below), while the actual statement is presented below.

1) *Order No. 2017-1180 of 19 July 2017 on the publication of non-financial information by certain large companies and groups of companies and Decree No. 2017-1265 of 9 August 2017 issued for the application of said order.*

2.1 The business model

AFD’s business model is detailed in Chapter 1.

2.2 Identification of the main non-financial issues and risks

As provided for by the regulations (see above), the SNFP focuses on AFD Group’s main non-financial risks and issues.

The non-financial issues deemed to be the most relevant for AFD Group were identified and ranked through a materiality analysis. This analysis aims to offer a view of the most important issues for the organisation, in order to select the most relevant information for its corporate and social responsibility report based on its activities, its own objectives, and the expectations of its external and internal stakeholders.

AFD Group's materiality analysis was updated, in 2022, based on a documentary analysis and ten qualitative interviews with representatives of the Group's main stakeholders, extended to include Expertise France. On this occasion, the mapping of the Group’s stakeholders in the extended Group format was also reviewed [1]. The Group’s main stakeholders are divided into six main categories: the institutional environment, the societal environment, human resources, the economic environment, clients and beneficiaries, and Official Development Assistance and technical assistance actors (see the stakeholder mapping presented in Appendix 10). This work resulted in a revised list of 19 material issues, validated by the Executive Management [2].

These issues were then prioritised by internal and external stakeholders [3], in order to obtain the updated materiality matrix shown in Appendix 10.

In order to begin to anticipate the future regulatory changes brought by the Corporate Sustainability Reporting Directive (CSRD), the risks are presented in a format that explains the dual materiality of each issue. The table below therefore describes not only the risks that deteriorated ESG factors (environmental, social, governance) represent for the Group, but also the impact of the Group’s activities on these ESG factors.

1) *See the AFD Group stakeholder mapping, updated in 2022, in Appendix 10.*
2) *See the AFD Group materiality matrix, updated in 2022, in Appendix 10.*
3) *For the rating of the issues, 192 people (including 118 external) responded to a dedicated questionnaire, representing all the stakeholder groups identified.*

AFD Group's corporate social responsibility issues and associated potential non-financial risks (1)

PRIORITY ISSUES	POTENTIAL RISKS INCURRED (FINANCIAL MATERIALITY)	POTENTIAL RISKS GENERATED (IMPACT MATERIALITY)
GOVERNANCE		
Ethics and financial exemplarity	• Risk of non-compliance with procedures concerning fraud, anti-money laundering and the financing of terrorism • Risk of wrongdoing by an employee, a partner, a counterparty	• Risk of aid embezzlement, corruption and fraud
Transparency of funding and accountability on impacts	• Risk of weakening access to sustainable finance flows	• Risk of difficulty for financing beneficiaries and clients in scheduling their operations within known and controlled deadlines • Reputational risk linked to misalignment between funded projects and strategic axes defined by the SDGs and the Paris Agreement
Group cohesion	• Risk of inconsistency in entities' CSR practices	• Risk of inefficiency and loss of effectiveness
Client and stakeholder satisfaction	• Risk of weakening the Group's attractiveness and image	• Risk of mismatch between stakeholder expectations and needs and Group services
Multi-stakeholder mobilization for the Sustainable Development Goals (SDGs)	• Risk of non-coordination with other actors (international and European donors, civil society organisations) on funded projects	
Digital responsibility	• Risk of cyber attack, breach of IT security	• Risk of disclosure of confidential customer and partner data and personal data
ENVIRONMENT		
Internal environmental footprint	• Reputational risk due to lack of consistency between internal practices and external commitments	
Respect of planetary boundaries	• Risk of failing to meet sustainable finance standards • Financial climate risk and financial risk related to biodiversity	• Risk of mismatch between funded projects and the strategic axes defined by the SDGs and the Paris Agreement
SOCIAL		
Health, security and safety of employees	• Risk of serious physical harm to an employee as a result of a malicious act • Risk of non-observance of health and safety regulations by employees	
Employees' quality of life at work		• Psychosocial risks and stress
Social relations within the Group	• Risk of malfunction or lack of internal dialogue about social issues • Risk of deterioration of the social climate, and social movements	• Risk of malfunction or lack of internal dialogue on social issues • Risks related to employment practices and psychosocial risks
Employees' skills development	• Risk of loss in collective efficiency • Risk of non-compliance with staff training obligations and failure to anticipate training issues	• Risk of loss of collective efficiency
Internal social and societal footprint	• Reputational risk due to lack of consistency between internal practices and external commitments	
Professional equity, diversity and equality	• Risk of non-compliance with regulations	
Reinforcement of institutions and civic participation		• Risk of mismatch between the proposed financing and the reality of the intervention
Strengthening of social link	• Reputational risk linked to a negative impact of projects on populations or the environment	• Risk of mismatch between the proposed financing and the reality of the intervention
ENVIRONMENT AND SOCIAL		
Deepening sustainable development in AFD Group's operations		• Risk of misalignment between funded projects and the strategic axes defined by the SDGs and the Paris Agreement
Engaging of clients and counterparties towards Sustainable Development Goals (SDGs)	• Risk of non-compliance with procedures and contractual clauses by clients and partners	• Risk of mismatch between stakeholder expectations and needs and Group services
Environmental and social risks in projects	• Reputational risk linked to a negative impact of projects on populations or the environment • Risk of non-compliance with AFD's obligations in terms of impact analysis and environmental and social standards • Risk of non-compliance with environmental and social grievance management procedures	• Risk of negative impact of projects on populations or the environment

1) *A table showing in which paragraph of the SNFP each issue appears is available in Appendix 10.*

2.3 Managing the risks and impacts of our action

AFD Group incorporates corporate social responsibility into its governance system and its activities. As such, it takes measures to assess and manage the environmental and social risks (E&S) of the operations it funds. It implements procedures to identify, prevent or mitigate environmental and social damage, including any human rights violations that may arise from these activities. E&S risk management takes place at each stage of the project cycle, from identification to financing approval, to monitoring and *ex post* evaluation.

This approach is supplemented by the existence of two grievance mechanisms for handling environmental and social complaints, respectively for AFD and Proparco (see below), which help to manage operational risk. These systems make it possible to explore remediation when negative or unexpected E&S impacts could not be avoided, reduced or compensated according to the provisions of the E&S management plans of projects financed by AFD or Proparco. These mechanisms help to strengthen the AFD's transparency and accountability practices, drawing on the experience of other financial stakeholders, thanks to exchanges within the IAMnet international network (Independent Accountability Mechanism Network).

2.3.1 AFD's management of environmental and social risks, and the procedure for managing complaints

2.3.1.1 AFD's management of environmental and social risks

AFD has adopted an environmental and social (E&S) risk management policy for the operations it finances [1]. This policy defines the framework and guiding principles applicable to E&S risk management. AFD also has a procedural corpus allowing it to operationally implement this policy.

The E&S risk management policy implemented under development operations financed by AFD is an ongoing, differentiated and proportionate process:

- it is ongoing because various actions must be carried out at every stage of the project cycle (identification, feasibility, *ex ante* appraisal, decision-making, contracting, supervision and *ex post* appraisal) and these actions form part of a continuum;
- moreover, it is differentiated and proportionate because the nature and scope of the actions to be implemented under the process are adapted to the level of the E&S risks to be managed.

This proportionality principle is rolled out at the different stages of the project cycle and concerns in particular the choice of the applicable E&S regulatory framework (national regulations, international World Bank standards), the nature and scope of negative E&S impacts to be produced by the recipients of AFD financing, the level of involvement of AFD's Environmental and Social Support Division, and the robustness of the E&S monitoring system.

In order to determine *ex ante* the resources to be mobilised in this context, by AFD and by the beneficiaries of the financing, classification of the E&S risks of the operations is thus carried out by distinguishing four levels of potential risks for projects under direct financing:

- high E&S risk projects: category A;
- significant E&S risk projects: category B+;
- moderate E&S risk projects: category B; or
- low or no E&S risk projects: category C.

For projects financed through financial intermediaries (FIs), three levels of risk are determined according to the constitution of the FI's portfolio:

- high E&S risk portfolio: category FI-A;
- moderate E&S risk portfolio: category FI-B; or
- low E&S risk portfolio: category FI-C.

Thus, for financing granted in 2023, the E&S risks in AFD's portfolio, in terms of the number of projects and the amounts granted, break down as follows:

1) *This policy was adopted by AFD's Board of Directors in July 2017; it is available on the AFD website: https://www.afd.fr/en/ressources/environmental-and-social-risk-management-policy-afd-funded-operations.*

Environmental and social risks in AFD's portfolio in 2023, by number of projects and amounts awarded (in foreign States)

	Breakdown by number of projects granted				Breakdown by amounts granted			
E&S risk	Number of projects 2023	% 2023	Number of projects 2022	% 2022	Amounts granted *(in millions of euros)* 2023	% 2023	Amounts granted *(in millions of euros)* 2022	% 2022
A	10	4.18%	10	4.52%	389.47	4.78%	817.34	10.05%
B+	66	27.62%	66	29.86%	3,779.85	46.39%	3,794.56	46.67%
B	68	28.45%	75	33.94%	1,430.57	17.56%	1,562.37	19.21%
C	68	28.45%	53	23.98%	1,070.63	13.1%	1,367.97	16.82%
FI-A	13	5.44%	11	4.98%	701.46	8.61%	504.38	6.20%
FI-B	11	4.60%	3	1.36%	744.28	9.14%	54.35	0.67%
FI-C	3	1.26%	3	1.36%	31.22	0.38%	30.50	0.38%
TOTAL	**239**	**100%**	**221**	**100%**	**8,147.48**	**100%**	**8,131.46**	**100%**

The change compared to year N-1 reflects the annual changes in the composition of the portfolio of projects granted.

The E&S rankings established at the identification stage, as detailed previously, are based on an analysis of the significance of the potential negative E&S impacts of the projects, *i.e.* the impacts that would appear in the absence of mitigation measures (avoidance, reduction or offsetting measures of the so-called "ARO" approach).

The latter are defined as part of the studies of potential negative E&S impacts in order to control the E&S risks of projects. During project implementation and after establishing mitigation measures, residual negative E&S impacts may remain, the nature and magnitude of which may vary depending on the different phases of the project (preparation, construction, operation, etc.) and which it is therefore important to monitor.

Also, to strengthen the E&S monitoring of projects during implementation, AFD developed, in 2020, a method to assess the residual E&S risks of projects that are considered to be the most risky (classified as A or B+ at the identification stage). This residual E&S risk assessment method is based on four criteria:

- the magnitude of the E&S impacts, taking into account the progress of the project;
- the quality of the project's environmental and social management and compliance with the E&S commitments made by the beneficiary through the financing agreement;
- the sensitivity of the context;
- the occurrence of major E&S events.

Projects may now be classified according to four levels, based on the importance of their residual E&S risks:

- project on alert requiring specific monitoring;
- sensitive project requiring increased monitoring;
- project requiring ongoing monitoring;
- project requiring basic monitoring (or no monitoring).

This analysis not only makes it possible to have an overview of the quality of the portfolio at a given time, but also to define specific and proportionate E&S monitoring programmes for each level of risk, and thus to focus on the most risky projects.

An analysis of the portfolio's residual E&S risks, carried out in 2023, addressed projects classified as A and B+, granted between 2016 and 2023, and in progress (projects not cancelled, for which an agreement has been signed before 31 March 2023 but not completed), which amounted to a total of 275 projects.

The level of E&S monitoring to be implemented was thus determined for each of these 275 projects. The breakdown by level of monitoring is as follows:

Breakdown of the levels of environmental and social monitoring of the portfolio of ongoing A and B+ projects granted over the 2016-2023 period, by number of projects and by amounts *(in millions of euros)*

Level of E&S monitoring	Number of projects	in %	Amounts *(in millions of euros)*	in %
Project on alert requiring specific monitoring	7	3%	605	3%
Sensitive project requiring increased monitoring	94	34%	6,826	37%
Project requiring ongoing monitoring	114	41%	6,927	38%
Project requiring basic monitoring (or no monitoring)	60	22%	5,125	22%
TOTAL	**275**	**100%**	**19,483**	**100%**

2.3.1.2 AFD's environmental and social complaints management system

AFD's environmental and social (E&S) complaints management system is an extra-judicial system allowing any individual or group of individuals affected, from an environmental or social point of view, by a project financed by AFD to file a complaint. It promotes a constructive approach, based on seeking solutions out-of-court. Its functioning (eligibility criteria, methods for processing eligible complaints by reconciliation and/or a compliance audit) is described in the system regulations, available on the AFD website. It is placed under the supervision of the Ethics Advisor.

In 2023, the system continued to operate in the same way as it did in previous years. It relies on a pool of experts and an eligibility committee to process complaints. In 2023, its activity was the subject of a capitalisation exercise rich in lessons that will be broken down into a roadmap [1].

The AFD mechanism received 27 complaints in 2023.

Year	Received	Not registered	Under analysis or being processed (1)	Closed	Being monitored
2017	2	1	0	0	1
2018	8	8	0	0	0
2019	12	7	1	4	0
2020	14	9	2	3	0
2021	21	19	2	0	0
2022	9	9	0	0	0
2023	27	21	6	1	0
TOTAL	**93**	**74**	**11**	**8**	**0**

(1) Complaints undergoing registration analysis, eligibility review or being processed (complaints deemed eligible are processed through mediation and/or a compliance audit).

Of the six complaints being analysed or processed in 2023, two were recorded. One concerns a dam project in Central Africa. It is eligible for a compliance audit. The other concerns a project to build a training centre and is in the eligibility study phase. The other four are still being analysed.

21 of the complaints received in 2023 were not registered; they were closed for the following reasons:

- the projects in question were not financed by AFD;
- the projects concerned were outside the scope (complaints are then redirected to the relevant departments: project team, contracting, allegation of fraud or corruption);
- the information provided was incomplete.

In addition to these, there was a complaint from 2017, the follow-up of which was closed in 2023.

1) *The scope of the System corresponds to that of AFD's E&S risk management approach. As projects initiated by CSOs apply other standards, they are not eligible for the remedies proposed by the mechanism, like projects financed by Proparco (covered by a dedicated mechanism) as well as Expertise France projects not yet covered by this type of mechanism.*

2.3.2 Proparco's management of environmental and social risks, and the procedure for managing complaints

2.3.2.1 Management of Proparco's environmental and social risks (1)

The approach, which is similar to AFD's and in line with the practices of international financial institutions, is based on the performance standards of the International Finance Corporation (IFC) (2), the standards of the International Labour Organisation (ILO) (3), the land tenure guidelines of the Food and Agriculture Organisation of the United Nations (FAO) (4), the United Nations Guiding Principles on Business and Human Rights (UNGPs) (5) and the resources of the Corporate Governance Development Framework (CGDF) (6).

E&S due diligence is carried out by Proparco for each operation. Its objectives are (i) to determine the extent and severity of the E&S risks of the operation, (ii) to analyse the ability of the financed/invested company to duly manage these risks within a reasonable timeframe, and (iii) to define, where applicable, the actions required to eliminate, reduce or offset these risks and impacts for the most risky projects. For each E&S due diligence carried out, a "gender" risk assessment is also included. The financing or investment decision is based notably on these procedures.

An E&S ranking makes it possible, during the identification phase, to determine the level of potential E&S risks of the activities financed (directly or by a financial intermediary). This classification ranges from A (high risk) to C (low risk) – to which is added the prefix FI for financial intermediaries. It does not change over time and does not take into account the client company's ability to manage these risks (management systems and performance) (7). The classification defines the principles and methods of intervention of the ESG division. The higher the level of risk estimated, the greater the E&S appraisal effort.

In the case of projects presenting significant levels of risk and for which the involvement of a Proparco E&S specialist is deemed necessary at the signature stage or during the life of a project, monitoring of the evolution of E&S performance is carried out. This monitoring takes the form of the evaluation of four annual E&S indicators, determined on the basis of assignments, discussions with the client or documentary reviews. These indicators are (i) the E&S management system (measures the maturity of all E&S risk management processes), (ii) the E&S organisation (the client's resources and capabilities to manage E&S risks), (iii) E&S performance (changes in the due application of the E&S standards selected), and (iv) residual risk (assessment of the E&S risk to date by integrating the other indicators). In addition, concrete improvement actions are defined with the beneficiaries of the financing and grouped in an Environmental and Social Action Plan which is included in the contractual documentation. The implementation of these improvement action plans is monitored annually by the ESG team.

The two tables below present the classification of the potential E&S risk of projects signed in 2022 and 2023 according to their number (note: a project can be linked to several financings) and their amount. The tables also provide a comparison for information with all the projects in Proparco's portfolio.

Ex ante environmental and social classification of Proparco projects signed in 2023 and of the portfolio

E&S classification	Number of projects	% of projects	% of Proparco portfolio projects as at 31/12/2023	Number of projects signed in 2022	% of projects signed in 2022
A	6	7%	11%	6	8%
B+	11	14%	19%	12	15%
B	9	11%	8%	5	6%
C	3	4%	1%	4	5%
FI-A	15	19%	19%	16	20%
FI-B	14	17%	27%	11	14%
FI-C	23	28%	14%	26	33%
TOTAL	**81**	**100%**	**100%**	**80**	**100%**

1) *Including FISEA.*
2) *IFC PS: Performance Standards on Environmental and Social Sustainability International Finance Corporation (IFC).*
3) *ILO standards: labour standards (ilo.org).*
4) *VGGT: Voluntary Guidelines on Tenure Governance of Tenure Food and Agriculture Organization of the United Nations (fao.org).*
5) *UNGPs: guidingprinciplesbusinesshr_en.pdf (ohchr.org).*
6) *CGDF: Home page – CG Development Framework.*
7) *Only clients requiring specific E&S monitoring are subject to an E&S performance assessment based on their E&S organisation, their E&S management system and their level of compliance with IFC standards and Proparco requirements.*

Environmental and social risks of Proparco's portfolio in 2023, by amounts (foreign States)

E&S classification	Amount in 2023	Percentage in 2023	Amount in 2022	Percentage in 2022
A	€300,888,200	17%	€134,014,276	9%
B+	€167,899,861	9%	€151,973,198	11%
B	€173,303,972	10%	€73,685,122	5%
C	€1,200,000	0%	€3,032,926	0%
FI-A	€640,206,037	35%	€500,277,371	35%
FI-B	€271,766,758	15%	€293,271,667	20%
FI-C	€257,109,258	14%	€281,822,488	20%
TOTAL	**€1,812,374,085**	**100%**	**€1,438,077,049**	**100%**

Each operation is also subject to a "Governance review". Depending on its complexity, a governance specialist is involved. It makes it possible to determine, where applicable, the methods for improving governance (formalised in a governance action plan included in the contractual documentation) and any possible need for associated technical support. These commitments and support are then monitored annually to verify their effective implementation.

2.3.2.2 Proparco system for processing complaint

Since 2019, Proparco has had an environmental and social complaints processing system that gives any person or group of people who feel adversely affected by the environmental or social aspects of a project financed by Proparco the opportunity to file a complaint and be heard by independent experts [(1)].

This is an initiative by Proparco and its German and Dutch counterparts, DEG – the German private sector bilateral development bank, member of the KfW group – and FMO – the Dutch private sector bilateral development bank.

If the complaint does indeed concern a project funded by Proparco, if it does not correspond to one of the exclusion cases specified in the system's documentation, and if the complaint file is complete (containing all information required as detailed on the Proparco website), it is sent to a panel of independent experts who first of all give a ruling on its eligibility, in compliance with the system's regulations.

Once a complaint has been declared eligible, two processing methods, which can be combined, are offered:

- a compliance audit, in which the panel of independent experts examines whether the project financing was implemented in accordance with the applicable rules in terms of compliance and Proparco's internal policies;
- reconciliation, aiming for the out-of-court settlement of a dispute between the complainant and the recipient of the funding. Proparco then offers mediation services, but is not involved in the mediation process.

The process is considered to be complete when an agreement is reached between the parties when resolving a dispute, or when establishing final recommendations by the expert panel in the case of a compliance audit. An action plan is then proposed, the implementation of which is monitored by the complaints office and the expert panel.

The system received four complaints in 2023 relating to Proparco. None of the four complaints received was recorded. They were closed for the following reasons, in accordance with the mechanism's policy:

- identical complaint already being processed by other mechanisms belonging to the Independent Accountability Mechanisms (IAMNet) network;
- there is no longer an active financial relationship between Proparco and the client.

One complaint was declared admissible by the panel in July 2021. Mediation between the various stakeholders is ongoing, with the support of the panel of experts.

Year	Received	Under analysis or being processed	Closed
2019	0	0	0
2020	1	0	1
2021	1	1	0
2022	0	1	0
2023	4	1	4
TOTAL	**6**	**1**	**5**

1) *https://www.proparco.fr/fr/icm.*

2.3.3 Human rights due diligence and promotion of the human rights-based approach

AFD Group operates in countries where human rights are not always fully respected, even if these countries formally adhere to treaties and conventions governed by international human rights law.

The mandatory due diligence in the field of operations includes the assessment of the social risks of the projects financed. The issue of applying international human rights standards is thus constantly on the agenda and integrated into the *ex ante* analysis and implementation of all projects, whatever the shape or form.

To this end, AFD Group relies on the performance standards of the International Finance Corporation (IFC) (1) on the environmental and social standards and the environmental, health and safety directives of the World Bank, as well as on the fundamental conventions of the International Labour Organisation (ILO) (2). The human rights issues covered by these standards enable us to address matters related to:

- workers' rights, namely working and employment conditions, and the protection of the workforce (and notably against forced labour or child labour, discrimination, etc.);
- the rights of communities, in particular the health and safety of communities potentially affected by projects (and notably potential violence against these communities); land acquisition and involuntary resettlement (notably to avoid forced evictions);
- the rights of indigenous populations;
- environmental rights, in particular concerning the preservation of ecosystems, the prevention of pollution, etc.

Where applicable, the implementation of these standards is accompanied by the establishment, by project managers, of mechanisms to manage complaints at project level, making it possible to collect and process potential complaints from people affected by these projects. The financing agreements signed with recipients must necessarily mention the commitments made by counterparties to respect the rights of individuals potentially affected, and reiterate the compliance with the ILO's fundamental conventions in such a manner as to make them legally binding.

Following the adoption of the French "Human rights and development" strategy and the associated action plan for the period 2020-2024, which encouraged it, the Group is working to gradually integrate the human rights-based approach (HRBA) into its activities. This approach is based on both a risk reduction approach with the objective of doing no harm, and a more proactive approach so that projects directly contribute to the realisation of human rights. Since the adoption of the programming law of 4 August 2021, this is now an explicit mandate for the Group. As a result, several projects have been launched since 2021 to strengthen the capacities of the Group's employees on this new methodology, establish partnerships with other development players to promote this approach and share best practices, and finally to support the production of knowledge regarding the concrete operating methods.

AFD has thus developed a digital training cycle that consists of five modules entirely dedicated to the theme of "Human rights and development" and the HRBA in cooperation projects. All modules have been available on AFD's e-training platform since June 2022.

Since 2021, AFD has also provided a new operational environmental and social risk management training offering. This programme, consisting of thirteen modules offered as asynchronous e-learning or in the form of virtual classes, has been gradually made available (eight modules were already available in 2023). Twelve modules are intended for AFD's operational staff at the head office and throughout the offices abroad, and one module is intended for development project managers. All modules are accessible remotely in order to increase their accessibility for employees working in the network.

In 2023, Proparco developed a first version of the roadmap on human rights risks for the next two years, which defines actions for a better integration of HRBA into Proparco's activities.

In particular, Proparco plans to engage more closely with its stakeholders, to work on the revision of its complaints management system policy, and to roll out internal training on the subject.

It should be recalled that the ESG approach, established since 2012 and regularly reviewed, as well as the regular reinforcement of the team of ESG experts, enables Proparco, like many other financial stakeholders, to take into account (assess, mitigate, monitor) a number of human rights risks in its operations.

In order to encourage more financial players to take into account respect for human rights and manage the risks that may result from their actions, Proparco is actively working with EDFI (3) peers to develop standardised operational tools.

In addition, in collaboration with a group of development financial institutions, Proparco has participated in the development of a common approach to managing forced labour issues in value chains. This work focuses in particular on the solar energy sector, and in 2023 consisted in defining common tools with other financial stakeholders.

The Group has also developed a partnership approach with various development players to promote the integration of HRBA and share best practices regarding its concrete operating methods.

1) *https://www.ifc.org/wps/wcm/connect/multilingual_ext_content/ifc_external_corporate_site/about-ifc-fr.*
2) *https://www.ilo.org/global/lang--fr/index.htm.*
3) *Created in 1992, the Association of European Development Finance Institutions (EDFI) has 15 members dedicated to financing the private sector in emerging and developing countries.*

Moreover, a partnership between the Danish Institute for Human Rights and AFD has made it possible to make progress on the challenges of accountability in terms of the human rights-based approach. A comparative study of HRBA measurement practices was carried out and published in 2023 (European Union and bilateral cooperation agreements of Germany, Denmark, Finland, France, Luxembourg, Norway, Sweden and Switzerland). It made it possible to design, in an inclusive way, a new methodology for measuring HRBA. This methodology is comparable to a marker, but can also be used differently for the gradual integration of HRBA into the portfolios of activities of development actors.

Lastly, a second international conference was organised to mark the 75th anniversary of the Universal Declaration of Human Rights and the 25th anniversary of the United Nations Declaration on the Protection of Human Rights Defenders. The conference brought together over 1,200 participants from all over the world.

Six major witnesses, for six major regions, took part in a "world tour" of contemporary human rights issues. This session focused mainly on conventional human rights (recognised in a treaty or binding international convention), *i.e.* economic, social, cultural, civil and political rights. It demonstrated that no region of the world is free from human rights violations and that a strong demand for the promotion, respect and protection of these rights is universally called for.

A second session was devoted to environmental issues and the global ecological crisis, making the link between this crisis and human rights. A number of local projects around the world, which jointly advance human rights, the right to a healthy environment and the rights of nature were presented.

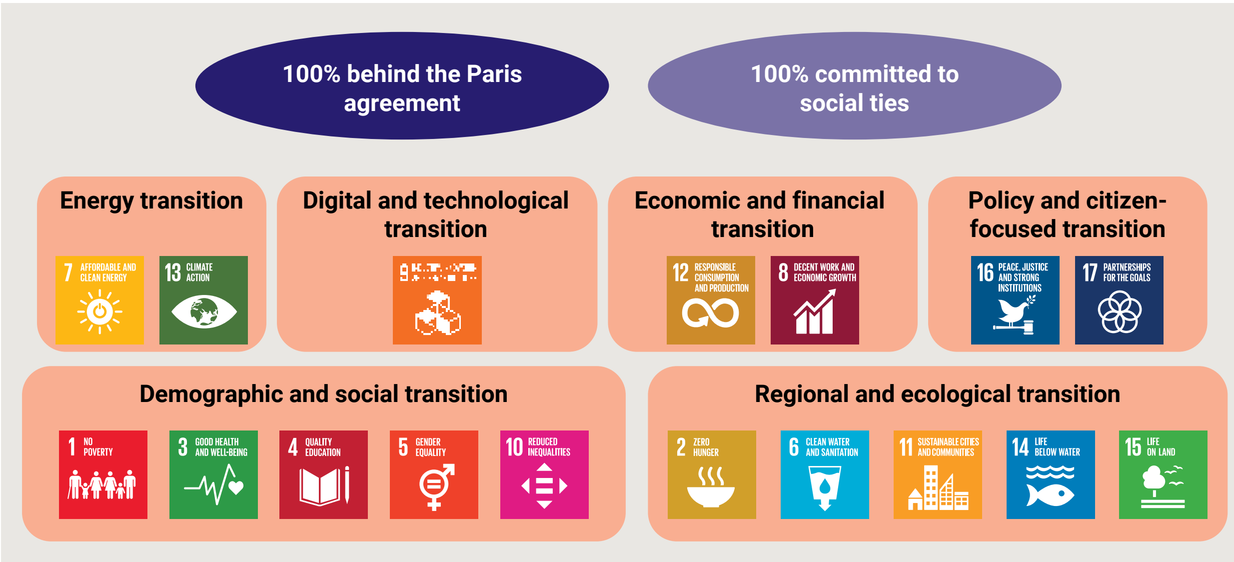
For AFD Group, the integration of human rights issues is an ongoing process of learning and sharing best practices through exchanges with civil society networks, through participation in the working groups of bilateral and multilateral partners dedicated to the subject, and through exchanges within the Group that make it possible to develop employees' knowledge of the subject and improve due diligence practices.

2.4 Contribution of the Group's activity to sustainable development

Adopted in 2018, AFD Group's 4th Strategic Orientation Plan places its action within the framework of the Sustainable Development Goals (SDGs) and the Paris Agreement, while promoting the social link, in order to help build "a world in common". Accordingly, AFD Group is responsible for helping to achieve the 17 goals of the 2030 Agenda by supporting six transitions: demographic and social, energy, regional and ecological, digital and technological, economic and financial, and policy and citizen-focused [1].

1) *https://www.afd.fr/en/ressources/afd-group-2018-2023-strategy.*

Link between the SDGs and the transitions in AFD Group's 2018-2022 Strategic Orientation Plan (extended in 2023)



The "context" section, in the introduction to the SNFP, describes the contribution of the CSR policy to AFD's strategy. One of the objectives pursued is to constantly improve how sustainable development issues are taken into account in the projects financed.

To do this, in 2014, AFD set up a "Sustainable Development Analysis and Opinion" system. This system makes it possible to qualitatively estimate the impacts (positive, neutral or negative) of a project on the main dimensions of sustainable development[1]. In this respect, it embodies the concept of integration between the various facets of sustainable development (social, environmental, economic and governance) put forward in the 2030 Agenda. It is therefore a tool for aligning operations with the SDGs.

The system is based on an analysis grid that makes it possible to analyse the impacts of each intervention, in their context. It is part of AFD's project cycle and takes place in two stages:

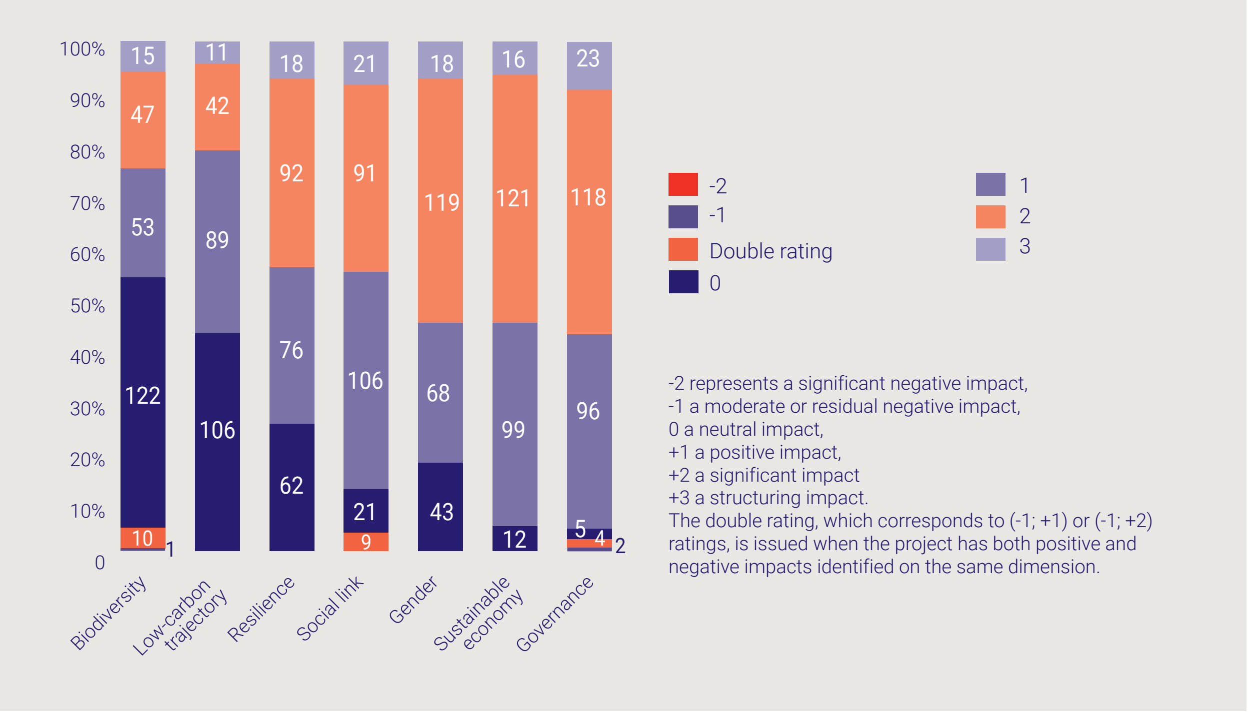
- at the identification and appraisal stage, an analysis is carried out by the project team. It feeds into dialogue around the improvement of the expected effects of the project, both with the partner or the client, and internally at AFD;
- at the time of approving the financing, an independent sustainable development opinion is issued by the Sustainable Development Analysis and Opinion unit, located within the Strategy Department. This opinion assesses the contributions expected from the project and qualifies its alignment with sustainable development. Said opinion can be favourable, favourable with recommendations, reserved or negative. It appears in the notes communicated to the decision-making bodies (notably the Board of Directors) and thus informs the decisions of these bodies.

In 2023, 248 projects granted by AFD were subject to a sustainable development opinion for a total of approximately €8.7bn, *i.e.* 83% of the year's grants in terms of financing. The majority of projects (57%) received a favourable opinion. 39% of projects received a favourable opinion with recommendations, and 4% of projects received a reserved or negative opinion.

For each project, a score is assigned to estimate its impact intensity and the expected effects on each of the six dimensions studied. The effects can be considered as negative and significant (-2) or residual (-1); neutral (0); or positive and moderate (+1), significant (+2) or structural (+3). The methodology allows a double rating on the same dimension (for example -1; +2) in order to show potential differentiated effects on the same dimension. The graph below shows a snapshot of the ratings by sustainable development dimension for AFD's grants in 2023.

1) *The six dimensions of the sustainable development analysis are: (i) biodiversity preservation, management of environments and natural resources; (ii) climate (dimension divided into two sub-dimensions, the transition to a low-carbon trajectory and resilience to climate change); (iii) social link: reducing inequalities and social inclusion; (iv) gender equality; (v) sustainable and resilient economy; (vi) sustainability of project effects and governance framework. See: https://www.afd.fr/fr/dispositif-developpement-durable.*

Ratings by sustainable development dimension of AFD 2023 grants falling within the scope of the sustainable development opinion



In 2023, the focus was on strengthening the project analysis and accountability chain. Since 1 July 2023, an *ex post* sustainable development analysis is carried out when projects are completed to compare the promises of impact, transcribed in the sustainable development analysis at the time of granting, with the achievements at project closing. The implementation of an internal tool to view the indicators of SDG projects per SDG, the "SDG-Lighthouse", also contributes to better monitoring of sustainable development indicators.

Following a test phase in 2022-2023, Proparco and Expertise France definitively adopted a sustainable development analysis system, similar to that of AFD and adapted to the specificities of their business and organisation. AFD Group now has a shared framework for analysing sustainable development issues. It establishes a shared base, useful both internally to advance practices through the pooling of analysis and training tools, but also externally to dialogue with partners and clients on the basis of a shared understanding of the issues.

The Group is also continuing its action in the field of sustainable bonds. In 2014, the Group was the first issuer of a green bond focused on climate in the French public sector. It then adopted a programmatic framework for climate bonds and continued its policy of regular issuance of climate bonds. The Group reached a new milestone in 2020, with the publication of a renewed programmatic framework focused on the SDGs [1], naturally following the four pillars of the Green Bond & Social Bond Principles. In 2023, AFD's sustainable bonds represented 43% of the total €8.030bn borrowed.

All of these approaches to strengthen our alignment with the SDGs served as a basis for the development of the 5th Strategic Orientation Plan, currently being validated, in order to capitalise on the results of the 4th SOP, mentioned above, and to seek an even greater impact in our operations.

1) *https://www.afd.fr/sites/afd/files/2020-10-07-33-42/cadre-emission-odd-afd.pdf.*

2.4.1 Impacts of AFD's activity

AFD finances and supports development projects and programmes that contribute to the direct and indirect creation of jobs and to regional development in the countries where it operates. AFD calculates result indicators to measure and provide a summarised report on the impact of its activity in the field, in order to serve the development of the areas where it operates and the populations benefiting from the projects funded, and, more generally, the impact of its work on the SDGs.

2023 AFD ex ante result indicators [1]

SDG *	Categories	Indicators	*Ex ante* results - 2023	*Ex ante* results - 2022
SDG 14/15	Agriculture, Rural Development, Natural Resources, Biodiversity	Areas benefiting from biodiversity improvement programmes or sustainable management of natural resources	1,965,407 hectares	4,063,848 hectares
SDG 2		Number of family farms with improved economic performance	546,560 family farms	936,649 family farms
SDG 13	Climate	Greenhouse gas emissions avoided	2,336,644 TeqCO_2/year	3,891,084 TeqCO_2/year
SDG 16	Crisis and conflict	Number of people living in crisis and/or fragile areas	1,141,980 people	1,035,640 people
SDG 6	Water and sanitation	Number of people benefiting from an elementary drinking water supply service	3,415,077 people	4,408,958 people
		Number of people benefiting from a safely managed sanitation service	3,179,924 people	6,514,803 people
SDG 4	Education, higher education, vocational training	Number of children enrolled in primary and lower secondary education	793,076 students	400,254 students
		Number of people who participated in vocational training	70,203 people	1,962,273 people
SDG 7	Energy	New renewable energy capacities installed	1,556 MW	2,244 MW
SDG 3	Healthcare	Number of people with improved access to healthcare	34,049,814 people	52,431,523 people

* *This indication corresponds to the contribution of a principal SDG, without pre-judging a contribution from the achievement of other SDGs through co-benefits or systemic effects.*

The change compared to year N-1 reflects the annual changes in the composition of the portfolio of projects granted.

The impact of AFD Group's financing activities can also be captured *via* the sector-based breakdown of its commitments.

1) *These indicators are monitored in accordance with Law No. 2021-1031 of 4 August 2021 on programming relating to solidarity-based development and the fight against global inequalities, known as LOP-DSI. They are aligned to the SDGs using AFD's own methodology. These data do not include the results of projects carried out in the French Overseas Departments and Collectivities - recently monitored via indicators - in order to ensure consistency with the data communicated in previous years.*

Breakdown of AFD's commitment approvals by sector of activity [1]

Approvals *in millions of euros*	**2023**	**2022**	**2021**
CICID sector [(1)]			
Agriculture and food safety	741.7	604.3	261.2
Climate and environment	989.3	1,092.2	827.3
Crises and vulnerabilities	133.7	31.2	4.8
Water and sanitation	1,777.5	964.0	1,050.9
Education, training, employment	584.9	509.7	308.4
Governance	1,664.9	732.3	582.4
Infrastructure and urban development	3,327.2	4,052	3,808
Healthcare	422.9	375.6	521
Business, Industry and Trade	2,753.2	2,473	3,528
Other	751	1,194	1,258
GRAND TOTAL	**13,146**	**11,977**	**12,150**

(1) *Interministerial Committee for International Co-operation and Development.*
The CICID sectors were amended in 2021. We present the details of the approvals according to the new wording, for the 2021 and 2022 financial years. Details of the reconciliations are available in the methodological note in Appendix 9.

2.4.2 Impacts of Proparco's activity

A 2023-2027 strategy serving the SDGs

Proparco's mission is to "build the future by supporting private initiatives for a fairer and more sustainable world" (Proparco 2023-2027 Strategy – "Preparing for the future"). All of its interventions thus aim to strengthen the contribution of private actors to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015.

In line with AFD Group's Strategic Orientation Plan currently being adopted Proparco's strategic project (2023-2027) reflects a clear intentionality in the search for impacts. The gradual roll-out of the sustainable development rating (SD rating) of financing (*ex ante*) demonstrates Proparco's commitment to aligning all its operations with the SDGs. The reinforcement of the annual impact indicator monitoring exercise (during the life of the financing) complements our impact analysis and monitoring system.

In accordance with Proparco's 2023-2027 strategy, the purpose of our financing is to:

- strengthen access to economic opportunities and the resilience of local economic systems in Africa and in the least developed countries [(2)] and fragile countries [(3)];
- support the emergence of an economy compatible with climate and biodiversity challenges; and
- contribute to the fight against gender inequalities, act for inclusion, and contribute to the fight against socio-economic and regional inequalities.

The impacts of Proparco's financing are measured through strategic management indicators and impact indicators. An *ex ante* impact analysis is presented below from a more general perspective, addressing the project's contribution to the SDGs.

1) *Commitment approvals for AFD's entire scope: foreign States and French Overseas Departments and Collectivities.*
2) *According to the OECD list in force in 2023.*
3) *According to the World Bank list in force in 2023.*

2023 Proparco ex ante result indicators [1]

SDG	Indicator	2023 value	2022 value [1]
SDG 8	Number of direct [2] and indirect [3] jobs supported [4]	1,519,161	1,344,531
	Number of direct jobs created	38,430	37,647
SDG 5 & 10	Gender equality: % of amounts approved qualifying for the 2X Challenge [5]	25% [6]	12%
SDG 7 & 13	Climate: tons of CO_2 eq avoided per year	410,772	6,183,529
	Amount of climate co-benefits *(in millions of euros)*	1,135	902
New or improved access to an essential good or service (SDG 1, SDG 3, SDG 4, SDG 6, SDG 7, SDG 9, SDG 11)	Number of theoretical beneficiaries of new or improved access to an essential good or service	24,586,121	3,103,688
	of which Energy: access to electricity through renewable energy projects	438,988	2,162,139
	of which Health: new or improved access to a health service	269,685	194,188
	of which Education: new or improved access to an education service	78,493	19,776
	of which Food: access to a basic food	16,012,478	0
	of which Microfinance: access to a micro-credit	403,153	363,771
	of which Water & Sanitation: new or improved access to a water and/or sanitation service	6,934,903	262,500
	of which Transport: new or improved access to public transport	300,000	98,785
	of which Telecommunications: new or improved access to a telecommunications service	106,421	0
	of which Affordable Housing: new or improved access to affordable housing	42,000	2,529

(1) *On a scope of 59 projects signed in 2022 for an amount of €1.46bn that were subject to an impact analysis.*
(2) *Direct jobs: total number of full-time equivalent (FTE) employees within the scope of analysis defined for the type of client concerned: persons employed directly by the client entity and persons employed through third-party agencies, provided that these persons provide services related to the operation and maintenance of the client entity/project (excluding construction). For investment funds, direct uses are those of the companies invested in by the fund.*
(3) *Indirect jobs: number of full-time equivalents supported (created and/or maintained) beyond the target entity/project receiving financing, within the scope of analysis defined for the type of client concerned: companies financed by the bank/NBFI client, among the micro-borrowers of the client MFIs, at the level of the value chain of the target entity/project receiving financing for companies, the project companies and the client investment funds.*
(4) *Supported jobs: jobs maintained and jobs created to which Proparco contributes through its financing.*
(5) *Initiative launched during the 2018 G7 in Canada and which objective is to collectively commit and mobilise resources for projects that aim to reduce gender inequalities. 2X criteria were developed to help members identify compatible investments and initiatives.*
(6) *Within the scope of Proparco approvals in 2023 for an amount of €2.682bn.*

The impact analysis framework: the sustainable development rating

Proparco's SD rating system was adopted in October 2022, it is a major step in the implementation of a shared sustainable development accountability framework within AFD Group.

The SD rating system is based on three main pillars (which are aligned with Proparco's three strategic objectives for 2023-2027) and seven sustainable development dimensions.

As of the identification phase, the SD rating system encourages a more detailed analysis of the type of impacts that the financing can generate *via* an assessment of the positive contributions of projects to sustainable development, while applying a "do no harm" approach.

As of the prospecting stage, sectoral impact sheets are available for 18 of Proparco's sectors of intervention in order to facilitate the selection of financing from an impact perspective. These sectoral impact sheets were developed by the Impacts division in close collaboration with the operating divisions. These are intended for Project Managers and Regional Directorates, particularly in the project identification and appraisal phase. They allow for a quicker and more coherent understanding of the potential impacts of projects but also to identify additional impacts that may be observed.

1) *On a scope of 94 projects approved in 2023 for an amount of €2.31bn that were subject to an impact analysis.*

Measuring impacts throughout the project life cycle

Researching and maximising impacts is therefore at the heart of the life cycle of Proparco's operations. Each investment is supplemented by an analysis of environmental, social and governance risks as well as financial, legal or risk procedures. These analyses, coupled with the management of the risks inherent in financing, make it possible to generate but also to reinforce the positive impacts of the financing.

At Proparco, impacts are measured during four financial years at three distinct points in the financing life cycle:

- the sustainable development (SD) rating.

  The SD rating system is the framework for the impact analysis of financing (see above);
- *ex ante* estimation of impact indicators.

  Available at the time of approval, *ex ante* estimates of impact indicators supplement the overall vision provided by the SD rating. They make it possible to inform the financing decision by characterising the expected impacts of financing five years after (t+5) their signature, on the basis of estimates made at the time of signature (t0);
- monitoring of impact indicators.

  Secondly, Proparco collects annualy from its clients the data needed to monitor impact indicators. In addition to meeting our transparency and accountability commitments, the annual impact indicator monitoring exercise allows comparison between the *ex ante* estimates of the impact indicators and the data collected during the implementation of the project.

  In 2023, Proparco set up the collection of data necessary for its monitoring exercise *via* the online platform "Impact Data". *Ex ante* data will be collected *via* this platform from March 2024;
- *ex post* evaluations.

  Ex post evaluations of projects or groups of projects may also be carried out on a specific theme and/or sector. These exercises are carried out for capitalisation purposes, in order : to know the real impact of the projects financed beyond the impact indicators ; to identify the most effective means to support the impact targets ; and to respond to the growing challenges in terms of transparency and accountability *vis-à-vis* Proparco's partners. These evaluations also aim to refine or validate a sectoral impact thesis by establishing a link between theory and field practice. These *ex post* evaluations are coordinated by the impact measurement team, sometimes in conjunction with the team in charge of monitoring.

2.4.3 Impacts of Expertise France's activity

After an experimental period (autumn 2022) on a sample of projects, Expertise France has developed since 1 January 2023 an operational sustainable development analysis (SDA) system adapted to the specificities of its business and consistent with its internal organisation and its status as technical cooperation agency.

This SDA system enables Expertise France to ensure the alignment of all implemented projects with the SDGs. The system aims at identifying the projects with positive impacts and avoiding those that could have a negative impact on sustainable development.

Directly integrated into the project appraisal procedure – the Development Committee – the SDA system raises questions for project managers, as early as possible, on the potential impacts of operations on sustainable development. All projects implemented by Expertise France are analysed and rated on seven dimensions of sustainable development common to the AFD Group : biodiversity, climate-resilience to climate change, climate-low-carbon trajectory, social link, gender, governance and economy.

In order to analyse and score the project, a rating grid is available for project managers to qualify the nature of the expected impacts. This grid is very similar to AFD's with the exception of the governance dimension, which was adapted to Expertise France to better integrate its operational mandate on human security, peace and stability.

2.4.4 Impact of the Group's activity on climate change and biodiversity

As the first public development bank to have formally committed to a systematic alignment with the expectations of the Paris Agreement, the AFD Group intends to maintain a pioneering and proactive positioning.

AFD thus went from being the "best climate finance player among national and bilateral public development banks" in 2022 [(1)] to being a "transformational bank" in 2023, according to the independent external evaluation carried out by the think tank E3G. This progress was made possible by the following initiatives:

1) *https://www.e3g.org/news/agence-francaise-de-developpement-and-climate-leadership/ ou https://www.e3g.org/bdb-matrix/.*

A Group "Climate and Development" strategy [1] (2017-2022) based on four objectives:

1. ensuring its activity is "100% Paris Agreement": making all the Group's financing consistent with resilient and low-carbon development, in particular by adopting a new framework of questioning for the "sustainable development" analysis of projects (see above);
2. increasing climate finance volumes: 50% of the Group's annual financing in foreign States target climate co-benefit projects. AFD thus represents a significant contribution to the achievement of France's new climate finance target, reported in the United Nations Framework Convention on Climate Change (UNFCCC), set at €6bn/year, of which €2bn for adaptation over the 2021-2025 period;
3. redirecting financial and investment flows: maximising the ripple effect of its financing on the redirection of private and local investments; developing new high-volume, high-impact instruments; and integrating financial climate risks into its risk analysis and credit decision processes;
4. co-developing solutions and shaping standards, in particular through its partnership strategy and by participating in major international events and discussions on climate finance, and by supporting knowledge production.

AFD also adopted a Biodiversity roadmap for the 2019-2022 period [2] with four pillars:

- ambitious financial targets for biodiversity : AFD committed to allocating €1bn to biodiversity finance by 2025, i.e. a doubling compared to 2020. The target is 30% of AFD's climate financing to be favourable to biodiversity each year by 2025;
- a cross-functional approach: integrating biodiversity into all of AFD's activities. A 100% net zero objective, which means that the Agency undertakes to (i) not have a residual impact on nature and to (ii) support the preservation and restoration of terrestrial and marine ecosystems, in order to contribute to the goal of protecting 30% of the planet's surface by 2030 [3];
- taking into account financial risks related to nature (see Section 5.4.4.3);
- supporting countries in their territorial transition and designing nature-based solutions.

In terms of organisation, climate and nature issues were brought together in the same team, reflecting the interdependency of the two issues and the need for joint solutions to ensure sustainable development trajectories.

Lastly, a "Climate and Nature 2024-2029" roadmap is being drawn up. Aligned with the Group's future Strategic Orientation Plan, it will be structured so that the Group aligns with the Kunming-Montreal Global Biodiversity Framework, in addition to its commitment to align with the Paris Agreement.

2.4.4.1 AFD's climate financing in 2023

In 2023, AFD generated record financing for climate and nature.

Climate financing in 2023 amounted to €7.5bn in foreign States and the French Overseas Departments and Collectivities, *i.e.* 62% of commitments [4].

In foreign States, AFD and Proparco approved 266 climate projects, for a total amount of €7.1bn in financing, *i.e.* 64% of its commitments [5]. The Group therefore exceeded the 50% target set in 2012 and renewed in its Climate and Development strategy.

Climate projects in foreign States financed in 2023 covered two areas:

- climate change mitigation: €4.3bn in financing;
- adaptation to the impacts of climate change: €2.8bn in financing, *i.e.* 40% of climate financing (for a target set at 33%).

In particular, 163 mitigation projects in foreign States will contribute to avoid 2.7 $MTeqCO_2$ [6] each year throughout their life cycle.

Moreover, AFD set up two facilities to support its partner countries in the implementation of low-carbon and resilient trajectories :

- The "AdaptAction" facility aims to strengthen the resilience of populations and ecosystems in 17 partner countries, by supporting their resilient development trajectory through three types of actions (Understanding, Planning, Investing) and two cross-cutting components (Gender/Social Inclusion and Knowledge Management). The programme was topped up by €15M in 2021 [7] and €7.5M in 2023 [8], for an extension of the programme in the Mediterranean basin. In 2023, AdaptAction continued to provide support in terms of policy dialogue and governance. It also financed three additional projects for an amount of €10.6M. These projects benefited from the support of the AdaptAction team to strengthen their robustness in the face of future climates.

1) *https://www.afd.fr/en/ressources/climate-development-2017-2022-strategy*
2) *https://www.afd.fr/fr/ressources/finance-nature-plus.*
3) *Global biodiversity framework target.*
4) *Excluding C2D, FAPS, FEXTE, FICOL, FID, FFEM, guarantees.*
5) *In 2022, AFD Group approved 251 climate projects, for a total amount of €5.6bn in financing.*
6) *Sum of projected annual GHG emissions avoided thanks to projects contributing to climate change mitigation, approved by the management bodies during the year, relating to AFD and Proparco's operations in foreign countries within the scope of financial tools subject to climate finance accountability (excluded: debt cancellation (C2D), global budget support (GBS), portfolio guarantees, FEXTE, FICOL, FAPS). Only emissions from projects where a carbon footprint (Bilan Carbone®) assessment is possible and relevant at the time of the commitment approval are recorded. In particular, carbon assessments are not carried out when the precise emissions of the project cannot be quantified (e.g. budgetary financing of public policies, small technical assistance project). When too little information is available to carry out a Bilan Carbone® carbon footprint assessment and the experts determine on the basis of their experience that the CO_2 emissions would not be significant, these projects are also excluded from the scope of carbon accountability.*
7) *Grant from the 209 programme.*
8) *209 grant in the amount of €1.5M and EU delegation in the amount of €6M.*

- The "2050 facility" was set up by AFD in 2018 – with a first tranche of €10M – with a view to supporting the development of long-term low-carbon and resilient strategies in targeted countries (today, around 30 countries are targeted through three successive tranches, bringing the facility's budget to €40M, the last of which - €10M- was approved in June 2023). Such exercises make it easier to programme development aid funding towards investments consistent with or accelerating low-carbon and resilient development trajectories, or to redirect financial flows as a whole, in line with the objectives of the Paris Agreement. The 2050 facility focused on three themes: sector modelling, support for the development of long-term strategies and transition risks, *i.e.* the exposure of real economy sectors to low-carbon transition risks and their impact on currency, taxation, employment and income distribution.

In 2023, biodiversity or nature-positive finance amounted to €1.134bn in foreign States and the French Overseas Departments and Collectivities. This represents a very significant increase of 54% compared to 2022 (€736M) and the amount is higher than the €1bn target set for 2025, representing 9.4% of AFD Group business and a total of 124 projects.

This quantification of biodiversity finance is obtained with a new accounting method (Nature+) [1] applied since 2022, which aims to qualify projects according to their intention with regard to biodiversity using six levers and an associated weighting, and no longer by simple sectoral correspondence. This method for monitoring and calculating biodiversity finance was developed internally by AFD based on the new Global Biodiversity Framework adopted in Montreal in December 2022.

Breakdown (in volume) between the different levers of Nature+ accounting:

For Biodiversity	% of Biodiversity Finance
1 - Ecosystem protection	12%
2 - Restoration of natural ecosystems	2%
3 - Integrated regional planning	1%
4 - Integrated public policy	29%
5 - Sustainable management of natural resources	49%
6 - Elimination of point-source pollution	8%

Furthermore, €901M of this total - generated by 84% of projects - stems from projects for which biodiversity is a secondary objective (CAD 1 biodiversity marker), and €233M - generated by 16% of projects - stems from projects dedicated to the protection/restoration of nature (CAD 2 biodiversity marker). Biodiversity finance from projects dedicated to the protection/restoration of nature increased sharply compared to 2022 (+27%).

Lastly, AFD Group committed €2.6bn in climate financing with co-benefits for biodiversity in foreign States, *i.e.* +36% compared to 2022. This convergent climate finance represented 37% of climate finance in 2022, for a target set at 30%.

As regards biodiversity, the BIODEV2030 programme led by Expertise France continued its roll-out in 2023, with €10M in grants. Phase 1 of the project (2019-2023) aimed to support 16 pilot countries (including 13 in Africa) in the cross-cutting integration of biodiversity in sectors with high development potential and to support the formulation of voluntary commitments. Phase 2 (2023-2026) will contribute to the implementation of these commitments in public policies.

2.4.4.2 A stronger international agenda and partnership strategy

To contribute to the reorientation of all financial flows for a low-carbon transition, (in line with Article 2.1.c of the Paris Agreement) AFD took part in international debates, discussions on standards and the co-construction of solutions. AFD Group also continued to develop its partnership strategy and its support for knowledge production.

The Group took part in several international events that marked the year, including the One Forest Summit (March 2023), the Africa Climate Summit (September 2023), the climate ambition summit [2] (September 2023) and COP 28 (November 2023).

1) *Finance Nature+: accounting principles of positive finance for nature and biodiversity: https://www.afd.fr/fr/ressources/finance-nature-plus.*
2) *Side events during the United Nations General Assemblies.*

At the COP 28 on Climate in Dubai the Group presented its progress on topics such as:

- climate finance and Paris Agreement alignment (for example, making Rwandan public finances more sensitive to the challenges of climate change adaptation and mitigation, and to encourage players in the Rwandan financial system, such as the central bank, to take into account climate risks in their regulatory, supervisory and investment decisions);
- climate change adaptation, and losses and damages (*via*, for example, the joint statement by AFD and KfW on their vision, contributions and financial tools for responding to losses and damages);
- mitigation, long-term trajectories and support for fair energy transition programmes (financing of modelling work, serving long-term strategies (Vietnam), some of which were presented by countries at the UNFCCC: Senegal, Nigeria , Morocco and Uganda);
- climate-nature convergence (multi-stakeholder initiative to strengthen nature-based solutions and biodiversity conservation projects in Asia and the Pacific, and substantial funding for three major tropical forest basins: Papua New Guinea, Congo and the Democratic Republic of the Congo).

In 2023, AFD continued to promote the international climate, biodiversity and SDG agendas, in particular **as part of the IDFC Club** (1), a global network of 27 national, regional and bilateral development banks. AFD hosts the Club's permanent secretariat and chaired it until October 2023. AFD has thus made a significant contribution to and facilitated the development of several major deliverables for the Club:

- IDFC mobilised unprecedented amounts of green and climate finance, reaching $288bn in 2022, including $18bn for biodiversity;
- IDFC published a contribution on post-2025 climate finance, in relation to the ongoing discussions within the UNFCCC. The Club promotes a shared approach that goes beyond the North-South divides and makes proposals on the dual need to strengthen the mobilisation of climate finance while making it possible to align all financial flows with low-carbon and resilient trajectories, as required by Article 2.1.c of the Paris Agreement;
- IDFC also published the results of a survey on the commitments among its members. Among the major advances, respondents confirmed the end of the financing of coal-fired power plants, internationally, since 2021 (2);
- Moreover, IDFC members and multilateral development banks adopted new set of "shared principles" on the characterisation of climate finance for mitigation and adaptation;
- Lastly, on the basis of its experience and recent analytical work, IDFC also published in 2023 a document promoting several key elements of the operationalisation of public development banks's alignment with the SDGs.

AFD also continued to chair and serve as General Secretariat of the Finance in Common (FiCS) coalition (3). This coalition brings together over 530 public development banks in the world, with a view to mobilising their full potential to contribute to the transformation of financial systems to promote sustainable development.

In addition to the Group's participation in international bodies, **several partnerships were reinforced**:

- the Green Climate Fund: AFD is currently one of the leading partners in terms of fundraising, with more than €650M in resources delegated since 2016 (7 projects/programmes). In 2023, AFD's efforts therefore focused on re-accreditation, obtained in July 2023, then on the contracting phase. As the Board of Directors of the Green Fund decided in October 2023 to extend all accreditations for two years, including expired accreditations, AFD will be able to present new projects in 2024 in parallel to the contractualisation work;
- civil society organisations (CSOs): AFD coordinates a forum for dialogue and consultation, called the "Partners Committee", which brings together French and international CSOs, ministries, French think tanks and commercial banks. Through biannual meetings, the objective of this committee is to allow open and regular consultations on strategic and operational topics relating to the Group's climate and nature issues (in 2023: "natural climate" roadmap and COP challenges). AFD also organises regular and ad hoc meetings with CSOs, such as the Climate Action Network or Coordination Sud;
- knowledge production: among the Group's many actions to support research for climate and nature, AFD signed a three-year partnership with the think tank Institute for Climate Economics (I4CE) for €180,000. The objective is to contribute to the development of its work at the international level and in developing countries, notably through the Mainstreaming Climate in Financial Institutions initiative, for which the think tank provides the secretariat and in which AFD participates with around fifty public and private financial institutions focusing on climate issues;

1) *International Development Finance Club IDFC AFD – Agence Française de Développement.*
2) *16 respondents, including the Chinese Development Bank.*
3) *https://financeincommon.org/.*

- International Union for the Conservation of Nature (IUCN): since 2005, France and AFD have worked closely with this international environmental network, through successive partnerships. AFD contributes to financing and implementing a framework agreement on the 2021-2024 period, with the following objectives: acceleration, deployment and widespread implementation of Nature-based Solution (NBS) ; promotion of agro-ecological practices to ensure healthy land; promotion of sustainable and inclusive blue economies, and the conservation of marine protected areas; AFD cooperates with IUCN though various projects (Biodev, Kiwa, Smart Desert, etc.). In 2023, the network and AFD worked to scale up NBSs in all of the latter's sectors of intervention, based on an identification of NBS projects in the AFD portfolio;
- The Nature Conservancy (TNC): since 2019, AFD has set up a partnership with TNC to invest more widely in the preservation and restoration of ecosystems. AFD participates with several multilateral banks in a working group led by TNC on debt for nature swaps, resulting in joint commitments [1], presented to COP 28 and of which AFD is a signatory.

2.4.4.3 Progress in addressing financial climate risks and financial nature risks

On climate and nature financial risks

AFD holds an important dialogue on financial climate risks with its peers and financial system players, and contributes to the sharing of best practices. Since 2017, AFD Group has been working to integrate financial climate risks, both physical and transition, into its risk analysis processes through various projects, and has developed internal and external training modules.

In 2023, AFD set up an internal roadmap for the entire Group to take into account climate and nature financial risks. This roadmap includes four pillars:

- **Integration of climate and nature financial risks at AFD Group**. AFD has laid the groundwork for updating its methodologies and taking into account financial climate risks (physical and transition), whether for sovereign or non-sovereign exposures. With regard to natural financial risks, the Group has made significant progress in implementing a methodology taking them into account (starting in 2024). Dedicated training courses and methodological guides are available or planned for climate and nature financial risks. AFD produced its second TCFD [2] (Taskforce for Climate-related Financial Disclosure) report in 2023 and plans to produce its first TNFD (Taskforce for Nature-related Financial Disclosure) report in 2025 based on 2024 data;
- **Mobilisation of climate and nature financial risks for public policy dialogue**. AFD has several internal modelling tools, such as GEMMES and ESTEEM, which have made it possible to develop new modules for assessing macroeconomic vulnerabilities in the face of low-carbon transition mechanisms. Several sectoral and macro diagnosis were carried out, for example on Vietnam, Tunisia, Colombia and Mexico. At the sector level, a comprehensive study on the energy sectors was finalised in 2023 for Indonesia;
- **The integration of climate risks in the service offer to financial systems, including central banks**. Several technical assistance programmes aimed at identifying and better taking into account financial climate risks have been rolled out among financial institutions that are AFD clients (more than ten in 2023) and regulators (around ten in the following countries: Mexico, Jamaica, Eastern Caribbean, Dominican Republic, Angola, Rwanda, Armenia, Pacific);
- **Contribution to international debates and the development of standards around climate and biodiversity financial risks**, either directly or through the IDFC and FICS networks. This is reflected in the presentation of discussions on the subject at international events (see above) and in discussions with partners of the financial systems and associated networks, such as the NGFS (Network for Greening Financial Systems) for example.

AFD played an active role in the activities of the Taskforce for Nature-related Financial Disclosures (TNFD). The objectives of the TNFD are to develop and provide a risk management and disclosure framework enabling organisations to report and act on nature-related risks, impacts, dependencies and opportunities, with the aim of supporting a shift in global financial flows towards positive investments for nature. The TNFD is based on the structure of the TCFD, a complementary climate accountability framework. The final framework was adopted at the end of 2023.

AFD coordinates the participation in and contribution of a global network of public development banks, the Development Finance Network (DFN), through the TNFD's work. The goal is to contribute to the development of the recommendations, guidelines and tools of the TNFD and to lay the foundations for the future adoption of the TNFD by the development banks themselves and by their clients, notably in emerging markets.

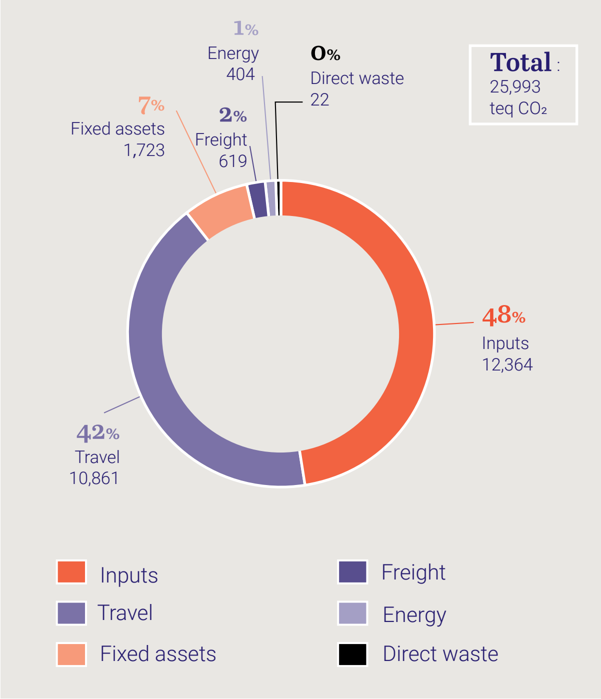
1) *"Sustainability-linked sovereign financing – Joint declaration on Credit Enhancement of Sustainability-Linked Sovereign Financing for Nature & Climate": https://climatechampions.unfccc.int/wp-content/uploads/2023/12/Joint-Declaration-on-Credit-Enhancement-of-Sustainability-Linked-Sovereign-Financing-for-Nature-Climate.pdf.*
2) *https://www.afd.fr/fr/ressources/rapport-tcfd-2022.*

2.4.4.4 Carbon footprint related to internal operations

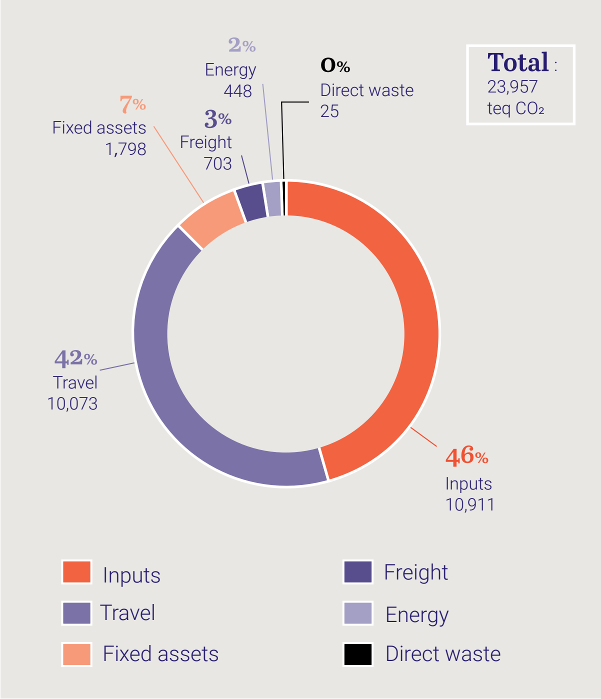
For several years AFD Group has been gradually limiting its internal carbon (and environmental) footprint through an improved understanding of its direct greenhouse gas (GHG) emissions and proactive action plans (responsible purchasing, energy sobriety, responsible digital, etc.). It offsets its emissions completely through the purchase of carbon credits intended to finance actions contributing to the SDGs. The annual assessment of the Group's carbon footprint helps to identify its strengths and vulnerabilities.

The following graphs show changes over one year and the breakdown of emission factors for AFD and Proparco headquarters (excluding Expertise France) as calculated by the Bilan Carbone© methodology.

2023 headquarters Carbon Footprint (in TeqCO_2)



2022 headquarters Carbon Footprint (in TeqCO_2)



From 2022 to 2023, the headquarters' total emissions increased by 8% due to the rise (13%) in the inputs item (purchases of goods and services not capitalised, excluding purchases covered by other Bilan Carbone® items), mainly calculated in terms of monetary ratios therefore subject to an uncertainty of 50%. This figure and this change should therefore be handled with caution. Launched in 2023, the ongoing "Responsible Purchasing" project should soon provide a much better understanding of these emissions and thus reduce this uncertainty.

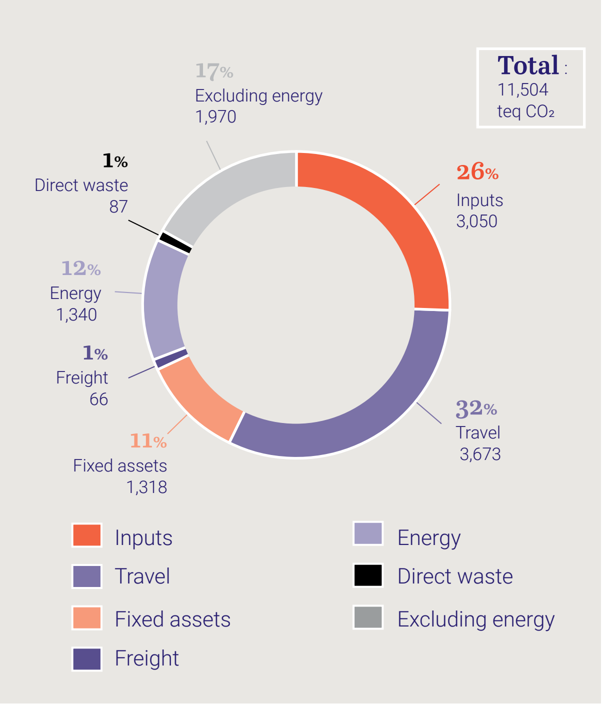
Emissions related to travel increased slightly in 2023 (8%). They represent 42% of the Headquarters Carbon Footprint, compared to 53% in 2019, the pre-COVID reference year, *i.e.* a 32% decrease.

The other items, which together account for 10% of the headquarters' carbon footprint (Bilan Carbone®), hardly changed. However, the continuous decline for several years in the "Energy" item should be noted, thanks to a proactive energy sobriety policy.

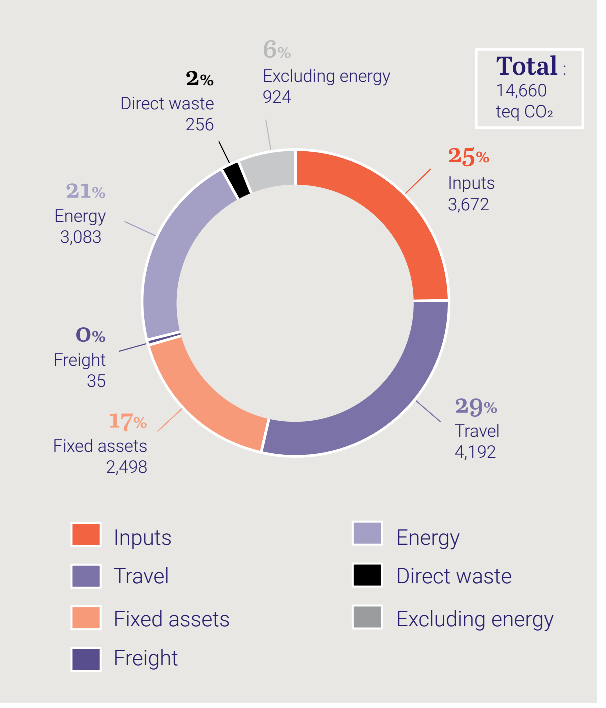
Ultimately, since 2019 the pre-COVID reference year, CO_2 emissions for the head office alone have fallen by 15%, while business has increased sharply in terms of outstandings.

The following graphs show changes over one year and the breakdown of emission factors for AFD and Proparco headquarters (excluding Expertise France) as calculated by the Bilan Carbone© methodology.

2023 network Carbon Footprint (in TeqCO2)



2022 network Carbon Footprint (in TeqCO2)



The 21.5% decrease over one year in the network's emissions and the main items of its carbon footprint (Bilan Carbone®) was mainly due to a much better understanding of raw emissions data resulting from a methodological change. By reducing the amount of data collected for the calculation in order to focus on the most emitting items, the quality of the data reported has greatly improved.

This change was mainly due to the decrease in inputs as well as the increase in "Fixed assets" and "Excluding energy" items (GHG emissions related to air conditioning).

This better understanding stemmed from a greater involvement of the network's representations and a better appropriation of the methods and assumptions used to calculate the Bilan Carbone® carbon footprint. Awareness-raising conducted as close as possible to the field and the continuous improvement of data reporting will be continued in 2024.

It should be noted that, since 2019, the pre-COVID reference year, the CO_2 emissions of the Group's network (excluding EF) decreased by 13%, despite regionalisation and the increase in business.

Lastly, each year, internal CO_2 emissions are offset by the purchase of carbon credits after a call for tenders. In 2023, the CO_2 emissions of 2021 and 2022 were offset by financing agricultural biomass and deforestation projects in Brazil or micro-hydro projects in Indonesia. Discussions are under way to change the corresponding methodology.

Expertise France's first carbon footprint assessment, for 2022, was finalised in early 2023. It was carried out according to the method developed in 2004 by the French Environment and Energy Management Agency (ADEME) with the methodological support of AFD. It made it possible to quantify the emissions related to the operation of the Expertise France head office in Paris, as well as those related to travel from the head office to the beneficiary countries. These make up 95% of EF's emissions.

In 2023, Expertise France continued to be part of the "eco-responsible public services" approach and to implement measures to reduce its energy consumption recommended by the government's energy sobriety plan for its head office – which benefits from a double HQE (High Environmental Quality) and BREEAM (Building Research Establishment Environmental Assessment Method) certification guaranteeing high environmental standards.

In a context of a de-concentration of its activities that continued in 2023, one of the challenges for Expertise France's next carbon footprint assessment will be to gradually extend it to the representation abroad and to the new country departments. Another major issue for Expertise France is the carbon footprint of its activities. In this respect, in 2023, Expertise France, with the support of AFD, organised the first institutionnal climate fresco within the Operations Department, in line with previous frescoes that were organised by Agence Verte, a collective of employees. Among their various awareness-raising actions, in 2023 Agence Verte worked on eco-responsible events to capitalise on existing best practices at EF.

Aware of the need to control its environmental impact, in 2023, Expertise France continued to gradually join the AFD Group's low-carbon trajectory and was involved in the work relating to the overhaul of the Group's CSR approach. In 2024, Expertise France should have its own multi-year "low-carbon trajectory" roadmap defining the actions to be implemented to achieve this objective. Annual monitoring reports will be produced and enhanced as part of EF's transparency commitments.

As the agency that chairs the Practitioner's Network of European cooperation agencies for one year, Expertise France's active participation in COP28 also demonstrated its commitment to these issues and is fully in line with European and French initiatives and priorities, in line with AFD Group's challenges.

2.4.5 Impacts related to the Group's activity in strengthening the social link

2.4.5.1 Reducing inequalities including gender inequalities

As regards reducing multidimensional inequalities

The World Inequality Lab (WIL) 2022 report on global inequalities estimates that "the richest 10% on the planet receive 52% of global income, while the poorest half earn only 8% of it" [1]. Economic instability and the multiplication of health, political and climate crises have weakened already vulnerable populations and increased inequalities around the world.

In this context AFD Group is acting to finance the reduction of inequalities and support sustainable, fair and egalitarian development trajectories.

AFD has adopted in 2021 a 100% social link strategy [2] and implements it:

- in 2022, AFD adopted an indicator dedicated to the reduction of inequalities and the inclusion of disadvantaged populations within the SDA sustainable development analysis grid ("Social link: reduction of inequalities and inclusion" dimension) [3]. This indicator allows precise monitoring of the actions carried out and a better impact assessment. Annual accountability was set up on this basis, notably with the production of a first brochure published in 2023 [4];
- in 2023, almost 50% of AFD's grants aimed at reducing multidimensional inequalities (projects rated +2 or +3 on the "Social link: reduction of inequalities and inclusion" dimension) [5];
- funded by the European Commission's Directorate General for International Partnerships (INTPA) and implemented by AFD, the Inequality Research Facility [6] continued to mobilise international partners in 2023 around research on inequality in low- and middle-income countries. Work continued with Indonesia, Mexico, Colombia and South Africa, including the holding of the international conference on "Inequalities, Work and Nature: Strategic Dilemmas and Political Resolution" in Cape Town, South Africa, on 8 and 9 November 2023, co-organised by AFD, the South African Presidency, the EU and ACEIR;
- AFD integrated the European Commission's inequality marker (I-Marker) [7] launched in June 2023, notably through the development of an equivalence grid with the SDA rating.

As regards reducing gender inequalities

The Presidential Development Council (CPD) of 5 May 2023 and the Interministerial Committee for International Cooperation and Development (CICID) of July 2023 set 10 priority objectives for France's international cooperation strategy, including "Promoting the rights of women and gender equality, notably by supporting feminist organisations and institutions promoting women's rights". In 2023 AFD continued to contribute to the French strategy to promote women's rights and gender equality:

1) *2022 report on GLOBAL INEQUALITIES, World Inequality Lab, p. 4.*
2) *AFD's 100% Social Link strategy.*
3) *AFD – Agence Française de Développement sustainable development analysis grids.*
4) *AFD and the reduction of inequalities AFD – Agence Française de Développement, see above.*
5) *Scope of AFD's sustainable development analysis and opinion, i.e. 251 operations analysed and approved in 2023.*
6) *A research facility to better understand inequalities.*
7) *EC LAUNCHED THE INEQUALITY MARKER! Capacity4dev (europa.eu).*

- in 2023, the share of AFD's commitments with an objective of promoting gender equality (volumes labelled CAD1 and CAD2 [1]) was maintained compared to previous years at 50% (*i.e.* €4.7bn) for a target of 55%. The share of grants with an objective of promoting gender equality (volumes labelled CAD 2-grant) was 12.7% for a target of 15%. AFD invested a total of €341M (in loans and grants) in projects labelled CAD2 for a target of €700M. The partial achievement of these objectives was mainly due to a tightening of the sustainable development Opinion rating criteria linked to a stricter application of the OECD's DAC evaluation methodology [2];
- AFD maintained its commitment alongside feminist organisations through projects financed by the Support Fund for Feminist Organisations (FSOF). In 2023 €38M in grants were committed through AFD for a target of €35M. In this respect, two calls for projects on menstrual hygiene issues (€10M) and on the economic empowerment of women and LGBTQIA+ people (€10M) were launched for the benefit of civil society. This commitment was also supported by the announcement by the Minister, during the United Nations General Assembly, of the renewal and increase of the FSOF to €250M over five years (2023-2027) [3];
- AFD Group, which has made the rights-based approach to sexual and reproductive health and rights one of the key pillars of its action to promote gender equality, continued to defend this approach at major international meetings, notably at the Women Deliver conference that took place in Rwanda in July 2023 and at the CSW67 (Commission on the Status of Women) in New York in March 2023;
- lastly, in 2023 AFD carried out a critical review of its strategic, operational and organisational capacities. Innovative, transformational and feminist projects were developed (such as the results and impact framework, the AFD Group's gender roadmap, and the seminar for gender officers in AFD Group format). These projects will be finalised in 2024.

Since 2018, Proparco has partnered with five other G7 development finance institutions to implement the 2X Challenge initiative. The objective of the 2X Challenge is to mobilise the private sector to contribute to the development of women as entrepreneurs, business leaders, employees and as consumers of products and services through projects that promote their economic participation. The second phase of the 2X Challenge was completed at the end of 2022, and enabled 20 DFIs and multilateral banks to mobilise $16.3bn (for an initial target of $15bn) for 2X projects.

In order to enhance its approach to reducing gender inequalities, Proparco also initiated several projects: the reinforcement of the 2X criteria, the development of an approach to the risks related to gender-based violence (GBV), and the development of a technical support and awareness-raising offering to better integrate gender issues into our clients' practices.

Expertise France is part of France's feminist diplomacy strategy and the "EU action plan on gender equality and the emancipation of women in external action in 2021-2025 (GAP III)".

Expertise France therefore aims to integrate gender in each of its areas of intervention, at all levels and at all stages of the development of its projects. EF thus contributes to the achievement of SDG 5 on gender equality.

A new equality roadmap will be published in 2024 formalising ES's commitments in this area, in accordance with its contractual targets and resources.

Lastly, in 2023, AFD financed projects in the sports and cultural sectors with a strong social impact.

In the "sport and development" sector, 2023 was marked by record business with 12 projects committed for a total amount of €58M. The majority of financing falls under AFD's strategic priority to finance the renovation of local sports infrastructures, in order to promote the practice of sport for all. In these projects, special attention is paid to management, maintenance and coordination issues, in order to guarantee sustainable and inclusive sports infrastructures. A significant part of the funding in 2023 also focused on training and capacity building actions for sports actors, such as local sports federations, in order to support the professionalisation of the sector.

With regard to the cultural and creative industries (CCI), AFD continued its activities for a total of €25M in commitments in 2023. This funding enabled the development of projects for the rehabilitation and enhancement of cultural heritage, the development of professional training, and support for entrepreneurship in order to support the beneficiary countries in their cultural democratisation policies. AFD also supported the development of innovative CCI sectors (audiovisual, cinema, TV, immersive universes, publishing) in Africa under the *aegis* of the President of the Republic by participating in the Creation Africa forum [4]. Lastly, AFD provided support for the Africa-Europe museum cooperation project, which aims to renew relations among museums on both continents and to identify new avenues of cooperation.

1) *Projects/programmes marked as "Significant objective" or "Main objective" (values 1 or 2) are considered by the OECD's DAC as aid directed towards gender equality.*
2) *DAC gender equality policy marker, OECD.*
3) *Feminist diplomacy – United Nations – France doubles the funding of the Support Fund for Feminist Organisations, 18 September 2023.*
4) *First edition of the Creation Africa Forum on cultural and creative industries (06-08.10.23) – Ministry of Europe and Foreign Affairs (diplomatie.gouv.fr).*

2.4.5.2 Direct societal footprint

In 2023, AFD reinforced the implementation of pillar 2 of the Group Purchasing policy dedicated to responsible purchasing, which includes three commitments relating to the environment, society and the economy. AFD's responsible purchasing approach aims to serve AFD's CSR commitments while complying with the regulations on responsible public procurement, in particular the Climate and Resilience Act.

AFD notably set up structuring elements and accelerated the integration of social responsibility in its purchasing through the following actions:

Structuring of the responsible purchasing approach:

- creation and recruitment of a position in the Purchasing Department, dedicated to environmental, social and economic issues. This person is responsible for defining the Group's "responsible purchasing" roadmap and managing relations with suppliers;
- training of 20 employees involved in purchasing in the Group's various departments about the stakes of responsible purchasing and the systems responding to these stakes, *via* a hybrid session and the provision of a manual;
- organisation of the Climate Fresco for the Purchasing Department – which raises buyers' awareness on climate change issues in order to prepare them to include the measurement and reduction of greenhouse gas emissions in AFD Group purchasing.

Integration of social responsibility in purchasing:

- all Group employees are informed of the social and environmental risk mapping tool relating to purchasing, rolled out for buyers in 2022. This tool allows all employees making purchases to identify the risks and appropriate measures for any procurement project;
- the gradual integration of social and environmental clauses and criteria during consultations;
- a study by an expert firm on the low-carbon trajectory of our purchases. It aims to enable AFD in the long term to prioritise the purchasing and supplier categories for the measurement and reduction of the carbon emissions of its purchases;
- reviews with some of our key suppliers, in order to build a sustainable and balanced relationship. In 2023, these reviews made it possible to discuss the CSR practices of said suppliers;
- AFD Group's support for the economic and social development of the economic sector through allotment in consultations to allow applications from small or local structures;
- purchases from integration structures and the protected and adapted work sector (STPA), for an amount totalling over €1M in 2023;
- systematic inclusion in contracts of the Supplier Relations Charter, enabling suppliers working with AFD to implement vigilance and social and environmental risk management measures.

AFD Group will continue to deploy and systematise, by 2026, environmental and social criteria and clauses in 100% of purchases subject to the Climate and Resilience Law, while aiming to contribute to the Group's SDG and CSR commitments.

2.4.6 Contributing to the Development-Defence link

AFD and the French Ministry of the Armed Forces have considerably strengthened their relations since 2016. This enabled a better understanding of each of their scopes and mandates under the twofold effect of a major contextual change in the Sahel region (end of Operation Barkhane) and the daily work of the various AFD employees working with the military institution, and conversely. Today many collaborations exist at several levels:

- strategic: meeting between the AFD General Director and the Chief of Staff of the Armed Forces (CEMA) once a year, meeting between the Regions Director and the Deputy Chief of Staff of the Armed Forces (Deputy Head of Operations of the French Armed Forces – SCOPS) twice a year, etc.;
- exchange of personnel: MinArm liaison officer posted at AFD (in the Fragility, Crises and Conflict division), AFD development advisor at the Planning and Operations Management Centre of the French Armed Forces. A development advisor from AFD was also availablefor the General in charge of Operation Barkhane for several years;
- partnerships: AFD's participation in the IHEDN (Institut des Hautes Études de Défense Nationale) and the War Academy, meetings between AFD communication departments, EMA and the Ministry of Europe and Foreign Affairs, presentation of the SCOPS during the AFD *Hivernales* events (annual week of strategic meetings of the Group's network), etc.

Lastly, staff are also made aware of security and defence issues and are involved as active members of the reserves.

2.5 Transparency and dialogue with stakeholders

2.5.1 Transparency of financing

Transparency of financing is a strong corporate social responsibility issue for AFD Group. Transparency of AFD's activities is ensured in compliance with the regulatory requirements associated with its legal status (business secrecy) and the protection of personal data and individual and public freedoms guaranteed by French data protection laws.

Through its policy of transparency and dialogue [1] AFD Group strives to comply with the best practices of other financial stakeholders and with international standards, including the standard of the International Aid Transparency Initiative (IATI) whilst taking into account the expectations of its stakeholders.

This policy reflects the Group's desire to better respond to the growing demand for information and explanations from its stakeholders with regard to its governance, strategy and objectives, the financing granted, and the goals and results of the French development aid policy implemented by the Group. It is based on five principles: usefulness, openness, the protection of trust and sensitive information, attentive listening, and dialogue.

Internally, a legal notice and a procedure for disclosure of information provide a framework for transparency implementation and ensure compliance with confidential information and business secrecy's rules. The information disclosure requests may concern information reported on AFD's website, AFD's open data platform and the IATI registry, or other information on AFD Group, its strategy, financing transactions and intellectual productions.

AFD continued to strengthen its data disclosure policy in IATI format and on its open data site [2] which implies a continuous effort to expand the scope of transparency. In order to better communicate on its financing, AFD publishes a "Public Communication Note on Operations (NCO)" for each project with a summary of the agreement signed and a description of the project, its stakeholders and financial information. Driven by the desire to align with the best standards of transparency and to improve its practices, AFD launched in 2023 a project to overhaul its open data portal, in order to make it more ergonomic and better structured with simplified access to data. In 31 December 2023, the NCO project data published covered 79% of the projects falling within the scope of transparency.

Share of AFD projects [3] whose NCO is published in open data*

	2022**	2023
Number of projects in the scope of transparency	1,716	1,855
Number of projects disclosed	1,357	1,461
% of projects disclosed	*79%*	*79%*

* *An NCO is drawn up for each project (a project is composed of one or more loans). Until 2022, publications were monitored on the basis of loans. This method did not reflect the operational reality and was therefore adjusted. As of 2023, a new measurement method has been used, which consists of measuring the share of projects for which the NCO is published out of all projects in the scope.*

** *As a reminder, in 2022, 1,978 loans were the subject of a published NCO out of a scope of 2,472 loans, i.e. a publication rate of 80%.*

1) *https://www.afd.fr/sites/afd/files/2018-03-10-04-11/politique-transparence-afd.pdf.*
2) *http://afd.opendatasoft.com/.*
3) *Projects falling within the scope of transparency detailed in AFD's transparency policy.*

2.5.2 Dialogue with stakeholders

AFD is committed to dialogue with its stakeholders as part of its corporate social responsibility policy. In 2022, the Group updated its stakeholder mapping, notably taking into account the integration of Expertise France.

The transparency and dialogue policy acknowledges this dialogue with stakeholders as a cornerstone of AFD's corporate social responsibility approach, as it helps integrating social, environmental, ethical and human rights concerns into the Group's strategies. AFD strategic documents which determine its areas of intervention at country level, may be shard for consultation with stakeholders (civil society organisations, local authorities, companies, research institutes, etc.) before being submitted to the Board of Directors. Stakeholder consultation on strategic documents takes place in accordance with the procedures adapted to the topic under consideration. To obtain a large scale it can be done through a digital consultation platform [1]. After registering to the open to all platform, stakeholders are invited to comment, react and vote on AFD Group's proposals. They may also add other proposals that they deem relevant for the Group.

In 2023, as part of the development of its future Strategic Orientation Plan (SOP V) for the next six years, AFD Group held several bilateral and multilateral meetings [2]:

- with French civil society players including MEDEF International, member associations of Coordination Sud or its Board of Directors (Vétérinaires sans Frontières (VSF International), Médecins du Monde, Action Contre la Faim, Handicap International, Engagé.e.s et Déterminé.e.s and SOS Children's Village);
- with European research centres and/or think tanks including the Institute for Sustainable Development and International Relations (IDDRI), the Foundation for International Development Studies and Research (FERDI), the Centre for Global Development (CGDEV), members of European Think Tank Group (ETTG), including ODI (United Kingdom), ECDPM (Netherlands and Belgium), DIE (Germany), IAI (Italy), Elcano (Spain).

This dialogue policy is part of an approach fostering continuous improvement, mutual learning, innovation and impact. In this respect, it encompasses more than just information and communication.

When investigating and implementing the funded projects, AFD ensures through legal conditions and support , that the project owner consults with the various stakeholders. For projects with significant environmental and social risks, AFD applies the World Bank's Environmental and Social Framework. Revised in 2016 the Framework now includes measures regarding the association of stakeholders at each and every stage of a project. It is essential to engage in dialogue with local authorities, communities and non-profit groups regarding projects proposed for funding, in particular those presenting environmental and social risks, to take their opinions and concerns into consideration and thereby improve the living conditions of populations and the sustainability of projects.

1) *https://consultation-numerique.afd.fr/en/.*
2) *Held in 2023 or in the first days of 2024, to take into account a schedule shift.*

2.6 Coordination with development actors: priority to partnership

2.6.1 The partnership approach: working with others for greater impact

To achieve its ambition to be a “100% Paris Agreement” Group focused on achieving the SDGs, AFD defines and implements its actions through multiple and concrete partnerships. The Group thus acts in concert with French partners (civil society organisations, public institutions, foundations, local authorities, companies), European and international partners (regional and multilateral banks, UN organisations, philanthropists, etc.) and local partners (civil society organisations, foundations, local authorities) in the various countries where it operates.

In 2023, it is mainly worth noting that:

- the Group continued to strengthen its links with French and local civil society organisations (CSOs). As part of the “CSO-Initiatives” system ("Initiatives OSC" or "I-OSC" in French), AFD financed 163 projects through 162 French CSOs and 20 local CSOs for a total amount of €163M (*versus* €139M in 2022). AFD opened, for the first time in 2022, its call for expressions of intention for projects led directly by CSOs under local law. At the end of 2023, the portfolio of projects whose implementation is being monitored included 609 CSO projects for a total amount of €576M. In 2023, AFD Group mobilised a total of nearly €400M for CSOs (€465M in 2022), including €359M for AFD and organised a multi-stakeholder conference on human rights, mental health, children's rights, biodiversity and agroecology. The Group also increased exchanges with CSOs on structuring themes (climate, education, gender) and priority regions (notably Sahel, the Caucasus, the Balkans, the Middle East, the French Overseas Departments and Collectivities). Three redistributive funds were granted to promote biodiversity with the IUCN, the Balkans with ALDA, and the French Overseas Departments and Collectivities with Guilde Européenne du Raid. For the first year, the EU delegated €2M to the I-OSC system;
- at the regional level, the Group continues to consolidate the initiatives carried out with French players (companies, local authorities and public institutions) to mobilise French know-how and expertise in the service of the SDGs. With regard to the French private sector and "Team-France" , are notable in particular (i) the strengthened link with the offers of Business France, BPI France and the Directorate General of the Treasury for greater clarity and complementarity, (ii) sustained interactions with French private banking players and foundations in favour of SDG-oriented financial mobilisation, and (iii) improved accountability. With French local authorities, AFD has strengthened its actions to support the external actions of French local authorities with the Financing Facility for Local Authorities (FICOL), with €11.8M committed by AFD in 2023. A total of 77 projects are under implementation, led by 60 local authorities for a total funding of €57.5M. With the main French public institutions that are active internationally, the Group continued operational and expertise exchanges with CIRAD (French agricultural research and international cooperation organisation), ADEME (the ecological transition national agency), IRD (the French Institute for Development Research), CFI (a subsidiary of the France Médias Monde group) and renewed its partnership agreements with CNES (the French National Centre for Space Studies), BRGM (Bureau of Geological and Mining Research) and Business France;
- at the European level, the European Commission, European bilateral players, the EIB and now the EBRD represent key AFD Group partners, notably in terms of cofunding. These stronger links enable AFD Group to build with the EU and its European partners (financial institutions as well as donor agencies), but also *via* networks (JEFIC [1], EDFI [2] or the Practitioners' Network) a genuine European aid architecture. This guarantees effectiveness, complementarity and political visibility to the "Team Europe" approach. In 2023, AFD Group mobilised nearly €835M from the European Commission: €100M in guarantees, €140M in dry delegations, €370M for Expertise France, and €225M in blended European subsidies for 19 projects (these grants enabled the granting of €2.2bn in loans). In addition, AFD is actively contributing to the roll-out of the new European strategy, Global Gateway. In 2023, 18 of the 87 Global Gateway priority projects were projects or programmes co-financed by AFD – for an amount of approximately €850M – positioning the AFD Group among the largest financiers, alongside the EIB and the EBRD. AFD also maintained the level of its co-financing commitments with the EIB and KfW (€1.4bn in cumulative cofunding with the first and €1.5bn with the second) and a first JEFIC cofunding agreement with KfW in Peru was signed.

  The year in 2023 also saw AFD's active participation in high-level European meetings (JEFIC High Level Meeting, Deep Dive EBRD group, EIB Forum 2023, conference of the Spanish Presidency of the EU Council in Madrid and participation in the Finance in Common Summit – FiCS), leading to new prospects for collaboration: negotiation of the memorandum of cooperation with the EIB, and signature of another by the Group with ENABEL. In addition, as part of a partnership platform, AFD contributed to the NDICI mid-term review [3] and to European initiatives (EFSD+ [4], Global Gateway), while positioning JEFIC as an interlocutor with the European Commission (Ukraine advocacy, observer in several European bodies including the Business Advisory Group, etc.);

1) *JEFIC (Joint European Financiers for International Cooperation) is a network of development banks and financial institutions.*
2) *Association of European Development Finance Institutions (EDFI).*
3) *The NDICI is the European Union’s main financing instrument for external cooperation.*
4) *European Fund for Sustainable Development Plus.*

- at the international level, the Group continued its cooperation with multilateral and regional development banks (renewal of the framework agreements with the Islamic Development Bank and with the Inter-American Development Bank, which will be signed in the first half of 2024, discussions on the renewal of the AFD-GBM cooperation memorandum and cofunding framework agreement to be signed in March 2024, founding partner of the regional financing hub for solutions for nature set up by the Asian Development Bank in Bangkok and announced at COP 28, signature of the first memorandum of cooperation with the Asian Infrastructure Investment Bank and launch of the negotiation of a cofunding framework agreement with reciprocal delegation of tasks, the first of its kind for the two PDBs). At the same time, the Group strengthened its operational cooperation with United Nations agencies: UNICEF (renewal of the cooperation memorandum and the financing framework agreement), UNDP (mobilisation of GEF funds *via* UNDP), UN-Habitat. (signature of a first memorandum), ILO, UN Women. It continued its partnership with the ICRC and significantly enhanced its strategic and operational dialogue with philanthropic foundations (the Bill & Melinda Gates, Rockefeller, Bezos Earth Fund, CIFF and newly prospected foundations: Conrad N. Hilton, Coca Cola Foundation, Gordon & Betty Moore Foundation, for example), as well as with the financial stakeholders of the Gulf, whether regional (Islamic Development Bank) or bilateral (Qatar, Saudi Arabia, United Arab Emirates and Kuwait). A partnership was also established with the Global Energy Alliance for People and Planet (GEAPP), which brings together three philanthropic players (Ikea Foundation, Rockefeller Foundation, Bezos Earth Fund) with a view to playing a catalytic role in accelerating the energy transition in developing countries. This is reflected in a business plan of around fifteen projects, of which two were already formalised in 2023 with the operator PLN in Indonesia and one with the Togolese government at the last COP, and which involve cofunding the feasibility studies of investment programmes to promote the energy transition.

  The year also saw the re-accreditation of AFD with the Green Climate Fund and the start of negotiations for the new framework agreement (AMA) under way. The partnership with the GPE (Global Partnership for Education) remains in force, with the renewal of mandates (Guinea) and the establishment of new mandates (DRC), while, in the Sahel, the outlook declined given the situation in Burkina Faso and Niger.

  Also noteworthy in the context of public-private catalytic mobilisation were the Group's participation in the "Impact Disclosure" Task Force, launched by the JPM DFI and Natixis groups in public-private format, and the Group's organisation of side-line events at the GBM-FMI, FICS and COP meetings. AFD Group also continued to participate in major UN conferences (CSW, LCD5, United Nations Water Conference, UNGA 78).

  At the Finance in Common Summit 2023 in Cartagena, the over 530 public development banks around the world highlighted the weight of their financing in the international financial architecture and committed to strengthening their alignment with the Paris Agreement to catalyse public and private financial flows in favour of the climate and the SDGs. For the fourth year running, IDFC [1] organised a pavilion at COP 28, with around thirty events organised by 14 of the Club's 26 banks and their partners.

In 2023, the Group's mobilisation efforts notably resulted in €987M committed from delegating partners' funds and €6.6bn of resources committed by AFD and its partners in cofunding.

2.6.2 Support for project management and capacity building

Project managers steer the projects, programmes or public policies financed by AFD Group. Supporting activities must enable them, notably, to better coordinate and manage financing and ensure the due completion of the activities and/or work planned, as well as the sustainability of results. And *in fine*, the Group's strategic and operational objective is to promote more effective, user-centric, open, innovative and transparent project owners.

AFD acts (i) directly through its technical experts working with our partners on capacity building, and (ii) through specific tools to mobilise consultancies to support project management, such as:

- the start-up, preparation and monitoring facility project (FAPS);
- the Technical expertise and experience exchange fund (FEXTE);
- the French local authority financing facility (FICOL);
- the Crisis recovery expertise and studies fund (FEESC).

1) *International Development Finance Club (IDFC).*

In 2023, these different tools represented €87.7M in commitment approvals.

In 2023, AFD, notably through the Citizens and Institutions division, continued:

- the "*Transfo'Agile*" programme: support and advice on organisational transformations for customers (continuous support and rapid deployment of team experts and consultants);
- the "FB+" sector: offering of support to public customers for the design of their public policies: guide for structuring budget financing, tools to develop public innovation;
- the "Particip" initiative, which supports pilot activities on citizen participation in projects and supports clients who want to adopt a citizen participation strategy at their level.

In parallel with its financing transactions (debt, guarantees or equity investment), Proparco also offers its customers support to enable them to progress in terms of skills and practices and, thus, to adapt to a changing and ever-more competitive local and international environment, as well as to initiate or deepen a socially and environmentally responsible approach.

"Propulse", Proparco's technical support or capacity building offer, consists in providing external expertise and know-how to Proparco's customers, in addition to the support provided more generally by Proparco experts in their relationship with these customers. Propulse responds to the skills and/or transformation challenges of Proparco's customers to become more green or inclusive (environmental and social responsibility, energy efficiency, green finance, gender, etc.) and more sustainable (operational excellence, quality of products and services, governance, talent management, etc.).

Since 2011, Proparco has carried out nearly 170 technical assistance projects for customers financed directly or *via* Fisea, and supported more than 430 other projects through technical support facilities delegated to investment funds.

Focused on the transfer of know-how and dialogue between peers, Expertise France's interventions aim to strengthen the capacities of partner countries and to define and implement quality public policies. As a full component of Official Development Assistance, expert missions and technical assistance are an essential lever for cooperation as well as a tool for bilateral dialogue and the promotion of French and European know-how.

The support methods offered are varied and complementary, making it possible to meet both short-term needs and long-term support: methodological and technical advice (diagnoses, recommendations, action plans); capacity building (design and delivery of training, support for change, training of trainers); networking (exchange among peers, national or regional consultation workshops, etc.); supply of goods, services and works (drafting of specifications, award of contracts, coordination and supervision of work).

Expertise France for its part is mandated by the Ministry of Europe and Foreign Affairs (MEAE) and the Ministry of the Economy and Finance (MEF) to manage international technical experts (ITEs) and seconded national experts (SNEs) (recruitment of experts, monitoring and evaluation of assignments, network management). Placed within national institutions, multilateral or regional organisations, the experts play a technical support and advisory role in France's priority sectors in terms of Official Development Assistance. Following the last CICID, the network of ITEs managed by Expertise France should be increased to 500 experts in service by the end of 2027, with nearly 300 experts already in the field by the end of 2023.

Finally, it should be noted that the Group is increasingly adopting an approach focused on its customers and partners, assessing their perception and satisfaction with these efforts. In the second half of 2024, AFD will launch its second client survey in collaboration with Ipsos France, jointly with Expertise France, and at the same time as Proparco, which is carrying out a survey for the fourth time jointly with its Dutch and German counterparts. This should make it possible to identify key indicators common to the Group's three entities.

The first AFD survey in the autumn of 2021 highlighted the relationship of trust between the Group and its customers, who consider it to be a partner: both a provider of funds and a provider of expertise and more broadly of solutions. In order to meet the expectations expressed by clients through the survey, AFD continued its work to simplify procedures, which, according to them, can prove cumbersome and sometimes unsuited to their context in the field. AFD also sought to increase the number of client events, notably on the occasion of the Hivernales (field offices' week) at the head office, in response to their wish to see AFD position itself as a platform for networking among stakeholders of the same type or the same sector, at the service of development.

In order to take the pulse of the customer experience and enable improvement initiatives, AFD is also testing a mini "flash" questionnaire (post-signature) with five of its Regional Directorates focusing specifically on the steps involved in setting up AFD financing and on the Group's financial or non-financial added value.

Surveys and client days make it possible to set up a roadmap with a view to promote greater proximity to clients, through the implementation of marketing tools, new products and new discussion spaces, in order to shape anew the Group's practices in relations with its clients.

2.7 Fair practices

2.7.1 Initiatives to prevent corruption, fraud, money laundering, terrorist financing and tax evasion

Corruption, fraud and any form of misappropriation of public and private aid are likely to have a detrimental impact on the AFD Group's mission. The same applies to any financing that would lead, without the knowledge of AFD and its subsidiaries, to participating in a money laundering or terrorist financing mechanism.

To this end, the Group has a general policy to prevent and combat prohibited practices, available on its institutional website [1]. 2023 saw the continuation of the efforts made by AFD to strengthen its system in this area, notably by revising the Directives for the award of contracts financed by AFD in a foreign State in order to expand potential cases of ineligibility in connection with the fight against money laundering and the financing of terrorism (AML/CFT). The entry into force is scheduled for 2024.

AFD has a programme to prevent and combat corruption and influence peddling, based on the eight pillars referred to in the "Sapin II" law of December 2016:

- existence of an anti-corruption code of conduct [2] clarifying the expected or prohibited behaviour of its employees and service providers in terms of preventing and combating corruption and influence peddling in the course of their activities;
- provision of an internal whistleblowing system: the Group has a professional whistleblowing system open to the Group's internal, external or occasional employees. This system has undergone changes in accordance with the requirements of Law No. 2022-401 of 21 March 2022 aimed at improving the protection of whistleblowers (extension of the system to allow employees or former employees but also job candidates, external or occasional employees, suppliers or their subcontractors, as well as members of the AFD Board and Executive Management, to report facts or behaviours liable to fall within the scope of the whistleblowing system);
- annual review of corruption and influence peddling risk mapping, integrated into operational risk mapping;
- third-party effectiveness process: after adopting a procedure in July 2022 enabling it to identify and assess the risk of corruption associated with its suppliers, on entry and throughout the business relationship with them, the Group reassessed its organisation following feedback which led it to centralise the performance of due diligence within a structure from 2024. The rest of the system remains unchanged;
- implementation of accounting controls: controls on the soundness of transactions (such as the absence of accounting entries likely to conceal acts of corruption or influence peddling) have been implemented since 2020;
- dissemination of appropriate training: mandatory e-learning training modules dedicated to the prevention of corruption and influence peddling, as well as AFD Group's anti-corruption code of conduct, have been rolled out since 2021. Some training courses have been revised to incorporate regulatory changes and raise awareness among exposed staff;
- employees are exposed to sanctions in the event of non-compliance with anti-corruption rules, in accordance with internal regulations;
- implementation of a specific control and appraisal system: AFD Group assesses the effectiveness of the corruption prevention and detection measures implemented through an operational system adapted to the risk of corruption and regularly updated.

This anti-corruption and influence peddling compliance programme applies directly to AFD as an industrial and commercial public undertaking, but also to its subsidiaries Proparco, Sogefom [3] and Fisea. In addition, AFD, as part of the management of its subsidiaries, also ensures that Expertise France, SIC or Proparco's subsidiary Digital Africa, establish a system consistent with that of AFD on the subject.

Similarly, Expertise France condemns any unethical behaviour and ensures that its employees comply with this principle. Carried out by Executive Management and implemented by the Risk, Compliance and Internal Control division, the Group Ethics Charter and the AFD Group's general policy on preventing and combatting prohibited practices are implemented in relations with third parties, notably counterparties and stakeholders of financed projects, suppliers, partners and employees of Expertise France.

To this end, Expertise France has set up a set of tools.

First of all, a code of conduct, drawn up in 2020 and appended to the internal regulations, which defines and illustrates prohibited actions and situations and the behaviours to be adopted in the conduct of activities in order to prevent corruption and influence peddling, fraud and money laundering.

1) *https://www.afd.fr/en/combating-corruption*
2) *https://www.afd.fr/en/combating-corruption*
3) *Sogefom (Société de Gestion de Fonds de Garantie d'Outre-Mer) is a guarantee fund that, at the request of banks, provides partial guarantees for loans that banks grant to VSEs and SMEs (defined according to European standards).*

In order to ensure knowledge and understanding of EF's challenges and commitments, specific training on the code of conduct has been provided to employees since 2022, for all staff.

Expertise France also set up a system for identifying, preventing and managing conflicts of interest so that employees can act honestly, fairly and professionally in all circumstances. It is reflected in the conflict of interest management procedure published in 2024.

Furthermore, in order to prevent any risk of corruption and guarantee the integrity of co-contractors, a set of reasonable due diligence procedures is carried out before entering into a relationship (due diligence procedure). They include, among other things, checks relating to sanction lists, convictions, and compliance with social and tax contributions. In addition, co-contractors are asked to provide a sworn statement relating to the exclusion criteria and the absence of conflict of interest.

Lastly, in 2023, the procedure for reporting and processing illegal practices was published. Three systems are implemented:

- the system for reporting distressing situations at work (or QLW process);
- the internal whistleblowing system, which makes it possible to report practices such as anti-competitive practices, fraud, fraud against the interests of the EU, corruption, the misuse of Expertise France's resources or assets, non-cooperative practices, money laundering or terrorist financing;
- the AFD Group whistleblowing system, which Expertise France joined in 2023. It applies to all employees and is open to third parties (service providers, financial stakeholders, beneficiaries, etc.). Accessible from the Expertise France website, this system makes it possible to collect reports concerning the existence of behaviours or situations contrary to applicable laws, the Ethics Charter or Expertise France values. It is possible to report a behaviour or practice anonymously.

2.7.2 Checks made during a project's life cycle

In accordance with banking regulations, prior to beginning a project, the counterparty and any appropriate shareholders are researched in depth in order to identify the beneficial owner. Individuals subject to political exposure are also identified. As part of the monitoring of project execution, the methods for reimbursing and receiving amounts of any kind, in particular dividends, and for the settlement of equity investments (transfer of equity investments) are closely monitored, because they can reveal prohibited practices.

At the time of the examination, and then throughout the life of the projects, the Group provides its employees with a filtering tool which consolidates information such as the financial and commercial sanctions adopted by France, the European Union, the United States, the United Kingdom and the UN. This filter is also integrated into the settlement processing chain issued by AFD's Finance Department. The objective is to ensure that no counterparty, beneficiary of financing, supplier or successful tenderer of a call for tenders financed by AFD, is facing financial sanctions, or operates in sectors under embargo.

It should be noted that when reports of prohibited practices are reported in connection with the implementation of projects, they are processed, since the end of 2018, by a dedicated function within the Compliance Department. The "Investigation" function's main task is to investigate, in a professional and objective manner, the reports made by AFD Group employees (called "suspicions") or by third parties (called "allegations") concerning prohibited practices affecting projects financed, namely acts of corruption, fraud, anti-competitive practices, money laundering and terrorist financing.

2.7.3 Third-party commitments

AFD Group's financing agreements include a certain number of clauses that impose commitments on counterparties in terms of combating corruption, fraud, cartels, money laundering and terrorist financing. In particular, these clauses oblige counterparties to inform the relevant AFD Group corporate entity of cases of alleged or potential prohibited or improper practices, and to take remedial action to comply with the Group's expectations. In the absence of remediation, the Group reserves the right to trigger an event of breach. It can suspend payments, cancel the portion of its financing in relation to which improper or non-compliant practices have been detected and demand early repayment of all or part of a loan or repayment of all or part of a grant paid. The Group may also decide to take the matter to the French courts or to the local courts where the project is being carried out. Moreover, being subject to banking regulations on the fight against money laundering and the financing of terrorism, AFD, its subject subsidiaries or AFD on behalf of its non-subject subsidiaries, may make a suspicion report to Tracfin.

In June 2023, the system for the prevention and treatment of prohibited practices was strengthened as part of the Directives for the award of contracts financed by AFD in foreign States in order to take into account the recommendations made during the assessment on the anti-corruption system in France by the OECD. Thus, new potential ineligibility criteria were added, as well as the collection of information to facilitate investigations if necessary. The entry into force took place on 1 February 2024.

Controls in the context of foreign public contract awards

Public contracts financed by AFD in foreign States are subject to a specific control, which makes it possible to ensure that the various stages of the process to award contracts, carried out by the project managers benefiting from AFD financing, take place under the required conditions of integrity, transparency, fairness and efficiency. These controls take the form of the issuance of a no-objection notice (ANO) and are carried out *ex ante*, at specific stages of the process to award contracts. In certain cases and after AFD's approval, an *ex post* control may also take place for certain processes relating to the award of contracts.

In addition to these controls, AFD imposes exclusion criteria on the project management of contract winners, in addition to those existing in local legislation. Thus, a contract cannot be financed by AFD if the successful tenderer falls in one of the cases of exclusion or ineligibility specified in the directives for the award of contracts financed by AFD in foreign States [1].

Training on AFD's contract award processes and specific requirements is provided to both AFD employees and project managers, in face-to-face and e-learning formats (available since 2022 in French and in English).

2.7.4 Information escalation systems

There are several reporting mechanisms within AFD Group to report reprehensible practices. Firstly, AFD and Proparco employees and representatives have an operating incident declaration system which collects and centralises all shortcomings identified by employees (including AML/CFT, and reports of corruption and fraud).

AFD, Proparco and Sogefom employees must also report any suspicion of irregular practices in projects or in the context of the activities of these three entities on their own behalf *via* a line-management reporting mechanism. The processing of these reports is managed by the "Investigations" function of the Compliance Department in order to have an exhaustive overview of the cases encountered, and to ensure a consistent response. AFD, Proparco and Sogefom employees and representatives also have the right to contact the director of this department directly, if they consider that they have identified a situation presenting a risk of non-compliance.

Since January 2019, AFD, Proparco and Sogefom and, since 2023, Expertise France have provided their employees with a whistleblowing system, in accordance with the requirements of the so-called "Sapin II" law. This system constitutes an ancillary, voluntary and optional warning system when an employee believes that current alert channels have not operated properly, or that there is a serious obstacle preventing their use. The entry point of the system is the AFD Group Ethics Advisor. This same system has also been open to Group suppliers since July 2022.

Lastly, since September 2021, a system for reporting prohibited practices has been open to the Group's third parties: the procedures for making a referral appear on AFD's institutional website [2], and 2023 showed that this channel was extremely useful due to the number of referrals received through this avenue.

2.7.5 Training of Group employees and representatives

In accordance with applicable French regulations, AFD Group ensures that all of its employees, including those of its network of local offices, receive regular training and notifications on the risks and procedures to implement in terms of the fight against money laundering, terrorist financing, fraud and corruption.

These training sessions were delivered in e-learning format, in person and in the form of a webinar (synchronous training).

i. **AML/CFT training provided in e-learning format**: all AFD and Proparco employees and representatives (head office and network, whether newcomers or existing employees) were asked to take one or two e-learning training modules based on their exposure to this risk. At 31 December 2023, 93% of AFD and Proparco employees required to take module 1 had completed their training (*i.e.* 3,118 out of 3,336 employees concerned) and 75% of AFD and Proparco employees required to take module 2 (*i.e.* 1,501 employees out of 1,994). These figures were 75.19% and 67.17% respectively in 2022.

ii. In addition, in 2023, the completion of module 1 of the AML/CFT e-learning training was included as an indicator in the calculation of the Group's profit-sharing (for the 2021-2023 period) and in 2024 will be the subject of a "point of attention" in annual assessment interviews.

iii. **Training provided in e-learning format on the fight against corruption and influence peddling and the management of conflicts of interest**: in 2023, a set of six online training modules on several risk topics was made available to AFD and Proparco employees under the "Must" label. One of the six modules covers the fight against corruption and influence peddling and the management and handling of conflicts of interest. 96.6% of AFD and Proparco employees completed this module (*i.e.* 3,224 trained out of 3,336 concerned).

1) *See Guidelines for the award of contracts financed by AFD in foreign States – October 2019: https://www.afd.fr/fr/ressources/directives-pour-la-passation-des-marches-finances-par-l-afd-dans-les-etats-etrangers.*
2) *https://www.afd.fr/en/form/signaler-un-abus*

iv. **Training delivered in a face-to-face or webinar format**: these complement the self-training system and aim to provide employees with all the regulatory and legislative knowledge required to carry out their activities within AFD Group. As at 31 December 2023, 261 employees were trained (new hires and some existing employees). These training courses are adapted to the profile of the people trained because they take into consideration the assignments of employees as part of the process of welcoming new hires but also with regard to the professional mobility carried out by AFD Group employees and representatives. The Compliance Department thus developed two offers: one intended for operational employees, and the other for support function staff.

2.7.6 Measures taken to prevent tax evasion

Keen to participate in the French policy to combat fraud and tax evasion as promoted by France within the framework of the G7, the G20, or the Interministerial Committee for International Cooperation and Development (CICID), AFD Group has, since 2009, had a rigorous policy with regard to non-cooperative jurisdictions (NCJ) in tax matters or AML/CFT. This policy provides a framework for operations carried out and projects financed in NCJs as well as operations involving one or more NCJs and/or more broadly one or more jurisdictions considered as offshore centres.

As such, any project involving a counterparty registered in a NCJ (whether it is a fiscal NCJ or AML/CFT) is deemed to present a very high level of risk under the Group's AML/CFT risk classification. The due diligence level expected for these projects is therefore of greater granularity and involves the implementation of an upstream tax audit notably targeting the economic rationality and substance of the entities domiciled in a NCJ or offshore centre in the structuring of the project.

When a project involves one or more fiscal NCJs or AML/CFTs, AFD Group’s policy sets out the categories of operations prohibited, authorised or eligible for Group financing as well as the specific diligence to be performed: depending on the case, the presence of fiscal NCJs may be authorised subject to conditions or strictly prohibited.

AFD Group’s NCJ policy is subject to regular updates, both as regards the list of countries concerned, and the content and methods of application of the restrictions.

In 2023, the Group finalised the overhaul of its NCJ policy. The purpose of this new system is to provide greater clarity for operational teams, and to ensure a more detailed assessment of tax issues in projects. These supplementary provisions came into force in the summer of 2023.

2.7.7 Transparency of relations with French and European parliamentarians

Over the course of 2023, nearly 70 events and meetings took place, and around 30 French parliamentary delegations met our teams and partners on the field. It should also be noted that parliamentarians are represented on AFD’s Board of Directors.

While our relations with Parliament mainly consist in responding to requests from national elected representatives, a few events were organised at our initiative.

AFD Group is now coordinating its relations with Parliament. A “parliamentarian coordination” was set up and meets monthly. Its purpose is to share information with and propose various joint actions to the three entities.

As is the case every year, the draft budget led the Group to meet with the official development assistance rapporteurs and to provide them with detailed information on the past year's results and the needs for the coming year. The Group has been on the register of interest representatives of the French High Authority for Transparency in Public Life for two years, and will be able to detail its actions for 2023 as soon as it is invited to do so.

AFD is also registered in the European Commission transparency register [1]. This register enables public and private organisations, interest groups and more generally civil society as a whole to exercise a monitoring role with regard to possible influence on legislative processes and the implementation of public policies.

1) *Transparency register of the European Commission, Agence Française de Développement. Date of last update 04/12/2023.*

2.8 A meaningful work environment

The Human Resources (HR) Department is organised around three departments, each dedicated to a major HR issue for the Group:

- a Social Policy and HR Communication Department: in charge of labour relations, social responsibility and HR communication;
- an Administration and Management Department: responsible for administrative and payroll management, social management control, HRIS, compensation and benefits;
- an Employment, Talents and Skills Department: responsible for deploying the policy in terms of recruitment, careers, training and skills development.

The HR Department has defined a strategy aimed at reaffirming the essential value of the Group's human capital to achieve its strategic, operational, functional and financial objectives. Which is why the HR strategy sets "human collective performance" as its first goal.

The four strategic areas selected make it possible to align our human resources management with the Group's challenges and to define our strategic priorities in terms of Human Resources:

1. **ensure the cohesion of employees around AFD Group's missions**. This involves prioritising actions promoting integration within the Group, supporting cultural development, strengthening our diversity and quality of life at work, and developing new staff regulations guaranteeing consistency and sustainability of the model, the success of synergies with Expertise France and the search for improvement in our social dialogue practices;
2. **strengthen the strategic management of talent and skills**, by continuously seeking the best possible balance between securing the skills that each entity needs, individual expectations in terms of careers and employability, and constraints, in particular regulatory and resource constraints;
3. **strengthen and support managerial practices in the Group** with a view to performance and the development of people, employees and managers;
4. **strengthen the efficiency of the human resources function** led by the HR teams, but also by all employees.

2.8.1 Skills development, employability, training

AFD's HR policy gives a central place to the skills development of the Group's employees. Axis 2 of the HR strategy sets out the goal of "strategic management of talents and skills" while axis 3 highlights the "strengthening of the skills of managers to drive transformations".

"Strategic skills management" is based on a process of developing the strategic training framework and the skills development plan, which involves various players each year: operational managers, department heads, Executive Management, HR players and employee representatives. Each of these stakeholders thus has the means to ensure that its immediate operational needs are properly taken into account but also to focus the effort on an issue perceived, in the short or medium term, as strategic for the organisation. The forecasts conducted on various channels also help to inform decisions made in terms of investment in longer-term training.

In addition to this collective involvement in the governance of the training activity, AFD promotes and encourages skills development by providing its employees with a very broad offering, including more than 200 training actions. The extent of the offering reflects the variety and multitude of skills issues that arise throughout the organisation: for a new employee who needs to familiarise himself or herself with the way AFD works, for a mobile employee who needs to acquire new skills, for a manager faced with new working methods, for a profession that is constantly forced to integrate regulatory changes, for a department that wants to maintain its level of expertise, for an employee who aspires to progress in his or her field.

After the decline observed in 2020, due to the outbreak of the pandemic, the training activity regained full momentum in 2023, with an overall effort representing 66,905 hours.

Through distance learning and the return of regional training courses, the organisation of which was resumed, the expansion of the coverage of audiences continued. In 2023, 425 local employees [1] (AFD and Proparco) benefited from training organised by the head office (excluding mandatory training).

Moreover, the roll-out of the third mandatory training campaign, meeting various recommendations and regulations, represented a total of 13,124 hours in 2023 (10,986 in 2022).

1) *A local agent is hired locally. He/she is an employee of one of the Group's local offices.*

In line with AFD's major strategic commitments, training on sustainable development is the object of specific efforts. They are easily identifiable in the skills development plan, thanks to a "sustainable development" label. 28 sessions were organised in 2023, benefiting 433 interns, for a total of 3,240 hours.

Other training courses on this topic were organised in 2023 to meet emerging needs. There are three training courses leading to certification (including a Master 2 degree in sustainable development and organisations), specific support provided to the AFD and Proparco teams in charge of environmental and social issues (World Bank environmental and social standards: NES 5 and NES 6), as well as over 20 Climate Frescoes, intended for a large internal audience. These "non-label" training sessions reached 451 trainees, and amounted to 3,467 hours.

Equally, for Expertise France, the development of employee skills is a key factor in adapting to business challenges, preserving the employability of each employee, and contributing to the reinforcement of the competitiveness of operations. It is also a key driver of Expertise France's transformation plan. EF thus offers progressive career paths enabling employees to develop their know-how, practices and postures, and provides them with methodological support.

Skills development needs are identified throughout the year and collected through several sources of information.

The main areas of focus of Expertise France's training policy are as follows:

- support the integration of newcomers;
- reinforce the skills of employees through the contribution of new knowledge, and the development of new expertise and working methodologies;
- support EF's structuring and transformation (tools, processes, etc.);
- support the professional mobility policy;
- strengthen the corporate culture by conveying common messages and organisational practices.

Training is intended for all staff categories, from their onboarding and throughout their career.

- Training is a true lever to support the transformation of EF and gradually contributes to the implementation of an AFD Group culture. The digitisation of training undertaken since 2020 allows a wider dissemination to all regions of intervention, to a diverse group of employees, and contributes to reinforcing knowledge and expertise.
- The implementation of dedicated business lines (general integration path and project business line, project management methodology, monitoring, evaluation and capitalisation) contributes to the structuring and alignment of practices.
- The development of Group training offerings (managerial path, language training, etc.) is a lever for the implementation of a shared Group culture.

The training effort carried out by EF continued to grow, increasing over 13% in 2023 in terms of the number of training hours delivered compared to 2022 – it should be noted that there has been a continuous increase in tailor-made internal training, focusing on content specific to Expertise France. Expertise France now has a community of occasional internal trainers and is developing educational engineering for training content that meets its own needs.

Lastly, to strengthen the effectiveness of its training tool, AFD Group worked throughout 2023 on the foreshadowing of a corporate university, bringing together all the teams dedicated to training, as well as the internal and external offerings provided. This work led to the launch of the AFD Group Campus in early January 2024. The positioning of this new structure in Executive Management clearly shows the eminently strategic nature that the development of the skills of its employees and partners now has for the Group.

2.8.2 Social dialogue and employee relations

Social dialogue is a cornerstone of AFD Group's policy and a driver of fairness, cohesion and commitment amongst employees. Accordingly, the Group has adopted various systems to deal with the risks inherent in employment practices, the lack of internal dialogue on social issues, and psychosocial risks.

The AFD (AFD and Proparco) human resources policy prioritises inclusive social dialogue. The corporate social responsibility policy [1], adopted by the AFD Board of Directors in 2018, undertakes to strengthen the dialogue with all Group stakeholders, and to ensure the harmonised management of human resources.

Four key principles underpin social dialogue within the Group: a constructive dialogue between management and employee representatives; respect for each person's rights; professionalism in negotiations; and the anticipation of social issues. Accordingly, major changes planned within the Group are subject to negotiations and dialogue with trade unions and to procedures for informing and/or consulting with personnel representative bodies.

AFD does not have a branch collective agreement. The employment contracts of AFD staff under French law are governed by a common set of staff regulations. Employees recruited in local offices overseas have an employment contract governed by local staff regulations in the form of a collective agreement or internal regulations and are subject to compliance with the provisions of local law.

1) *https://www.afd.fr/en/ressources/afd-groups-corporate-social-responsibility-policy-2018-2022*

Social and economic committees are in place at all the institutions that make up the AFD (head office and five overseas departments: Reunion, Mayotte, Guyana, Martinique and Guadeloupe), as well as centrally.

The agreement relating to the operation of the institution's SEC and of the central SEC establishes employee representation as follows:

- a head office **Social and Economic Committee and five local Social and Economic Committees for the French Overseas Departments** collectively represent employees for all matters related to the company's management, economic and financial development, organisation and working conditions, vocational training and social protection. Moreover, they organise social and cultural activities established within the company. The Social and Economic Committees also work to ensure the protection and safety of employees, to improve working conditions, and to gather and present to the company all individual and collective employee claims on the application of laws and bylaws;
- a **Central Social and Economic Committee** meets four times a year in ordinary sessions that bring together representatives from the six committees and handles strategic, financial and economic initiatives, as well as the social policy that affects all employees governed by French law. It may also be required to handle matters related to health, safety and working conditions at the central level.

The last professional elections were held in May 2021. New elections will be held in May 2024. To date, AFD has five representative trade unions: Autonome FO, SNB CFE-CGC, CFDT, UNSA and CGT.

Moreover, a **Group committee** meets annually, bringing together employee representatives of AFD and its subsidiaries.

With regard to local employees, the Human Resources Department bases its approach on the Common Base, the body of values of AFD Group's social policy, and consolidates its social dialogue with the elected members of the Committee of Representatives of Foreign States (CREE). Created in 2017, the CREE brings together personnel representatives working in AFD or Proparco agencies/offices abroad, whether employees governed by local law (permanent or temporary contract) or service providers (in States where social legislation does not allow direct employment by the Agency). Its creation is consistent with AFD's corporate social responsibility commitments. The next elections will take place in May 2024.

The work carried out at the CREE covers various topics, for example:

- the introduction of a minimum contribution threshold for education in all our regions;
- the introduction of a minimum period of maternity and paternity leave;
- the introduction of a division manager bonus, thus recognising more clearly the responsibilities assumed;
- the introduction of a minimum holiday period.

Discussions with the representative trade unions during 2023 mainly focused on the implementation of a new agreement on teleworking, which was signed by the majority of the representative trade unions. An agreement on the functioning of the Appeals Committee, the body in charge of examining individual appeals relating to pay raises and promotions, was also unanimously signed by the trade unions. Negotiations on the management of jobs and career paths (GEPP) were also opened in 2023, and will continue in 2024.

Social dialogue is active. Despite disagreements that may persist, major projects are progressing and agreements are being signed with the trade unions. However, a dispute, which began in 2022, is still under way concerning allegations of obstruction (an appeal to the Court of Cassation is under way after AFD won its case in the first and second tribunals).

Dialogue with employee representative bodies resulted in 9 meetings of the Central Social and Economic Committee and 17 meetings of the head office SEC in 2023 (whereas the operating agreement of the SECs provides for only 4 and 11 ordinary meetings per year, respectively).

Expertise France looks to maintain high-quality social dialogue, an essential component in promoting cohesion, a collaborative working environment and contributing to the company's economic performance. As such, Expertise France respects the fundamental principles and rights of the International Labour Organisation, in particular the freedom of association and the effective recognition of the right to collective bargaining, and therefore considers the social partners to be indispensable relays for understanding, discussing and adapting the action plans implemented in the company.

EF has employee representative bodies in accordance with legal provisions, *i.e.* taking into account its workforce.

Thus, a Social and Economic Committee (SEC) was renewed in December 2023. It includes two committees chaired by the employer:

- the Health, Safety and Working Conditions Commission (CSSCT);
- the Proximity Committee, which answers questions from staff on a bimonthly basis.

In addition, all projects affecting the overall operation of the company are regularly presented and discussed within the SEC, which meets every month. In 2023, the SEC met 13 times to discuss topics falling within its area of competence (strategic orientations, social policy, working and employment conditions, and economic and financial situation, or any other project regarding changes in work organisation).

At the same time, there are four representative trade unions within Expertise France. Collective bargaining with union representatives led to the signing, in 2023, of a collective profit sharing agreement, as well as the payment of a value-sharing bonus for head office employees.

2.8.3 Promotion of professional equality and diversity

2.8.3.1 Promotion of professional gender equality

Professional gender equality is a major priority in AFD Group's human resources management policy, which aims to promote diversity and equal opportunities. It is anchored in the Group's values and is an integral part of its corporate social responsibility approach.

A "professional equality" agreement, signed with the social partners, has been in force since January 2021. It reflects the commitment of AFD's management and its elected officials to continue the actions to promote professional equality initiated several years ago and reaffirms their commitment to respect the principle of non-discrimination and equal opportunities for women and men. Guaranteeing professional equality, developing diversity in jobs at all levels and in different functions, and promoting gender parity represent a source of progress and overall performance, both economically and socially. These commitments are consistent with the approach initiated by the Group in terms of its operations by making the theme of gender a lever for achieving the SDGs.

The new agreement identifies the following professional equality priorities for the Group:

- access to employment;
- promotion and professional development;
- equal pay;
- work organisation, work-life balance;
- training and awareness-raising on professional equality;
- action in the fight against domestic violence.

AFD increased its objectives in terms of recruiting female engineers (from 25% to 30%) and expatriation (from 35% to 40%). A target percentage of women in management positions has also been set for each of the hierarchical levels, from 50% to 40% for the highest levels.

In addition, AFD is innovating by setting up a support system for caregivers.

In addition to work conducted previously, efforts to combat gender-based and sexual violence were continued. On the occasion of the International Day Against Violence Against Women, on 25 November, a poster campaign was carried out in all the local offices of the network to promote common benchmarks and raise awareness among all AFD employees about this type of violence.

Training in discrimination-free recruitment is compulsory for hiring managers.

AFD's efforts concerning professional gender equality were recognised when it received the AFNOR label [1] on professional equality in July 2021, which was confirmed by a mid-cycle audit in July 2023.

AFD published its gender equality index on 1 March 2023 using 2022 data, in accordance with the law on the freedom to choose a professional future (2018). This index stood at 92 points out of 100. The pay gap between women and men remained stable in 2023, at +2.65% for men, due notably to the difference observed at the managerial level.

As part of its ongoing approach to promoting gender equality, Expertise France also has a set of protective measures for its employees in all areas of work, as well as legal and regulatory systems for monitoring compliance with its commitments. Thus, support for parenthood, support for female employees returning from maternity, equal access to promotion and training, and work-life balance, are all topics covered by EF. Gender equality remains a cross-cutting objective that permeates the social policies carried out and developed by EF, such as the ones addressing pay and parenthood, or with the creation of a system for dealing with situations of harassment at work, and through internal awareness-raising actions.

In addition, Expertise France publishes the results of its Professional Equality Index on its website, which highlight its exemplary results in this field in 2023 (2022 data) with a score of 99/100.

2.8.3.2 Promoting diversity within teams

The issue of diversity is at the heart of AFD Group's action and human resources policy, with 85 local offices and 17 Regional Directorates worldwide. The teams of women and men on the ground are diverse, plural, multicultural and multi-generational.

AFD has been implementing a structuring approach to promote diversity and inclusion since 2019, which was recognised when it obtained the Afnor diversity label in July 2021, which was confirmed by a mid-cycle audit in July 2023. It is therefore in this context that AFD has continued its actions: awareness-raising, training, use of an external listening unit, participation in an inclusion barometer, etc. A discrimination risk map was drawn up by a specialist consultancy to analyse all HR processes and ensure that they do not give rise to any discrimination risks, even indirect ones.

In October 2023, AFD organised its third Diversity and Inclusion Week. On this occasion, a round table with representatives of internal networks committed to diversity at the Group (Mondes en commune, Pride AFD, Kult4D, caregiver network) was organised with the Human Resources Department. Furthermore, several workshops were provided to raise employee awareness by participating in the Diversity Fresco.

1) *Association française de normalisation.*

An awareness-raising film "Discrimination, it also happens at AFD" based on real-life testimonials, was produced and widely disseminated in-house in order to combat all forms of discrimination.

It should be noted that a new partnership was launched with the Article 1 non-profit group, aimed at promoting the professional integration of young people through coaching, mentoring and workshops.

AFD, which signed the l'*Autre Cercle* charter in June 2022, continued its commitment to LGBT+ inclusion.

The management training course includes a segment dedicated to discrimination, diversity and inclusion.

Promoting equal treatment with respect for diversity at all stages of human resources management is also at the heart of Expertise France's commitments.

As such, EF is committed to the inclusion of people with disabilities. The Human Resources Department has a Disability Correspondent and defines actions, in conjunction with the General Resources Department if necessary, aimed at promoting the integration of people with disabilities within Expertise France, while acting within the corporate culture, to enable a change of outlook. Concrete actions are therefore regularly carried out with the support and backing of AFD: monitoring of RQTH projects (recognition of the disabled worker status), participation in events (Duoday), organisation of awareness-raising actions, support for employees with disabilities (job study), development of site accessibility, etc.

2.8.4 Quality of employee working conditions and safety

AFD Group strives to ensure high-quality working conditions and the safety of individuals.

The health crisis has led to a profound change in operating methods, particularly with the considerable development of remote working. This required significant efforts to adapt and support staff. All actions were aimed at preserving the safety of people, avoiding the occurrence of any risks and developing well-being at work.

2.8.4.1 Quality of working conditions

In terms of quality of life at work, AFD continued to implement the agreement signed in 2020. The Human Resources Department maintained its efforts to deploy psychosocial risk prevention systems, support for difficult situations and optimise the functioning of the unit monitoring suffering at work. All internal and external prevention players (managers, HR managers, social partners, occupational health services, psychologists, the mediator, etc.) were mobilised to provide the best possible support to all employees.

A new system for reporting and handling situations of moral harassment, discrimination and gender-based and sexual violence was implemented. A generic mailbox is accessible to all employees of the head office and the network and a processing process was defined, committing to not leaving any situation unanswered. Communication actions aimed at highlighting this system were organised.

The risks in relation to remote working were regularly identified and the DUERP (Single Occupational Risk Assessment Document) was updated accordingly and presented to the social partners.

A new agreement on teleworking was signed and implemented as of 1 June 2023. This new innovative system provides for an annual fixed rate of teleworking days and the definition of teleworking charters within each structure. These charters aim to lay the foundations for an efficient and smooth collective operation for all.

As workload is regularly mentioned as a risk factor, the Human Resources Department has designed, in collaboration with the department in charge of internal transformation, a workload assessment and regulation tool. The working environment can now be analysed, which serves as a basis for team discussions to define an action plan. This tool is gradually being rolled out at structures that wish to reflect on their mode of operation. In addition, an approach aimed at optimising the effectiveness of meetings at AFD was implemented by proposing a common methodology for meeting facilitation.

Significant work was carried out to redesign the Guide for caregiver employees. It aims to better understand and highlight all the support systems that exist to meet the needs of fellow caregivers. The quality of life at work week in June was an opportunity to offer a testimonial conference on the subject of aid.

Actions to develop social cohesion and employee commitment are also implemented. Random lunches, intended to promote discussion, meet new colleagues and share the knowledge of the various entities, are held every month.

The Sports and Cultural Association of the SEC also actively participates in the development of social cohesion through the many sports and cultural activities offered. Through its actions, the SCA greatly promotes staff meetings and social cohesion. 805 employees took part in SCA activities in 2023.

A special effort was made to promote soft mobility. The sustainable mobility package (FMD) was implemented and significantly increased so that AFD's contribution to the cost of soft mobility is equivalent to the cost of public transport.

A new social survey was organised in 2023 for all head office and network staff in order to better understand the strengths, challenges and difficulties encountered by employees. The general indicator of well-being at work, consisting of the measurement of job satisfaction, pleasure at work, pride in work and employee motivation was down, from 6.61/10 in the previous barometer to 6.34/10 in 2023. It indicates that while interest in and the usefulness of work remain appreciated, as does local management, many items were down compared to the 2021 barometer, notably the stress indicator, the adequacy of objectives/resources, the understanding of the strategy or feelings about career development prospects. These results were taken into account and fed into the Cap 27 corporate plan. Action plans to address reported difficulties are implemented at each of the Executive Departments and in Executive Management.

2.8.4.2 Staff security

The security of AFD Group's property and people is based on several internal policies and texts, which have been regularly updated since 2021 to take into account the Group's changes; the General Crisis Management Plan was validated at the end of 2023 for entry into force in 2024. These texts, in order to address the entire AFD spectrum, cover activities in France and abroad (Group security policy (PSEC), local office security policy (PSAG)). These documents are brought to the attention of all Group employees and representatives and can be consulted on the Group's intranet.

In addition, the Group has an international security management system, led by the department in charge of safety, which is regularly audited by AFD's General Inspection Department. This system, pursuant to the international security risk prevention strategy (2017), positions the Regional Directorates at the heart of the system. This makes it possible to better take into account the diversity of security situations in the network, and to have a system that is as adapted as possible to the security situations concerned, guaranteeing responsiveness in the event of an incident, whatever its severity.

In addition to the security standards and the process to secure travel abroad – updated in 2023 for a better understanding of our local offices – AFD has deployed human resources exclusively devoted to network backup. Regional security advisors – increased from five to six in 2022, some of whom are located within the Regional Directorates (one with the Greater Sahel Regional Directorate in Ouagadougou and the other with the Middle East Regional Directorate in Beirut) – are available to the Regional Directorates at all times to ensure constant vigilance on security and to dynamically adapt local means of protection. Security advisors also help to strengthen the safety culture in the field and take part in AFD's crisis units.

The security lead located at the head office coordinates the entire system and ensures it is consistent across the Board. It sets up a permanent monitoring system based on a regular monitoring unit, which meets regularly. This unit takes all permanent or temporary decisions on a global level that are necessary to ensure employee security.

Since 2022, the security training and awareness-raising efforts have been stepped up at the head office and in the network. All newly-arrived employees are made aware of AFD's security issues and how the protection measures they use work on a daily basis; special attention is paid to international volunteers in administration (VIA), who generally have less field experience. The regional directors were systematically trained in their specific responsibilities in terms of security (AFD and Proparco scope).

- In order to raise staff awareness of international security risks, the department in charge of security has introduced a series of compulsory e-learning sessions prior to any departure on mission: depending on the risk in the AFD staff member's destination region, the traveller will have to follow one or more modules containing simulated situations.
- As regards the mandatory module for all travellers, 513 employees completed the training from 1 January 2023 to 30 November 2023 (change of publisher from 1 December 2023).
- As regards the mandatory module for all missions in high-risk areas, 460 employees completed the training from 1 January 2023 to 30 November 2023 (change of publisher from 1 December 2023).

Since December 2023, following the change of publisher for the travel tracking solution, the training obligations have changed slightly. Travellers must now follow three modules:

- travel to low-risk countries;
- travel to countries of proven risk;
- travel to high-risk countries.

In addition, AFD strengthened its "mission risk management" training system (Hostile Environment Awareness Training): sessions organised in France, mainly by specialist trainers, again enabled 71 Group employees to be trained in 2023 in the network and 50 in France.

The department in charge of security also strengthened the security of its employees, whether departing from France or abroad, by establishing a mission monitoring tool. The AFD travel security procedure was digitised using this tool, giving the department a complete overview of the whereabouts of its staff on business trips.

In addition to the traditional security crisis management system, AFD strengthened its EBCP (Emergency and Business Continuity Plan) following the Covid-19 health crisis. This plan is intended to ensure the continuation of business in the aftermath of a disaster of low likelihood but with critical impact. AFD's continuity system covers four perfectly identified types of claims: the total or partial unavailability of one of the Parisian offices (AFD or Proparco); the simultaneous unavailability of the two Paris offices; the unavailability of the hosted information system; and the unavailability of a significant portion of the Group's staff.

All these provisions relating to employee health were discussed at length with the employee representative bodies and included in the Single Occupational Risk Assessment Document (DUERP).

At Expertise France, the main mission of the Operational Security Department is to ensure the security of activities carried out across its field of activity. This includes the protection of people and assets and the preservation of operational continuity. To achieve this objective, the department implements global security strategies, develops anticipation and response plans, ensures the deployment of specific security measures, and works closely with the various operational units. In addition, the Operational Security Department ensures an effective chain of command, promoting the decentralisation of the organisation on the ground and subsidiarity in decision-making. It also provides ongoing staff training and crisis management, and contributes to innovation in relation to security.

The obligations of Expertise France in terms of security are as follows:

- training obligation: train any employee who will be deployed or have responsibilities for employees deployed or recruited locally.

  In 2023, 143 people were trained during 9 sessions provided by the Operational Security Department. In addition, a briefing presenting the security architecture and resources deployed is carried out by the Operational Security Department for all new employees, organised monthly. In 2023, 157 employees attended a security briefing;
- information obligation: provide clear, precise and up-to-date information on potential risks and security measures to be adopted, in close coordination with the Ministry of Europe and Foreign Affairs;
- operational support obligation: support projects from their design phase and throughout the life cycle in order to contribute to their sustainability/effectiveness;
- monitoring obligation: have (the most) precise knowledge of the status of staff in the field (deployed, recruited locally or missionaries);
- anticipation obligation: anticipate risks and threats by constantly assessing the environments in which the Agency operates. This obligation is broken down into two sub-obligations: monitoring and planning;
- intervention obligation: in the event of an incident or emergency, the mandate entrusted to the Operational Security Department is to intervene quickly and effectively.

2.8.4.3 Management of specific digital risks

The risks related to malicious acts that could affect the information systems are a permanent concern for AFD. To control them, AFD has set up a management system based on two lines of defence. Cybersecurity governance is entrusted to the Security Department, which is responsible for ensuring proper risk management and supporting IT developments in terms of cybersecurity. Day-to-day operations, incident management and technical developments related to cybersecurity are entrusted to the IT systems department. This organisation and the associated resources are governed by the Information System Security Policy (ISSP), validated by AFD's Executive Management and approved by its Board of Directors. The implementation of this ISSP is regularly checked and audited as part of AFD's internal control. The measurement of the effectiveness of the ISS system is reported through the risk appetite framework.

In addition to recurring IT security actions, in 2022, AFD adopted its new Information System Security (IS) master plan for the next five years. This highly ambitious programme will enable AFD to safeguard its ambitions of digital openness towards its customers, beneficiaries and partners.

With regard to the management of risks relating to the protection of personal data, the system implemented is as follows:

- a Personal Data Protection Officer, assisted by a full-time assistant, pooled to manage the Group's compliance with the General Data Protection Regulation (GDPR) and all other personal data protection regulations applicable at our local offices, as well as a network of focal points and an IT tool to facilitate this management (notably mapping of data processing and monitoring of compliance projects) and to conduct monitoring internationally;
- a data protection governance based on an internal policy and procedures governing the procedures for monitoring compliance, the management of data breaches and requests from the persons concerned;
- regular awareness-raising and training, including mandatory e-learning for all employees, as well as guides, models, etc.;
- in 2023, 81.65% of AFD/Proparco IS users attended cybersecurity e-learning training;
- regular second-level controls (Data Protection Officer (DPO) and permanent control) and third level (internal audit).

2.8.5 The ethics system and mediation

AFD Group is well aware of the strong demands associated with its public service mission in the French Overseas Departments and Collectivities as well as in Foreign States, and, in 2004, decided to put in place an ethics system. This consists of a Charter, an Ethics Board and an Advisor.

Written in 2004, updated in 2012 and revised in 2022 (merged with the Expertise France Charter to create a Group Charter), the Ethics Charter was signed by the Group's three Chief Executive Officers (AFD, Proparco, Expertise France) on 15 April 2022. It sets a common ambition, behavioural benchmarks and commitments consistent with its threefold status as a public institution, a financial institution and a development agency. The Charter "aims to reinforce the identity, unity and performance of the Group [...] and also to protect the Group and its employees against any reputational risk" (Article 1). It applies to all Group employees, regardless of their profession, hierarchical position, assignment or status. It promotes commitment, integrity, openness, adaptability and respect as the Group's five key values (Articles 11 to 16). A copy of the Charter is given to new recruits when they sign their employment contract.

The original Ethics Committee was replaced in 2022 by an Ethics Board (set up in June 2022), with a different role and composition, as part of the new guidelines relating to the ethics system implemented in 2022 at Group level. These guidelines, which clarify the place of Ethics alongside the compliance function, emphasise the links between ethics and individual and collective questioning around our values and our rules.

They resulted in the establishment of a representative, independent Ethics Board invited to clarify, through Ethics Dialogue, certain sensitive issues for the attention of the Group as a whole.

The ten members of the Ethics Board were appointed in August 2022 after being chosen at random from among the Group's employees (AFD, Proparco, Expertise France), with the following target: 6 women/4 men, 8 executives/2 non-executives, 7 head office employees/3 network employees, 7 AFD employees/2 Expertise France employees, 1 Proparco employee.

The Ethics Board met seven times remotely, on 13 January, 17 March, 12 May, 26 June, 11 September, 23 October and 1 December, and once in person at its annual seminar from 27 to 29 September 2023.

On 6 January, it led an "Ethics" workshop during the *Hivernales* on the theme of our interventions in countries where basic human rights are not respected. It organised 4 "Ethics Cafés", during which discussions provided food for thought for the Ethics Board and fed into its proposals and recommendations, on topics such as: "What do I do when I disagree? What does Ethics say about it?" (online, 6 February), or "Political orders: how and when can they pose an ethical problem?" (hybrid, 13 December).

The Ethics Advisor runs training and awareness-raising sessions for new employees, international volunteers or staff soon to be posted within the network. She led 38 internal sessions on ethics and mediation in 2023, reaching 726 AFD employees working at AFD or Proparco, both at head office and in the Network [(1)]. She participates in workshops and regular discussions on ethics with head office teams. With regard to the network, her interventions are made by videoconference or as part of missions (4 local offices and 2 Regional Directorates visited in 2023).

The Ethics Advisor meets regularly with Executive Management and the members of the Executive Committee. She welcomes, listens and gives confidential advice to all head office and network employees who wish to talk about a problem or have a question about ethics (84 consultations in 2023 [(2)]). Responsibility for the conflict of interest system was transferred to the Compliance Department in January 2021.

In addition, the Ethics Advisor oversees AFD's environmental and social complaints management system, which is managed by a Secretariat located within the Strategy Department. Lastly, since January 2019, the Ethics Advisor has been the entry point for the Group's whistleblowing system, which now includes Expertise France.

Since September 2020, the ethics function has been performed jointly with that of internal mediator.

Through its positive and constructive educational methodology, the ethics approach strives to be attractive and engaging, and seeks to sharpen individual and collective questioning as well as everyone's responsibility in understanding and implementing the Group's values.

1) *34 sessions on ethics and mediation (including 12 in the network) were conducted in 2022, reaching 588 employees.*
2) *136 consultations in 2018, 184 in 2019, 112 in 2020, 44 in 2021 and 87 in 2022.*

2.9 Report of one of the Statutory Auditors, appointed as an independent third party, on the verification of the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31st 2023

To the Board of Directors,

In our capacity as Statutory Auditor of your company (hereinafter the "Entity") appointed as independent third party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884 [(1)], we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended December 31st, 2023 (hereinafter, the "Information" and the "Statement" respectively), presented in the Group's 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 (*code de commerce*).

Conclusion

Based on the procedures we performed as described under the "Nature and scope of procedures" paragraph and the evidence we obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or of a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarized in the Statement and available on the Entity's website or on request from its headquarters.

Responsibility of the entity

Management of the entity is responsible for:

- selecting or establishing suitable criteria for preparing the Information,
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators,
- preparing the Statement by applying the entity's "Guidelines" as referred above, and
- designing, implementing, and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

1) *Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr*

Responsibility of the Statutory Auditor, appointed as independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code,
- the fairness of the historical information (observed or extrapolated) provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e., the outcomes of policies, including key performance indicators, and measures relating to the main risks.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

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

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagements, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *"Intervention du commissaire aux comptes - Intervention de l'OTI - Déclaration de performance extra-financière"*, acting as the verification program, and with the international standard ISAE 3000 (revised) [(1)].

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of six people between November 2023 and March 2024 and took a total of two weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted ten interviews with the people responsible for preparing the Statement.

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- We obtained an understanding of all the consolidated entities' activities, and the description of the main related risks;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

1) *ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks;
- We verified that the Statement presents the business model and a description of main risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, products or services, as well as policies, measures and the outcomes thereof, including key performance indicators related to the main risks,
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in the Appendices. Our work was carried out at the consolidating entity's headquarters.
- We verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity implemented, and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important, presented in the Appendices, we implemented:
  - 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 definitions and procedures and reconcile the data with supporting documents. This work was carried out at the entity's headquarters and covers between 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests,
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities' activities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*), a higher level of assurance would have required us to carry out more extensive procedures.

Paris la Défense, 16 April 2024

KPMG S.A.

Valéry Foussé
Partner

Anne Garans
ESG Expert

Appendix

Qualitative information (activities and results) considered to be the most important
Group policy on personal and property safety
Equal opportunity policies and results
Employee skills development policy
Long-term scenario analysis tool to support project management
Corruption risk assessment procedure for suppliers
Awards received for the Group's commitment to transparency
Systems in place to ensure proximity to customers
Partnership actions for European aid
Sustainable development rating systems for Group projects
Biodiversity roadmap
Raising employee awareness of human rights issues in the context of Group activities
Integration of citizen participation in project construction
Support and capacity-building for customers and counterparties to integrate the SDGs into their own practices

Key performance indicators and other quantitative results considered most important
Workforce at 31/12 and breakdown by gender
Number of e-learning "safety" training sessions
Number of face-to-face safety training sessions and number of participants
Overall training effort
Social barometer indicator of well-being at work
Number of sustainable development training courses attended
Greenhouse gas emissions avoided
Number of consultations with ethics advisor
Percentage of sovereign and non-sovereign financing published in IATI format
Number and amounts of AFD projects subject to environmental and social risk assessments
Number and amount of Proparco projects subject to environmental and social risk assessments
Number of claims received by the claims management mechanism
Financing volume marked CAD1 and CAD2

3
CHAPTER

Report on corporate governance and internal control

3.1 Report on corporate governance

This report on corporate governance was prepared by the Board of Directors pursuant to the last paragraph of Article L.225-37 of the French Commercial Code.

3.1.1 Separation of the functions of Chairperson and Chief Executive Officer

In accordance with the transposition of the European Parliament and Council directive 2013/36/EU of 26 June 2013 ("CRD IV") by Order No. 2014-158 of 20 February 2014, by Decree No. 2014-1315 of 3 November 2014 and by Decree No. 2014-1316 of 3 November 2014, AFD, as a financing company, separates the functions of Chairperson of the Board of Directors and Chief Executive Officer (CEO).

At 31 December 2023, Executive Management (1) was as follows:

	AFD position appointment	Other mandates and positions
Rémy RIOUX	Chief Executive Officer (CEO) For three years, decree of 26 September 2022 published in the JORF (government gazette of the French Republic) on 27 September 2022	Proparco: Director, Chairperson of the Board of Directors Expertise France: Chairperson of the Board of Directors International Development Finance Club (IDFC): Vice-President Académie des sciences d'Outre-mer: Permanent member of the second section since 1 October 2021 Olympism365: Member of the Board of Directors – Member of the "Public Affairs and Social Development through Sport" commission La France s'engage: Director
Marie-Hélène LOISON	Chief Operating Officer For an indefinite period, AFD/DGL Instruction Notes NI-2021-46 of 9 June 2021 and NI-2021-55 of 17 June 2021	Director of Proparco
Bertrand WALCKENAER	Chief Operating Officer For an indefinite period, AFD/DGL Instruction Notes NI-2021-46 of 9 June 2021 and NI-2021-55 of 17 June 2021	Proparco: Director, Vice-President of the Board of Directors Chairperson of the Investment Advisory Committee Chairperson of the Proparco Appointments Committee Fisea: Permanent representative of AFD, shareholder, director, Chairperson of the Board of Directors and Chairman of Fisea Expertise France: Representative of AFD on the Board of Directors of EF as an observer CIRAD: Director

Chief Executive Officer: Rémy Rioux

A Senior Member of the Auditor General's Department, Rémy Rioux has held positions in France in the service of development and of Africa.

As Director of the Office of the French Minister of the Economy, Finance and External Trade from 2012 to 2014, he took part in the work to consolidate the public accounts and on the competitiveness of the French economy.

In 2014, he was appointed Deputy General Secretary at the French Ministry of Foreign Affairs and International Development. He was at the heart of economic diplomacy policy. He also coordinated the "finance" agenda for the French presidency of COP21 up to the final negotiation of the Paris Agreement on climate change.

In June 2016, he was appointed to the management of Agence Française de Développement Group and was reappointed for a second term in 2019 and a third term in 2022. He also chaired the International Development Finance Club from 2017 to 2023, and currently serves as its Vice-President.

Chief Operating Officer: Marie-Hélène Loison

Marie-Hélène Loison is a graduate of the Institut d'Études Politiques de Paris and of the School of Advanced International Studies in Washington DC.

1) *The Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Operating Officer are effective managers within the meaning of Article L.511-13 of the French Monetary and Financial Code.*

She began her career in 1996 at Société Générale, in export financing. She joined AFD Group in 2000, at Proparco, AFD's subsidiary in charge of private sector financing, initially as an account manager to structure financing in the agribusiness, health and tourism sectors. She then joined the equity team, of which she became the head in 2008 in order to structure and develop its activity. In 2011, she became Deputy Chief Executive Officer of Proparco in charge of operations, at the head of a department of around a hundred people in France and abroad. There, she developed the activity, reviewed the strategy and contributed to a capital increase of €200M.

In 2015, she joined AFD as Director for the Mediterranean, overseeing a network of local offices in eight countries of operation. She initiated the development of activities in the Western Balkans and adapted activities in the Middle East in response to the Syrian crisis. She was appointed Executive Operations Director in September 2018, managing 1,500 people in charge of approximately €10bn in loans per year. There, she notably oversaw the creation of 17 Regional Directorates to decentralise management.

She took up her duties as Chief Operating Officer on 8 July 2021.

Deputy Chief Executive Officer: Bertrand Walckenaer

Bertrand Walckenaer, who took up his position as Deputy Chief Executive Officer on 8 July 2021, had been, since February 2019, Chief Operating Officer of Agence Française de Développement. He was previously Head of the cabinet of the Secretary of State under the Finance Minister. Prior to that, he spent ten years at the Treasury (between 2005 and 2017), where he held a range of business-related positions: industrial restructuring, financing of aerospace exports, monitoring of foreign investments. He also represented the State on the Boards of Directors of Bpifrance, La Poste and CNP Assurances in 2016 and 2017. During this period, he spent two years at the Ministry for Foreign Affairs (2014-2016), as vice head of the cabinet of the Secretary of State for Foreign Trade. Finally, for one year Bertrand Walckenaer was technical director at the Pouma bush hospital in Cameroon (2010). He is a graduate of AgroParisTech and an international affairs graduate of Université Paris-Dauphine.

3.1.2 Executive Committee

Members of AFD's Executive Committee are appointed by the Chief Executive Officer (CEO). In 2023, in addition to Rémy Rioux, Chief Executive Officer, the following people are members of the Executive Committee:

- the Chief Operating Officer (COO): Marie-Hélène Loison;
- the Chief Operating Officer (COO): Bertrand Walckenaer;
- the Geographies Executive Director: Philippe Orliange;
- the Sustainable Development Solutions Executive Director: Gilles Kleitz;
- the General Secretary: Sylvie Boyer;
- the Finance Department Executive Director: Bokar Cherif;
- the Human Resources Executive Director: Julien Seillan;
- the Chief Risk Officer: Dominique Heurtevent;
- the Compliance Executive Director: Anne Muxart;
- the Strategy, Partnerships and Communication Executive Director: Papa Amadou Sarr;
- the Studies, Research and Knowledge Executive Officer: Thomas Melonio;
- the Chief Executive Officer of Proparco: Françoise Lombard;
- the Chief Executive Officer of Expertise France: Jérémie Pellet;
- the Head of the General Inspection Department: François Parmantier.

3.1.3 Board of Directors

3.1.3.1 Composition of the Board of Directors

In accordance with Article R.515-17 of the French Monetary and Financial Code, the Board of Directors includes the following members, aside from its Chairperson:

- five members representing the French State;
- four members appointed for their expertise in economic and financial matters;
- one member appointed for his expertise in ecological and sustainable development issues;
- one member appointed for their expertise in migration matters;
- four members of Parliament (two deputies and two senators);
- two elected representatives of AFD's staff.

Each member of the Board of Directors can be substituted by an alternate, who is appointed under the same conditions as the permanent member, in the event of a scheduling conflict or absence.

The Chairperson of the Board of Directors is appointed by presidential decree based on the report of the French Minister in charge of the Economy, the French Minister in charge of Cooperation, the French Minister in charge of the French Overseas Departments and Collectivities and the French Minister in charge of Immigration. The age limit applicable to the Chairperson of the Board of Directors is 70 years of age. He or she casts the deciding vote in the event of a tie. If the Chairperson is absent, he or she is replaced by the eldest of the State representatives.

Members of the Board of Directors have a three-year term. However, the term on the Board of Directors of members of Parliament ends when they cease to be members of the assemblies to which they were elected. Members of the Board of Directors are not paid. However, the Chairperson of the Board of Directors receives compensation, the amount of which is set by joint decree by the French Ministers in charge of the Economy, Cooperation and French Overseas Departments and Collectivities.

AFD strives to better meet the principle of balanced representation of women and men on the Board, in particular when appointing directors. At the end of December 2023, there were 34 members, including 28 who had been duly appointed (16 permanent and 12 alternate), 14 were women (eight permanent and six alternate directors), representing 53% of the positions and 45% of the seats filled.

At 31 December 2023, the Board of Directors had the following members:

Director	Term on the Board appointment	Address	Current position Other offices held
Philippe Le Houerou	Chairperson Decree published on 10/01/2022	Agence Française de Développement – 5, rue Roland-Barthes – 75598 Paris CEDEX 12	• Chairperson of the AFD Board of Directors • No other office or function
5 Members representing the French State			
William Roos	Permanent 19/05/2021	French Ministry of the Economy and Finance – Directorate General of the Treasury – 139, rue Bercy – 75572 Paris CEDEX 12	• Head of Multilateral Affairs, Development and Trade/ Co-Chairperson of the Paris Club – DG Treasury • No other office or function
Shanti Bobin	Alternate 20/11/2023	French Ministry of the Economy and Finance – Directorate General of the Treasury – 139, rue Bercy - 75572 Paris CEDEX 12	• Deputy Director of European Affairs • Member of the Expertise France Board of Directors • Vice-President of the Paris Club • Chairperson of the FGEF (French Global Environment Facility) Steering Committee • Member of the Board of Directors of the Development Innovation Fund

Anne-Hélène Bouilllon	Permanent 20/09/2021	French Ministry of Public Action and Accounts – Budget Department – 139, rue de Bercy - 75572 Paris CEDEX 12	• Deputy Head Europe, Foreign Affairs ODA, Asylum and Agriculture
			• Director representing the Ministry of the Budget at:
			  • National Agency for Food, Environmental and Occupational Health Safety (Anses)
			  • Campus France
			  • PMU
			  • the National Forests Office
			  • the Service and Payment Agency (ASP)
			  • the Office for Immigration and Integration (OFII)
			  • Institut Français
			  • the Office for the Protection of Refugees and Stateless Persons (Ofpra)
			  • Director at the AEFE - Agency for French Education Abroad

Tài Nguyen	Alternate 09/10/2023	French Ministry of the Economy, Finance and Industrial and Digital Sovereignty – Budget Department - 139, rue Bercy – 75572 Paris CEDEX 12	• Head of the Office of Foreign Affairs and Development Aid at the Budget Department • Member of the Board of Directors of the Office for the Protection of Refugees and Stateless Persons, as permanent substitute for the Budget Director • Alternate representative of the Minister for the Budget on the Board of Directors of the French Office for Immigration and Integration • Member of the Board of Directors of the Agency for French Education Abroad, representative of the Minister in charge of the Budget, alternate • Representative of the Budget Director on the Board of Directors of Institut français • Member of the Strategic Orientation Board of Institut français, alternate representative of the Deputy Minister for Public Accounts • Member of the Board of Directors of Campus France, representative of the Deputy Minister to the Minister of the Economy, Finance and Industrial and Digital Sovereignty, in charge of Public Accounts • Alternate representative of the Ministry in charge of the Budget on the government body of GIP France Volontaires • Temporary lecturer in public finance at Sciences Po • Temporary lecturer in public finance at the University of Paris II Panthéon-Assas
Aurélien Lechevallier	Permanent 11/10/2022	French Ministry of Foreign Affairs and International Development – Directorate General of Globalisation, Culture, Education and International Development (DGM) – 27, rue de la Convention – CS 91533 - 75732 Paris CEDEX 15	• Chief Executive Officer of Globalisation

Director	Term on the Board appointment	Address	Current position Other offices held
Christophe Guilhou	Alternate 19/10/2022	French Ministry for Europe and Foreign Affairs – 27, rue de la Convention – 75732 Paris CEDEX 15	• Head of Sustainable Development • No other office or function
Christophe Bigot	Permanent 13/10/2020	French Ministry for Europe and Foreign Affairs – 37, quai d'Orsay – 75700 Paris	• Head, Africa and the Indian Ocean • No other office or function
Emmanuel Suquet	Alternate 10/09/2021	French Ministry for Foreign Affairs and International Development – 37, quai d'Orsay – 75700 Paris	• Deputy Head, North Africa and the Middle East • No other office or function.
Olivier Jacob	Permanent 18/10/2023	French Ministry of French Overseas Departments and Collectivities – 27, rue Oudinot – 75007 Paris	• National Agency for Territorial Cohesion (ANCT), permanent member of the Board of Directors • French Authority Qualified in Information Systems Security (AQSSI) • Coast Guard Steering Committee, ex-officio member • Committee for the Management of Public Service Charges for Electricity (CGCSPE), permanent member • Inter-sector Commission for Extended Producer Responsibility (CiFREP), permanent member of the French State body • Advisory Council of Municipal Policies (CCPM), permanent member • French Antilles-French Guiana Interport Coordination Council (CCIAG), permanent member • National Council for Access to Personal Origins (CNAOP), permanent member • High Council of Seafarers (CSGM), permanent member • High Council for Guidance and Coordination of the Agricultural and Food Economy (CSO), permanent member • Conservatory for Coastal Space and Lake Shores (CELRL), permanent member • French Overseas Departments and Collectivities Finance Institute (IEOM), permanent member of the Supervisory Board • French Overseas Departments and Collectivities Agricultural Economy Development Office (ODEADOM), permanent member of the Board of Directors • Office for the Protection of Refugees and Stateless Persons (OFPRA), permanent member of the Board of Directors • National Forests Office (ONF), permanent member of the Board of Directors • French Guiana Amazonian Park, permanent member of the Board of Directors • Reunion Island National Park, permanent member of the Board of Directors • National broadcaster France Télévisions, member of the Board of Directors
Isabelle Richard	Alternate 14/12/2022	French Ministry of French Overseas Departments and Collectivities – 27, rue Oudinot – 75007 Paris	• Deputy Head of Public Policy at the Directorate General of French Overseas Departments and Collectivities • Board member of SIG • Board member of Simar • Member of the IEOM Supervisory Board • Government Commissioner for ICAP • Government Commissioner GIP Formation Cadres Avenir (in New Caledonia) • Director on the Board of Atout France
1 Person appointed for their expertise in migration matters			
Jean-Yves Tolot	Permanent 30/03/2021	27, rue Singer – 75016 Paris	• Chairperson of Œuvre d'Orient (1901 non-profit group) • Director of SEE (Santé en Entreprise, 1901 non-profit group)
Vacant	**Alternate**		**Awaiting appointment by decree**

Director	Term on the Board appointment	Address	Current position Other offices held
4 Persons appointed because of their expertise in economic and financial matters			
Jean-Jacques Santini	Permanent 29/09/2023	BNP PARIBAS Group – 16, boulevard des Italiens – 75009 Paris	• Adviser to the Fonds de Garantie des Dépôts et des Resolutions – Vice-President of the FGDR and Chairperson of the Audit Committee • Director – Vice-President of the National Committee of French Foreign Trade Advisors • BNP PARIBAS EL DJEZAIR – Chairperson of the Board of Directors
Vacant	**Alternate**		**Awaiting appointment by decree**
Cathia Lawson-Hall	Permanent 19/10/2020	7, rue de l'Alboni – 75016 Paris	• Director & Chairperson of the Audit Committee of the Vivendi group • Director of Universal Music Group • Independent Director of Endeavour Mining
Vacant	**Alternate**		**Awaiting appointment by decree**
Isabelle Delamour	Permanent 29/09/2023		• Director of the DEOF (Department of Economic and Financial Operations) at Caisse des Dépôts • Permanent representative of Caisse des Dépôts et Consignations on the Board of Directors and at the General Meeting of the Victoires Paiements economic interest group • Chairperson of the Board of Directors of GIE Victoires Paiements
Sylvie Le Maire	Alternate 22/04/2021	Syndicat du Sucre of La Réunion – CS 81036 – 33, rue Emmerez de Charmoy – 97495 Sainte-Clotilde CEDEX – La Réunion	• General Delegate of the Syndicat du Sucre labour union of Reunion Island • Member of the Management Committee of TEREOS Sucre Indian Ocean • Vice-President of CESER Reunion Island responsible for the Finances-Evaluation Commission • Member of the Board of Directors of ODEADOM • Vice-President of the Reunion Committee of French Foreign Trade Advisors • Member of the CPCS (Comité Paritaire Interprofessionnel de la Canne et du Sucre de La Réunion) and CTICS (Comité Technique Interprofessionnel de la Canne et du Sucre) • Director of SAFER
Olivier Bruyeron	Permanent 15/02/2021		• Coordination SUD: Chairperson, January 2021 – present • Gret: Head of Innovative Projects and Partnerships, September 2019 – present • Nutri'zaza (company incorporated under Malagasy law): Chairperson, 2013 – present • Agence Française de Développement: Director and member of the Foreign States Committee: February 2021 – present • Non-profit Movement: director, March 2021 – present • Cité du développement durable: director, member of the Bureau, 2020 – present • Fondation de France: member of the international solidarity committee, 2020 – present
Martine Audibert	Alternate 22/04/2021	Université de Clermont Auvergne – CERDI – 26, avenue Léon Blum – 63000 Clermont-Ferrand CEDEX	• Emeritus Head of Research at CERDI, Senior fellow at FERDI (International Development Study and Research Foundation) • Member of the Scientific Committee of Revue d'Économie du Développement
1 Person appointed because of his/her knowledge of ecological and sustainable development issues			
Anne-Marie Levraut	Permanent 22/04/2022	5, allée des eiders – 56860 Séné	• Deputy Vice-President of the French Association for the Prevention of Natural and Technological Disasters (AFPCNT) • Honorary Chairperson of the Board of Directors of the Adour-Garonne water agency • Director – the French High Committee for National Resilience (HCFRN) • Chairperson of the ANSES Nanomaterials Dialogue Committee

Director	Term on the Board appointment	Address	Current position Other offices held
Maya Leroy	Alternate 22/04/2022	AgroParisTech – 648, rue Jean-François Breton - BP 44494 – 34093 Montpellier CEDEX 5	• Head of Environmental Management Department (AgroParisTech) • Member of Scientific Boards • French Scientific Committee on Desertification – CSFD, United Nations Convention UNCCD • Scientific and Technical Board of the French Global Environment Facility – FGEF • Chairperson of the Scientific Council of GIP ECOFOR (Forest ecosystems) • Scientific Board of the French Biodiversity Office (OFB) • AgroParisTech – Board member • AgroParisTech – Member of the Technical Committee = Social Administration Committee
4 Members of Parliament			
Frédéric Petit	Permanent 21/10/2022	National Assembly – 3, rue Aristide Briand – 75007 Paris	• Deputy for French citizens established outside France (7°) • Director of AEFE
Nadège Abomangoli	Alternate 21/10/2022	National Assembly – 126, rue de l'Université – 75007 Paris	• Deputy for Seine-Saint-Denis (tenth district) • Pantin Municipal Councillor and Regional Councillor in Est Ensemble • Member of the Board of Directors of the National Sports Agency • Member of the Nato Parliamentarian Assembly • Secretary of the French Section of the Parliamentarian Assembly of La Francophonie
Dominique Potier	Alternate 21/10/2022	National Assembly – 126, rue de l'Université – 75007 Paris	• Member of Parliament for the 5th district of Meurthe-et-Moselle • Chairperson of the non-profit group Esprit Civic • Chairperson of the non-profit group Le Pays Terres de Lorraine • Director of the Agriculture and Rurality Observatory of Fondation Jean Jaurès • Chairperson of the non-profit group Michel Dinet
Éléonore Caroit	Permanent 19/04/2023	National Assembly – 3, rue Aristide Briand – 75007 Paris	• Member of Parliament for French nationals established outside France, in Latin America and the Caribbean • Vice-President of the Foreign Affairs Committee
Alain Joyandet	Permanent 25/03/2021	Senator of Haute-Saône – Palais du Luxembourg – 15, rue de Vaugirard – 75006 Paris	• Regional Councillor for Burgundy – Franche-Comté • Chairperson of FC Vesoul • Manager of EARL Domaine de la Pâturie and EURL Joy Développement. These two companies are owners and managers of Domaine de la Pâturie, a vineyard located in Champlitte, volunteer mandates
Isabelle Briquet	Permanent 25/03/2021	Senator of Haute-Vienne – Palais du Luxembourg - 15, rue de Vaugirard – 75006 Paris	• Senator of Haute-Vienne
2 AFD employee representatives			
Iris Johns	Permanent 09/12/2022	AFD – 5, rue Roland-Barthes – 75012 Paris	• AFD employee • No other office or function
Claude Torre	Alternate 09/12/2022	AFD – 5, rue Roland-Barthes – 75012 Paris	• AFD employee • No other office or function
André Hue	Permanent 09/12/2022	AFD – 5, rue Roland-Barthes – 75012 Paris	• AFD employee • No other office or function
Lucille Lauvernier	Alternate 09/12/2022	AFD – 5, rue Roland-Barthes – 75012 Paris	• AFD employee • No other office or function

3.1.3.2 Directors' Charter

A charter sets out the rights, obligations and principles applicable to each member of the Board of Directors, a specialised committee or the Audit Committee of Agence Française de Développement. All directors, both permanent and alternate, agree to adhere to the guidelines set out in the Charter (confidentiality, banking secrecy and the duty of circumspection, duty to inform, duty of vigilance, etc.) and to apply them when acting as individuals and as members of a company body called upon to make collective decisions.

3.1.3.3 Conditions for the preparation and organisation of the work of the Board of Directors

Pursuant to Article R.515-18 of the French Monetary and Financial Code, the Board of Directors deliberates on the institution's strategic orientations implementing the objectives entrusted to it by the State. It approves: the contractual targets and resources agreed with the State; the agreements listed in Article R.515-12 (management on behalf and at the risk of the State); the financial aid mentioned in Articles R.515-9, R.515-10 and R.515-11 (loans on its own behalf), as well as the regulations provided in the latter article (regulation on the distribution of the annual credit delegated by the State to AFD for the financing of projects proposed by non-governmental organisations); the agreements entered into pursuant to the second, third, fourth and fifth paragraphs of Article R.515-13 (management on behalf of a third party); the annual amount of loans to be taken out by the Agency; the statement of estimates of operating income and expenses; the general terms and conditions on financial aid; the annual financial statements and the management report prepared by the Chief Executive Officer; the purchase and sale of properties; the creation or abolition of local offices or representations; transactions on Agency interests and arbitration clauses; and the appointment of Statutory Auditors. The Board of Directors is informed of quality assessments, analyses and evaluations regarding the Agency and its operations.

The Board of Directors' operations are formally set out in the internal regulations, in accordance with Article R.515-19 II of the French Monetary and Financial Code. The internal regulations define the procedure for consultation of the Board's members by the Chairperson remotely for urgent deliberations. This procedure at the least defines a minimum consultation time, quorum rules and the right of any member of the Board and the Government Commissioner to oppose this consultation procedure.

3.1.3.4 Conflicts of interest

To AFD's knowledge:

- there are no family ties between AFD's corporate officers. Moreover, over the last five years, no corporate officers have been subject to a conviction for fraud, bankruptcy, receivership or liquidation, an official public accusation and/or penalty pronounced by the legal or regulatory authorities, nor have been prevented by a court from acting as a member of an administrative, management or supervisory body or from managing company affairs;
- there are no potential conflicts of interest regarding the duties of any of the Directors *vis-à-vis* AFD and their private interests and/or other duties;
- at the date of this Document, no corporate officer was related to AFD or one of its subsidiaries by a service contract that provided for the granting of any benefits.

3.1.3.5 The specialised committees of the Board of Directors

The Board of Directors may delegate a part of its powers, to the degree that it determines, to three specialised committees (for operations in the French Overseas Departments and Collectivities, for operations in foreign countries and for supporting the initiatives of non-governmental organisations). The specialised committee for activities in the French Overseas Departments and Collectivities includes three representatives of the French State, two of whom are appointed by decree of the Minister responsible for the French Overseas Departments and Collectivities and the third appointed by decree of the Minister of the Economy. The specialised committee for activities in foreign countries includes five representatives of the French State, two of whom are appointed by decree of the Minister of Foreign Affairs, a further two of whom are appointed by the Minister of the Economy and the fifth appointed by decree of the Minister of Immigration. The specialised committee for supporting the initiatives of non-governmental organisations includes four representatives of the French State, two of whom are appointed by decree of the Minister of Foreign Affairs, a third appointed by decree of the Minister of the Economy and the fourth appointed by the Minister of Immigration. In addition, each specialised committee includes two qualified experts appointed by the Board of Directors (one of whom sits on the Board) and one of the employee representatives on the Board of Directors chosen by these representatives. These specialised committees may be supplemented by one or several members of the Board of Directors at its own discretion.

The specialised committee for operations in the French Overseas Departments and Collectivities and the specialised committee for operations in foreign countries are chaired by the Chairperson of the Board of Directors. The specialised committee for supporting the initiatives of non-governmental organisations is chaired by the Chairperson of the Board of Directors or by a member of the Board of Directors appointed from among the representatives of the French State. For the members of specialised committees, other than the Chairperson and the members of the Board of Directors, an alternate is appointed under the same conditions as the permanent member. The term limit for members of the specialised committees and the conditions for their possible replacement are the same as those set for the members of the Board of Directors. The specialised committees may decide to submit any business within their remit to the Board of Directors. In such cases, they give the Board their opinion on the business referred to it.

The Board of Directors may also delegate a part of its powers to the Chief Executive Officer, who reports back to the Board about the decisions made under this delegation.

The Board of Directors appoints an Audit Committee and a Group Risk Management Committee, composed of between three and five members qualified in financial and risk analysis. The Audit Committee provides its opinion to the Board of Directors whenever necessary and at least yearly on the Agency's financial statements, the effectiveness of its internal control and the management of its risks. The Risk Management Committee advises the Board of Directors on AFD Group's overall strategy and risk appetite.

The Agency borrows over the short, medium and long term in France and abroad, either through financial organisations, or by issuing bonds, notes, securities or any other debt instrument. It performs all financial transactions required for its activities. The Agency's transactions are recorded in accordance with the rules concerning trade and in compliance with regulations governing credit institutions. A Government Commissioner, appointed by the Minister of the Economy, performs the for the Agency the duties set out in Article L.615-1 and Articles D. 615-1 to D. 615-8 of the French Monetary and Financial Code. The Agency's financial statements are audited by two Statutory Auditors, appointed pursuant to the provisions of Articles L.511-38, D. 511-8, D. 511-9 and D. 612-53 to R. 612-60 of the French Monetary and Financial Code. The Statutory Auditors are subject to the obligations provided for in Article L.511-38.

Article R.515-19 of the French Monetary and Financial Code provides that the Board of Directors meets at least four times a year when convened by its Chairperson. During 2021, the Board of Directors and its specialised committees met 37 times.

3.1.4 Compensation and benefits of the executive corporate officers and the Deputy Chief Executive Officers

In accordance with Act No. 2005-842 of 26 July 2005 on economic trust and modernisation, please see below for the compensation paid in 2020 to each corporate officer:

Total gross compensation *(in euros)*

- Rémy Rioux, Chief Executive Officer (start of term 2 June 2016): 268,100;
- Bertrand Walckenaer, Chief Operating Officer (start of term 14 February 2019): 180,234;
- Marie-Hélène Loison, Chief Operating Officer (start of term 8 July 2021): 177,501.

There are no benefits in kind, special retirement schemes, stock option plans or variable compensation for AFD's corporate officers.

3.1.5 Compensation and benefits of directors

AFD's directors receive no payment or benefits in kind.

3.1.6 Other information

3.1.6.1 Possible limitations that the Board of Directors can place on the powers of the Chief Executive Officer (Articles L.225-37-4 and L.22-10-10 of the French Commercial Code)

Unlike commercial companies, AFD's status as an EPIC (industrial and commercial public undertaking) does not permit it to limit the powers granted to the Chief Executive Officer by the Board of Directors. The powers granted to the Chief Executive Officer are laid down in AFD's bylaws and the Chief Executive Officer exercises them with respect for the rights of the Board of Directors.

3.1.6.2 Summary table of the valid delegations granted by the Shareholders' board with respect to capital increases, pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code, showing how those delegations were used during the financial year

Not applicable.

3.1.6.3 Specific terms and conditions of shareholder participation in the general meeting or provisions of the bylaws that provide for such terms and conditions (Articles L.225-37-4 and L.22-10-10 of the French Commercial Code)

Not applicable.

3.1.6.4 Report by the Statutory Auditors prepared pursuant to Article L.22-10-71 of the French Commercial Code on the Board of Directors' report on corporate governance

As part of the specific verifications, the Statutory Auditors verify the fairness and consistency of the information given in the Board of Directors' report on corporate governance.

3.1.6.5 Items likely to have an impact in the event of a takeover or exchange offer (Article L.22-10-11 of the French Commercial Code)

Not applicable.

3.1.6.6 Presentation of the draft resolutions relating to the principles and criteria for determining, allocating and distributing the fixed, variable and exceptional items comprising the total compensation and benefits of all kinds attributable to the Chairperson, Chief Executive Officers, Deputy Chief Executive Officers, in respect of their mandate (Article L.22-10-8 of the French Commercial Code).

Not applicable in the absence of variable compensation for the executives of the public institution.

3.1.6.7 Agreements entered into, directly or by proxy, between, firstly, a corporate officer or a shareholder holding over 10% of a company's voting rights and, secondly, another company in which the former owns, directly or indirectly, more than half of the share capital, with the exception of agreements relating to current transactions and entered into under normal conditions

Name of the convention	Additional information
Agreements and commitments approved in previous financial years which continued to be performed	
WITH SOGEFOM	
Service agreement entered into between AFD and Sogefom	Compensation for AFD in 2023: €1,713K
WITH THE THREE DEPARTMENTAL CREDIT COMPANIES (SDCS)	
Refinancing and guarantee agreement for the customer loan portfolio taken over by the three SDCs from Soderag	• Loans outstanding at 31 December 2023: Sodema: €9,298K Sodega: €12,555K Sofideg: €534K • Compensation received by AFD in 2023: Sodema: €59K Sodega: €0K Sofideg: €0K • The credit risk supported by AFD is covered by a provision of €17,844K as at 31/12/2023, *i.e.* a net reversal of €1,523K
WITH PROPARCO	
Framework agreement for the management of private sector financing activities	Impact in 2023, private sector: €11,733K of which €98K for the PEEBCOOL mandate (PEEBCOOL mandate agreement signed on 25/10/2023 in application of the framework agreement on the management of private sector financing activities)
Sub-investment cofunding framework agreement	Impact in 2023: €8,386K
Service agreement between AFD and Proparco for the administrative and financial monitoring of certain investments	Impact in 2023: €231K
AFD/Proparco services agreement	Impact in 2023: €79,982K
Mandate agreement relating to the "transforming financial systems for the climate" (TFSC) programme	Impact in 2023: €1,535K
MENA-facilitated framework agreement	Impact in 2023: €812K
WITH NGOS	
None	
New agreements authorised by the Board of Directors	
WITH NGOS	
None	
WITH PROPARCO	
Financing framework agreement on the 110 and 209 programmes	Agreement signed on 21/06/2023 Impact in 2023: €3,535K

For agreements signed before 2022, the dates of signature were mentioned in the special report of the Statutory Auditors. Only the dates of the agreements signed during the 2023 financial year are included in this table.

3.2 Compensation policy and practices

3.2.1 Compensation policy governance

Article L.511-89 of the French Monetary Code, resulting in particular from the implementation of the CRDIV directive, requires that credit institutions and financing companies of "significance" establish an Appointments Committee and a Compensation Committee and refers to a decree from the Minister of the Economy for the definition of "significance".

Article 104 of the Decree of 3 November 2014 uses, as the sole criteria for determining "significance", the fact that the total company or consolidated balance sheet exceeds €5bn, meaning that these provisions apply to AFD, while the CRDIV directive contains provisions that have not been transposed and which would exempt AFD from establishing these committees.

However, the establishment of Appointments Committees and Compensation Committees conflicts with certain bylaw and legal provisions and certain organisational rules on State public undertakings applicable to AFD.

With regard to the Compensation Committee, pursuant to Article 76-2 and Article 95-1 of the CRDIV directive, governments are only obliged to stipulate that Compensation Committees are established in undertakings that are "significant" in terms of their size, but also in terms of their internal organisation and the nature, scope and complexity of their activities. These derogations and criteria established by the CRDIV directive and Article L.511-89 of the French Monetary and Financial Code were not specified in the Decree of 3 November 2014.

It should be noted that the compensation paid to all AFD employees, including the Executive Committee and "individuals whose activities have a significant impact on the company's risk profile", is determined by AFD's regulations. Moreover, no variable compensation is awarded. This particular characteristic of AFD, together with the partial transposition of the CRDIV directive into French law, argues in favour of exempting AFD from establishing a committee which would, ultimately, not have the power to exercise the prerogatives expected by the regulator.

The HR function is the only entity involved in designing and implementing the compensation policy. The reason for this is that no AFD employee receives variable compensation (except for profit sharing).

New Staff Regulations came into force on 1 January 2023. It replaces, in all its provisions, the Staff Regulations approved by the ministerial vote of 5 August 1996 as well as any subsequent amendments thereto, and applies to all employees of Agence Française de Développement whose employment contract is governed by French law applicable in Metropolitan France and in the French Overseas Departments and Collectivities (thus excluding notably the law applicable in the French Overseas Collectivities).

3.2.2 Main features of the compensation policy

3.2.2.1 Setting compensation

The compensation of each AFD employee is essentially defined on the basis of their level of classification, experience, expertise and scarcity on the market: at the time of recruitment, a position level (consisting of a basic salary range) is allocated to each employee, according to the strict definitions of the Staff Regulations. The basic salary is then determined, within this range, according to:

- their individuality, which means taking into account their know-how and interpersonal skills when they arrive and during their career;
- internal salary grids to ensure fairness within the Group's teams;
- external salary grids in order to remain competitive with the market for certain functions.

3.2.2.2 Compensation structure

Compensation comprises the following items:

Basic salary (Article 3.2.1 of the Staff Regulations).

Each employee receives a basic salary.

A minimum amount of the gross basic salary is set according to the employee's classification, by a collective agreement or, failing that, by a unilateral rating from management.

For employees linked to Agence Française de Développement by an employment contract, whether permanent or fixed-term, the amount of the highest basic salary (on a full-time basis) may not be more than eight times higher than the amount of the lowest basic salary (on a full-time basis) applied at Agence Française de Développement.

Awards and bonuses (Article 3.2.1)

In addition to the basic salary, for employees who meet the required conditions, the following awards and bonuses are calculated *pro rata* to the actual working time.

Year-end bonus

It will be calculated on December's basic salary as defined in Article 3.2.1 and multiplied by 1.4. For each employee, it is in line with the number of paid days over the year.

Holiday bonus

The amount is identical for every employee. It is paid on a monthly basis. For each employee, it is in line with the number of paid days over the year.

Professional bonus

It is related to holding a type of position and is paid to every employee who holds this type of position. The types of positions in question and the corresponding bonus amounts are decided by the Chief Executive Officer (CEO). The bonus stops being paid if the employee is transferred to a position to which the professional bonus does not apply:

- managerial professional bonus, exclusively for Manager employees;
- specific professional bonus, paid to non-Manager employees who hold a specific role. The specific criteria are described in the Guide on the Specific Professional Bonus.

Variable collective performance bonus (Article 3.2.2)

A variable collective performance bonus may be added to the fixed compensation. The amount paid depends on the achievement of collective performance targets. The eligibility conditions and the methods for calculating and paying the collective variable performance bonus are set by collective agreement or, failing this, by a unilateral note from management.

- No employee (including directors) receives individual variable compensation, whether deferred or not (*e.g.* bonus, shares, stock options, etc.).
- Employees also enjoy employment benefits, such as supplementary defined contribution retirement plans, health fees and insurance, and housing loans financed entirely or partly by AFD.
- Expatriate employees also enjoy several allowances related to their expatriate status.

Lastly, any employee on a fixed term or indefinite-term contract, whether full or part-time, who has three months of service within AFD (excluding employees whose contracts were entered into locally and are not governed by French law), receives, in addition to their fixed compensation, an annual profit sharing component calculated using indicators related to the Group's operations, cost control, efficiency and overall effectiveness.

Transitional measures

In order to implement the new compensation policy published on 1 January 2023, transitional measures were adopted to facilitate the transition to the new compensation structure for all permanent employees whose employment contract with Agence Française de Development and governed by French law applicable in Metropolitan France and in the French Overseas Departments and Collectivities (thus excluding notably the law applicable in the French Overseas Collectivities) was concluded before the entry into force of the new Regulations. These measures do not concern employees with an employment contract entered into as of the entry into force of the new Regulations, for whom only the compensation arrangements indicated in Title III of the new Regulations apply, as well as the agreements in force at the company or institution concerned.

For employees in Metropolitan France

Family supplement (Article 12.2.3 of the former Staff Regulations of 1996)

The amount of the monetary equivalent of the family supplement is set at the date of entry into force of the new Regulations for beneficiary employees, and may only be changed downwards.

Thus, the rules for upward changes that may have applied to the family supplement are no longer applicable. As from the entry into force of the new Regulations, the increase in the number of persons dependant on an employee of Agence Française de Développement does not lead to an increase in the monetary equivalent of the amount of the family supplement he or she was entitled to the month before the new Regulations came into force.

The monetary equivalent of the family supplement will decrease on the basis of the provisions that were applicable under the former Staff Regulations of 1996. Thus, for example, it could disappear when the dependants reach the age limit for eligibility or when the beneficiary employees leave Agence Française de Développement.

It should be noted that employees who did not benefit from the family supplement the month preceding the entry into force of the new Regulations or permanent employees holding an employment contract concluded as from the entry into force of the new Regulations will not be entitled to any monetary equivalent to the family supplement.

Seniority bonus (Article 12.2.4 of the former Staff Regulations of 1996)

The monetary equivalent of the seniority bonus and the mechanisms for increasing it, in accordance with the scale applicable the month preceding the entry into force of the new Regulations, shall be maintained for the employees concerned who actually benefited from this bonus, in view of their seniority, the month preceding the entry into force of the new Regulations.

Employees who, because of their seniority, did not receive the seniority bonus in the month preceding the entry into force of the new Regulations, may also benefit from the monetary equivalent of this bonus, under the same conditions as those mentioned in the previous paragraph, when they meet the seniority condition provided for in Article 12.2.4 of the former Staff Regulations of 1996, provided that they do not cease, as from the entry into force of the new Regulations, even temporarily, to belong to the categories covered by this text (categories A to C under the former Staff Regulations of 1996, assessed in the light of the equivalent categories in the new classification determined in application of the new Regulations).

For employees of local offices in Guadeloupe and Martinique

Regarding the monetary equivalent of the seniority bonus

As a preliminary point, it should be noted that the seniority bonus referred to here is that referred to in Article 31 of the former regulations of the AFD office in Guadeloupe and Martinique. The monetary equivalent of the seniority bonus and the mechanisms for increasing it, in accordance with the scale applicable the month preceding the entry into force of these Regulations, shall be maintained for the employees concerned who actually benefited from this bonus, in view of their seniority, the month preceding the entry into force of these Regulations. In all circumstances, these employees will definitively cease to benefit from the monetary equivalent of this bonus if they cease to meet the eligibility conditions, regardless of whether they subsequently meet them again.

Employees who, because of their seniority, did not receive the seniority bonus in the month preceding the entry into force of these Regulations, may also benefit, provided that they do not cease as from the entry into force of these Regulations, even temporarily, to meet the eligibility conditions (excluding seniority), from the monetary equivalent of this bonus, under the same conditions as those mentioned in the previous paragraph, when they meet the seniority condition that was provided for in Appendix VI of the former staff regulations of the AFD office in Guadeloupe and Martinique. In all circumstances, these employees will definitively cease to benefit from the monetary equivalent of this bonus if they cease to meet the eligibility conditions, regardless of whether they subsequently meet them again.

It should be noted that permanent employees holding an employment contract entered into as from the entry into force of these Regulations are not entitled to any monetary equivalent of the seniority bonus.

The monetary equivalent of this bonus will disappear once all the beneficiary employees have left Agence Française de Développement.

Regarding the monetary equivalent of the special family allowance

As a preliminary point, it should be noted that the special family allowance referred to here is the one referred to in the service notes (notably former service notes No. 05/2021 of 18 May 2021, in respect of 2021 for Martinique, and No. 04/2011 of 25 May 2011 for Guadeloupe).

The amount of the monetary equivalent of one twelfth (see above) of the special family allowance is set at the date of entry into force of the new Regulations for beneficiary employees, and may only be changed downwards.

Thus, the rules for upward changes that may have applied to the special family allowance are no longer applicable. As from the entry into force of the new Regulations, the increase in the number of persons dependant on an employee of Agence Française de Développement does not lead to an increase in the monetary equivalent of one twelfth of the amount of the special family allowance received during the twelve months preceding the entry into force of the new Regulations.

The monetary equivalent of one-twelfth of the amount of the special family allowance will be changed downwards on the basis of the provisions that were applicable under the terms of the service notes that were applicable (for the purposes of comparison, by dividing the amount that would have resulted therefrom by twelve). Thus, for example, it could disappear when the dependants reach the age limit for eligibility or when the beneficiary employees leave Agence Française de Développement.

It should be noted that employees who did not benefit from the special family allowance during the 12 months preceding the entry into force of the new Regulations or permanent employees holding an employment contract concluded as from the entry into force of the new Regulations will not be entitled to any monetary equivalent to the special family allowance.

For employees of local offices in French Guiana and Reunion Island

Regarding the monetary equivalent of the seniority bonus and the additional seniority bonus

As a preliminary point, it should be noted that the seniority bonus and the additional seniority referred to here are those referred to in part G5 (point 22) of the former “practical guide” and in former service note No. 2018/07 of 20 April 2018 concerning Reunion Island, and in part G4 of the former “practical guide” and in former service note No. 21-2020 of 23 July 2020 concerning French Guiana.

The monetary equivalent of the seniority bonus, the additional seniority bonus and the mechanisms for increasing them, in accordance with the scale applicable the month preceding the entry into force of the new Regulations, shall be maintained for the employees concerned who actually benefited from these bonuses, in view of their seniority, the month preceding the entry into force of the new Regulations. In all circumstances, these employees will definitively cease to benefit from the monetary equivalent of these bonuses if they cease to meet the eligibility conditions, regardless of whether they subsequently meet them again.

Employees who did not benefit from the seniority bonus and/or the additional seniority bonus in the month preceding the entry into force of the new Regulations, will also be able to benefit from the monetary equivalent of these bonuses, under the same conditions as those mentioned in the previous paragraph, when they meet the seniority condition provided for in part G5 (point 22) of the former “practical guide” and in former service note No. 2018/07 of 20 April 2018 concerning Reunion Island, and in part G4 of the former “practical guide” and in former service note No. 21-2020 of 23 July 2020 concerning French Guiana, provided that, as from the entry into force of the new Regulations, they do not cease, even temporarily, to belong to the categories referred to in these texts (indices lower than or equal to grade A3 for Reunion Island and French Guiana, assessed with regard to the equivalent categories in the new classification determined in application of the new Regulations). In all circumstances, these employees will definitively cease to benefit from the monetary equivalent of these bonuses if they cease to meet the eligibility conditions, regardless of whether they subsequently meet them again.

It should be noted that permanent employees holding an employment contract entered into as from the entry into force of the Regulations are not entitled to any monetary equivalent of the seniority bonus.

The monetary equivalent of these bonuses will disappear once all the beneficiaries have left Agence Française de Développement or the job categories previously eligible for this bonus (assessed with regard to the equivalent categories under the new classification, determined in application of the new Regulations).

Regarding the monetary equivalent of the family supplement (including additional family benefits)

As a preliminary point, it should be noted that the family supplement (including additional family benefits) referred to here is that referred to in part G7 (point 24) of the former “practical guide” concerning Reunion Island and part G8 (point 24) of the former “practical guide” concerning French Guiana.

The amount of the monetary equivalent of the family supplement (including additional family benefits) is set at the date of entry into force of the new Regulations for beneficiary employees, and may only be changed downwards.

Thus, the rules for upward changes that may have applied to the family supplement (including additional family benefits) are no longer applicable. As from the entry into force of the new Regulations, the increase in the number of persons dependant on an employee of Agence Française de Développement does not lead to an increase in the monetary equivalent of the amount of the family supplement (including additional family benefits) he or she was entitled to the month before the new Regulations came into force.

The monetary equivalent of the family supplement (including additional family benefits) will decrease on the basis of the provisions that were applicable with regard to the terms of part G7 (point 24) of the former "practical guide" concerning Reunion Island and part G8 (point 24) of the former "practical guide" concerning French Guiana. Thus, for example, it could disappear when the dependants reach the age limit for eligibility or when the beneficiary employees leave Agence Française de Développement.

It should be noted that employees who did not benefit from the family supplement (including additional family benefits) the month preceding the entry into force of the new Regulations or permanent employees holding an employment contract concluded as from the entry into force of the new Regulations will not be entitled to any monetary equivalent to the family supplement (including additional family benefits).

For employees of the local office in Mayotte

Regarding the monetary equivalent of the seniority bonus

As a preliminary point, it should be noted that the seniority bonus referred to here is that referred to in Article 29 of the former regulations applicable to the AFD office in Mayotte.

The monetary equivalent of the seniority bonus and the mechanisms for increasing it, in accordance with the scale applicable the month preceding the entry into force of the new Regulations, shall be maintained for the employees concerned who actually benefited from this bonus, in view of their seniority, the month preceding the entry into force of the new Regulations. In all circumstances, these employees will definitively cease to benefit from the monetary equivalent of this bonus if they cease to meet the eligibility conditions, regardless of whether they subsequently meet them again.

Employees who, because of their seniority, did not receive the seniority bonus in the month preceding the entry into force of the new Regulations, may also benefit, provided that they do not cease as from the entry into force of the new Regulations, even temporarily, to meet the eligibility conditions (excluding seniority), from the monetary equivalent of this bonus, under the same conditions as those mentioned in the previous paragraph, when they meet the seniority condition that was provided for in Appendix II of the provisions of the former regulations applicable to the AFD office in Mayotte. In all circumstances, these employees will definitively cease to benefit from the monetary equivalent of this bonus if they cease to meet the eligibility conditions, regardless of whether they subsequently meet them again.

It should be noted that permanent employees holding an employment contract entered into as from the entry into force of the Regulations are not entitled to any monetary equivalent of the seniority bonus.

The monetary equivalent of this bonus will disappear once all the beneficiary employees have left Agence Française de Développement.

Regarding the monetary equivalent of the family supplement

As a preliminary point, it should be noted that the family supplement referred to here is that referred to in the instruction note of 2022 relating to the "implementation of the family supplement and the additional allowance at the Mayotte local office".

The amount of the monetary equivalent of the family supplement is set at the date of entry into force of the new Regulations for beneficiary employees, and may only be changed downwards.

Thus, the rules for upward changes that may have applied to the family supplement are no longer applicable. As from the entry into force of the new Regulations, the increase in the number of persons dependant on an employee of Agence Française de Développement does not lead to an increase in the monetary equivalent of the amount of the family supplement he or she was entitled to the month before the new Regulations came into force.

The monetary equivalent of the family supplement will decrease on the basis of the provisions that were applicable under the instruction note of 2022 relating to the "implementation of the family supplement and the additional allowance at the Mayotte local office". Thus, for example, it could disappear when the dependants reach the age limit for eligibility or when the beneficiary employees leave Agence Française de Développement.

It should be noted that employees who did not benefit from the family supplement the month preceding the entry into force of the new Regulations or permanent employees holding an employment contract concluded as from the entry into force of the new Regulations will not be entitled to any monetary equivalent to the family supplement.

In all circumstances, these employees will definitively cease to benefit from the monetary equivalent of this bonus if they cease to meet the eligibility conditions, regardless of whether they subsequently meet them again.

The monetary equivalent of this bonus will disappear once all the beneficiaries have left Agence Française de Développement or the job categories previously eligible for this bonus (categories A to C under the former staff Regulations of 1996, assessed in the light of the equivalent categories under the new classification determined in application of the new Regulations).

3.2.2.3 Change in compensation

The arrangements for implementing the compensation policy place a significant emphasis on informing, consulting and negotiating with social partners.

Management examines the possibility of an increase in compensation each year.

Where applicable, this revaluation is carried out through a collective and/or individual increase. It is not systematic or periodic.

General increases together with the budget for individual increases are negotiated on an annual basis during the Mandatory Annual Negotiations (NAO) and are subject to the limits established by the framework of AFD's shareholder. Collective increases benefit from a safeguard clause, linking AFD's collective increase in level to the collective increase in level applied for the Civil Service over a period of three years.

An assessment of the revaluation measures is presented each year to the employee representatives, for information purposes.

A promotion is the professional development of an employee from one professional category to a higher one, or from one classification level to a higher one.

An individual pay rise values the employee's professional development within the same professional category and the same classification level. It takes the form of an increase in the basic salary. A promotion and an individual pay rise may be concurrent.

The terms and conditions for individual promotions and pay rises are set out in a collective agreement or, failing that, by our unilateral management decision, in compliance with Article 3.1 of these Regulations.

In addition to the specific appeal against a proposed dismissal, set out in Article 5.1.2 of these Regulations, employees affected by an individual decision relating to an individual pay rise, promotion or geographical mobility have a consultative appeals procedure at their disposal. To this end, an Appeals Committee was set up for all professional categories in each establishment separate from Agence Française de Développement. The Appeals Committee is composed of an equal number of management and employee representatives. Employee representation on the Appeals Committee is ensured by a number of members equal to the maximum number of representative trade unions at the Company. This appointment is made for each institution from among the elected members of the SEC of each of these institutions, for the duration of the terms of office of the elected SECs. This appointment results from a vote at the SEC meeting by a majority of the elected members of the SEC present at this meeting and having voting rights. In the event of early termination of the term of office, a new appointment will be organised according to the same procedures. The members representing the Management are appointed by it and their number is at most equal to the number of employee representatives. The procedures for referral and operation of the Appeals Committee are set by collective agreement or, failing this, by a unilateral note from Management.

The case of any employee who has not benefited from an individual pay raise for the past three years must be examined during the fourth year by the Appeals Committee of the institution to which the employee is attached, as provided for in (A) of this article.

This review takes place without the person having to request it, on the basis of a file including:

- the written agreement of the person concerned, requested by Management, for their case to be examined by the Appeals Committee. In the absence of a written agreement from the person concerned, the Appeals Committee does not examine their situation;
- an explanatory note from each of the employee's direct line managers during the period in question;
- a written opinion from Management.

3.2.2.4 Early termination of the employment contract

Compensation for early termination of the employment contract is defined in Title V of the Staff Regulations.

In the event of dismissal for economic reasons, or of professional incompetence or following a notice of medical unfitness, the compensation for dismissal paid to the employee is equal to the legal compensation for dismissal, which will be subject to one of the following increases:

- an increase of one month's average salary if the employee has served between four and ten years inclusive at the date of termination of the employment contract;
- an increase of two months' average salary in the event of at least eleven years of service at the date of termination of the employment contract.

This legal termination indemnity is also increased by one month's average salary for employees aged 55 or over at the date of termination of the employment contract. However, this increase is not due when the employee has reached the age at which they are entitled to receive their full pension.

This increase is paid regardless of the employee's length of service and may therefore be combined with the first one.

The average salary is assessed in accordance with the legal provisions relating to the calculation of the legal compensation for dismissal.

Other changes

A dismissal for another reason will result in the payment of compensation, the amount of which is calculated in accordance with legal provisions.

The same will apply in the event of termination of the employment contract producing the effects of dismissal without real and serious cause or of dismissal invalidated by a court decision.

3.2.3 Information about compensation for executive officers and individuals whose professional activities have a significant impact on the company's risk profile

As previously stated, the compensation principles and changes described above are applicable to all AFD employees, including the Executive Committee and "individuals whose activities have a significant impact on the company's risk profile".

At AFD, executive officers and individuals whose professional activities have a significant impact on the company's risk profile belong to the following categories:

- the Executive Committee (including Proparco's Chief Executive Officer);
- the Management Committee, notably including:
  - the Deputy Executive Directors,
  - the Departmental Directors,
  - the Communications Department and FGEF (French Global Environment Facility) managers and the Director of the Office to the Chief Executive Officer (CEO) (who are also members of the Management Committee),
  - the Head of the Secretariat of Proceedings (SIR),
  - the Deputy Heads of the DCO (Compliance), ROC (Permanent Control) and IGE (General Inspection) Departments,
  - the managers of the CLI (Climate and Second Opinion), CLN (Climate and Nature) and CCC (Crises and Conflicts) Divisions, and the manager of the CLS (Social link) unit,
  - the Regional Directors, and
  - the employee representatives on the Board of Directors.

The total amount of compensation of any kind paid during the 2023 financial year to all people falling within these categories (88 positions and 87 employees) amounted to **€11,706,104**.

Furthermore, the total compensation paid to executive officers (Chief Executive Officer, Deputy Chief Executive Officer), Risks Executive Officer, the Head of Compliance and the Head of Permanent Control amounted to **€994,504** in respect of 2023 (for the incumbent individuals as at 31 December). These amounts are the total compensation amounts of any kind paid during the 2023 financial year to all individuals within these categories.

Risk management

4.1 Risk factors

4.1.1 Banking and financial risks

4.1.1.1 Credit risk

Credit risk is defined as the risk of a borrower failing to repay all or some of their loan within the schedule stipulated in the agreement signed with AFD Group. By extension, this risk also concerns the guarantees issued by AFD Group to cover the loan commitments of some of its banking partners.

The level of credit risk (rating [1]) reflects the probability of the borrower defaulting on their obligations. This risk is assessed during the credit check and forms the basis of the decision of whether to grant the loan combined with the institution's risk appetite and the system of regulatory and internal operational limits (individual, geographical, sectoral, etc.) in place.

This level of risk is reassessed periodically, and at least once a year, to identify any degradation of that risk subsequent to the loan being granted and to provision accordingly. This provisioning is based on the estimated recovery rate of the receivable, according to two methodologies distinguishing performing loans from non-performing loans. It makes it possible to determine the institution's cost of risk by also taking into account write-offs.

Overview of AFD Group's credit risks at 31 December 2023

AFD Group (*in millions of euros*)	Balance sheet 31/12/2023	Off-balance sheet 31/12/2023	Total 31/12/2023	Breakdown of commitments 31/12/2023
AFD corporate entity				
Non-sovereign financing	18,592	3,271	21,863	31%
of which French Overseas Departments and Collectivities	*7,124*	*593*	*7,718*	*11%*
of which Foreign Countries and sub-part.	*11,467*	*2,677*	*14,145*	*20%*
of which other	*0*	*0*	*0*	*0%*
Sovereign financing	29,295	14,786	44,081	63%
AFD financing subtotal	**47,887**	**18,057**	**65,944**	**94%**
Proparco (own behalf)	**3,642**	**545**	**4,187**	**6%**
GROUP TOTAL	**51,529**	**18,601**	**70,130**	**100%**

Breakdown of credit risks on AFD Group loans by level of risk and associated provisions

In millions of euros	Balance sheet 31/12/2023	Off-balance sheet 31/12/2023	Total 31/12/2023	Breakdown of commitments 31/12/2023
Healthy risk (stage 1)	39,588	15,021	54,609	78%
IFRS 9 provisions	54	14	68	7%
Sensitive risk (stage 2)	8,885	2,740	11,625	17%
IFRS 9 provisions	265	38	303	32%
Doubtful risk (stage 3)	3,056	840	3,896	6%
Individual provisions	578	0	578	61%
TOTAL RISK	**51,529**	**18,601**	**70,130**	**100%**
TOTAL PROVISIONS	**897**	**52**	**948**	**100%**

Outstandings in risks categorised as doubtful (Stage 3) are limited to 6% of total Group outstandings at 31 December 2023, and are 44% provisioned.

The two tables above present data that reflect the management data monitored by the Group's risk management department, which may differ from the data appearing in the consolidated financial statements due to the restatements required by the IFRS standards.

1) *As defined on a scale similar to that of FITCH and Standard & Poor's.*

Factors affecting credit risk

Owing to its remit and the nature and location of its borrowers in emerging or developing countries, AFD Group is particularly exposed to macroeconomic fluctuations and geopolitical and regional financial events that may have a significant impact on its activities and financial solvency of borrowers, thus potentially generating a high risk that is, by nature, volatile. For example, in 2020 and 2021, AFD's portfolio was impacted by the health crisis, then in 2022 by the Russia-Ukraine conflict and its macroeconomic repercussions, and finally in 2023 by the Israel-Palestine conflict. However, the Group's credit risk is naturally mitigated owing to:

- **the global geographical diversity of the portfolio (operations in 98 countries) as presented below, within the framework of the Group's limit system:**

In millions of euros	Central and Southern Africa	Latin America, Central America and Caribbean	Asia-Pacific	Middle East and North Africa	Europe	Multi-country foreign	French Overseas Departments and Collectivities	Total
AFD Sovereign	15,885	7,306	12,195	7,725	970	0	0	44,081
AFD non-sovereign	2,368	3,109	1,224	2,904	22	4,517	7,718	21,863
Proparco	1,689	1,050	706	613	129	0	0	4,187
GROUP TOTAL	**19,942**	**11,466**	**14,125**	**11,242**	**1,121**	**4,517**	**7,718**	**70,130**

- **the diversity of the portfolio by counterparty type:**

Loans (*in millions of euros*)	**2023**
Local authorities	7,122
Public institutions	41,329
Public financial institutions	7,404
Private financial institutions	4,310
Private non-financial entities	4,090
Public non-financial entities	5,875
TOTAL	**70,130**

- the proportion of the Group's activity in French Overseas Departments and Collectivities for which the associated credit risk is significantly reduced owing to the implicit support of the French state for most of the counterparties in question (local authorities in particular). Risk exposure in French Overseas Departments and Collectivities accounted for 35% of the Group's non-sovereign risk as of end-2023.

Financial risks related to climate and biodiversity

As a result of its operations in a significant number of countries subject to severe climate hazards and the erosion of biodiversity resulting therefrom, AFD is exposed to the impacts of climate and biodiversity risks on some of its borrowers; these impacts may increase the associated credit risk through:

- physical risks: risks of financial losses caused by the occurrence of extreme climate events or by the physical consequences of gradual changes related to climate change;
- transition risks: risks of financial losses caused by the transition to a low-carbon economy;
- risks related to the consequences of the degradation of biodiversity induced by climate change.

AFD has therefore adopted a system for measuring and taking into account physical and transition risks in the analysis of the credit quality of its clients, thus meeting the new recommendations of the regulator.

The tools and processes concerning financial climate risks currently in place at AFD consist in producing an analysis at the customer level and no longer only at the project level in order to identify the risks specific to the entire counterparty, as well any mitigation or adaptation strategies put in place to combat the risks identified:

- for sovereigns, climate analysis is integrated into the country risk (CR) and sovereign risk (SR) ratings produced by AFD's team of macroeconomic analysts. The analysis of physical and transition risks is carried out for all the countries of operation directly monitored by this team (59 countries representing more than 90% of exposures) as part of the annual review process;
- for non-sovereigns, exposure to physical and transition risks is measured at the time of granting and during annual monitoring, using a dedicated analysis matrix integrated into the credit risk rating tool, in an independent tab, as well as due diligence questionnaires. To date, these scores remain non-financial scores, not taken into account in the credit rating itself;

- at this time, only physical risk indicators are available across the entire non-sovereign portfolio. Analysis of this data shows that 18.30% of outstandings at the end of 2023 were highly exposed to physical climatic hazards. For counterparties and regions, these initial results indicate that the risk is greater for local authority counterparties located in the French Overseas Departments and Collectivities that are particularly exposed to rising sea levels and cyclones;
- as regards transition risks, as the methodology is at the roll-out phase, the only indicators currently available are those from the 2020 stress-test exercise set up by the regulator and in which AFD took part. This exercise highlighted the fact that AFD's non-sovereign portfolio has relatively low exposure to transition risk, as AFD's exposure to the sectors affected is low (coal and oil products, metallurgy, heavy industry, etc.). According to the consolidated data, 11% of outstandings (excluding financial institutions to be analysed on a case-by-case basis according to their portfolio assets) would be impacted by a credit rating decrease of more than one level due to the transition.

  Work is under way to develop a first methodology for the appraisal of financial risks related to biodiversity loss. The first study carried out on the non-sovereign portfolio indicates, unsurprisingly, that the partners financed are dependent on the free services provided by nature (ecosystem services) and that the erosion of biodiversity is likely to lead to major financial difficulties – 40% of the portfolio being highly or very highly dependent on at least one ecosystem service and 40% of the portfolio being dependent on more than three ecosystem services.

To date, climate risks have not led to a deterioration in the risk profile of AFD's portfolio. Nevertheless, they cannot be excluded from the Group's risk factors.

4.1.1.2 Geopolitical and macroeconomic risk

Owing to the scope of its operations, AFD is exposed to the emergence of crises of political, geopolitical or macroeconomic origin. Geopolitical risk relates to all political or administrative, national or international events or decisions that may lead to economic, commercial or financial losses for companies, whether importing or exporting, or investing abroad.

The main risk factors identified for 2024 are:

1. the potential delayed and significant effects of the restrictive monetary policies implemented in 2022-2023 on economic activity, global demand, the soundness of companies, and the financial system (notably of non-banking financial companies), as well as the financing conditions for emerging and developing countries;
2. the difficulties faced by China, a major driver of the global economy, in stemming the real estate crisis and supporting structural changes in the economic model;
3. climatic events worsening the living conditions of populations, creating budgetary vulnerabilities and/or disrupting global trade, notably in agricultural commodities and energy, which are the source of persistent inflationary pressures;
4. the important electoral events (notably in the United States) leading half of the world's population to vote and which could have significant consequences, including for the other half;
5. the continuation or even intensification of trade tensions and geo-economic fragmentation, notably around the green transition and new technologies, also with consequences on food security and access to energy;
6. the extension of conflicts in Ukraine and the Middle East (or even around Taiwan).

With regard to macroeconomic risk, and faced with the succession of exogenous shocks, several middle-income countries in which AFD operates stand out due to the significant deterioration of their economic situation (Egypt, Kenya, Bolivia). Major weaknesses and challenges still weigh on other countries (Tunisia, Pakistan, Argentina). Sovereign debt defaults have increased (18 in 10 countries over the last three years according to FITCH, while the last 20 years had seen only 15). As of 31 August 2023, of the 69 low-income countries (LICs) eligible for the Poverty Reduction and Growth Trust (PRGT), 26 were at high risk of debt distress and 10 were in debt distress according to the IMF.

In a global context that is all the more difficult and uncertain, AFD scales and caps its level of intervention in a given region according to the risk appetite framework relating to the risk of concentration [1]. AFD also follows the framework rules set by the State for the granting of sovereign financing. In addition, it should be noted that any sovereign debt restructuring initiative, when necessary, is carried out within the framework of the Paris Club and under the authority of the French State with regard to AFD.

1) *Portfolio risk of a bank arising from its concentration on a single counterparty, sector or country.*

By way of illustration, the main countries of intervention sensitive to external economic and financial shocks through the external debt service indicator compared to the generation of currencies in the current account (source: World Bank).

Countries	Potential weaknesses related to total external debt (1)	Potential weaknesses related to public external debt (2)	Outstandings (Sovereigns and Non-Sovereigns) *(in millions of euros)*	Risks (Sovereigns and Non-Sovereigns) *(in millions of euros)*
Lebanon	✓	✓	54	88
Mozambique	✓		181	290
Colombia	✓	✓	2,425	2,535
Brazil	✓		1,512	2,316
Pakistan	✓	✓	400	1,203
Argentina	✓	✓	95	413
Armenia	✓		224	329
Angola	✓	✓	195	799
Sri Lanka	✓	✓	184	382
Indonesia	✓		1,451	1,948
Georgia	✓		753	898
Turkey	✓		1,503	2,319
Egypt	✓	✓	1,333	2,276
Ecuador	✓	✓	773	981
Senegal	✓	✓	1,299	1,977
Kenya	✓	✓	834	1,657
Gabon		✓	526	713
Ethiopia		✓	221	382
Jordan		✓	1,053	1,371
Dominican Rep.		✓	1,072	1,297

(1) Countries whose total external debt service/(export earnings + primary income) ratio was greater than 25% on average over 2020-2022 (in descending order).

(2) Countries whose total public external debt service/(export earnings + primary income) ratio was greater than 15% on average over 2020-2022 (in descending order).

4.1.1.3 Refinancing risk

AFD Group, including its Proparco subsidiary, does not receive deposits or repayable funds from the public. As its funding model is essentially based on medium and long-term market borrowings, liquidity is a priority in terms of the Group's performance target, which involves keeping the cost of resources under control and minimising the carrying cost [1].

1) *The carrying cost of a resource is the difference between the cost of financing and interest from investing the resource.*

Changes to AFD's condensed balance sheet are presented below. Most of AFD's funding is from market borrowings.

In millions of euros	31/12/2022	31/12/2023	Change
TOTAL ASSETS	**64,663**	**69,881**	**5,218**
Gross outstanding loans	50,410	52,515	2,105
(-) individual impairments	*-400*	*- 343*	*57*
(+) accrued interest	*270*	*384*	*114*
Investment portfolio	520	415	-105
Short-term cash assets	6,750	10,157	3,407
Equity stakes at cost and equity-accounted companies	1,446	1,944	498
Fixed assets	577	725	148
Accruals and other assets	4,685	3,929	-756
IMF-PRGF transactions	405	155	-250
TOTAL LIABILITIES	**64,663**	**69,881**	**5,218**
Borrowings from French Treasury	1,857	1,836	-21
Market borrowings	49,700	53,614	3,914
Current accounts	466	844	378
Managed funds and State advances	1,031	1,135	104
Accruals and other liabilities	1,557	2,030	473
Provisions	1,791	2,007	216
Funding reserves	7,494	7,934	440
Income for the financial year	363	325	-38
IMF-PRGF transactions	405	155	-250

As such, AFD Group's refinancing risk could take the form of:

- its inability to fund the development of its assets and to repay commitments made at a time when financing or repayments appear;
- its temporary inability to raise capital at a reasonable cost.

Measures put in place by AFD to guard against refinancing risk (in particular the liquidity indicators) enable it to be restricted to situations of systemic risk. AFD seeks to preserve its liquidity so that it can intervene as a countercyclical lessor in difficult financial market contexts.

4.1.1.4 Interest rate risk

The Group does not have a trading book or speculative operations portfolio. As such its interest rate risk is only linked to its credit activity and is part of its "banking book".

Interest rate risk in the banking book refers to current or future risk to which AFD Group's equity or profits are exposed owing to adverse fluctuations in interest rates which influence the positions of the institution's banking book.

For information, measuring the sensitivity of the economic value of AFD Group's equity based on six scenarios ("increase in parallel rates" of +200 bps, "reduction in parallel rates" of -200 bps, "increase in short-term rates", "steeping of the curve", "flattening of the curve") compared to the central scenario indicates that, as of 30 September 2023, the "increase in parallel rates" is the most adverse scenario with a loss of equity value of around €955M. An increase in interest rates would lead to a decrease in our income, since part of our fixed-rate assets is backed by variable-rate resources.

4.1.1.5 Foreign exchange risk

AFD Group defines foreign-exchange risk as current or future risk to which its equity and its profits are exposed owing to adverse exchange rate fluctuations.

AFD Group's exposure to foreign-exchange risk is tolerated to a marginal degree in the case of its local currency loans. No negotiating position would expose it to this risk. Exposure to this risk can increase occasionally due to internal events, such as the disbursement of small amounts of currency that are not hedged, but above all to external events, such as arrears, counterparties defaulting on a loan in a local currency or the receipt of share dividends in local currency.

4.1.1.6 Profitability risk

AFD's economic and financial model is built on the principle of moderate profitability and normative pricing in view of its long-term credit activity in favour of entities and projects falling under Official Development Assistance. The normative pricing of its credit activity essentially consists of covering, on the basis of actual costs, the costs of refinancing, operating costs and the cost of risk (estimated over a long historical period).

The Group carries out its mission within the banking regulatory framework applicable to financing companies and in an international environment subject to external crises and shocks. AFD Group may suffer a drop in its net income due to the cumulative effect of the increase in one-off provisions (individual and collective) for credit risk and the decrease in the valuation of equity investments without the possibility of quickly offsetting the effect by increasing credit margins (stickiness and moderation of the price effect).

At the end of December 2023, net income, Group share, recovered to amount to €371M.

This particularity of the economic and financial model is assumed and supported by the French State, AFD's sole shareholder. The impact of such a risk (solvency in particular) is taken into account by the shareholder, as part of the dialogue and medium-term strategic management.

4.1.2 Non-financial risks

4.1.2.1 Reputational and accountability risk

Reputational risk is a risk resulting from a negative perception (whether justified or not) on the part of AFD's counterparties, its shareholders, its investors or the regulator, which may adversely affect its revenues, activities and ability to maintain or initiate business relationships, or the continuity of its access to sources of financing, or result in litigation or other onerous legal proceedings.

This reputational risk should be reflected in the accountability expected of AFD in its financing actions from its stakeholders (customers, the French State, citizens) insofar as AFD is the operator of a public policy, that of development aid for France. It is therefore incumbent upon it to assure its stakeholders that the debt and grant financing it provides meet the objectives and purpose assigned to it. Otherwise, AFD incurs a reputational risk.

For AFD Group – as for all players in the development sector – reputational risk is among the major risks that could have a significant impact on activities and the economic and financial model. Reputational risk is particularly high for three reasons: first, the purpose of the Group's financing is often to respond to environmental and social issues in the countries where we operate. These sectors, which affect the most vulnerable populations and areas, are closely monitored by civil society organisations. Finally, the geographical scope of the Group's operations exposes it to certain countries where the business environment is impaired, particularly in terms of corruption and financial security (see below, 4.1.2.2). Finally, owing to its public interest remit as set out in its bylaws and agreements with institutions signed in countries where it operates, AFD Group has a duty of accountability and to lead by example in implementing the best practices in financing development assistance.

Also, the following are likely to entail a reputational risk for AFD:

- failure to ensure that its customers comply (or that AFD itself complies) with the environmental and social commitments that condition the aid that AFD grants, a point of special attention in civil society with whom AFD has entered into a strategic dialogue;
- the fact that the aid is embezzled for personal enrichment within the customer (fraud, corruption, money laundering) or is simply diverted from its contractual allocation point (non-compliance with the purpose of the financing) or that the aid ultimately ends up in the hands of terrorists or people placed under financial sanctions by the international community or France, with regard to the regions where AFD Group operates;
- failure to comply with the commitments made in terms of accountability to AFD's stakeholders and the exemplary nature of the actions that guide it.

A reputational attack on its business would have a major impact that would damage the credibility of AFD Group as an operator, reduce the funding allocated to it and reduce demand among our partners and customers through the loss of trust that would follow.

In addition to quality and risk management requirements, the heart of the procedure for processing and monitoring loans and grants awarded, the Board of Directors which includes, in particular, independent experts from civil society, is an additional bulwark in the event of a failure to identify or measure a risk of this nature.

4.1.2.2 Risk of misuse of loans, risk of fraud/corruption, money-laundering and financing terrorism, non-compliance with economic and financial sanctions

As a key player in French public policies in terms of development and international solidarity, AFD Group is particularly attentive to the proper allocation of its funds and does its utmost to ensure that they serve their intended purpose. This concern is intrinsically linked to its remit as set its bylaws [1] and strategic orientations under which its fundamental mission is to combat poverty and promote growth in its areas of operation. Corruption, fraud and any form of misuse of public and private assistance would have a significant impact on such missions. The same is true of any financing that would result in the Group inadvertently supporting money-laundering or the financing of terrorism.

AFD Group operates in a very specific environment: in particular it supports countries that are in crisis, are vulnerable, have limited capacity and/or are stigmatised in the corruption perception index produced by civil society [2]. It often supports weak public contracting authorities, in areas of public finances where the regulatory environment is weak or, in a number of countries, operates in sectors, particularly banking and finance, that are weak or lack maturity in terms of regulation and control. The Group also grants its financing in countries that are subject to international, Community or national economic and financial sanctions measures or that are stigmatised in "black lists" for the failure of their regulatory environment in terms of the fight against money laundering, terrorist financing by GAFI or the European Union.

AFD Group is particularly aware of the specific features of this operational context.

Despite this robust set of risk management measures, the Group may be faced with the predation of its funding or could inadvertently support money laundering or the financing of terrorism. This situation could give rise to a significant legal and financial risk for the Group and damage its image and reputation, the impact of which is detailed above. To date, AFD Group is not involved in any disputes in France or abroad for non-compliance with regulations on financial security, corruption or non-compliance with economic and financial sanctions.

4.1.2.3 IT and cyber risk

As is the case of all financial institutions, AFD's exposure to the risk of data breaches, cyber-crimes or IT failures has increased in recent years due to a combination of a number of factors: the increasing use of "cloud" solutions; the use of numerous technical assistance service providers to support AFD's growth and associated IS needs; the growing number of cyberattacks, whose operating methods are increasingly sophisticated; and lastly, AFD Group's desire to become a "digital lessor". The digital transition has indeed been identified as one of the six major transitions introduced as part of the Strategic Orientation Plan for 2018-2022 and changes made since, particularly the mass introduction of paperless documents and processes, as well as the generalisation of telework, have increased the Group's reliance on IT resources.

The Group cannot completely eliminate risks of the malfunction or outage of its systems, failure of its IT providers or malicious acts on the part of its own employees or third parties (particularly the risk of leaks of confidential data in the event of piracy and the risk of destruction of data centre software). Although, to date, AFD has never been the victim of a cyberattack on this scale, were these risks to materialise, they would have significant impacts on the Group's activity, its reputation (in the case of a leak of confidential or personal data for example), on its ability to respond to certain regulatory requirements and engender non-negligible financial losses (in the event of a misuse of AFD funds for example, or an IT failure exposing AFD to a fine).

In addition to the consequences of the risk of a cyberattack, AFD Group is beginning a major overhaul of a significant part of its IT system, with a dual objective of making efficiency savings and developing functionality tailored to future regulatory requirements and expansion. The IT Strategic Orientation Plan No. 4 (ISOP IV) validated in July 2021 describes this transformation phase and the associated objectives for the coming years, concerning notably the Finance and Risk activities (Fabrik programme launched in 2020), the Operations activities, the opening of IS to the outside, and a vast programme to improve IS security (SECURIS).

Like any transformation phase, it carries risks, notably in terms of compliance with budgets and deadlines for the delivery of new tools and/or changes to the tools in place. ISOP IV has thus redefined a global governance for information systems, put in place at the end of 2021, with a stronger management, capable of addressing the underlying issues, involving the Executive Committee through the creation of an IS Advisory Committee, the half-yearly definition and review of business line trajectories, changes in the composition and role of the IS Investment Committee (COSI), and coordination with the governance of dedicated programmes, based on the model of the Fabrik Finances and Risk programme (a dedicated programme team, a dedicated Steering Committee under the chairmanship of Executive management, and the provision of full-time teams).

1) *According to our bylaws (Article R.5 15-6 COMOFI): "The Agency is a State-owned industrial and commercial public undertaking, whose missions and organisation are set out in this section. Its mission is to carry out financial transactions of all kinds with a view to: a) contributing to the implementation of the State's foreign aid policy; b) contributing to the development of French Overseas Departments and Collectivities as well as New Caledonia. To this end, it finances environmentally-friendly development operations and may conduct other activities and services linked to its role. In particular, it is responsible for directly or indirectly providing technical expertise to its beneficiaries. The Agency is subject, for activities within its remit, to the provisions of this Code."*

2) *MINKA zone countries: countries of the Sahel, countries around Lake Chad, Central African Republic and Middle East.*

4.1.2.4 Regulatory risk

Changes to the regulatory and legislative environment may have a significant impact on AFD Group's operations.

Changes to European or French financial regulation legislation resulting in a significant increase in the capital required for AFD's banking activities could have significant impacts for AFD Group. Firstly, a strategic impact on the programme of activities with the withdrawal of, or significant reduction in, certain types of products, combined with an impact on the model linked to the reallocation of human resources towards other activities/products. Nor should the risk of an impact on profitability be ruled out. Profitability may be affected by increased expenditure, particularly following new capital expenditure and new resources put in place to limit operational risk linked to the introduction of new standards which could not be implemented on a like-for-like basis. Changes to the legislative framework remain largely unforeseeable like the introduction of Basel III, following the financial crisis. While such changes are highly likely to occur in the future, it is impossible to assess in advance their nature and scope and the resulting impact on AFD's status or model.

4.1.3 Health risks

4.1.3.1 Business interruption risks

Feedback from the Covid-19 health crisis showed that teleworking was appropriate and effective in several of the scenarios of the emergency and business continuity plan (BCP). While, on the one hand, teleworking methods have become standardised and perfected, on the other hand, the long-term effects, including in terms of Quality of Working Life (QWL) and psychosocial risks, have not yet all been identified and identifiable. Moreover, while the drastic reduction in assignments did not prevent the implementation of the business plan over these past few years, it could have a medium-term effect on the origination of new operations; lastly, the all-digital world towards which we are being thrown by the events impacting business continuity makes us all the more vulnerable to cyberattacks, new frauds using information system vulnerabilities, and of course the risk of digital blackouts.

Business continuity could also be severely hampered by the occurrence of a 100-year flood in Paris; it is characterised by slow floods (10 to 15 days of floods, or even more before the water level drops) of which the biggest was in 1910 (+8.62 metres). AFD is exposed to this risk since its registered office, made up of a number of buildings, is located in Paris, not far from the Seine. The AFD buildings, which have several floors and basements, are less than 400 m from the bed of the Seine, and are located in an area where, according to the City of Paris Flood Risk Prevention Plan, the height of water would be more than 30 metres in the event of a 100-year flood (in relation to the reference level used to calculate the level of the Seine). Such flooding would prevent staff from accessing buildings, would put some of our archives at risk.

4.1.3.2. Risks related to employee security

Owing to the geographical scope of its operations and locations, AFD is particularly vigilant to risks faced by employees on the ground. In addition to staff recruited locally, AFD sends employees overseas either as expatriates or on assignment, for the purposes of local representation and to monitor financing projects. Employees working in the network (staff recruited locally and expatriated) account for around a third of AFD's total headcount. AFD operates in 115 countries. This means it is liable as an employer irrespective of the extent of existing risks on the ground.

These risks vary in nature according to the country: climate risks, seismic or volcanic risks, risks of accidents (traffic accidents in particular), risks linked to inadequate public health and safety infrastructure. But the biggest potential risks remain the risk of political instability and terrorism (attacks, kidnapping, uprisings, etc.). Indeed, AFD is present in certain regions that are particularly exposed (Sahel, Iraq, Autonomous Palestinian Territories, Pakistan, Haiti, etc.), in which the risk of danger to its employees is deemed to be very high, despite the operational security measures in place and continuously adapted to changing contexts of vulnerability or crisis. Certain events could lead AFD to reduce its activity in certain countries, to rely on degraded systems (as was the case in China – in early 2020 – where the Beijing local office had to set up remote working methods to deal with the lockdown of Chinese staff imposed by the local authorities in response to the coronavirus epidemic), or even to totally or partially close certain local representations (as was the case temporarily in Haiti – at the end of 2019 – or in Pakistan – in 2021 – or recently in Niger, in 2023), and in certain cases, in response to deteriorating security contexts, AFD has decided to temporarily close its local offices to avoid exposing its staff.

4.2 Basel III Pillar 3

4.2.1 General principles

The objective of Pillar 3 of the Basel III framework is to improve financial transparency by publishing quantitative and qualitative disclosures of different types of risk, risk evaluation procedures and the capital adequacy of companies.

In terms of issues, for each institution, they involve:

- aligning data with the new international accounting standards (IFRS) on financial communication;
- explaining their internal rating methodology and their risk assessment process to the market.

4.2.2 Scope of application

4.2.2.1 AFD's prudential regime

Article 7 of the Decree of 23 December 2013 on the prudential regime for financing companies stipulates that they are required to comply with the provisions applicable to credit institutions pursuant to Regulation (EU) No. 575/2013 of the European Parliament unless otherwise exempted by this Decree.

These exemptions relate to:

- the leverage ratio;
- the liquidity management ratios (LCR and NSFR);
- the BRRD directive and its resulting MREL on the resolution of banking institutions in the EU.

4.2.2.2 Corporate name of the Group's parent company to which the system applies

Agence Française de Développement (AFD).

Detailed information on AFD Group's corporate purpose is provided in Paragraph 1.1 *"General information on AFD"*.

4.2.2.3 Consolidation scope and methods

There is no difference with regard to consolidation principles between accounting data and prudential data. The consolidation scope and methods are defined in Paragraph 6 “*Consolidated financial statements prepared in accordance with IFRS adopted by the European Union*”; Note 6.2.3.1 “*Consolidation scope and methods*”.

Moreover, there are no restrictions on transferring funds or regulatory capital within the Group.

4.2.3 Equity

4.2.3.1 Capital structure

AFD Group's equity at 31 December 2023 amounted to €9,672M compared to €9,271M at the end of 2022, an increase of €401M. CET1 capital stood at €8,832M, compared with €8,431M at the end of 2022. Total Tier 1 increased from €9,271M to €9,672M.

AFD Group capital structure at 31 December 2023

In millions of euros	
CET1 capital before deductions	8,812
CET1 deductions	-
Phase In	61
CET1 deduction – insufficient coverage of non-performing exposures	-40
CET1 capital after deductions	**8,832**
T1 subordinated securities	840
T1 capital before deductions	9,672
T1 deductions	-
T1 capital after deductions	**9,672**
T2 capital before deductions	-
T2 deductions	-
T2 capital after deductions	**-**
TOTAL EQUITY	**9,672**

The breakdown of regulatory capital at 31 December 2023 was as follows:

- €8,832M of core Tier 1 capital, consisting of core and non-redeemable capital (mainly endowments and reserves);
- €840M in additional category 1 capital in the form of undated subordinated bonds subscribed by the French State. The securities commitments made by AFD (which are obligatory under French law), in terms of principle and interest, are direct, unconditional, lowest rank subordinated commitments for an indefinite term without an AFD guarantee. Save for the occurrence of a regulatory event, as provided for in the agreement with the State (point of non-viability, *i.e.* non-compliance with the minimum CET1 ratio as provided by law at a specific time), the securities will pay an annual interest of 0.25%.

When itemised, the capital breaks down as follows:

Consolidated risk capital

In millions of euros	2023
Equity	4,568
Consolidated reserves	3,319
Profit (loss) for the period	170
FRBG	460
Equity method diff.	159
Unrealised capital gains and losses	114
Non-controlling interests	161
Intangible assets	-133
Prudent valuation	-6
CET1 capital	8,812
CET1 deductions	-
Phase-In	61
CET1 deduction – insufficient coverage of non-performing exposures	-40
CET1 capital after deductions	**8,832**
T1 subordinated securities	840
T1 capital	9,672
T1 deductions	-
T1 capital after deductions	**9,672**
RCS	-
Subordinated loans Art 4d	-
Subordinated loans Art 4c	-
Additional regulatory capital	-
T2 deductions	-
T2 capital after deductions	**-**
TOTAL CONSOLIDATED CAPITAL	**9,672**

Deductions and prudential restatements under CRR/CRD4

In millions of euros	2023	2022
Cut back of non-eligible non-controlling interests	-4	53.7
Prudent Value Adjustment	-6.3	-5.6
CET1 deductions	-40.3	-1.8
TOTAL	**-50.7**	**46.3**

Articles 81 and 479 of the CRR provide for the deduction from capital of the non-controlling interests in entities not governed by the CRR and CRD IV, or equivalent requirements, with a transition period.

4.2.3.2 Capital adequacy

AFD easily meets the minimum capital requirements set out in Pillar 1, with a capital adequacy ratio of 14.95% at 31 December 2023, stable compared to 2022 (14.98%).

Consolidated AFD capital adequacy ratio at 31 December 2023

In millions of euros	RWA	Capital requirements
Credit risk (CAD)	58,073	4,646
Equity investments	3,907	313
TOTAL CREDIT RISK	**61,980**	**4,958**
CR SEC securitisation	702	56
DVA	129	10
Operational risk	1,879	150
Market risk	180	-
Total RWA	64,691	5,175
Regulatory capital	-	9,672
CAPITAL ADEQUACY RATIO		**14.95%**

Under Pillar 2, AFD has developed a process for assessing the adequacy of its capital called "ICAAP" (Internal Capital Adequacy Assessment Process) in accordance with the requirements imposed by the European CRDIV Directive and its transposition into French law in the Decree of 3 November 2014.

AFD has organised and built its ICAAP taking into account the regulatory texts while adapting it to its economic and financial model.

AFD has also taken into account the guidelines proposed by the European and French authorities to design its ICAAP, notably:

- the EBA guidelines on ICAAP EBA/GL/2016/10;
- the ACPR notice (February 2019).

Since the initiation of this process and the first declaration in 2016, the methodological approach has been adapted and the exercise updated in order to be in line with the change of AFD's certification as a financing company and its risk profile.

Since 2019, AFD has prepared and submitted the ICAAP declaration to the French Prudential Supervisory and Resolution Authority (ACPR).

As part of this internal process, AFD could use the following two approaches to measure its capital adequacy:

- the regulatory approach which is based on regulatory capital ratios;
- the internal approach which is based on the capital adequacy ratio and reserve account resources for hedging sovereign exposure.

Of the two approaches the most restrictive is used as a priority in decision-making processes relating to managing capital such as forward-looking assessments and the allocation of capital.

The process applied is therefore that of a projection exercise focused on the regulatory approach, which is more conservative than the economic approach, which essentially differs in that it takes into account, in the definition of internal capital, instruments with a capacity to absorb loss, *i.e.* the reserve account.

In the regulatory approach, a materiality threshold was determined to identify tangible risks (AFD defines as tangible any risk that may have a significant impact on its solvency). This materiality threshold was set at a loss level equal to 10 basis points of the regulatory capital adequacy ratio.

Capital planning includes capital ratio projections in a central scenario and an adverse scenario established in conjunction with the Risk and Economic Departments over the same time horizon.

The Internal Capital Adequacy Assessment Process enables AFD Group to ensure that its capital is adequate to cover the tangible risks to which it is exposed, in terms of its activity, its economic model and its business plan.

The update of the 2023 ICAAP, which will be carried out during the first quarter of 2024, will be presented to the Board of Directors for approval on 25 April 2024 and will apply to all entities within AFD Group's prudential scope.

Notably, it will make it possible to ensure consistency with the duration foreseen for AFD Group's Contractual Targets and Resources (2024-2026), the priorities of the 2023 CICID (Interministerial Committee for International Cooperation and Development) and changes in the Group's risk profile as formalised in its Risk Appetite Framework.

Capital adequacy

In millions of euros	
Total capital	**9,672**
CET1 capital	8,832
Tier 1 capital	9,672
Tier 2 capital	-
Total eligible capital	**5,175**
Credit risk	**4,958**
Governments and central banks	2,928
Credit institutions	745
Companies	974
Equities	312
DVA	**10**
CR SEC	**56**
Market risk	**-**
Foreign currency net position <2% of capital	-
Operational risk	**150**
Standard approach to operational risk	150
Capital surplus or shortfall	**4,497**
Capital adequacy ratio	**14.95%**

4.2.3.3 Basel III ratios

Because AFD does not hold speculative positions, market risk is limited to foreign-exchange risk. This year the capital requirement is nil (see application of Regulation (EU) No. 575/2013 on capital adequacy with regard to the market).

AFD meets the minimum capital requirements with a capital adequacy ratio of 14.95% at 31 December 2023, compared with 14.98% at 31 December 2022.

The CRR2/CDRV is applied by AFD:

- the exposure value of derivatives is modelled using the standard method (SA – CRR), corresponding to the sum of the replacement cost and the potential future exposure;
- exposures in the form of units or shares of collective investment undertakings are treated according to the look-through approach.

4.2.3.4 Leverage ratio

Since AFD's status was changed to that of a "financing company" in 2017, it is no longer subject to this ratio.

4.2.4 Risk exposure and evaluation procedures

4.2.4.1 Credit risk

4.2.4.1.1 General information

Exposure to credit risk includes balance sheet risk, notably exposure to loans, equity investments, financial instruments and derivatives, as well as off-balance sheet exposures (financing commitments and guarantees given).

Regarding risk stemming from loans, exposures that are in arrears, *i.e.* primarily loan risk, are monitored in the information system and are automatically downgraded as doubtful loans, in accordance with arrears rules defined by the regulations, and impairments are recorded. The approaches adopted for specific and general provisions and impairments are presented in Paragraph 6.2.3.2 of the consolidated financial statements. Ratings are reviewed on a periodic basis to ensure individual monitoring of counterparties. The review of information on risks is presented in Paragraph 6.2.5.1 on credit risk.

4.2.4.1.1.1 Credit risk exposures

Balance sheet and off-balance sheet items exposed to credit risk are presented in the table below:

Assets *(in thousands of euros)*	**2023**	2022
Cash, due from central banks	2,497,287	1,010,283
Financial assets at fair value through profit or loss (excluding derivatives)	4,398,814	3,469,898
Financial assets at fair value through other comprehensive income	1,589,600	1,584,332
Debt securities at amortised cost	2,975,130	1,680,717
Loans and receivables due from credit institutions and equivalent at amortised cost	11,353,311	11,491,039
demand	*432,702*	*1,429,551*
On term	*10,920,610*	*10,061,488*
Loans and receivables due from customers at amortised cost	38,948,838	35,537,860
Commercial receivables		
Other loans to customers	*38,948,838*	*35,537,860*
Regular accounts receivable		
Total loans and receivables	**61,762,981**	**54,774,128**
Equity stakes in companies accounted for by the equity method	162,611	162,069
Financial assets at fair value through profit or loss (derivatives)	127,885	132,851
Hedging derivatives	2,953,426	3,471,842
Derivatives	3,243,922	3,766,761
BALANCE SHEET TOTAL	**65,006,903**	**58,540,889**
Off-balance sheet		
Firm lending commitments	18,647,137	18,550,243
Financial guarantees	1,447,606	970,668
OFF-BALANCE SHEET TOTAL	**20,094,743**	**19,520,910**
GRAND TOTAL	**85,101,646**	**78,061,800**

4.2.4.1.1.2 Breakdown by major credit exposure category, counterparty and geographic area

The geographic spread (foreign countries/French Overseas Departments and Collectivities) and the breakdown by type of activity (sovereign/non-sovereign) for the gross loan portfolio is discussed in Chapter 5.3.1 "*Consolidated balance sheet*" (Assets - Summary of outstandings and impairments).

The different types of financial assets are detailed in Note 5 to the consolidated financial statements "*Financial instruments at amortised cost*".

As for equity investments, the relevant consolidated balance sheet headings are presented in the table below:

Equity investments

	2023 IFRS			2022 IFRS		
In thousands of euros	**Listed**	**Unlisted**	**Total**	Listed	Unlisted	Total
Equity instruments at fair value through profit or loss		1,726,530	1,726,530		1,646,563	1,646,563
Equity instruments included in financial assets recognised in equity		694,825	694,825		702,164	702,164
Companies accounted for by the equity method		162,611	162,611		162,069	162,069
TOTAL		**2,583,966**	**2,583,966**		**2,510,795**	**2,510,795**

Similarly, the following table breaks down the various items making up the derivatives heading presented in Notes 1 and 2.1 to the financial statements:

Derivatives

In thousands of euros	2023 IFRS Assets	2022 IFRS Assets
Fair value hedging		
Interest rate derivatives	2,467,657	3,044,770
Interest rate and foreign exchange derivatives (cross-currency swaps)	485,770	427,071
Total 1	**2,953,426**	**3,471,842**
Financial assets at fair value		
Interest rate derivatives	6,048	6,207
Foreign exchange derivatives	63,879	64,184
Derivatives at fair value through profit and loss	57,926	62,601
CVA/DVA	**32**	**38**
Total 2	**127,885**	**132,851**
TOTAL DERIVATIVES	**3,081,311**	**3,604,692**

All derivative transactions are carried out with credit institutions in OECD countries.

The off-balance sheet commitments given consist of financing commitments related to undisbursed amounts under signed loan agreements and guarantees.

Off-balance sheet – commitments given (financing and guarantees) according to counterparty type

In thousands of euros	2023	2022
Financing commitments made to credit institutions	1,907,305	1,980,686
Financing commitments made to customers	16,739,832	16,569,556
Subtotal financing commitments	**18,647,137**	**18,550,243**
Guarantee commitments made to credit institutions	375,312	242,631
Guarantee commitments made to customers	1,072,294	728,037
Subtotal guarantee commitments	**1,447,606**	**970,668**

At 31 December 2023, the off-balance sheet items relating to sovereign outstandings amounted to €14,806M, including €238M of State risk.

4.2.4.1.1.3 Amount of impaired receivables and provisions by major counterparty category and major geographic area

The Group's portfolio of signed loans and undisbursed balances in gross and net values, with impaired assets separated out

In millions of euros	Outstandings	Impairment	Outstandings net of impairments
Foreign countries			
Sovereign	44,081	83	43,998
of which doubtful	*2,750*	*83*	*2,667*
Non-sovereign	18,331	707	17,624
of which doubtful	*866*	*395*	*471*
French Overseas Departments and Collectivities			
Non-sovereign	7,718	158	7,560
of which doubtful	*280*	*99*	*181*
Other outstanding loans	**0**	**0**	**0**
TOTAL	**70,130**	**948**	**69,182**
of which doubtful	*3,896*	*578*	*3,318*

4.2.4.1.1.4 Reconciliation of changes in provisions for impaired receivable

Note 10 "*Provisions*", in the notes to the financial statements, outlines the changes for each category of provisions and impairments.

4.2.4.1.2 Credit risk: portfolios under the standard approach and regulatory weightings

AFD chose the standardised method to calculate the risks used to determine the capital adequacy ratio. The weightings applied depend on the ratings given to countries or entities by external bodies (Moody's, FITCH and Standard & Poor's) and to the type of counterparty (third-party asset class). As a significant portion of the non-sovereign counterparties do not have a rating from an external body, they are weighted at 100% or 150% for non-performing loans.

The weightings applied by the Group for rated counterparties are as follows:

Weighting used to calculate risks

Rating **Asset class**	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	Lesser than or equal to CCC+	Not rated
Sovereign	0%	20%	50%	100%	100%	150%	100%
Banks	20%	50%	50%	100%	100%	150%	100%
Companies	20%	50%	100%	100%	150%	150%	100%

The application of weightings to AFD's credit risk results in the following weighted exposures:

Group credit risk: portfolio subject to the standardised approach, by risk tranche

Risk weighting	Sovereigns and other institutions	Banks	Companies	Covered bonds	Equities	Total
10%	-	-	-	31	1	32
20%	1,034	1,097	44	-	76	2,250
50%	3,119	1,166	226	-	394	4,905
100%	22,713	6,622	7,987	-	1,943	39,266
150%	9,739	391	3,914	-	218	14,262
250%		-	-	-	1,061	1,061
1,250%	-	-	-	-	205	205
TOTAL	**36,604**	**9,275**	**12,172**	**31**	**3,898**	**61,980**

4.2.4.1.3 Credit risk mitigation techniques

AFD secures the repayment of its loans to non-sovereign counterparties by taking into account collateral (bank account pledges, receivables pledges, Daily assignments for French Overseas Departments and Collectivities, joint sureties, first demand guarantees, etc.) and by signing payment mechanism agreements, which organise privileged access to cash generated by the borrower's activity for the benefit of AFD.

Specialist operations lawyers help AFD to structure its financing and, for counterparties based in a foreign country, they consult local lawyers on the legitimacy of the loan agreement and related agreements before the first payment is made.

Bank account pledges are subject to periodic valuation taken into account in provisioning.

Moreover, AFD records exposure guaranteed by the French State on its balance sheet and off-balance sheet.

In calculating its capital adequacy ratio, AFD recorded its exposure covered by eligible personal guarantees, which breaks down as follows:

- €7,030M of balance sheet exposure that mainly consists of loans guaranteed by the French State and foreign governments;
- €829M of off-balance sheet exposure consisting mainly of the undisbursed balance guaranteed by the French State and foreign governments.

Balance sheet exposure to credit risk covered by eligible personal sureties (guarantees)

In millions of euros	Net unweighted exposure covered by a guarantee	Net weighted exposure covered by a guarantee	Mitigation techniques (guarantees)	Net weighted exposure after mitigation techniques
Governments and central banks	3,033	2,636	-2,636	0
Companies	1,986	2,446	-819	1,627
Institutions	846	347	-186	161
Public sector entities	0	0	0	0
Local and regional governments	1,166	945	-622	323
TOTAL	**7,030**	**6,374**	**-4,263**	**2,111**

Off-balance sheet exposure to credit risk covered by eligible personal sureties (guarantees)

	Net unweighted exposure covered by a guarantee	Net unweighted exposure covered by a guarantee	Net weighted exposure covered by a guarantee	Mitigation techniques (guarantees)	Net weighted exposure after mitigation techniques
In millions of euros	Before conversion factor	After conversion factor			
Governments and central banks	220	192	231	-231	0
Companies	420	334	383	40	424
Institutions	103	52	52	0	52
Local and regional governments	86	86	53	-32	21
TOTAL	**829**	**663**	**719**	**-222**	**496**

4.2.4.1.4 Counterparty risk

Counterparty risk relating to financial activities

AFD uses derivatives to hedge interest rate and foreign exchange risks (see derivative exposure table above). Transactions are limited to counterparties that have signed framework agreements with French (AFB or FBF) or international (ISDA) bodies. AFD renegotiated collateral contracts with almost all of its active counterparties. These contracts are activated with no regard to rating and are triggered immediately and with no deductible upon reaching a certain threshold. AFD does not carry out credit derivative transactions.

Limit system

Counterparty risk associated with financial instruments is managed using a set of limits and management rules whose principles and main characteristics are set by the Board of Directors.

The unitary approval limit is set for a counterparty based on the counterparty's type, rating, capital and AFD's capital.

4.2.4.1.5 Securitisation

AFD Group may occasionally be exposed to transactions whose structure incorporates different levels of subordination and remuneration. The criteria for classification under securitisation are then sought.

Transparency

The risk exposure of the securitisation tranches is intrinsically linked to that of the underlying assets. The Group monitors changes in the quality of the underlying assets throughout the life of the programme concerned.

Weighting

To determine the weighting applicable to the securitisation position, the standardised approach (SEC-SA) is used by taking into account the capital charge of the underlying portfolio and the proportion of defaulted assets in this portfolio.

Supervision

Securitisation transactions are subject to the approval of the credit committees. Exposures are monitored to ensure they do not exceed the limits set.

4.2.4.2 Market and foreign exchange risk

AFD does not have a speculative operations portfolio. However, it recognises in accounting trading hedging instruments that cannot be accounted for using fair value hedge accounting and hedging instruments with a deferred start and/or that have been stripped of their hedging function.

AFD's positions were below the thresholds applicable to capital requirements for market risk. The Group's overall net foreign-currency position subject to capital requirements at 31 December 2023 was €163M, primarily in dollars (€133M).

4.2.4.3 Operational risk

Operational risk management within AFD Group (identifying and evaluating risks, rating risk management data, reporting, procedure for declaring operational incidents) is described in detail in Paragraph 4.3.1 "*Internal control and risk monitoring*".

The measurement and management of operational risk is incorporated in the permanent control system.

Operational risk assessment

When calculating its regulatory capital requirements for operational risk, AFD Group uses the basic method, which relies on the basic indicator as defined in Article 316 of Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms. Under the basic method, capital requirements for operational risk are equal to 15% of the average of the basic indicator smoothed over three years.

Capital requirements for operational risk

AFD's average net banking income (NBI) for the last three financial years is €1,002M. The capital requirement for operational risk was €150M (15% of average NBI).

In thousands of euros	2023	2022	2021
GDP – Smoothed three-year average	1,002,179	932,194	850,758
Capital requirement ratio	15%	15%	15%
Capital requirement	150,327	139,829	127,614

4.2.4.4 Risk on equities and other financial instruments

The methods for valuing and recording equity investments held by the Group are presented in Paragraph 6.2.3.2 of the financial statements and in the following notes thereto: Note 1 "*Financial assets and liabilities at fair value through profit or loss*" and Note 3 "*Financial assets at fair value through other comprehensive income*" (Paragraph 6.2.4.1). The accounting standards for equity-accounted equity investments are outlined in Paragraph 6.2.3.1.2 "*Accounting principles and methods*".

The summary table of equity investment exposure is provided in Paragraph 4.2.4.1.1.2.

The amount of capital gains (losses) realised on disposals and liquidations during the period under review is presented in Notes 15 and 16 to the consolidated financial statements (Paragraph 6.2.4.2).

Realised gains and losses are recorded as gains or losses on assets at fair value through profit and loss (Note 15) or at fair value through other comprehensive income (Note 16).

Capital requirements for this category of risk equalled €312M based on a risk-weighted amount of €3,898M.

4.2.4.5 Interest rate risk in the banking portfolio

The Paragraph 4.1.1.4 on "Interest rate risk" describes this type of risk in detail.

4.2.4.6 Information on encumbered and unencumbered assets

An asset is considered to be "encumbered", or may be used contractually for the purpose of guaranteeing, acting as collateral for or enhancing a transaction from which it is inseparable. On the other hand, an "unencumbered" asset is one free of any restrictions of a legal, regulatory, contractual or any other nature, and free from the possibility of being liquidated, sold, transferred or assigned.

AFD does not record any assets as encumbered apart from securities sold under repurchase agreements to the Banque de France for a nominal amount of €64.5M.

4.3 Risk management

4.3.1 Internal control and risk monitoring

AFD's internal control system is intended to provide Executive management with reasonable assurance of the implementation of the following three objectives: (i) implementation and optimisation of transactions, (ii) reliability of financial information, and (iii) compliance with laws and regulations.

It includes the four targets set in the Decree of 3 November 2014, namely (i) the quality and reliability of accounting and financial information, (ii) the compliance of transactions, organisation, and internal procedures with legal and regulatory provisions, (iii) the quality of information systems, and (iv) compliance with decisions made by Executive management.

At AFD, the internal control process is overseen by the Operational Risk and Permanent Control Department (ROC) – which sits within Risk Management (DXR) – and by the General Inspection Department (IGE) – reporting to Executive management – for periodic controls.

4.3.1.1 Permanent control system

The Director of AFD's Operational Risk and Permanent Control (ROC) Department is designated by name as the person responsible for the permanent control of AFD and the Proparco and Sogefom subsidiaries, pursuant to Article 16 of the Decree of 3 November 2014. As such, their identity is communicated to the French Prudential Supervisory and Resolution Authority (ACPR) pursuant to Article 22 of the Decree of 3 November 2014.

AFD Group's permanent control system relies on (i) any Group employee, at the head office and in the international network, who may be required to contribute, identify and assess risks, and carry out first and second-level controls, declare an operational incident and/or ensure its handling, (ii) the Group's managers – those responsible for permanent monitoring at the level of the first line of defence and for risk management at the level of their structure – and who represent, in this respect, the Permanent Control Function's privileged correspondents, (iii) the operational risk and compliance officers, appointed at the Group's subsidiaries, executive departments and regional departments and who strengthen the first line of defence, (iv) the Permanent Control Function (including the Permanent Control Function of the AML-CFT) – housed within the ROC department and which represents the second line of defence – responsible for the coordination and supervision of AFD Group's permanent control system, and more specifically for ensuring the consistency and effectiveness thereof, and (v) the members of the Audit and Risk Committees, which represent the fourth line of defence at Group, AFD and subsidiary level.

AFD Group's permanent control system uses the following tools:

- operational risk mapping, which reports on the risks to which the Group is exposed and which is the main tool for measuring and monitoring operational risks;
- an operational incident database that is part of a continuous improvement approach and which is one of the additional tools of the risk monitoring system;
- a control system that covers all Group risks (operational, credit, market, reputation, non-compliance, etc.) at two levels:
  - so-called level 1 controls, which are tasks integrated into the processes and which are described as such in the business line procedures,
  - so-called level 2 controls, which correspond to controls carried out a posteriori of the completion of the process, by a separate entity and independently of the entities awarded the tasks;
- a Group management plan which lists all the action plans monitored by the Permanent Control Function and enabling better control of the risks to which the Group is exposed;
- two IT applications dedicated to permanent control.

The scope of AFD's permanent control is exhaustive since it aims to ensure that all risks generated by the Group's activities, whatever they may be, are indeed subject to an appropriate control system. Lastly, with regard to the specific disbursement control system, the Disbursement Control Division (DCV) of the ROC department is tasked with ensuring the second-level control *a posteriori* of disbursements on AFD's financing projects. It is the specialised unit, independent of the operational structures, responsible for controlling payment requests, in accordance with Article 14 of the Decree of 3 November 2014.

4.3.1.2 Compliance and anti-money laundering/ combating the financing of terrorism system (AML/CFT)

The Compliance function provided by the Compliance Department on behalf of AFD Group, independent of operational staff, is responsible for managing non-compliance risk as defined by the revised Decree of 3 November 2014, all sectors, operations and geographical areas of AFD Group. Its ultimate aim is to ensure that non-compliance risks and risks to the Group's reputation are monitored and managed, including personal data protection.

The Compliance function's field of expertise enables it to (i) determine the financial security policy of AFD Group, and (ii) ensure that the financial institution complies with the provisions relating to the prevention of money laundering, the financing of terrorism and compliance with financial and economic sanctions, with those governing the prevention of corruption and with those governing the conduct of banking and financial activities and the associated ethical standards (market abuse, management of conflicts of interest in particular) as well as those ensuring the protection of customers' personal data.

Since 1 July 2022, the Compliance Department has reported directly to AFD's Executive Management, in accordance with Articles 30 and 32 of the Decree of 3 November 2014, as amended.

While this change of reporting structure did not in itself have an impact on Compliance's missions or on its resources, workforce or the definition and allocation of positions within it, it led to an internal reorganisation at the department.

As a result, alongside the pre-existing Operational Compliance Division (DCO/COP), a new division has been created ("Surveillance, Investigations and Legal Affairs" (DCO/VIJ)), bringing together the other Compliance functions that have functional similarities:

- the person in charge of regulatory monitoring;
- fraud and corruption investigations;
- compliance lawyers.

In addition, within the department, the Compliance Director has a project manager in charge of Compliance Function Processes and Systems, who is responsible for meeting the specific needs of the Compliance function as part of changes to the information system, a personal data protection officer (DPO) and a personal data protection support officer.

4.3.1.3 Periodic control system

In view of the independence rules for the function it performs, the General Inspectorate (IGE) must not be subject to any interference in the definition of its scope of intervention, the performance of its work or the communication of its results and conclusions [(1)].

The summaries of the reports and the results of the follow-up of recommendations, as well as the annual review of the IGE's activity, are communicated to AFD Group's Risk Management Committee and Proparco's Risk Management and Audit Committee. The reports are communicated to the AFD and Proparco Internal Control Committees (COCINT) for the relevant missions and are available to AFD Group Risk Management Committee, the AFD Audit Committee and, for insurance assignments concerning Proparco, Proparco's Risk Management and Audit Committee.

The results of the follow-up of recommendations are presented to each COCINT concerned, as well as twice a year to AFD Group Risk Management Committee, to the AFD Board of Directors and to Proparco's Risk Management and Audit Committee.

In addition, the IGE's annual report dashboards are presented to COCINT and the Group Risk Management Committee at least once a year. The latter is also systematically informed of the decisions taken by the Executive management concerning the possible refusal of the implementation of corrective actions identified as part of the assurance missions.

The IGE is in charge of the periodic control of transaction compliance, the actual risk level incurred, the respect of procedures, and the efficiency and suitability of the permanent control systems set up by AFD. It serves AFD's internal audit function and has jurisdiction over all of the company's activities, including outsourced activities.

The Group's risk management is governed through three main bodies:

1. the Board of Directors;
2. the committees emanating from the Board of Directors:

- the Group Risk Management Committee

  Under the responsibility of the Board of Directors, the Group Risk Management Committee, set up in 2015 to meet the requirements of the Order of 3 November 2014, is responsible for:

  - conducting a regular review of the strategies, policies, procedures, systems, tools, and underlying limitations and assumptions and reporting its findings to the Board of Directors,
  - assessing all significant risks as listed by regulations and the risk management policies, and the changes made thereto; to this end, it is informed of significant incidents identified by the internal control procedures and of any significant anomalies detected by the anti-money laundering and anti-terrorist financing monitoring and analysis system, as well as any shortcomings of this system,
  - assessing the measures taken to ensure business continuity,
  - advising the Board of Directors on AFD Group's overall strategy and risk appetite, both current and future, and assisting the supervisory body in overseeing the implementation of this strategy by management;

- the Group Audit Committee

  Reporting to the Board of Directors, the Group Audit Committee is responsible for:

  - verifying the clarity of the financial information and assessing the relevance of the accounting policies adopted for the preparation of the individual and consolidated financial statements,
  - issuing an opinion on the institution's financial statements,
  - assessing the accounting and financial aspects of the internal control system,
  - supervising the choice of statutory auditors, and establishing a direct relationship with them, in order to familiarise themselves with their work programme and to discuss the conclusions of their work with them.

  In summary, the Group Audit Committee monitors issues relating to the preparation and control of accounting and financial information;

3. the Internal Control Committee: a body within which the heads of Periodic Control, Permanent Control, Compliance and the Risk Management function of AFD Group, appointed pursuant to Articles 16, 17, 28 and 74 of the Decree of 3 November 2014, report on the performance of their duties to the executive directors within the meaning of Article 10 (a) of the Decree of 3 November 2014 in accordance with Articles 23, 31 and 77 of the same Decree.

1) *Extract from the Internal Audit Charter.*

Composition of the Group Audit Committee and Risk Management Committee as at 31 December 2023

Name	First name	Organisation	Date of resolution	Term ends	Position
Chairperson of the Group Audit Committee and Risk Management Committee					
SANTINI	Jean-Jacques	Qualified person	07/10/2023 *Previously appointed on 12/10/2022*	06/10/2026	Chairperson, Permanent Director on the AFD Board of Directors (*alternate director until 29/09/2023*)
Members of the Group Audit Committee					
BORIES	Christophe	General Directorate of the Treasury, MINEFI	07/05/2020 *Renewed on 28/03/2023*	20/11/2023	Representative of the General Directorate of the Treasury Alternate Director of the AFD Board of Directors
BOBIN	Shanti	General Directorate of the Treasury, MINEFI	23/11/2023	22/11/2026	Representative of the General Directorate of the Treasury Alternate Director of the AFD Board of Directors
NGUYEN	Tài	Budget Department, MINEFI	19/10/2023	18/10/2026	Representative of the Budget Department Alternate Director of the AFD Board of Directors
DELAMOUR	Isabelle	CDC	19/10/2023	18/10/2026	Permanent Director on the AFD Board of Directors
JOHNS	Iris	Elected employee representative	13/09/2023	12/09/2026	Permanent Director on the AFD Board of Directors
Members of the Group Risk Management Committee					
BORIES	Christophe	General Directorate of the Treasury, MINEFI	07/05/2020 *Renewed on 28/03/2023*	20/11/2023	Representative of the General Directorate of the Treasury Alternate Director of the AFD Board of Directors
BOBIN	Shanti	General Directorate of the Treasury, MINEFI	23/11/2023	22/11/2026	Representative of the General Directorate of the Treasury Alternate Director of the AFD Board of Directors
NGUYEN	Tài	Budget Department, MINEFI	19/10/2023	18/10/2026	Representative of the Budget Department Alternate Director of the AFD Board of Directors
DELAMOUR	Isabelle	CDC	19/10/2023	18/10/2026	Permanent Director on the AFD Board of Directors
JOHNS	Iris	Elected employee representative	13/09/2023	12/09/2026	Permanent Director on the AFD Board of Directors

4.3.1.4 Risk monitoring

Risk monitoring is ensured by the Group Risk Management Department (DRG) of Risk Management (DXR): by the Counterparty Risks Division (DRC) at the individual level of credit risks and the Risk Monitoring Division (DSR) at a consolidated level, both for credit risks and market transactions. This monitoring is not exclusive to this department: among other mechanisms, the half-yearly review of non-sovereign counterparties is initiated in the geographical departments and the Finance Department provides strategic and financial management (DEF/PFG).

4.3.1.5 Methods of informing the supervisory body

Information for the supervisory body is based on the following three bodies: **the Board of Directors**, which is informed of changes in the risk measurement, monitoring and management system, which provides a cross-functional approach to the Group's risks, **the Audit Committee** and **the Group Risk Management Committee**, which stem from the Board of Directors and which – consequently – report to it on their activities through opinions or reports summarising the various missions carried out and any resulting recommendations.

4.3.1.6 Methods of informing executive officers

The executive officers are informed through different channels which are essentially committees and executive officer memos.

RIO proposal

The Internal Control Committee (COCINT) – as mentioned above – comprises members of the AFD Executive Committee (including the Chief Executive Officer of Proparco), the Director of Group Risk Management (DRG), the head of the Compliance Department, and the head of the Operational Risk and Permanent Control Department. It makes sure that systems are in place to monitor the activities and risks, as required by the Decree of 3 November 2014, to ensure AFD Group’s internal control system operates effectively. It mobilises management to put these systems in place. It is through this body that the heads of Periodic Control (the General Inspection Department (IGE)) and of Permanent Control and Compliance of AFD Group report on the fulfilment of their roles. The committee is also regularly informed of incidents and risks updated in the operations risk mapping.

Or IGE proposal

The **Internal Control Committee (COCINT)** comprises members of the AFD Executive Committee, the Director of Group Risk Management (DRG), the head of the General Inspection Department, the head of the Compliance Department, and the head of the Operational Risk and Permanent Control Department. It makes sure that systems are in place to monitor the activities and risks, as required by the Decree of 3 November 2014, to ensure AFD Group's internal control system operates effectively. It mobilises management to put these systems in place. It is through this body that the heads of Periodic Control (the General Inspection Department (IGE)) and of Permanent Control and Compliance of AFD Group report on the fulfilment of their roles. The committee is also regularly informed of incidents and risks updated in the operations risk mapping.

The Risk Management Committee (CORIS) is responsible for proprietary risks on AFD Group scope, notably as regards macroeconomic risks in the countries where it operates ("country risks") and credit risks covering both commitments in loans, guarantees or other financing instruments as well as all of the Group's subsidiaries and equity investments ("counterparty risk"). It is chaired by AFD's executive head of risk (Risk management [DXR]) and is attended, notably, by the AFD and Proparco Executive Management.

The Operational Risks and Compliance Committee (CROC): this committee is the operational body responsible for coordinating the actions of the Group's various business lines and entities in terms of controlling operational and compliance risks. It is prepared jointly by the Risk Management Department and the Compliance Department. It is co-chaired by AFD's Executive Director of Risk and the Director of the Compliance Department.

The New Activities and Products Committee (CONAP): its role is to examine all projects for new activities and products as well as any significant transformation carried out on pre-existing products, and to guide the product innovation offering and activities according to the Group's strategy. It is chaired by AFD's Chief Operating Officer.

The role of the Accounting, Finance and Management Control Committee (COFICO) is to examine and monitor AFD's financial, accounting and management control activities. It is chaired by the Deputy Chief Executive Officer in charge of the Group's operations or the Chief Financial Officer. It has four sub-committees that report to it: (i) Budget (COBUD), (ii) Treasury (COTRES), (iii) Balance Sheet Management (COGAP), (iv) Monitoring of Climate Bonds (COSOC).

The Security Committee (COSEC): this committee is responsible for all areas covered by the Group's Security Department (security of people and property, information system security, business continuity, confidentiality of information [excluding the GDPR]). The COSEC is chaired by the Secretary General.

The Organisation and Procedures Committee (COMOP): its role is to steer and arbitrate AFD's transformation and organisation projects (excluding IT issues). It is chaired by AFD's Chief Executive Officer (CEO) or Chief Operating Officer (COO).

The Partnerships Committee (COPAR) is responsible for discussing major strategic operations with AFD Group's partners, and deciding on the financing of partnerships. It is chaired by AFD's Chief Operating Officer or the Executive Director of Mobilisation, Partnerships and Communication (MPC).

The Credit Committee (CCR) – Subsidies Committee (COSUB): the CCR deals with all AFD financing files bearing a credit risk as well as grants when these are backed by a loan and reviewed at the same time. The COSUB deals with all AFD's grant financing files. The chairmanship of the CCR/COSUB depends on the amounts of the projects presented, the procedure providing for two levels of delegation (the Regional Management or the Deputy General Management).

Information is also passed on to executive officers *via* memos which formally record, for example, the regulatory compliance opinions, legal warnings or notification of thresholds being exceeded.

4.3.2 Internal control procedures and organisation of audit trail for accounting and financial information (Article L.225-100-1-5)

AFD Group's accounting is handled by the Regulatory Accounting Consolidation Department of the AFD Finance Department (DEF).

The activities of this department include:

- the accounting registration of transactions initiated at the Head Office on the accounts payable, fixed assets, investments and services functions;
- auditing of local office and Regional Directorate accounts;
- the control of the centralisation in the general accounting of ancillary accounts and the implementation of accounting controls on all sectors;
- tax returns with the exception of those relating to wages and the building;
- the preparation of the parent company financial statements in accordance with French standards and the consolidated financial statements in accordance with IFRS;
- regulatory reporting (mainly SURFI, FINREP and COREP statements); and
- for the subsidiaries, Sogefom, Proparco and Soderag: bookkeeping using French standards, the production of the half-year financial statements (quarterly in the case of Proparco) and of fiscal and regulatory declarations (SURFI – Balance of payments).

The accounting recognition of loans, grants and guarantees granted is carried out by the Accounting Controls Support Division of the Funding Financial Management Department. Accounting controls are carried out by the Regulatory Accounting Consolidation Department.

The accounting recognition of market transactions (borrowings, derivatives and equity securities) is carried out by the Post-Market Division of the Treasury and Financial Markets Department. Accounting controls are carried out by the Regulatory Accounting Consolidation Department.

Salary and employee benefit expenses and provisions are recognised in the accounts by the Compensation, Welfare and Expatriation Division of the Human Resources Department. Accounting controls are carried out by the Regulatory Accounting Consolidation Department.

The separation between the engagement, accounting and execution functions for treasury operations is maintained by both the organisation of services and the implementation of procedures.

Accounting entry is largely decentralised (international offices, other Head Office services).

Accounting control is split between banking operations and general expenses.

The Group's accounting is audited by two audit firms (KPMG and BDO) which were appointed by the Board of Directors on 2 April 2020 for the six financial years 2020-2025.

The Regulatory Accounting Consolidation Department is in contact with the external auditors (statutory auditors, tax authorities, French Prudential Supervisory and Resolution Authority).

An accounting procedures manual that includes procedures and accounting schematics for all transactions is available on the intranet site. It includes a procedure for accounting controls. With regard specifically to the audit trail, its functioning is described below.

The accounting system is structured around a multi-company (AFD-Proparco-Sogefom) and multi-currency accounting software package powered by business applications and auxiliary accounting systems.

The conversion of foreign currency transactions is performed by a specific module of the accounting software package, which publishes control reports at each step of the conversion and calculation of foreign exchange differences. A procedure describes the controls to be performed at each stage of the conversion treatment for the exchange positions until the determination of foreign exchange differences.

An "Infocentre" application makes it possible to retrieve the accounting information for balances and accounting movements for each transaction or at the desired aggregated level.

In accordance with Article 85 of the Decree of 3 November 2014, the audit trail allows the unitary event to be traced back to the accounting aggregate or, conversely, from the accounting aggregate to the corresponding unit events. In the case of a grouping of accounting movements within an upstream interface, the audit trail also makes it possible to retrieve the unit events that make up those grouping movements.

In addition, all IT applications owned by the Regulatory Accounting Consolidation Department have IT security classification in terms of (i) availability (availability required in the event of an extreme shock and current service availability), (ii) integrity (capacity to prevent unauthorised modification of the information), (iii) confidentiality (ownership of information that should not be available or disclosed to unauthorised individuals, entities or processes) and (iv) proof (ability to identify the individual, entity or automated process from whom or which access to information originated).

4.3.3 Credit risk

4.3.3.1 Credit risk measurement and monitoring system

The system in place to measure and monitor credit risk is described in Paragraph 6.2.5 "*Risk Information*".

4.3.3.2 System of operational limits

The system of operational limits is described in Paragraph 6.2.5.1.

4.3.3.3 Credit risk measurement and monitoring system

The monitoring of the risks of sovereign counterparties is described in Paragraph 6.2.5.1.

4.3.3.4 Monitoring the risks of non-sovereign counterparties

The monitoring of the risks of non-sovereign counterparties is described in Paragraph 6.2.5.1.

4.3.4 Comprehensive interest rate, foreign exchange, liquidity and market risks

Balance sheet management covers the management of liquidity, interest-rate and foreign-exchange risks as well as counterparty risk management for financial activities. AFD is responsible for financing the operations of its main subsidiaries and holds most of the Group's balance sheet management risks on its balance sheet.

The key components of AFD's financial and balance sheet management strategy are submitted to the Board of Directors every year for approval. These guidelines can be summarised as follows:

- limiting exposure to liquidity risk;
- ensuring sustainable and steady interest revenue streams for AFD;
- limiting exposure to foreign-exchange risk the minimum necessary for temporary operational needs;
- limiting counterparty risk exposure from financial activities by carrying out market and investment operations with only the counterparties that have the highest credit ratings.

Limits and management criteria are set based on guidance from AFD's Board of Directors.

4.3.4.1 Liquidity risk

Liquidity risk is described in Paragraph 6.2.5.2.

4.3.4.2 Interest rate risk

Interest rate risk is described in Paragraph 4.1.1.4.

4.3.4.3 Foreign exchange risk

Foreign-exchange risk is described in Paragraph 6.2.5.3.

4.3.4.4 Market risk

Market risk is described in Paragraph 6.2.5.3.

4.3.5 Major risk ratio

At 31 December 2023, AFD Group was in compliance with the major individual risk ratio set out by banking regulations, *i.e.* a maximum of 25% of risk-based consolidated capital.

4.3.6 Other operational risks

4.3.6.1 Risks related to the settlement process

AFD has established a number of measures to tighten up the organisation and control of settlements:

- procedures which describe and formalise the processing of settlements;
- pre- and post-settlement checks;
- training and awareness-raising initiatives, primarily on the risks of fraud, for staff involved in settlement processing and checks.

In terms of anti-money laundering measures, AFD uses commercial software that provides an automated system to cross-check settlement records against a list of individuals and entities that require extra vigilance.

In addition, in order to meet national regulatory obligations in terms of paperless invoicing, AFD has upgraded its supplier payment process to a paperless process, *via* the use of the Chorus Pro platform.

4.3.6.2 Legal risks

The Legal Department oversees the management of the Group's legal risks. It covers all legal areas (with the exception of Human Resources, taxation and non-compliance risks).

The Legal Department provides legal support:

- in financing, guarantee and equity investment transactions, at all stages of the project cycle, as well as in implementation monitoring, recoveries, restructuring, pre-litigation and litigation;
- in cross-cutting issues and innovative projects (Group risk prevention, international government agreements, relations with other financial stakeholders, guarantee funds, partnerships, relations with subsidiaries and equity investments, new products, climate finance, digital, etc.);
- in market transactions;
- in institutional matters (bylaws, governance, relations with the State and supervisory bodies, etc.);
- regarding banking and finance regulations;
- in criminal matters, on all subjects where AFD Group or its directors may be held liable;
- by providing consulting services for all AFD entities.

To AFD's knowledge, there are no governmental, legal or arbitration proceedings, whether suspended or pending, that could have or have had a material effect on the financial situation or the profitability of AFD and/or AFD Group over the last 12 months.

4.3.6.3 Risks of non-compliance

According to regulations, the Compliance Department is responsible for the prevention, detection, monitoring and management of non-compliance risks throughout AFD Group.

Non-compliance risk is defined as "the risk of legal, administrative or disciplinary sanction, material financial loss or loss to reputation arising from failure to comply with the provisions governing banking and financial activities, whether they be directly applicable legal, regulatory, national or European provisions, or whether they are professional and ethical standards or the instructions given by executive officers, particularly in light of the guidelines from the supervisory body" (Decree of 3 November 2014, Article 10p).

The Compliance Department ensures the Group complies with (i) internal and external provisions related to preventing money laundering and terrorist financing (AML/CFT), (ii) provisions related to the fight against corruption and associated offences as well as fraud and anti-competitive practices, (iii) provisions to do with abiding by national and international trade and financial sanctions, (iv) provisions that govern, with regard to banking ethics, the performance of banking and financing activities or (v) provisions that ensure the protection of the personal data and private lives of clients.

The department is housed within AFD's Executive management. The Compliance function reports on its activities to the Internal Control Committee (COCINT) and the Operational Risks and Compliance Committee (CROC), as well as to the Group Risk Management Committee (CRG).

The Compliance function covers all sectors, operations, geographic areas and regulatory contexts of AFD Group. In addition to operational projects and activities, it also concerns the Group's new activities and products, in accordance with regulations.

Its purpose is to comply with the legal and regulatory provisions in terms of financial security, the fight against corruption, banking ethics and the protection of personal data, to carry out second-level controls, to ensure timely detection and appropriate assessment of non-compliance risks in order to prevent and limit the exposure of AFD Group and its executives to the risks of legal and/or administrative sanctions and to reputational risk, and by managing them in the event of the occurrence of these risks.

Non-compliance risk management is ongoing and backed by an operational risk map.

The following changes were made to the non-compliance risk management system during 2023:

- in terms of AML/CFT: update of the procedural corpus including notably the adjustment of the identification thresholds of the beneficiary employee (BE), the extension to new countries of the exemption for certain listed counterparties of the obligations of identification and/or verification of the identity of the beneficiary employees, the adoption of the AML-CFT questionnaire known as the "Wolfsberg" questionnaire for banking counterparties and the overhaul of the AFD AML-CFT questionnaire for financial institutions including MFIs;
- in terms of the fight against corruption and influence peddling: continued roll-out of the last pillars of AFD Group's compliance programme as required by the law on transparency, the fight against corruption and the modernisation of economic life (known as SAPIN 2) and amendment relating to the whistleblowing system due to legislative changes, as well as the roll-out of anti-corruption due diligence at the project appraisal stage;
- in terms of the fight against fraud and prohibited practices within the meaning of the Group's general policy: revision of the Directives for the award of contracts financed by AFD in foreign countries (with entry into force on 1 February 2024 to respond notably to the recommendations of the OECD as part of the review of the anti-corruption system in France);
- in terms of regulatory compliance with the requirements governing the organisation of internal control: operationalisation of AFD's policy of steering the various entities of AFD Group as parent company in terms of AML/CFT/sanctions/corruption/integrity, which mainly took the form of support provided by the Compliance Department to the employees in charge of compliance in these entities (*e.g.* overhaul or creation of their procedural corpus in this area);
- new framework for compliance with financial sanctions in the context of financing granted to NGOs.

Insurance – Coverage of risks run by AFD

AFD has a "civil liability" insurance policy that also covers Proparco, an "executives civil liability" policy, a "labour relations" policy, a "property damage – 2 lines" policy that also covers Proparco and VAL, an "all exhibition risks – works of art" policy, and a "IGRS-specific corporate officers civil liability" policy [(1)].

All of the network's local offices are covered by locally underwritten insurance policies (multi-risk residential and office, and civil liability for office activities).

These policies are accompanied by vehicle insurance covering head office (head office policy) and the network (local policies) plus "worldwide" "individual accident" insurance guaranteeing disbursement of share capital in case of death or disability caused by an accident with a vehicle belonging to or rented by AFD.

4.3.6.4 Risks related to the information system

Information systems security

The Security Department oversees all aspects of ICT risks, including IS security. To this end, the head of the department is supported by AFD Group's head of IT system security (RSSI).

An analysis of ITC (information and communication technologies) risks is carried out at least once a year under the IS risk governance system. Security risks are extracted from it and processed under the IT security management system (SMSI), in compliance with ISO 27001. The SMSI provides a framework for addressing AFD's IT-related risks, from appraisal of the risks to implementing remedial measures and ongoing IT system security checks. After the annual risk analysis, AFD's operational risk map and the ISS triennial security project plan are updated. In 2022, AFD decided to organise its ISS evolution trajectory in the form of a five-year ISS master plan to be managed in programme mode. This programme, called SECURIS, jointly carried out by the SEC and DSI departments, began in December 2022.

The information system security policy (ISSP), which is compliant with ISO 27001 and ISO 27002, defines the 20 security rules needed to protect AFD's information systems. The application of each rule is stipulated by a set of internal security standards and procedures, in compliance with best practices in the field.

This ISSP is accompanied by an IT user charter which has been enforceable for all users since it was included in the rules and regulations.

Measures to raise awareness of ISS, in the form of regular talks and digital training, ensure that all Group users are familiar with the main rules for use.

1) *This insurance contract has been transferred to and is managed by the HR Department.*

In accordance with the ISSP, each substantial change in the information system on its business components or infrastructure is subject to a risk analysis. This approach allows for protection measures to come into effect in line with security requirements during the design and active use stages of a given system. The most sensitive information systems regularly undergo a security approval certification procedure.

The management of security incidents is overseen by a specific ISS incident management policy that sets management rules for a security incident. This makes it possible to coordinate (i) the procedure for managing IT incidents (to ITIL standards), (ii) the "user" incident alert system run by the ISD, and (iii) the Security Department (SEC). The ISD coordinates and operates all security incident handling actions with the support of the SEC department and the RSSI.

In 2023, AFD did not suffer any cyberattack crises.

Emergency and business continuation plan

AFD Group has a Business Continuity Plan (BCP) intended to cover all of AFD Group's business lines and activities, including its Proparco and Sogefom subsidiaries. This plan is intended to ensure the continuation of the Group's business in the aftermath of a disaster of low likelihood but with critical impact.

The plan is formalised in two framework documents applicable to the entire Group: the business resumption and continuity policy and the general crisis management plan. These documents are supplemented by operational continuity plans for each Group structure, at the head office as well as in the French Overseas Departments and Collectivities and internationally.

Continuity procedures are grouped into "BCP kits" provided for each structure operating one of the vital functions. These procedures describe the actions required for implementing the plan, as well as the manual operating modes to be used in case of any long-term unavailability of business premises or IT tools.

The Group also has a "pandemic" plan which describes the principles and ways of maintaining business activity in the event of a global or local pandemic. The "pandemic" plan was integrated into the Global BCP in 2022 and takes into account the lessons of the COVID crisis.

The Information and Telecommunications Recovery Plan (PRIT), which covers the risk of an extended IT system outage, includes an IT infrastructure that reactivates AFD Group's applications and essential systems. The PRIT system covers all of the business lines' IT continuity requirements by duplicating 70% of the Group's Information System and 100% of production data. This includes all systems essential to users' "core business" activity for the first month of loss. The remaining 30%, corresponding to non-essential systems, are re-established within three months. The technical platform was updated in 2020, including the company messaging system, on the basis of the recovery principles expressed in 2018 and the business needs reviewed in 2020. A complete overhaul of the backup infrastructure is underway to optimise recovery times and change the physical hosting. This overhaul will be effective in 2024.

A Flood Risk Prevention Plan (PPRI), intended to cover the risk of the Seine bursting its banks and mitigate the impact of such a contingency on AFD's two main head office buildings, has also been introduced.

The Security Department (SEC) and its Resilience and Information Security (RSI) unit, which are part of the General Secretariat, have full responsibility for updating and controlling the BCP; the head of this department is assisted by a manager of the Group's business continuity management plan (BCMP). The SEC Director is responsible for crisis management and coordinates and synchronises the resumption of business once the BCP is triggered.

Forty entities at the AFD, Sogefom and Proparco head offices, whose activities are deemed essential and are covered by the BCP, are asked to regularly revise their business impact assessments (BIAs) and update their degraded procedures. In 2023, the BCP was rolled out in around a hundred regional departments and local offices. Each person in charge of entities registered in the BCP is responsible for applying the procedures of his or her BCP Kit once the plan has been triggered. The BCP system was subject to a major update in 2022 to take into account COVID feedback.

A permanent standby mechanism at the level of the General Secretariat and Executive Committee (EXCOM) is in place to enable AFD to respond rapidly to a major disaster. The mechanism provides for a crisis unit led by an EXCOM member to be activated when in need. In case of a major disaster, the crisis unit decides whether to activate the BCP. The mechanism also covers Proparco and Sogefom.

The BCP triggering tests were carried out in 2023, including the activation of the user fallback room and the activation of the PRIT with the participation of business users.

The BCP was audited by the General Inspection Department (IGE) at the end of 2021.

4.3.6.5 Tax risk

AFD did not undergo any tax audits in the 2023 financial year. The tax authorities subjected Proparco to an audit of all its tax returns for the period from 1 January 2018 to 31 December 2020. (see paragraph 6.2.1.8)

4.3.6.6 Other operational risks

In addition to the risks detailed above, the Group's permanent control system seeks to cover all risks within the remit of Basel categories 1 to 7 to which the Group is exposed (risks relating to (i) internal and (ii) external fraud, (iii) human resources; concerning (iv) the Group's financing activity, (v) personal safety, (vi) information systems and (vii) management, processes and procedures).

This system for monitoring and mitigating all operational risks is based on:

- operational risk mapping, which is the main tool used to measure and monitor these risks;
- recording of operational incidents, enabling the implementation of corrective actions and new controls aimed at (i) preventing any repeated dysfunction or limiting their impact and (ii) improving operational risk mapping;
- first and second level controls;
- action plans to correct high-risk areas;
- permanent monitoring of New Products/New Activities, *via* participation in dedicated Committees to ensure that a comprehensive risk assessment has been carried out;
- monitoring of outsourced services and the implementation of procedures to manage associated risks.

Permanent control provides regular reports to the Group Risk Management Committee and Internal Control Committee (COCINT).

The quality of permanent control was recognised by the ACPR, which deemed the management of operational risks to be satisfactory and considered that it was not necessary to increase the amount of equity intended to cover these risks, under Pillar II.

5
CHAPTER

Financial information

5.1 Recent changes and future outlook

5.1.1 Recent changes

Activities

Commitments in 2023 amounted to €13.1bn for the Group (AFD and Proparco, including delegated funds) compared to €11.9bn in 2022. In particular, the growth in commitments related to AFD in foreign States, which amounted to €9.5bn (*vs.* €8.6bn in 2022), and Proparco, which recorded €2.7bn in commitments (€2.3 bn in 2022). In French Overseas Departments and Collectivities, commitments were down slightly at €934M (€1.1bn in 2022).

Commitments signed for 2023 are estimated at €10.9bn for the Group, down compared to the historically high volume of 2022 that related to the outperformance of AFR, with over €800M in signatures above the target. In 2023, AFD's signed commitments amounted to €8.9bn (€-0.8bn), and those of Proparco to €2.0bn (+€0.2bn).

Lastly, disbursements made amounted to €8.5bn for the Group scope (AFD and Proparco), down compared to 2022 (€9.2bn).

5.1.2 Future outlook

Following the Presidential Development Council (CPD) held on 5 May 2023, the Interministerial Committee for International Cooperation and Development (CICID) of 18 July 2023 redefined the main guidelines of the solidarity and sustainable investment policy. The 2024-2026 Contractual Targets and Resources (COM), the framework of which was validated by the Board of Directors of 14 December 2023, is AFD's operational implementation thereof, through objectives and indicators for resources and management. This COM is based on 24 indicators, including **10 major policy objectives**.

AFD Group's contribution to the CICID's objectives will involve the mobilisation of its various instruments, and notably State resources (209 and 110), to finance projects and programmes, as well as credit lines or budgetary financing contributing to them. The new Contractual Targets and Resources (COM) are built around indicators that will make it possible to manage the **effective mobilisation of the resources necessary to achieve its goals**.

The CICID also reshuffled geographical priorities by eliminating the list of the 19 Priority Poor Countries (PPP) and the objective of 85% of financing efforts in Africa and the Middle East.

A single geographical priority prevails today, that of the 46 Least Developed Countries (LDCs), which benefit from at least 50% of the State's bilateral financing efforts, supplemented from 2025 by a list of vulnerable countries, which remains to be defined.

In parallel with this geographical prioritisation and in view of the rapid evolution of the debt levels of many States, the CICID also called for the implementation of a new sustainable debt doctrine. Some fifteen countries in which AFD plans to make sovereign loans are affected by the new doctrine and will require exemption requests. These are mainly MICs [1], countries where new commitments were made, such as Ukraine and Mongolia.

The 2024 business plan presented to the Board of Directors on 25 January provided for:

- a stable trajectory for Group commitments (AFD, Proparco and FISEA) with €12.8bn in approvals (including delegated funds);
- in addition, the Group set itself the target of reaching €11.5bn in signatures in 2024 (including EF) and €9.3bn in disbursements;
- Expertise France (EF) should, for its part, return to a growth trajectory in 2024 with an increase in revenue of +9% with a target of €421M. This portfolio expansion continues to be underpinned by growth drivers such as: the Initiative, International Technical Experts in line with presidential commitments, European programming, and the pursuit of an ambitious partnership with AFD. The agency doubled its business in five years (€190M in revenue in 2018, €388.5M in 2023) with strong growth in all areas of cooperation: governance, justice, culture, health and education, employment, sustainable development, but also peace and security. With a view to continuing its development and in order to structure it more sustainably, the agency is strengthening its network in the field and opting for a greater decentralisation of its activity. Thus, the agency created six country departments in the main regions where it operates in order to strengthen the management of projects, making it as close as possible to the realities and partners on the ground.

Business objectives are directly linked to the resources allocated to AFD. In view of the cancellations of loans announced in the Decree of 21 February 2024, the business outlook described in this paragraph may change depending on the impacts on AFD's budget, which are not yet known.

1) *MIC: Middle-Income Countries.*

Concerning the outlook for intervention by geographical area:

In the **Africa** region, AFD will step up support for partner countries in the Gulf of Guinea whose northern territories are threatened by the jihadist advance. At the sectoral level, the roll-out of the Choose Africa initiative will target four pilot countries (Senegal, Côte d'Ivoire, Benin, Togo), where a particular emphasis will be placed on the creation or reinforcement of public systems providing support for entrepreneurship. In Southern Africa, activities should mainly serve the objective of a fair energy transition. In Central Africa, the Forests agenda will be an expected priority, mainly in the Congo Basin. The reinforcement of basic infrastructure (electricity in the DRC, water and sanitation in Cameroon) will also contribute to improving the access of the populations of this region to these essential services. In East Africa, several urban development projects (Tanzania, Uganda) will support local economic development and resilience against the effects of climate change. It is also in this region that non-sovereign activities should be rolled out. In North Africa, the sustainable debt doctrine will constrain the sovereign loan business plan in Tunisia. In Morocco and Egypt, AFD will continue its operations by managing global exposure and the tangential effect of large risk limits. Lastly, while it remains dependent on the evolution of the security and political context in Mali, Niger and Burkina Faso, the Greater Sahel region will be driven by the resumption of sovereign interventions in Mauritania and by various initiatives in Senegal (Choose Africa, agriculture, basic education).

In 2024, moreover, C2D programmes in countries such as Côte d'Ivoire and Cameroon will gradually come to an end.

In the French Overseas Departments and Collectivities, overall business is expected at around €950M. Support for the public sector will remain predominant, mainly through financing in the form of loans. AFD will support local authorities by continuing to roll out its new subsidised loan: the public sector transition loan (PSP-T) to finance projects with virtuous impacts in social, environmental or climate terms.

Faced with the sustainable economic and ecological challenges of the countries concerned, the **Orients** department wishes to further develop its activities in favour of: the convergence of the countries of the Balkans and the Caucasus initiated by the President, the integration of the countries of Central Asia into the challenges of the Paris Climate Agreement, the energy transition and the protection of biodiversity in South Asia, South-East Asia and China. AFD will continue its contribution to the French Indo-Pacific strategy. Lastly, AFD will issue proposals to contribute to the reconstruction and resilience efforts in Ukraine, as decided at the interministerial meeting. It will organise the ramp-up of its activities in this country, as well as in Kazakhstan and Mongolia, as part of the Agency's overall goals in terms of commitment volumes.

Tensions over economic and political situations and with regard to State debt are creating great uncertainty and weighing on the prospects of the Agency's activities in **Latin America**, and forcing it to postpone its efforts in terms of volumes in five of the nine countries covered by the department. In the four countries that will contribute little or not at all to AFD's business plan, it is however essential to maintain financial activities in order to pursue the dialogue with the authorities of these countries. At the same time, the development of non-sovereign activities will exploit the possibilities provided by European Union guarantees (fastcities) or delegated financing (EU or Green Fund such as Peeb Cool).

In this context, the three main countries driving business in Latin America will be Colombia, Brazil and Mexico, while maintaining a balance for financing tools (25% for budget financing, with the rest shared equally by credit lines and projects).

5.1.3 Borrowings

The Board of Directors meeting of 26 January 2023 raised the maximum authorised borrowing amount for 2023 to €9.9bn. €8.03bn of this approval was used.

5.1.4 Trend information

There has been no significant deterioration in the financial position of the issuer and its subsidiaries (considered as a whole) since the last audited financial statements of 31 December 2023.

5.1.5 Significant change in the issuer's financial position

There has been no significant change in the financial position of the issuer and its subsidiaries (considered as a whole) since the last audited financial statements of 31 December 2023.

5.2 Events after the reporting period

None

5.3 Economic presentation of the consolidated financial statements

The analysis below aims to provide an economic overview of AFD Group's development, by type of activity, based on the consolidated accounting data.

A detailed description of the changes in the consolidated financial statements is provided in the notes to the consolidated financial statements.

5.3.1 Consolidated economic balance sheet

Assets

In millions of euros	2023	2022
Loans (net outstandings)	48,967	45,421
• Gross outstandings	49,522	46,073
• Individual impairments	-502	-429
• Collective impairments	-323	-383
• Accrued interest	270	159
Financial hedging derivatives and collateral	5,355	6,743
Accruals and other assets	1,480	1,688
Equity investments and other securities	3,053	2,949
Cash	9,905	6,576
Fixed assets	768	636
TOTAL ASSETS	**69,529**	**64,013**

Liabilities

In millions of euros	2023	2022
Market borrowings	50,519	44,420
Treasury loan	842	841
Financial hedging derivatives and collateral	4,902	6,230
Accruals and other liabilities	2,391	2,316
Provisions	1,720	1,441
Equity (Group share)	8,990	8,591
of which Group income	371	456
Non-controlling interests	165	173
TOTAL LIABILITIES	**69,529**	**64,013**

Assets

The €5,516M increase in total balance sheet assets was mainly due to the +€3,547M increase in net outstandings and the +€3,330M increase in AFD Group cash and cash equivalents, which was partly offset by the -€1,388M decrease in derivatives and collateral.

AFD Group's net loans outstanding totalled €48,967M at 31 December 2023, *i.e.* 70% of the consolidated balance sheet, an increase of €3,547M (+8%) compared with the previous financial year.

The change in gross outstandings is due to:

- the increase in outstanding loans at the Group's risk of +€2,041M, of which +€1,482M in sovereign outstandings, +€249M in non-sovereign outstandings and +€293M in French Overseas Departments and Collectivities;
- the €203M increase in outstandings at the State's risk;
- a +€1.2bn fair value effect on loans hedged by derivatives.

	2023		2022	
In millions of euros	Amount	in %	Amount	in %
Loans at AFD Group's risk	**46,495**	**90%**	**44,454**	**90%**
Of which foreign countries	40,000	78%	38,269	78%
Sovereign	*26,544*	*52%*	*25,062*	*51%*
Non-sovereign	*13,456*	*26%*	*13,207*	*27%*
Of which French Overseas Departments and Collectivities	6,313	12%	6,020	12%
Of which other outstanding loans	183	0%	165	0%
Loans at the State's risk	**4,970**	**10%**	**4,768**	**10%**
Loans guaranteed by the State	*4,970*	*10%*	*4,768*	*10%*
Loans granted by the State	*-*	*0%*	*-*	*0%*
Transition to IFRS	**-1,943**		**-3,148**	
Fair value adjustment related to non-SPPI loans	*-53*		*-73*	
Fair value adjustment related to hedge accounting	*-1,890*		*- 3,075*	
CONSOLIDATED GROSS OUTSTANDINGS	**49,522**		**46,073**	

Non-sovereign outstanding loans at the Group's risk resulted in impairments totalling €735M, or a coverage rate of 4%.

Performing sovereign loans were covered for the amount of €1,485M at 31 December 2023, mainly by the reserve account, which represents a coverage rate of 6%.

Summary of outstandings and impairments

In millions of euros	Outstandings	Impairment [(1)]
Foreign countries		
Sovereign	26,544	1,485
of which doubtful	*1,791*	*83*
Non-sovereign	13,456	630
of which doubtful	*844*	*307*
French Overseas Departments and Collectivities		
Non-sovereign	6,313	105
of which doubtful	*268*	*105*
Other outstanding loans	183	
TOTAL	**46,495**	**2,220**
of which doubtful	*2,904*	*495*

(1) Impairment and provisions corresponding to the reserve account

The change in total assets was also due to the €3,330M change in cash. The cash flow at the end of 2023 covered the cash requirement over the next 12 months.

In millions of euros **Short-term cash assets**	**2023**	2022	Change
AFD	9,335	6,199	3,136
Proparco	354	216	139
Fisea	10	14	-4
Socredo	-	-	-
Soderag	7	7	-
Sogefom	8	8	1
Expertise France	190	132	59
GROUP TOTAL	**9,905**	**6,576**	**3,330**

Other assets include the following items:

- Hedging instruments and collateral amounted to €5,355M at the end of 2023 compared to €6,743M at the end of 2022, mainly due to the decrease in collateral resulting from the improvement in the fair value of derivatives;
- Fixed assets were up and amounted to €768M at the end of 2023 compared to €636M at the end of 2022 as a result the disbursements as part of the project for the Group's future head office in the amount of €106M.

Liabilities

AFD Group **borrowings** totalled €51,361M in 2023. They are composed of the following items:

- outstanding market borrowings, which amounted to €50,519M at 31 December 2023, up €6,099M compared to the end of 2022. This increase in borrowings was linked, on the one hand, to:
  - issues totalling €8,030M: of the 11 issues made since the start of the year, one was in GBP for €568M, two were in CNH for €205M, two were in TRY for €111M, four were in euros for €4,100M and two issues were in dollars for an issued amount of €3,046M,
  - issues arriving at maturity: -€4,055M including six loans in euros for -€2,152M, two loans in dollars for -€1,852M and one loan in CNH for -€51M,
  - a currency effect of -€398M (mainly related to borrowings in dollars),
  - the fair value effects of loans hedged by derivatives: €2,522M;
- outstanding borrowings from the French Treasury were stable over the period, amounting to €841M.

Other liabilities include the following items:

- hedging instruments and collateral amounted to €4,902M at the end of 2023 compared to €6,230M at the end of 2022, mainly due to the decrease in the fair value of derivatives recognised in liabilities;
- accruals and other liabilities amounted to €2,391M at the end of 2023 compared to €2,316M at the end of 2022, *i.e.* an increase of €68M;
- provisions amounted to €1,720M compared to €1,441M in 2022. This increase was mainly explained by the €290M change in the level of the reserve account and the €34M decrease in employee benefits.

The contribution of the Group's various companies to its net position excluding non-controlling interests is as follows:

In millions of euros **Net position**	**2023**	2022	Change
AFD	8,585	8,153	432
Proparco	454	479	-26
Socredo	122	117	4
Soderag	-120	-120	0
Other subsidiaries	-50	-38	-11
GROUP TOTAL	**8,990**	**8,591**	**399**

"Regulatory" equity [1] amounted to €9,672M at 31 December 2023 compared to €9,271M at the end of 2022. Tier 1 capital amounted to €8,831M in 2023 (€8,431M in 2022), and Tier 2 capital amounted to €841M (€840M in 2022).

The **dividend paid** by AFD to the French State amounted to €73M in 2023, compared to €48M in 2022 and €21M in 2021 (payout rate stable at 20%).

Non-controlling interests (share of equity) are down amounting to €165M at 31 December 2023, compared with €173M at the end of 2022.

In accordance with Article L.441-6 of the French Commercial Code, the due dates of the trade payables at 31 December 2023 are shown below:

	31/12/2023					31/12/20222				
	Unmatured debt					Unmatured debt				
In millions of euros	0-30 days	31-60 days	61 days and over	Matured debt	Total	0-30 days	31-60 days	61 days and over	Matured debt	Total
Trade payables	3.6	2.2	0	3.0	8.8	0.9	1.5	0	1.5	3.9

5.3.2 Consolidated income statement

In millions of euros	2023	2022	Change
NET BANKING INCOME	**974**	**1,078**	**-104**
Overheads	577	545	33
• salary and employee benefit expenses	403	384	19
• Taxes and other general expenses	174	161	13
Provisions for depreciation/amortisation on property, plant and equipment and intangible assets	51	47	3
Total general expenses	**628**	**592**	**36**
GROSS OPERATING INCOME	**346**	**485**	**-139**
Cost of risk	34	-18	52
• Collective impairment	97	2	94
• Individual impairment	-25	12	-37
• Losses on bad loans	-39	-31	-7
• Other provisions	2	-1	3
OPERATING INCOME	**380**	**468**	**-87**
Share of earnings from companies accounted for by the equity method	2	15	- 14
PRE-TAX INCOME	**382**	**486**	**-104**
Income tax	-12	-5	-7
NET INCOME	**370**	**481**	**-111**
Non-controlling interests	1	-25	26
NET INCOME – GROUP SHARE	**371**	**456**	**-85**

1) *Capital is established in accordance with Directive 2013/36/EU and EU Regulation No. 575/2013.*

Net banking income

Net banking income amounted to €974M, down €104M compared to 2022 due to the combined effect of the following items:

In millions of euros **Net Banking Income (NBI)**	**2023**	2022	Change
Net interest margin	752	740	12
Commissions	141	150	-9
Income from securities	25	34	-9
Equity investments and other securities	-34	153	-188
Hedge accounting	52	-63	155
Other financial income and expenses	39	64	-25
GROUP TOTAL	**974**	**1,078**	**-104**

The change in net banking income was mainly due to:

- the increase in the **net interest margin (+€12M)**, linked to the 7% rise in average outstandings over the period;
- the **decrease in income on financial instruments** (equity investments, other securities and hedge accounting) at fair value net of the foreign exchange impact (-€73M) due notably to the decrease in the valuation of the equity investment portfolio (-€34M) after a very marked increase in 2022.

The contribution of the Group's various companies to its net banking income (NBI) is as follows:

In millions of euros **Net Banking Income (NBI)**	**2023**	2022	Change
AFD	826	860	-34
Proparco	178	160	17
Expertise France	47	40	7
Fisea	-3	- 6	3
Other entities	3	7	-4
IFRS entries	76	-17	92
GROUP TOTAL	**974**	**1,078**	**-104**

Gross operating income

Gross operating income totalled €346M in 2023 *versus* €485M in 2022. This €139M decrease is linked to the reduction in NBI (-€104M), as well as to the +€36M change in non-banking operating expenses.

General expenses amounted to €628M, up +€36M at the end of 2023. Proportionally, this change was related:

- for 54% of it, to the increase in payroll (+€19M);
- for 37% of it, to the increase in external expenses (+€13M);
- for 9% of it, to the increase in depreciation and amortisation (+€3M).

Cost of risk

The cost of risk changed significantly in comparison with the previous financial year. It represented €34M in income compared with an expense of -€18M in 2022 (see Paragraph 6), and breaks down as follows:

In millions of euros Cost of risk	2023	2022
Impairment on performing and sensitive loan outstandings	97	2
Impairment of non-performing loans net of write-offs	-64	-19
Other subsidiaries	2	-1
GROUP TOTAL	**34**	**-18**
of which AFD	78	43
of which Proparco	-20	-53
of which other subsidiaries	-1	-6
of which transition to IFRS	-23	-2

The cost of risk for the financial year is mainly due to:

- individual impairments net of provisions for losses of -€64M, notably under the effect of new downgrades in the Palestinian Autonomous Territories or on companies mainly in Africa, of renewable energy projects in Honduras and of unregulated financial institutions in Latin America;
- impairments on performing and sensitive loans of +€97M, notably in relation to the update of the IFRS parameters for + €53M as well as the +€35M change in outstandings within the portfolio, and the +€45M reversal of the cyclical provision partially offset by the introduction of the forward-looking system in the model for calculating collective provisions in the amount of -€43M, taking into account the economic outlook of the countries of operation in accordance with IFRS 9.

Operating income

Operating income decreased by -€87M over the financial year to €380M, compared to €468M in 2022. This decrease mainly related to decrease in net banking income (€974M vs. €1,078M in 2022) due to the volatility of financial instruments at fair value.

Pre-tax income

The share of equity-accounted companies [1] (-€14M) was a net decrease compared to the previous financial year, mainly due to exceptional results in 2022.

Pre-tax income thus amounted to €382M in 2023 (compared to €486M in 2022).

Net income

Taking into account income tax (€12M) and interest from the minority shareholders of Proparco and Sogefom (€1M), income (Group share) amounted to €371M at the end of 2023 (compared to €456M in 2022).

1) *Corresponding to the share of net income of equity-accounted companies in the Group's consolidated financial statements.*

6
CHAPTER

Consolidated financial statements in accordance with IFRS accounting standards adopted by the European Union

6.1 Consolidated financial statements

6.1.1 Overview

Agence Française de Développement (AFD) is an industrial and commercial public undertaking tasked with financing development assistance, recorded at the Registry in Paris on 17 July 1998. AFD's share capital amounts to €4,568M.

Registered office: 5, rue Roland-Barthes – 75598 Paris Cedex 12 – France.

Listed on the Paris Trade and Companies Register under number 775 665 599.

The Group's consolidated financial statements at 31 December 2023 were approved by the Chief Executive Officer on 26 March 2024.

These consolidated financial statements are presented in thousands of euros.

6.1.2 Balance sheet at 31 December 2023

Assets

In thousands of euros	Notes	31/12/2023	31/12/2022	Change
Cash, due from central banks		2,497,287	1,010,283	1,487,005
Financial assets at fair value through profit or loss	1	4,526,700	3,602,749	923,951
Hedging derivatives	2	2,953,426	3,471,842	-518,416
Financial assets at fair value through other comprehensive income	3	1,589,600	1,584,332	5,268
Debt securities at amortised cost	5	2,975,130	1,680,717	1,294,413
Financial assets at amortised cost		50,302,149	47,028,898	3,273,251
Loans and receivables due from credit institutions and equivalent at amortised cost	5	11,353,311	11,491,039	-137,727
On-demand		*432,702*	*1,429,551*	*-996,849*
At maturity		*10,920,610*	*10,061,488*	*859,122*
Loans and receivables due from customers at amortised cost	5	38,948,838	35,537,860	3,410,978
Other loans to customers		*38,948,838*	*35,537,860*	*3,410,978*
Revaluation differences on interest rate-hedged portfolio		27,041		27,041
Current tax assets		41	193	-152
Deferred tax assets		26,181	34,596	-8,415
Accruals and other miscellaneous assets	7	3,700,157	4,800,781	-1,100,624
Accruals		*126,588*	*65,166*	*61,422*
Other assets		*3,573,569*	*4,735,615*	*-1,162,046*
Equity stakes in companies accounted for by the equity method	20	162,611	162,069	542
Property, plant and equipment	8	634,962	542,794	92,169
Intangible assets	8	133,449	93,407	40,042
TOTAL ASSETS		**69,528,734**	**64,012,660**	**5,516,074**

Liabilities

In thousands of euros	Notes	31/12/2023	31/12/2022	Change
Financial liabilities at fair value through profit or loss	1	232,307	454,138	-221,831
Hedging derivatives	2	4,389,326	5,629,463	-1,240,138
Financial liabilities at amortised cost		50,542,464	44,437,791	6,104,673
Debt securities in issue at amortised cost	9	50,520,411	44,420,512	6,099,899
Interbank market securities		*2,158,290*	*1,988,682*	*169,608*
Bonds		*48,362,121*	*42,431,831*	*5,930,290*
Debts to credit institutions and equivalent at amortised cost	9	20,319	14,524	5,795
On-demand		*18,279*	*12,626*	*5,653*
At maturity		*2,040*	*1,898*	*142*
Debts to customers at amortised cost	9	1,734	2,755	-1,021
Revaluation differences on interest rate-hedged portfolio		-	298	-298
Current tax liabilities		4,207	5,412	-1,204
Deferred tax liabilities		10,656	13,147	-2,491
Accruals and other miscellaneous liabilities	7	2,625,619	2,426,201	199,419
Allocated public funds		*75,075*	*73,898*	*1,177*
Other liabilities		*2,550,544*	*2,352,302*	*198,242*
Provisions	10	1,727,352	1,440,951	286,401
Subordinated debt	11	841,617	840,622	995
TOTAL DEBTS		**60,373,547**	**55,248,022**	**5,125,526**
Equity Group share	(Tab 1)	8,990,281	8,591,319	398,962
Provisions and related retained earnings		5,027,999	4,877,999	150,000
Consolidated retained earnings and other		3,476,966	3,095,831	381,135
Gains and losses recognised in other comprehensive income		114,044	161,246	-47,201
Earnings for the period		371,271	456,243	-84,972
Non-controlling interests	(Tab 1)	164,905	173,319	- 8,414
TOTAL EQUITY		**9,155,186**	**8,764,638**	**390,548**
TOTAL LIABILITIES		**69,528,734**	**64,012,660**	**5,516,074**

6.1.3 Income statement at 31 December 2023

In thousands of euros	Notes	31/12/2023	31/12/2022	Change
Interest and related income	**13**	**3,718,124**	**1,860,354**	**1,857,770**
Transactions with credit institutions		1,796,333	548,287	1,248,046
Transactions with customers		958,655	796,017	162,639
Bonds and other fixed-income securities		145,056	36,740	108,315
Other interest and related income		818,080	479,310	338,770
Interest and related expenses	**13**	**3,615,710**	**1,389,447**	**2,226,263**
Transactions with credit institutions		998,075	745,078	252,997
Transactions with customers		1,118	686	432
Bonds and other fixed-income securities		862,669	516,375	346,295
Other interest and similar expenses		1,753,847	127,308	1,626,539
Commissions (income)	**14**	**154,035**	**157,786**	**-3,752**
Commissions (expenses)	**14**	**11,483**	**4,954**	**6,529**
Net gains or losses on financial instruments at fair value through profit or loss, net of foreign currency impact	**15**	**107,445**	**113,902**	**-6,458**
Net gains or losses on financial assets recognised at fair value through other comprehensive income	**16**	**15,872**	**15,645**	**227**
Income from other activities	**17**	**1,018,467**	**663,456**	**355,010**
Expenses on other activities	**17**	**412,608**	**339,053**	**73,555**
Net banking income		**974,141**	**1,077,690**	**-103,549**
Overheads	**18**	**577,440**	**544,838**	**32,602**
Salary and employee benefit expenses		403,182	383,773	19,409
Other administrative expenses		174,259	161,066	13,193
Provisions for amortisation of intangible assets and depreciation of property, plant and equipment	**8**	**50,525**	**47,426**	**3,099**
Gross operating income		**346,175**	**485,425**	**-139,250**
Cost of credit risk	**19**	**34,182**	**-17,745**	**51,927**
Operating income		**380,357**	**467,680**	**-87,323**
Share of earnings from companies accounted for by the equity method	**20**	**1,681**	**15,409**	**-13,728**
Net gains or losses on other assets		**95**	**-**	**95**
Changes in the value of goodwill		**-**	**2,797**	**-2,797**
Pre-tax income		**382,134**	**485,885**	**-103,752**
Corporate income tax	**21**	**-11,942**	**-4,758**	**-7,185**
NET INCOME		**370,191**	**481,128**	**-110,936**
Non-controlling interests		**-1,080**	**24,885**	**-25,965**
NET INCOME – GROUP SHARE		**371,271**	**456,243**	**-84,972**

6.1.4 Net income, gains and losses recognised directly as equity at 31 December 2023

In thousands of euros	31/12/2023	31/12/2022
Net income	**370,191**	**481,128**
Net gains and losses directly recognised directly in other comprehensive income to be recycled in profit or loss	**-1,171**	**1,506**
Net gains or losses on debt instruments recognised in other comprehensive income to be recycled in profit or loss that may be recycled	-1,171	1,506
Net gains and losses directly recognised directly in other comprehensive income not to be recycled in profit or loss	**- 55,144**	**94,791**
Actuarial gains and losses on retirement benefits	-24,786	62,635
Net gains and losses on equity instruments recognised in other comprehensive income not to be recyclable in profit or loss	- 30,358	32,156
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME	**-56,315**	**96,297**
Net income and gains and losses recognised directly in other comprehensive income	**313,876**	**577,424**
of which Group share	324,070	548,909
of which non-controlling interests	-10,194	28,515

6.1.5 Statement of changes in equity from 1 January 2022 to 31 December 2023

In thousands of euros	Provisions	Funding reserves	Consolidated reserves	Income for the financial year	Unrealised or deferred gains or losses	Equity Group share	Equity – non-controlling interests	Total consolidated equity
EQUITY AT 1 JANUARY 2022	**4,227,999**	**460,000**	**2,822,844**	**297,822**	**68,579**	**7,877,243**	**181,356**	**8,058,600**
Share of 2021 income allocated to retained earnings	-	-	297,822	-297,822	-	-	-	-
Dividends paid	-	-	-47,950	-	-	-47,950	-5,243	-53,193
Other changes	-	-	-522	-	-	-522	-21	-543
Changes related to put options	-	-	21,602	-	-	21,602	-11,098	10,504
AFD capital increase	190,000	-	2,036	-	-	192,036	-20,190	171,846
2022 net income	-	-	-	456,243	-	456,243	24,885	481,128
Gains and losses recognised directly in other comprehensive income in 2022	-	-	-	-	92,666	92,666	3,631	96,297
EQUITY AT 31 DECEMBER 2022	**4,417,999**	**460,000**	**3,095,831**	**456,243**	**161,245**	**8,591,319**	**173,319**	**8,764,638**
Share of 2022 income allocated to retained earnings	-	-	456,243	-456,243	-	-	-	-
Dividends paid	-	-	-72,534	-	-	-72,534	-	-72,534
Other changes	-	-	-970	-	-	-970	-272	-1,242
Changes related to put options	-	-	-4,234	-	-	-4,234	-4,249	- 8,483
AFD capital increase	150,000	-	2,630	-	-	152,630	6,302	158,932
2023 net income	-	-	-	371,271	-	371,271	-1,080	370,191
Gains and losses recognised directly in other comprehensive income in 2023	-	-	-	-	-47,201	-47,201	-9,114	-56,315
EQUITY AT 31 DECEMBER 2023	**4,567,999**	**460,000**	**3,476,966**	**371,271**	**114,044**	**8,990,281**	**164,905**	**9,155,186**

6.1.6 Cash flow statement at 31 December 2023

In thousands of euros	31/12/2023	31/12/2022
PRE-TAX INCOME (A)	**382,134**	**485,885**
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	35,828	30,701
Net depreciation/amortisation provisions on fixed assets related to the application of IFRS 16	14,807	15,531
Provisions net of other provisions (including technical insurance provisions)	90,416	70,407
Share of earnings from companies accounted for by the equity method	-1,681	-15,409
Net loss/(net gain) on investment activities	-62,457	-3,356
Net loss/(net gain) on financing activities	47,221	48,396
Other items	-98,937	359,287
TOTAL NON-CASH ITEMS INCLUDED IN NET PRE-TAX INCOME AND OTHER ITEMS (B)	**25,197**	**505,557**
Cash received from credit institutions and equivalent	-864,406	-1,208,300
Cash received from customers	-2,312,814	-3,215,550
Cash flows from other operations affecting other financial assets or liabilities	-1,936,370	-1,026,312
Cash flows from operations affecting non-financial assets or liabilities	1,337,913	-3,476,617
Taxes paid	-4,756	-5,489
= NET INCREASE (DECREASE) IN CASH-RELATED ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES (C)	**-3,780,434**	**-8,932,268**
Net cash flows from operating activities (A + B + C)	**-3,373,103**	**-7,940,825**
Cash flows from financial assets and equity investments (1)	-274,531	-292,732
Cash flows from property, plant and equipment and intangible assets	-182,878	-378,421
Net cash flows from investment activities	**-457,409**	**-671,153**
Cash flows related to the application of IFRS 16	-12,725	-14,690
Cash flows from shareholders (2)	671,108	240,000
Cash flows to shareholders (3)	-72,534	-53,822
Other net cash flows from financing activities (4)	3,730,185	6,464,676
Net cash flows from financing activities	**4,316,035**	**6,636,164**
Net increase/(decrease) in cash and cash equivalents	**485,523**	**-1,975,814**
Opening balance of cash and cash equivalents	**2,424,453**	**4,400,266**
Net balance of cash accounts and accounts with central banks (5)	1,010,283	2,085,492
Net balance of on-demand loans and deposits from credit institutions and customers (6)	1,414,170	2,314,774
Ending balance of cash and cash equivalents	**2,909,976**	**2,424,453**
Net balance of cash accounts and accounts with central banks	2,497,287	1,010,283
Net balance of on-demand loans and deposits from credit institutions and customers	412,689	1,414,170
Change in cash and cash equivalents	**485,523**	**-1,975,814**

(1) Cash flows from financial assets and equity investments mainly come from the equity investment activity of the Proparco subsidiary and correspond to the flows during the period between acquisitions, disposals and fund raising.
(2) Cash flows from shareholders correspond to RCS issues.
(3) Cash flows to shareholders correspond to the dividends paid by AFD to the French State and to non-controlling shareholders by the Proparco subsidiary.
(4) Other net cash flows from financing activities correspond to market borrowings carried out by AFD to meet the growth in its operating activity.
(5) Composed of the net balance of "Cash accounts and accounts with central banks" as it appears in the Group's consolidated balance sheet.
(6) Net balance of "On-demand receivables and payables from/to credit institutions".

6.2 Notes to the consolidated financial statements

6.2.1 Significant events at 31 December 2023

6.2.1.1 Financing of the activity

To finance the growth of its own activity, in 2023, AFD issued six public bonds and four private placements, as well as one tap issue, for a total volume of €8.0bn.

6.2.1.2 Appropriation of income for the 2022 financial year

Pursuant to Article 79 of the 2001 amending Finance Bill No. 2001-1276 of 28 December 2001, the amount of the dividend paid by AFD to the French State is set by ministerial decree.

The Board of Directors approved the 2022 financial statements on 20 April 2023.

The French Minister of the Economy and Finance set the 2022 dividend to be paid by AFD to the State. It amounted to €73M, *i.e.* 20% of AFD's corporate income (€363M at 31 December 2022), and was paid out after publication in the Official Journal.

This proposal was rendered enforceable by order of the Minister of the Economy and Finance and the Minister of Public Action and Accounts, published on 26 May 2023.

The balance of income after payment of the dividend, *i.e.* €290M, was allocated to reserves.

6.2.1.3 AFD capital increase by conversion of special condition resource

On 8 June 2023, AFD signed an agreement with the French State authorising an increase in AFD's capital of €150M, in order to strengthen the Agency's equity.

This capital increase was carried out by the disbursement by the French State of a capital allocation of €150M in the first half of 2023, then by the early repayment to the French State of the resource with special conditions (RCS) in the books of AFD for the second half of 2023, for €150M, in accordance with the order of 9 May 2023 published in the Official Journal.

Thus, AFD's initial allocation, which was €4,418M at the end of 2022, stood at €4,568M at 31 December 2023.

6.2.1.4 Proparco shareholders

On 30 June 2023, Proparco's Board of Directors (making use of the delegation of the Extraordinary General Meeting of 10 May 2023) decided to increase Proparco's share capital by creating ordinary shares for an amount of €498M including issue premiums.

Following this capital increase, AFD, which subscribed for its own shares and those not subscribed for by certain minority shareholders, held 84.79% of its subsidiary's shares at 31 December 2023, compared with 79.76% at 31 December 2022.

Proparco's share capital was thus increased from €984M to €1,353M.

This operation came into force after the ministerial decree dated 27 September 2023.

6.2.1.5 Fisea capital increase

On 17 October 2023, Fisea carried out a €23M capital increase by creating ordinary shares fully subscribed by AFD and fully paid up over the period.

Fisea's capital, 100% owned by AFD, was thus increased to €350M from €327M.

6.2.1.6 Situation in the Middle East – Palestinian Autonomous Territories

Beyond the human aspect, the Palestinian territories have been very severely affected economically, with a drop in GDP of more than 4% already recorded in the first month of the conflict, particularly in the Gaza zone, which accounts for around 20% of national GDP, but also more widely in the West Bank, with a drop in commercial activities and tourism, the absence of customs duties on cross-border activities (collected by Israel and normally passed on to the Palestinian Authority, where they account for more than half of revenues), unemployment among Palestinians working in Israel and the freezing of civil servants' salaries.

The AFD Group's exposure to the Palestinian Autonomous Territories represents a limited exposure of €90M at the end of December, including €32M in off-balance sheet exposure.

AFD does not bear any credit risk on the French State itself, as all exposures relate to the private sector, in loans (€59M including €11M that remains to be paid) and guarantees on SMEs (€21M), as well as through a €10M equity investment. All significant direct exposures were downgraded and provisioned on an individual basis except for one systemic counterparty for the country, which honoured its deadlines for the year.

This portfolio is closely and regularly monitored. To date, no significant contagion risk in the sub-region has been identified.

6.2.1.7 Situation in Niger

The Ministry for Europe and Foreign Affairs announced that it was suspending all its development aid and budget support actions in Niger after the military coup of 26 July 2023.

At 31 December 2023, the AFD Group had a balance sheet exposure to Niger of €209M (including €11M at Proparco level for two counterparties downgraded as doubtful and provisioned individually, including one doubtful counterparty and provisioned individually prior to this announcement) and an off-balance sheet exposure of €200M.

The vast majority of exposures are sovereign and covered by the reserve account mechanism.

6.2.1.8 Tax audit

The tax authorities subjected Proparco to an audit of all its tax returns for the period from 1 January 2018 to 31 December 2020. The amount of the tax reassessment notice of 4 September 2023 was €6M. The provision recorded in this respect in the financial statements at 31 December 2022 for an amount of €7M was reversed in full in the third quarter of 2023 following the payment of the reassessment notice.

6.2.2 Accounting standards applied to Agence Française de Développement

6.2.2.1 Application of accounting standards adopted by the European Union

The financial statements given in this document include the summary financial statements and the notes to the financial statements. They are presented according to recommendation No. 2022-01 of 8 April 2022 on the format of consolidated financial statements of banking sector institutions prepared in accordance with international accounting standards.

The consolidated financial statements of AFD Group at 31 December 2023 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting standards used in the preparation of AFD's financial statements at 31 December 2023 are described in Section 6.2.3.1.2.

6.2.2.2 IASB and IFRIC texts adopted by the European Union and applied at 1 January 2023

The standards and interpretations used in the financial statements at 31 December 2023 were supplemented by the provisions of IFRS as adopted by the European Union and with mandatory application for the first time during this period. They relate to:

Standards applicable for the current financial year	Provisional date of application
Amendments to IFRS 17 and IFRS 9 – IFRS 17 "Insurance Contracts"	1 January 2023
Amendments to IAS 1 "Accounting policy disclosures"	1 January 2023
Amendments to IAS 8 "Definition of an accounting estimate"	1 January 2023
Amendments to IAS 12 "Income Taxes – Deferred taxes relating to assets and liabilities arising from the same transaction"	1 January 2023

Unless otherwise stated, when application of the standards and interpretations adopted by the European Union is optional for a period, AFD Group does not take up the option.

The AFD Group does not carry out any activities in the insurance sector. Consequently, IFRS 17 has no impact on the Group's consolidated financial statements.

Amendments to IAS 39 – IFRS 9 and IFRS 7 "Changes in criteria for hedge accounting requirements"

The index transition project began in early 2019 under the responsibility of the Finance Department with the participation of all relevant departments (Operations, Legal, Risk, Information Systems and Communication) at AFD Group. Working groups with central banks and authorities as well as a customer communication plan were initiated. At the same time, AFD Group regularly monitored the proposals and recommendations of market players.

All our new agreements have included fallback provisions since early 2020.

The work related to operational and systems impacts was carried out in 2021 as part of the "information transformation" programme of the Group's Finance Department and Risk Department.

Work on the transition in 2022 focused on the transition of the stock of loans and derivatives.

Reminder of key dates and events:

The FCA (Financial Conduct Authority) announced the end dates of the LIBORs on 30 November 2020:

- 31 December 2021 for all maturities of GBP, JPY, CHF, EUR LIBOR and for USD LIBOR 1W and 2M (one week and two months);
- 30 June 2023 for other maturities of USD LIBOR (1M, 3M, 6M and 12M).

The FCA, the UK Financial Conduct Authority, formally prohibited the use of USD LIBOR from 1 January 2022 for new loan agreements.

Following the FCA announcement of the end of the USD LIBOR publication in June 2023, the ARRC, Alternative Reference Rates Committee, in charge of identifying a replacement rate for USD LIBOR, has:

- formally recommended the CME Term SOFR as the replacement rate for the USD LIBOR for bilateral and syndicated loans;
- formally recommended the use of the SOFR Compound for derivatives, with the option of using Term SOFR to hedge Term SOFR loans.

In line with the recommendations of the ARRC, the AFD Group offered its customers a migration to Term SOFR for bilateral loans and syndicated loans in inventory.

With a few rare exceptions concerning loans in syndication, the entire stock of loans has migrated to Term SOFR for all maturities after 30 June 2023.

For the stock of derivatives, the transition of part of the stock was carried out by the ISDA Protocol in Term SOFR (32%), and part was restructured into Compound SOFR (68%).

In line with the official recommendations, the new agreements in USD will be proposed on the basis of the CME Term SOFR rate.

In September 2019, the IASB introduced amendments to IAS 39 – IFRS 9 and IFRS 7 for the first phase of the IBOR reform, which changes the requirements of the criteria for using hedge accounting by allowing the continuation of hedging relationships existing before the effective implementation of that reform. These amendments were adopted by the European Commission on 15 January 2020 with mandatory application for the 2020 financial statements.

In August 2020, the IASB published “Phase 2” amendments, clarifying that amendments related solely to changes in interest rates as part of the reform must not lead to an interruption in hedging relationships. In addition, the data were surveyed and analysed. It was found that the rates AFD Group is largely exposed to in its hedging relationships are EONIA, EURIBOR and LIBOR.

Conversely, the “Phase 2” amendments are applicable once the contractual terms of the hedged instruments or hedging instruments have been amended, and the terms and date of transition to the new benchmark interest rates have been clearly stipulated.

These amendments have been applied by the Group since 31 December 2020, which allows it to maintain its existing hedging relationships, which have been amended due to the transition to the new benchmark rates (transition from the EONIA discount rate to €STR).

The transition from USD LIBOR to Term SOFR had no significant impact on the Group’s financial statements at 31 December 2023.

The other standards and interpretations applicable at 1 January 2023 had no significant impact on the Group’s financial statements at 31 December 2023.

6.2.2.3 IASB and IFRIC texts adopted by the European Union or in the process of being adopted, but not yet applicable

In addition, the IASB has published standards and amendments, not all of which have been adopted by the European Union as at 31 December 2023. They will come into force on a mandatory basis for financial years beginning on or after 1 January 2024 at the earliest, or their adoption by the European Union. They were therefore not applied by the Group as at 31 December 2023.

Standards applicable to future financial years	Provisional date of application
Amendments to IFRS 16 “Leases – Sale-leaseback obligations”	1 January 2024
Amendments to IAS 1 “Classification of liabilities as current or non-current”	1 January 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	1 January 2024
Amendments to IAS 12 "International Tax Reform – Pillar II OECD Model Rules"	1 January 2024

6.2.3 Principles for the preparation of the consolidated financial statements of AFD Group at 31 December 2023

6.2.3.1 Consolidation scope and methods

6.2.3.1.1 Scope of consolidation

Agence Française de Développement's consolidated financial statements cover all fully-controlled enterprises, joint ventures and companies on which the Institution exerts a significant influence.

The following are not included in the consolidation scope:

- companies of no real significance;
- foreign companies in which AFD holds a minority interest and does not exercise significant influence due to the companies being either fully or partially state-owned.

Significant assumptions and judgments applied to determine the consolidation scope in accordance with IFRS 10-11-12

The elements used to draw a conclusion on whether AFD exercises control or influence over the entities in which it invests are many. Accordingly, the Group determines its ability to exercise influence over the management of another entity by taking due consideration of the entity’s structure, shareholders, arrangements and the participation of AFD and its subsidiaries in decision-making bodies.

Moreover, materiality with regard to Group accounts is also subject to analysis.

The list of companies in which AFD or Proparco directly or indirectly holds an equity investment that exceeds 20% of the company's share capital is presented below.

In thousands of euros	Localisation	% control 2022	% interest 2022	% control 2023	% interest 2023	Balance sheet total (1)	Total net income	Contribution to net income (2)
AFD						68,021,363		378,039
Fully consolidated companies								
Soderag	Antilles	100.00	100.00	100.00	100.00	7,348		25
Proparco	Paris	79.76	79.76	84.79	84.79	8,275,145		3,841
Expertise France	Paris	100.00	100.00	100.00	100.00	909,172		2,848
Sogefom – AFD share	Paris	58.69	60.00	58.69	60.00	46,840		14
Sogefom – Socredo share	Paris	1.31	-	1.31	-	-		-
Fisea	Paris	100.00	100.00	100.00	100.00	321,894		-6,688
Companies accounted for by the equity method								
• *Non-financial entities*								
Société immobilière de Nouvelle-Calédonie	New Caledonia	50,00	50,00	50.00	50.00	40,009		-3,392
• *Financial entities*								
Banque Socredo	Polynesia	35.00	35.00	35.00	35.00	121,507		5,073
Other non-consolidated investments								
• *Foreign state-owned or partially state-owned entities*								
Banque nationale de Développement Agricole	Mali	22.67	22.67	22.67	22.67	1,184,480	17,981	
Banque de Développement des Seychelles	Seychelles	20.41	20.41	20.41	20.41	64,850	995	
• *Stakes held by Proparco in entities abroad*								
AFRICAN EDUCATION HOLDINGS	Multi-country	33.33	33.33	-	-	-	-	
AIF PHARMA LUX	Morocco	40.39	40.39	40.00	40.00	25,238	86	
ACON ALAOF V	Multi-country	29.04	29.04	29.04	29.04	15,164	-1,674	
ACON LATIN AMERICA OPPORTUNITIES FUND A LP	Multi-country	20.00	20.00	20.00	20.00	50,912	5,074	
Amethis Milling SPV	Mozambique	26.32	26.32	26.32	26.32	97,622	-6,648	
Bredev SAS	Brazil	100.00	100.00	100.00	100.00	11,988	-	
BROMPTON HOLDCO LTD	Kenya	48.50	48.50	48.50	48.50	239	119,821	
AVERROES FINANCE II	Multi-country	50.00	50.00	50.00	50.00	17,641	-360	
AVERROES FINANCE III	Multi-country	50.00	50.00	50.00	50.00	60,305	-561	
AVERROES AFRICA	Multi-country	27.27	27.27	27.27	27.27	5,317	-581	
CENTRAL AFRICA GROWTH SICAR	Multi-country	23.41	23.41	23.41	23.41	6,031	6,894	
Digital Africa SAS	Multi-country	100.00	100.00	100.00	100.00	8,342	13	
EuroPro Holding SAL	Egypt	35.29	35.29	35.29	35.29	134	1,041	
Ilera Holdings	Morocco	31.68	31.68	31.68	31.68	80	-2	

In thousands of euros	Localisation	% control 2022	% interest 2022	% control 2023	% interest 2023	Balance sheet total (1)	Total net income	Contribution to net income (2)
GEF Latam Climate Solutions Fund III, LP	Brazil	20.16	20.16	20.16	20.16	42,379	-1,339	
IT Holding	Egypt	23.87	23.87	23.87	23.87	16,519	94	
Mambo Retail Ltd	Kenya	20.70	20.70	20.70	20.70	177,759	3,603	
Meridiam Infrastructure Africa Parallel Fund II SLP	Multi-country	25.00	25.00	25.00	25.00	18,571	-4,986	
MEKONG SOLAR ASSET Management PTE.LTD	Thailand	31.77	31.77	31.77	31.77	56,990	1,281	
Metier AMN Partnership LP	Multi-country	22.25	22.25	22.25	22.25	41,354	4,053	
OCSADEN INVESTMENT LIMITED	Morocco	25.30	25.30	25.30	25.30	57,711	18,061	
SEAF INDIA AGRIBUSINESS INTERNATIONAL FUND	India	33.36	33.36	33.36	33.36	1,892	-85	
TUNISIA SICAR	Tunisia	20.00	20.00	-	-	NA	NA	
TLG Finance SAS	Multi-country	22.84	22.84	22.84	22.84	3,658	-865	
Tiba Education Holding BV	Egypt	100.00	100.00	100.00	100.00	4,121	-4,240	
Vinci Climate Fund	Brazil	-	-	35.62	35.62	NA	NA	
Africa Telecom Infrastructure Services	Multi-country	-	-	21.25	21.25	NA	NA	
Elgon Healthcare Ltd	Kenya	-	-	29.80	29.80	NA	NA	
FE II Delta 1 K/S	Sierra Leone	-	-	20.83	20.83	NA	NA	
Africinvest III SPV I	Kenya	21.82	21.82	21.82	21.82	54,320	587	
ASHMORE ANDEAN FUND III, LP	Colombia	55.56	55.56	55.56	55.56	214	-749	
Holdco Solarise Africa Ltd	Multi-country	74.12	74.12	22.45	22.45	18,560	-2,198	
Solar X LTD	Mali	-	-	44.44	44.44	5,617	-1,492	
MC III Scan	Multi-country	-	-	31.75	31.75	76,997	-30,803	
Divercity Urban Property Fund Proprietary Limited	South Africa	-	-	21.65	21.65	138,255	388	
• *French companies with an immaterial balance sheet total*								
Retiro Participations – Proparco share	Paris	100.00	100.00	100.00	100.00	NA	NA	
• *Stakes held by Fisea in entities abroad*								
AB Bank Zambia Limited	Zambia	22.50	22.50	22.50	22.50	18,601	-53	
Catalyst Mattress Africa	Multi-country	20.97	20.97	20.90	20.90	13,421	-11,843	
Chain Hotel Conakry	West Africa	23.17	23.17	23.17	23.17	27,033	-985	
Fefisol	Multi-country	20.00	20.00	20.00	20.00	28,949	163	
Metier Capital Growth International Fund II	Multi-country	28.91	28.91	28.91	28.91	40,707	7,367	
FEFISOL II	Multi-country	-	-	22.22	22.22	16,238	-214	
ASCENT DBH Ltd	Kenya	-	-	46.54	46.54	539,870	22,781	
SALT Equity 1 LP	Multi-country	-	-	22.86	22.86	-	-	
INCOME GROUP SHARE								**379,760**

(1) The balance sheet total indicated corresponds to the balance sheet total before restatement of intragroup entries.
(2) Before elimination of intra-group transactions.

Non-controlling interests

Non-controlling interests are immaterial with regard to the Group's financial statements, either separately or cumulatively.

	31/12/2023			31/12/2022		
In thousands of euros	% of control and vote held by non-controlling interests	Share of net income	Share of equity (including income)	% of control and vote held by non-controlling interests	Share of net income	Share of equity (including income)
Proparco	15.21%	-1,090	160,720	20.24%	25,131	169,277
Other subsidiaries		10	4,185		-247	4,042
TOTAL NON-CONTROLLING INTERESTS		**-1,080**	**164,905**		**24,885**	**173,319**
TOTAL GROUP SHARE		**371,271**	**8,990,281**		**456,243**	**8,591,319**

Interests in joint arrangements and associates have a negligible impact on the financial statements of AFD Group.

6.2.3.1.2 Consolidation principles and methods

The following consolidation methods are used:

Full consolidation

This method applies to subsidiaries over which AFD has exclusive control. Such exclusive control is determined by the power to govern the financial and operating policies of the subsidiary.

The Group controls an entity when the following three conditions are met:

i. the Group has power over the entity (ability to direct its relevant activities, *i.e.* those that have a significant impact on the entity's returns), through the holding of voting rights or other rights; and

ii. the Group is exposed or has rights to variable returns as a result of its ties with the entity; and

iii. the Group has the ability to exercise its power over the entity in such a way as to affect the amount of returns it obtains.

The consolidation method consists of incorporating all the financial statements item by item, with recognition of the rights of "minority shareholders". The same process is used for income statements.

The following five companies are consolidated:

- the Société de promotion et de participation pour la coopération économique (Proparco), created in 1977.

  Proparco's status change from a credit institution to a finance company became effective on 25 May 2016 on receipt of notification from the ECB.

  At 31 December 2023, the company's share capital totalled €1,353M and AFD's stake was 84.79%;
- the Société de développement régional Antilles-Guyane (Soderag), of which AFD took control in 1995 at the behest of the French State, was liquidated in 1998 after it lost its licence to operate as a credit institution.

  At 31 December 2023, the company's share capital amounted to €111.9M. It is 100% owned by AFD;
- Société de gestion des fonds de garantie d'outre-mer (Sogefom), whose shares AFD purchased, and which were held by the Institut d'émission d'Outre-mer (IEOM), on 12 August 2003, following the request from the Minister for the Economy, Finance and Industry and the Minister for French Overseas Departments and Collectivities.

  At 31 December 2023, the company's share capital amounted to €1.1M. It is 58.69% owned by AFD;
- the Fonds d'investissement et de soutien aux entreprises en Afrique (Fisea) was created in April 2009. This simplified joint stock company (*société anonyme par actions simplifiée*) with a share capital of €350.0M is wholly-owned by AFD. Fisea is managed by Proparco;
- Expertise France, of which AFD took control on 1 January 2022 following the publication of the AFD/Expertise France strategic merger for an extended group to serve France's development policy. This simplified joint stock company (société anonyme par actions simplifiée) with a share capital of €829K is wholly-owned by AFD.

6

Equity method

Companies over which AFD Group has significant influence are accounted for by the equity method. Significant influence means the power to participate in the financial and operating policy decisions of the subsidiary but without having control or joint control over them. It is usually evidenced by (i) representation on the executive or supervisory bodies, (ii) participation in policy-making processes, or (iii) material transactions between the companies. At 30 June 2023, this method was used for two companies in which AFD directly or indirectly holds an equity investment of between 20% and 50% and over which significant influence may be proven: la Société immobilière de Nouvelle Calédonie (SIC) and Socredo.

The consolidation method consists of measuring the equity investment by using the company's net position and calculating the share of its income restated for reciprocal transactions according to the equity investment held in its share capital.

Comments on other companies

AFD also has equity investments in a number of companies over whose management it has no significant influence. Through their equity investments, either directly or through investment funds, and through their lending activities, AFD Group subsidiaries aim to contribute to the economic and social development of disadvantaged regions. In no case will the acquisition of control of the entities be pursued. These companies are not consolidated, either globally or using the equity method, with regard to the normative analyses carried out by the Group on the notion of control and materiality. They are recorded under “Financial assets at fair value through profit or loss” or “Financial assets at fair value through other comprehensive income”.

6.2.3.1.3 Restatement of transactions

Balance sheet balances and transactions, income and expenses resulting from intra-group transactions are eliminated in the preparation of the consolidated financial statements from the date of acquisition of control. Gains arising from transactions with equity-accounted companies are eliminated by offsetting equity method investments to the extent of the Group’s interest in the entity. Losses are eliminated in the same manner but only when they do not represent an impairment loss.

6.2.3.1.4 Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 revised.

The consideration paid is determined at the fair value, on the acquisition date, of the assets delivered, the liabilities incurred and the equity instruments issued in exchange for control of the acquired company.

Any earnouts are included in the acquisition cost at their estimated fair value on the acquisition date and revalued at each closing date, with subsequent adjustments recorded in profit or loss if the earnout meets the definition of a debt instrument.

The identifiable assets, liabilities and contingent liabilities of acquired entities are recorded at their fair value on the acquisition date.

Contingent liabilities of the acquired entity are only recognised in the consolidated balance sheet if they are representative of a present obligation at the date of the business combination and their fair value can be reliably estimated.

The costs directly attributable to the business combination constitute a separate transaction and are recorded in profit or loss.

Goodwill corresponds to the difference between (i) the acquisition cost of the entity, non-controlling interests and the fair value of the share previously held, and (ii) the revalued net asset. If it is positive, it is recorded as an asset in the consolidated balance sheet under “Goodwill”; in the event of a negative difference, it is immediately taken to profit or loss.

As goodwill is not taxable, no deferred taxes calculation is made.

The analyses required for the initial assessment of these items and any amendments thereto can be made within a period of 12 months from the acquisition date.

Goodwill is recorded in the balance sheet at its historical cost in the reference currency of the acquired subsidiary and translated on the basis of the official exchange rate at the closing date.

It is regularly reviewed by the Group and tested for impairment at least once a year and whenever there is an indication of impairment.

When the recoverable value of the underlying asset, defined as the higher of the market value and the value in use of the entity concerned, is lower than its carrying amount, an irreversible impairment of goodwill is recorded in profit or loss.

The carrying amount of goodwill from associates is included in the equity-accounted value.

6.2.3.2 Accounting principles and methods

AFD’s consolidated financial statements are prepared using accounting policies applied consistently across all of the periods presented in the consolidated financial statements and applicable in line with the Group’s principles by entities consolidated by AFD.

The main valuation and presentation rules used in preparing Agence Française de Développement’s financial statements at 31 December 2023 are described below.

6.2.3.2.1 Translation of foreign currency transactions

The financial statements are denominated in euros, AFD’s functional currency.

Monetary assets and liabilities denominated in foreign currencies are converted into the Group’s accounting currency (euros) at the closing rates. Foreign exchange differences are recognised in the income statement.

Non-monetary assets and liabilities in foreign currencies may be recorded at historic cost or fair value. Non-monetary assets denominated in foreign currencies are, in the first case, converted at the exchange rate on the date of the initial transaction or, in the second case, at the rate applicable on the date on which fair value was determined. Foreign exchange differences relating to non-monetary assets denominated in foreign currencies and recognised at fair value are recognised in profit or loss when the asset is classified as "financial assets at fair value through profit or loss" and in other comprehensive income when the asset is classified as "financial assets at fair value through other comprehensive income".

6.2.3.2.2 Use of estimates

Some items recognised in the consolidated financial statements in accordance with the accounting policies and principles involve the use of estimates made on the basis of available information. These estimates are mainly used for the fair value measurement of financial instruments, impairments and provisions.

The use of estimates notably concerns:

- the assessment of losses expected at 12 months or maturity in application of the second section of IFRS 9;
- provisions recognised as balance sheet liabilities (provisions for employee benefits obligations, litigation, etc.);
- some financial instruments that are valued using complex mathematical models or by discounting probable future cash flows.

6.2.3.2.3 Financial instruments

IAS 32 defines a "financial instrument" as any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity.

Financial assets and liabilities are recognised in the financial statements in accordance with the provisions of IFRS 9 as adopted by the European Union.

Accordingly, financial assets are classified at amortised cost, at fair value through other comprehensive income or at fair value through profit and loss, depending on the contractual characteristics of the instruments and the business model at the time of initial recognition. Financial liabilities are classified at amortised cost or at fair value through profit and loss.

AFD Group continues to apply the provisions of IAS 39 on hedging while awaiting the future provisions on macro-hedges.

Financial assets

Classification and measurement of financial assets

Upon initial recognition, financial assets are measured at their fair value as defined in IFRS 13 and are classified in the Group's balance sheet in one of three categories (amortised cost, fair value through other comprehensive income or fair value through profit and loss), as defined in IFRS 9. Purchases/sales of financial assets are recognised at the completion date. The accounting classification defines the way in which the financial assets are subsequently measured.

This classification depends on the characteristics of their contractual flows and the way in which the entity manages its financial instruments (business model).

The contractual characteristics ("Solely Payments of Principal & Interests" or "SPPI" test)

Contractual cash flows which fall into the "Solely payments of principal & interests" category are likened to a basic loan agreement for which interest is paid essentially in consideration of the time value of the money and the credit risk.

The interest may also however contain consideration for other risks (liquidity risk, for example) and charges (admin charges, for instance) for holding the financial asset for a certain period. The interest may include a margin which is in keeping with a basic loan agreement.

However, when the contractual arrangements expose the contractual cash flows to risks or volatility which are not commensurate with a basic loan agreement, for example exposure to variations in the price of equities or goods, the contractual cash flows are not solely payments of principal and interests and the contract is therefore recognised at fair value through profit and loss.

The management model

The management model defines how the instruments used to generate cash flows are managed.

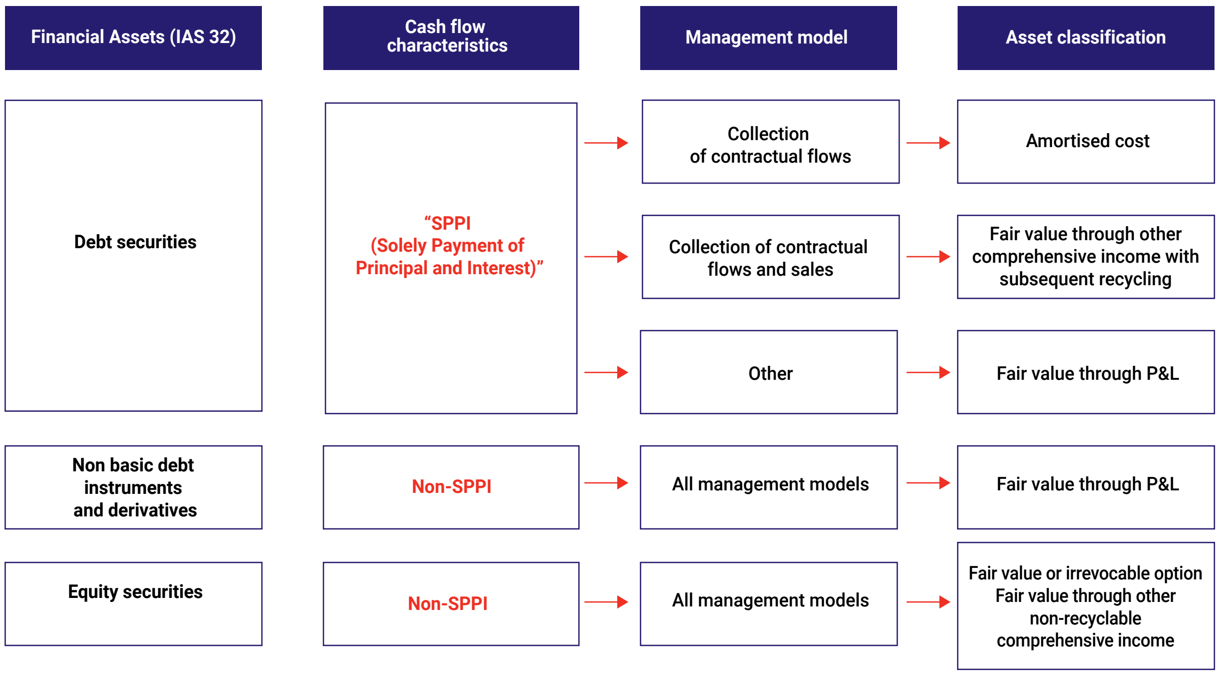
The management model is identified at portfolio level, and not instrument by instrument, primarily by analysing and observing:

- the performance reports submitted to the Group's management;
- the compensation policy for portfolio managers;
- completed and anticipated asset sales (size, frequency, etc.).

Based on the criteria observed, the three management models for the classification and measurement of financial assets are:

- the collection only model for contractual cash flows of financial assets;
- the model based on the collection of contractual cash flows and the sale of financial assets;
- and any other model, notably the transfer only model.

The recognition method for financial assets resulting from the analysis of the contractual clauses and the qualification of the management model is presented in the diagram below:



Debt securities at amortised cost

Debt instruments are classified at amortised cost if the following two criteria are met: the contractual cash flows only constitute payments of the principal and interest on the principal and the management model is qualified as collection only. This category of financial assets includes:

- Loans and receivables

Loans and receivables are initially booked at market value plus transaction costs. In general, this is the amount originally paid (including related loans). After initial recognition, loans and receivables are measured at amortised cost based on the effective interest rate.

In accordance with IFRS 9, loans and receivables are impaired upon initial recognition, on the basis of a collective provisioning. They may also be subject to individual impairment, if there is a default event occurring after the loan was put in place, which has an impact on the estimated future cash flows of the assets and thus, likely to generate a measurable loss. These impairments are determined by comparing discounted cash flows to carrying amount.

- Securities at amortised cost

This category includes debt securities whose contractual characteristics are SPPI and for which the management model is qualified as "collection".

They are recognised initially at market value plus transaction costs and then at amortised cost using the effective interest method, which includes the amortisation of premiums and discounts. Interest accrued on coupons that are not yet due are included at their balance sheet value under IFRS.

These financial assets are subject to impairment under the conditions described in the paragraph below "Impairment of financial assets at amortised cost and at fair value through other comprehensive income".

Debt instruments at fair value through other comprehensive income

Debt instruments are classified at fair value through other comprehensive income if the following two criteria are met: the contractual cash flows are solely comprised of payments on principal and interest on the principal and the management model is qualified as "collection and sale".

This category essentially corresponds to fixed income and fixed maturity securities that AFD may have to sell at any time, particularly securities held as part of its asset/liability management.

These financial assets are initially measured at their fair value plus transaction costs. They are subsequently measured at fair value and changes in fair value are recorded in other comprehensive income that may be recycled. They are also subject to a calculation of expected credit risk losses on the same terms as those applicable to debt securities at amortised cost (Note 5 "*Financial instruments at amortised cost*").

Interest is recorded as income using the effective interest method.

Upon disposal, changes in value previously recognised in other comprehensive income will be transferred to the income statement.

Debt securities at fair value through profit and loss

This category includes debt instruments that do not comply with the SPPI criteria:

- Equity investment in funds and direct instruments with put options and other debt instruments (*e.g.* UCITS, etc.)

The characteristics of the contractual flows are such that these do not pass the SPPI test, therefore they cannot be measured at amortised cost.

In line with its procedures, AFD classifies its financial assets using two primary criteria: assets listed on a market and unlisted assets.

Listed assets are divided into two subgroups, those listed on an "active" market, an attribute that is appraised according to objective criteria, or those listed on an inactive market. Assets listed on an "active" market are automatically classified as fair value level 1 according to IFRS 13. Assets listed on an "inactive" market are classified as fair value level 2 or 3, depending on the valuation method used. When there are direct or indirect observable data used for the valuation, the asset is classified as fair value level 2 according to IFRS 13.

When there are no such data or those data are not "observable" (isolated observation, without recurrence), the asset is classified as fair value level 3, just like the unlisted assets. All unlisted assets are classified as fair value level 3 and are evaluated primarily using two methods, the proportionate share of the re-evaluated net asset based on the latest financial statements transmitted by the concerned entities (< six months) and the historic cost for AFD's real estate subsidiaries.

Valuations are reviewed every six months. In the event of any changes to the parameters that could be cause for changes to the fair value classification level, the Group Risks Department decides to propose the change in classification that is subject to approval by the Group Risk Committee

- Loans

Some loan agreements have an early repayment clause, the contractual amount of which corresponds to a settlement equal to the cost of unwinding an associated hedge swap. The early repayment flows of these loans are considered to be non-SPPI if they do not purely reflect the effect of changes in the reference interest rates.

As a result, AFD Group has identified a loan portfolio which is measured at fair value through profit and loss. The loans are therefore subjected to a valuation exercise based on the methodology for discounting future flows, with a discount rate specific to each loan.

- Foreign exchange or interest rate derivatives used in economic hedging

These are derivatives that do not meet the definition of hedge accounting under IAS 39. These assets and liabilities are measured at fair value in the income statement. The change in fair value is recorded in the income statement under "net gains and losses on financial instruments at fair value". The fair value of the foreign exchange derivatives entered into by AFD frequently includes a hedge of the future margin on loans denominated in foreign currencies. The foreign exchange income from related assets recognised in income or expenses on other activities partially offsets this impact. The amount initially recorded on the balance sheet for a derivative measured at fair value is equal to the consideration given or received, *e.g.* the premium on an option or commission received. Subsequent valuations are generally calculated based on discounted future cash flows using a zero-coupon curve.

Finally, the last items to be included under this heading are assets and liabilities designated at fair value through profit and loss and the impacts stemming from credit risk (Credit Valuation Adjustment/Debit Valuation Adjustment).

Equity instruments

In principle, equity instruments are recognised at fair value through profit and loss. However, there is the option to designate equity instruments at fair value through other comprehensive income not to be recycled on profit or loss. This choice is made on a case-by-case basis for each instrument and is irrevocable.

When the option to designate an equity instrument at fair value through other comprehensive income is chosen:

- only the dividends that do not represent the recovery of part of the cost of the investment are recognised in the income statement under "Net gains or losses on financial assets at fair value through other comprehensive income";
- changes in the fair value of the instrument are only recognised in other comprehensive income and are not subsequently transferred to profit or loss. Consequently, if the investment is sold, no profits or losses are recognised in the income statement, and the gains and losses are reclassified in consolidated reserves.

The IFRS 9 general approach of impairment, does not apply to equity instruments.

Reclassification of financial assets

The reclassification of financial assets takes place only in exceptional cases brought about by a change in business model.

A change in the financial asset management model leads to changes in the way the business is managed operationally, systems, etc. (acquisition of a business, discontinuation of a business, etc.) resulting in a reclassification of all financial assets in the portfolio when the new business model is effective.

Financial liabilities

The categories of financial liabilities have not been modified by IFRS 9, and are consequently classified in two accounting categories:

- financial liabilities at fair value through profit or loss by nature or by option are assessed at fair value, and changes in fair value are recognised in the income statement;
- financial liabilities at amortised cost are initially measured at fair value and subsequently at amortised cost according to the effective interest rate method – there is no change in the amortised cost method compared to IFRS 9.

Financial liabilities measured at fair value through profit or loss under the fair value option are measured at fair value through profit or loss for changes in fair value, with the effect of remeasuring own credit risk to be recognised directly in non-recyclable other comprehensive income.

It is still necessary to separate embedded derivatives from financial liabilities, where applicable.

Financial liabilities within AFD Group (excluding derivative instruments) are measured at amortised cost and correspond to:

- debt securities in issue which are first recognised at fair value less transaction costs and then measured at amortised cost using the effective interest rate method. Call premiums (difference between the redemption price and par value of securities) and positive or negative share premiums (difference between the issue price and par value of securities) are spread over the maturity of the borrowings using an actuarial method;
- subordinated debt: in 1998, an agreement was reached with the French State whereby part of AFD's debt to the French Treasury, corresponding to drawdowns between 1 January 1990 and 31 December 1997, was converted into subordinated debt. This agreement also provides for the general rescheduling of the debt's repayment period over 20 years with a ten-year grace period, with any new tranche of borrowings after 1 January 1998 recognised as subordinated debt (with a repayment period scheduled over 30 years and a ten-year grace period).

In accordance with riders No. 1 of 19 March 2015 and No. 2 of 24 May 2016, on the initiative of the French State and as per the third stage of additional financing of €280M, there was a drawdown of €160M on this last tranche of RCS (Special condition resource) in September 2017. The drawdown of the balance of €120M took place in September 2018, thereby reaching the €840M total for the 2015-2018 period.

In 2023, AFD received €150M in special condition resource: a capital increase of €150M was carried out by conversion of this RCS, in accordance with the order of 9 May 2023 published in the Official Journal.

Derecognition of financial assets and liabilities

AFD Group derecognises all or part of a financial asset when:

- the contractual rights to the cash flows linked to the asset expire; or
- AFD transfers the contractual rights to receive the cash flows from the financial asset, and transfers almost all the risks and benefits of the ownership of this asset; or
- AFD retains the contractual rights to receive the cash flows from the financial asset, but bears the contractual obligation to pay these cash flows to one or several entities.

When derecognising a financial asset in its entirety, the difference between the carrying amount of that asset and the amount of consideration received should be recognised in the income statement among the gains or losses on disposal corresponding to the financial asset transferred.

AFD Group derecognises a financial liability if and only if it has expired, *i.e.* when the obligation stipulated in the contract has legally expired, lapsed, been cancelled, or reached expiry.

When derecognising a financial liability in its entirety, the difference between the carrying amount of that liability and the consideration paid must be recognised in the income statement as an adjustment to the interest expense account corresponding to the derecognised financial liability.

Hedging derivatives

AFD Group has decided not to apply the third phase of IFRS 9 on hedge accounting, since AFD applies fair value hedge accounting as defined in IAS 39. This involves a hedge of the exposure to changes in fair value of an asset or liability recognised on the balance sheet. Changes in the fair value stemming from the hedged risk are recorded in the income statement under "Net gains and losses on financial instruments at market value through profit or loss", alongside the change in the fair value of the hedging instruments.

Interest-rate swaps and cross-currency swaps (fixed and variable rates) are used by AFD to shield it from interest and foreign exchange risk.

Hedge accounting is applicable if the effectiveness of the hedging relationship is proven and if the correlation between the effective changes in value of the item hedged and the hedging instrument is between 80% and 125%.

The revaluation of the hedged item is booked either in accordance with the classification of the hedged item, in the case of a hedging relationship covering an identified asset or liability, or under "Revaluation adjustments on portfolios hedged against interest rate risk" in the case of a portfolio hedging relationship.

If the hedge does not meet the effectiveness requirements of IAS 39, the hedging derivatives are transferred to "Financial assets at fair value through profit or loss" or to "Financial liabilities at fair value through profit or loss" and recorded in accordance with the principles applicable to this category.

As for non-zero value swaps involved in a fair value hedge, the accumulated total of changes in fair value of the hedged component that are not zero is spread out over the remaining term of hedged items.

Impairment of financial assets at amortised cost and at fair value through other comprehensive income

In accordance with IFRS 9, the impairment model for credit risk is based on the expected credit losses (ECL). Impairments are recognised on debt instruments measured at amortised cost or fair value through other comprehensive income to be recycled in profit or loss that can be recycled, as well as on loan commitments and financial guarantee contracts that are not recognised at fair value.

General principle

AFD Group classifies financial assets into three separate categories (also called "stages") according to the change, from the origin, of the credit risk associated with the asset. The method used to calculate the provision differs according to which of the three stages an asset belongs to.

These are defined as follows:

- stage 1: groups "performing" assets for which the counterparty risk has not increased since they were granted. The provision calculation is based on the expected loss within the following 12 months;
- stage 2: groups performing assets for which a significant increase in credit risk has been observed since they were first entered in the accounts. The method of calculating the provision is statistically based on expected loss at maturity;
- stage 3: groups assets for which there is an objective impairment indicator (identical to the notion of default currently used by the Group to assess the existence of objective evidence of impairment). The method of calculating the provision is based on expected loss at maturity, as determined by an expert.

Concept of default

The transfer to stage 3 (which meets the definition of "incurred loss" under IAS 39) is linked to the notion of default which is not explicitly defined by the standard. The standard associates the rebuttable presumption of 90 days past due with this concept. It states that the definition used must be consistent with the entity's credit risk management policy and must include qualitative indicators (*i.e.* Breach of "covenant").

Thus, for AFD Group, "stage 3" under IFRS 9 is characterised by the combination of the following criteria:

- definition of a doubtful third party according to AFD Group;
- use of the default contagion principle.

Third parties with arrears of over 90 days, or 180 days for local authorities, or a proven credit risk (financial difficulties, financial restructuring, etc.) are downgraded to "doubtful" and the doubtful contagion character is applied to all financing for the third party concerned.

The definition of default is aligned with that of the Basel framework, based on a rebuttable presumption that the status of default is applied after no more than 90 days of non-payment. This definition takes into account the EBA guidelines of 28 September 2016, in particular with regard to applicable thresholds in the event of non-payment, and probationary periods.

Significant increase in credit risk

The significant increase in credit risk can be measured individually or collectively. The Group examines all the information at its disposal (internal and external, including historic data, information about the current economic climate, reliable forecasts about future events and economic conditions).

The impairment model is based on the expected loss, which must reflect the best information available at the closing date, adopting a forward looking approach.

The internal ratings calibrated by AFD are by nature forward-looking, taking into account:

- forward-looking elements on the counterparty's credit quality: anticipation of adverse medium-term changes in the counterparty's position;
- country risk and shareholder support.

To measure the significant increase in credit risk of a financial asset since its entry into the balance sheet, which involves it moving from stage 1 to stage 2 and then to stage 3, the Group has created a methodological framework which sets out the rules for measuring the deterioration of the credit risk category. The methodology selected is based on a combination of several criteria, including internal ratings, inclusion on a watchlist and the refutable presumption of significant deterioration because of monies outstanding for more than 30 days.

According to this standard, if the risk for a particular financial instrument is deemed to be low at the closing date (a financial instrument with a very good rating, for example), then it can be assumed that the credit risk has not increased significantly since its initial recognition. This arrangement has been applied for debt securities recognised at fair value through other comprehensive income that may be recycled and at amortised cost. For the purposes of stage 1 and 2 classification, counterparties with a very good rating are automatically classified as stage 1.

Measuring expected credit losses (ECL)

Expected credit losses are estimated as the discounted amount of credit losses weighted by the probability of default over the next 12 months or over the asset's lifetime, depending on the stage.

Based on the specificities of AFD Group's portfolio, work was carried out to define the methodological choices for calculating expected credit losses for all of the Group's assets eligible for recognition at amortised cost or at fair value through other comprehensive income, in line with stage 1 of IFRS 9. The Group's chosen calculation method was thus based on internal data and concepts, and also adaptations of external restated transition matrices.

Calculation of the expected credit losses (ECLs) is based on three key parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD), bearing in mind the amortisation profiles.

In addition, IFRS 9 parameters now take into account the economic environment expected over the projection horizon (forward-looking). AFD Group takes forward-looking information into account when measuring expected credit losses.

The adjustment of parameters to the economic environment is based on the upward modulation of provisions according to macroeconomic projections to define groups of countries (*i.e.* list of non-sovereign counterparties in the portfolio in these countries). The main criteria used are:

- the IMF's GDP growth outlook;
- the outlook of rating agencies;
- the degree of debt sustainability published by the World Bank.

The cross-referencing of these three indicators (with weightings for each indicator value) leads to the definition of a list of countries which is submitted for expert review at Group level.

Once the list has been validated by the various stakeholders, the geographies are then classified according to the expected economic context (very deteriorated, deteriorated, stable, favourable, very favourable).

These expectations are taken into account in collective provisions using multipliers intended to add a buffer of additional provisions in regions where the economic environment is deemed to be deteriorated in the short term.

Probability of default (PD)

The probability of default on a loan can be estimated over a given time span. This probability is modelled:

- from risk segmentation criteria;
- over a 12-month time period (noted PD 12 months) for the calculation of the expected losses for assets in stage 1; and
- over the entire duration of loan repayments for Stage 2 assets (known as the PD curve, or lifetime PD).

The PD matrix for non-sovereign loans is supplemented in order to favour internal data when available (portfolio with a non-investment grade rating).

Loss given default (LGD)

Loss given default (LGD) is modelled for assets in all three stages. AFD Group has taken into account the collateral valuation in the LGD modelling.

In order to take into account AFD's business model and its recovery capacity, AFD Group relies on the observation of recovery on historical files that have been resolved (*i.e.* with extinction of the position after repayment and/or transfer to losses).

Exposure at default (EAD)

Exposure at default reflects the amount of debt outstanding at the time of default and thus takes future cash flows and forward-looking factors into account. As such, the EAD takes into account:

- the contractual amortisation of the principal;
- elements of drawdowns of lines recognised off-balance sheet;
- any early repayments.

FINANCIAL ASSET RESTRUCTURING

Restructuring for the borrower's financial difficulties results in a change to the terms of the initial contract to allow the borrower to contend with the financial difficulties it is having. If the restructuring does not result in derecognition of the assets and the changes in terms are such that the present value of these new expected future flows at the original effective interest rate of the asset is lower than its carrying amount, a discount must be recognised under "Cost of credit risk" to bring the carrying amount back to the new present value.

Gains or losses on financial instruments

Gains or losses on financial instruments at fair value through profit or loss

Income from financial instruments recognised at fair value through profit and loss is recognised under this heading, and mainly includes:

- dividends, other revenue and gains and losses realised;
- changes in fair value;
- the impact of hedge accounting.

Gains or losses on financial instruments at fair value through other comprehensive income

Income from financial instruments recognised at fair value through other comprehensive income is recognised under this heading, and includes:

- dividends and other revenue;
- gains and losses realised on financial assets at fair value through other comprehensive income to be recycled in profit or loss that may be recycled.

6.2.3.2.4 Commitments to buy out non-controlling interests

In 2014, 2020 and again in 2023 during the Proparco capital increase, the Group made commitments to buy back the equity investments of Proparco's minority shareholders.

The strike price is defined contractually depending on the restated net asset value on the exercise date.

In the annual financial statements at 31 December 2023, these commitments reflect a debt of €127M to the minority shareholders of Proparco, with a corresponding entry of a decrease in "non-controlling interests" of €136M and a decrease in "Consolidated reserves – Group Share" of €9M. The put window granted in 2014 is scheduled to close in June 2024, the put window granted in 2020 is scheduled to close in 2030 and the put window granted in 2023 is scheduled to close in 2033.

6.2.3.2.5 Fixed assets

Fixed assets appearing on AFD's balance sheet include property, plant and equipment and intangible assets. Fixed assets are recorded at their acquisition cost plus directly similar expenses.

If a fixed asset consists of a number of items that may be regularly replaced and have different useful lives, each item is booked separately according to its own depreciation table. This item-by-item approach has been used for head office. Depreciation and amortisation periods have been estimated on the basis of each item's useful life:

Title		Depreciation period
1.	Land	Non-depreciable
2.	Structural systems	40 years
3.	Building envelope	20 years
4.	Technical building services, fixtures and fittings	15 years
5.	Sundry fittings	10 years

Other property, plant and equipment are depreciated using the straight-line method:

- office buildings in the French Overseas Departments and Collectivities are depreciated over 15 years;
- residential buildings are depreciated over 15 years;
- fixtures, fittings and furnishings are depreciated over 5 or 10 years;
- equipment and vehicles over 2 to 5 years.

With regard to intangible assets, software is amortised according to its type: five years to eight years for management software and two years for office automation tools.

Depreciation and amortisation are calculated using the straight-line method, according to the expected useful period of the asset; its residual value is deducted from the depreciable base. At each closing date, fixed assets are measured at their amortised cost (cost minus total amortisation and any loss of value). When applicable, the useful lives and residual values are adjusted in the accounts.

Leases

Leases, as defined by IFRS 16 "Leases", are recorded in the balance sheet, leading to the recognition of:

- an asset which corresponds to the right of use for leased asset over the lease duration;
- a debt in respect of the payment obligation.

Measuring the right of use in leases

At the date on which a lease comes into effect, the right of use is measured at its cost and includes:

- the initial lease debt, to which is added, if applicable, advance payments made to the lessor, net of any benefits received from the lessor;
- if applicable, the initial direct costs incurred by the lessee to complete the contract. These are costs that would not have been incurred if the contract had not been signed;
- the estimated costs to rehabilitate and dismantle the rented asset according to the lease terms.

After the initial recognition of the lease, the right of use is measured according to the cost method, involving the recognition of linear depreciation and impairment in accordance with the provisions of IFRS 16 (the depreciation method reflecting the way in which the future economic benefits will be consumed).

Measuring the right of use of the assets

On the date a lease takes effect, the lease debt is recognised for an amount equal to the discounted value of the rent over the lease period. The amounts taken into account in respect of rent when measuring the debt are:

- the fixed lease payments less incentive benefits received from the lessor;
- the variable lease payments based on an index or rate;
- the payments to be made by the lessee in respect of a residual value guarantee;
- the price paid to exercise a purchase option that the lessee is reasonably certain to exercise;
- the penalties to be paid in the event of the exercise of a cancellation option or the non-renewal of the lease contract.

The leases signed by AFD Group do not include a guaranteed value clause for rented assets.

The change in the debt related to the lease involves:

- an increase up to the interest rate expenses set by applying the discount rate to the debt; and
- a decrease in the amount of the lease payments made.

The financial expenses for the period relating to the lease debt are recorded under "Interest and similar expenses on transactions with credit institutions".

In the income statement, the depreciation charge for the right of use of the asset and the finance expense relating to the interest on the lease liability partly replace the operating expense previously recognised for lease payments, but are presented under two different headings (depreciation charge under depreciation and amortisation, interest expense under other interest and similar expenses, and the lease payment under other administrative expenses).

The lease debt is estimated again in the following situations:

- review of the lease period;
- modification related to the assessment of the reasonably certain exercise of an option (or not);
- new estimate related to the guarantees of residual value;
- review of the rates or indexes on which the rent is based.

6.2.3.2.6 Provisions

Provisions for sovereign outstandings

The agreement "on the reserve account" on 8 June 2015 between AFD and the French State for an indefinite term, determines the mechanism for creating provisions for hedging the sovereign risk and the principles for using the provisions recognised thereby.

This reserve account is intended to (i) fund the provisions that AFD would have to recognise in case a sovereign borrower defaults, (ii) serve normal unpaid interest and (iii) more generally, help compensate AFD in the event of debt cancellation for sovereign loans.

The balance of this account cannot be less than the amount required to establish collective provisions on performing or restructured loans. This calibration is calculated using estimated losses expected across the sovereign loan portfolio (losses at one year, losses at termination, regulatory requirements on provisions or any other data available to AFD that can be used to anticipate the sovereign loan portfolio's risk profile).

Non-performing sovereign outstanding loans are provisioned. Furthermore, this depreciation is neutralised by deduction from the reserve account.

Net provisions for reversals of provisions are recorded in Net Banking Income.

Provisions on financing and guarantee commitments

Financing and guarantee commitments that are not recognised at fair value through profit and loss and that do not correspond to derivatives are subject to provisions according to the principles defined by IFRS 9.

Provisions for subsidiary risk

As part of the liquidation of Soderag, AFD, as liquidator, sold Soderag's loan portfolio to the three departmental credit companies of the Antilles-Guyane region of which it was the reference shareholder (Sodega in Guadeloupe, Sodema in Martinique and Sofideg in French Guiana). AFD granted cash lines to each of the three subsidiaries for the purchase of these portfolios and, at the same time, guaranteed its subsidiaries on the underlying loans, thereby sub-participating in risks and cash (protocols signed with each of the subsidiaries in October 1998).

The provisions relating to these transactions are provisions for liabilities insofar as they cover the risks related to the guarantees given.

Provision for employee benefits – Post-employment benefits

DEFINED BENEFIT PLANS

Retirement and early retirement commitments

Immediate retirement and early retirement commitments are all transferred to an external insurance company.

Deferred retirement and early retirement commitments are kept by AFD and covered by specific insurance policies. They are valued in accordance with the provisions of contracts signed by AFD and the insurer.

The assumptions used for the valuations are as follows:

- discount rate: 3.5% in 2023 *versus* 3.4% in 2022;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- rate of annual increase in salary: 2.0% and 2.2% for Overseas Collectivities, unchanged compared to 2022.

Retirement bonuses and the financing of the health insurance plan

AFD pays retirement bonuses (IFC) to its employees. It also contributes to the cost of its retired employees' health insurance plans.

The assumptions used for the valuations are as follows:

- discount rate: 3.8% in 2023 *versus* 3.9% in 2022;
- rate of annual increase in salary: 2.0% and 2.2% for Overseas Collectivities, unchanged compared to 2022;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- actuarial tables: TGH 05 (men)/TGF 05 (women).

In accordance with IAS 19, these commitments (retirement bonuses and the financing of health insurance plans and pensions) undergo actuarial valuations that factor in demographic and financial assumptions. The amount of provisions for commitments is determined using the Projected Unit Credit Method.

At each closing, the retirement commitments carried by AFD are remeasured and compared with the value of the insurance policies.

In compliance with IAS 19 (Revised), actuarial gains and losses are recognised in other comprehensive income (OCI). At 31 December 2023, the impact was -€24.8M.

Thus, the provisions recognised at 31 December 2023:

- in the income statement, amount €8.8M and are recorded under salary and employee benefit expenses; they represent the total of the cost of services rendered and the financial cost for 2023 less benefits paid by the employer during the financial year;
- in items not to be recycled in profit or loss, amount to a loss of €24.8M in respect of the valuation of commitments at 31 December 2023 and are recorded in comprehensive income.

In addition, following the promulgation of the law on the pension reform on 14 April 2023, the impact of this reform is recognised in the income statement. At the AFD Group level, the impact on the financial statements is not considered material.

6.2.3.2.7 Deferred taxes

To produce the consolidated financial statements, deferred tax was calculated on a per-company basis while adhering to the rule of symmetry and using the comprehensive liability method. This method was applied to temporary differences between the carrying amount of assets and liabilities and their tax base.

AFD Group recognises deferred taxes mainly over the costs and expenses on the unrealised gains and losses of the equity securities held by Proparco and Fisea, impairment recognised by Proparco on loans at amortised cost and on unrealised gains and losses on loans recognised at fair value through profit and loss by applying the current rates.

6.2.3.2.8 Segment information

In application of IFRS 8 "Operating Segments", AFD has identified and reported on only one operating segment for its lending and grant activity, based on the information provided internally to the Chief Executive Officer (CEO), who is AFD's chief operational decision-maker.

This lending and grant activity is the Group's main activity, falling within the scope of its public service role of financing development assistance.

With regard to AFD Group's activity, which is mainly carried out outside mainland France, the net banking income in France is not significant.

6.2.3.2.9 Principles of the cash flow statement

The cash flow statement analyses changes in the cash position resulting from operating, investment and financing transactions from one financial year to the next.

Agence Française de Développement's cash flow statement is presented in accordance with ANC Recommendation No. 2017-02 respecting the format of summary statements for institutions in the banking sector drawn up in accordance with international accounting standards.

It is prepared using the indirect method, with net income for the financial year restated for non-monetary items: provisions for the depreciation of property, plant and equipment and the amortisation of intangible assets, net allocations to provisions and other items not involving cash disbursement, such as accrued liabilities and income.

Cash flows arising from operating, investment and financing transactions are calculated as the difference between items in the accounts for the preceding and current financial years.

Cash flow includes cash funds and on-demand deposits held at the Banque de France and with credit institutions.

6.2.4 Notes to the financial statements at 31 December 2023

6.2.4.1 Notes to the balance sheet

Note 1 Financial assets and liabilities at fair value through profit or loss

In thousands of euros	Notes	31/12/2023 Assets	31/12/2023 Liabilities	31/12/2023 Notional/ Outstanding	31/12/2022 Assets	31/12/2022 Liabilities	31/12/2022 Notional/ Outstanding
Interest rate derivatives		6,048	396	184,824	6,027	1,057	258,361
Foreign exchange derivatives		63,879	197,200	5,211,014	64,184	374,261	4,310,283
Hedging derivatives of non-SPPI loans/securities		57,926	34,256	1,068,519	62,601	64,150	972,821
Loans and securities that do not meet SPPI criteria	1.2	4,398,814		4,328,156	3,469,898		3,369,292
CVA/DVA/FVA		32	455		38	14,671	
TOTAL		**4,526,700**	**232,307**	**10,792,513**	**3,602,749**	**454,138**	**8,910,757**

Note 1.1 Foreign exchange and interest rate derivatives

Foreign exchange and interest rate derivatives are measured at fair value through profit and loss and are therefore treated as financial assets held for trading.

Under IFRS, a derivative is always presumed to be held for trading, unless there is documented evidence of the hedging intention and the derivative is eligible for hedge accounting. At AFD, this category covers the hedging instruments not eligible for hedge accounting or so-called "natural" exchange rate hedging.

Note 1.2 Loans and securities that do not meet SPPI criteria

In thousands of euros	Notes	31/12/2023	Notional/ Outstanding	31/12/2022	Notional/ Outstanding
Loans to credit institutions	**1.2.1**	**582,315**	**591,184**	**408,157**	**445,257**
Performing loans		582,297	586,810	407,914	421,913
Non-performing loans		18	4,374	242	23,344
Loans to customers	**1.2.1**	**440,551**	**506,114**	**521,665**	**587,882**
Performing loans		418,630	431,990	500,986	534,747
Non-performing loans		21,922	74,124	20,679	53,135
Title		**3,375,949**	**3,230,794**	**2,540,076**	**2,336,153**
Bonds and other fixed-income securities	1.2.2	22,166	33,026	26,965	32,339
UCITS		1,622,642	1,524,201	866,548	815,503
Equity investments and other long-term securities	1.2.3	1,726,530	1,673,566	1,646,563	1,488,311
of which equity investments held in investment funds		*1,537,342*	*1,506,343*	*1,421,267*	*1,340,606*
of which equity investments held directly with a put option		*189,188*	*167,223*	*225,295*	*147,705*
TOTAL		**4,398,814**	**4,328,092**	**3,469,898**	**3,369,292**

1.2.1 Loans that do not meet SPPI criteria

Loan agreements may have an early repayment clause, the contractual amount of which corresponds to a settlement equal to the cost of unwinding an associated hedge swap. Loan contracts may also include a compensation clause indexed to the borrower's performance. The flows of these loans are not considered as SPPI as they do not only reflect the effect of changes in the benchmark interest rate.

As a result, AFD Group has identified a loan portfolio which is measured at fair value through profit and loss. The loans are therefore subjected to a valuation exercise based on the methodology for discounting future flows, with a discount rate specific to each loan in accordance with the accounting rules applied by the Group.

1.2.2 Bonds and other long-term securities

Convertible bonds are debt instruments for which the contractual flows do not meet SPPI characteristics due to the nature of the flows exchanged, and are consequently assessed at fair value through profit and loss.

1.2.3 Equity investments

AFD Group aims to encourage private investment in the developing countries, mainly *via* its subsidiaries Proparco and Fisea (Investment and Support Fund for Businesses in Africa). It acts primarily through investments in investment funds, as this activity enables it to increase the impact of its financing by supporting a large number of companies doing business in multiple sectors, thus promoting economic growth and the creation of job-creating businesses.

AFD Group also holds direct equity investments with put options for operational purposes.

The contractual flows of these financial assets are not SPPI and are therefore measured at fair value through profit and loss.

Investments in unconsolidated structured entities

Breakdown by portfolio activity

In thousands of euros **Equity investments held in the investment Funds**	Number of equity investments	31/12/2023	Number of equity investments	31/12/2022
Homogeneous activity portfolios				
Agribusiness	11	38,395	9	32,888
Energy	10	92,996	5	38,096
Infrastructure	7	82,907	7	74,964
Mining			2	
Multi-sector SME-SMI			11	77,729
Healthcare	6	39,064	7	82,531
Financial services	21	154,272	27	329,134
Multi-sector	102	1,134,318	88	785,925
NON-CONSOLIDATED STRUCTURED ENTITIES	**157**	**1,541,953**	**156**	**1,421,267**

Breakdown by area of operation

In thousands of euros **Equity investments held in the investment Funds**	Number of equity investments	31/12/2023	Number of equity investments	31/12/2022
Intervention zone				
Southern Africa	4	23,021	4	2,795
East Africa	2	13,020	13	147,011
West Africa	5	32,831	5	32,494
North Africa	14	79,264	15	77,317
Asia	26	276,975	18	116,437
Multi-region	106	1,116,842	101	1,045,212
NON-CONSOLIDATED STRUCTURED ENTITIES	**157**	**1,541,953**	**156**	**1,421,267**

Investments in unconsolidated structured entities – Risk exposure and dividends received

	31/12/2023			31/12/2022		
	Financial assets at fair value through profit or loss	Maximum exposure	Dividends received over the financial year	Financial assets at fair value through profit or loss	Maximum exposure	Dividends received over the financial year
Homogeneous portfolios						
Agribusiness	38,395	38,395	321	32,888	32,888	
Energy	92,996	92,996	87	38,096	38,096	
Infrastructure	82,907	82,907		75,098	75,098	11
Mining						
Multi-sector SME-SMI				77,729	77,729	
Healthcare	39,064	39,064	37	82,531	82,531	
Financial services	154,272	154,272	9,483	329,134	329,134	3,214
Multi-sector	1,134,318	1,134,318	11,579	785,791	785,791	377
UNCONSOLIDATED STRUCTURED ENTITIES – INVESTMENT FUNDS	**1,541,953**	**1,541,953**	**21,507**	**1,421,267**	**1,421,267**	**3,603**

Bearing in mind the type of interests, maximum exposure to loss is defined in this note as the fair value of investment funds presented on the balance sheet as of the closing date. This amount includes financing commitments that have not yet been disbursed.

Furthermore, the Group has not and does not offer financial support or other assistance to an unconsolidated structured entity outside of contractual obligations.

AFD Group does not act as a sponsor for structured entities. Sponsorship is assumed when AFD does not have or no longer has an ownership interest in an entity yet still provides this entity with both operational and strategic support.

Note 1.3 Equity instruments at fair value through profit and loss

Equity instruments measured at fair value through profit and loss correspond to investments held by AFD for which the classification at fair value through other comprehensive income which may not be recycled has not been selected.

The Group has opted for a classification at fair value through other comprehensive income which may not be recycled for its portfolio of direct equity investments without put options, which make up the majority of the Group's equity instruments.

Note 2 Financial hedging derivatives

Note 2.1 Fair value hedging instruments

	31/12/2023			31/12/2022		
	Carrying amount			Carrying amount		
In thousands of euros	Assets	Liabilities	Notional	Assets	Liabilities	Notional
Fair value hedging						
Interest rate derivatives	2,467,657	3,806,431	64,186,799	3,044,770	5,099,614	59,226,931
Interest rate and foreign exchange derivatives (cross-currency swaps)	485,770	582,894	16,109,595	427,071	529,849	14,449,295
TOTAL	**2,953,426**	**4,389,326**	**80,296,394**	**3,471,842**	**5,629,463**	**73,676,226**

Note 2.2 Analysis by residual maturity (notional)

The breakdown of the notional amount of hedging derivatives is presented by residual contractual maturity.

In thousands of euros	Less than three months	From three months to one year	From one to five years	Over five years	31/12/2023
Fair value hedging					
Interest rate derivatives	1,355,668	3,417,663	16,281,844	43,131,624	64,186,799
Interest rate and foreign exchange derivatives (cross-currency swaps)	5,019	978,041	10,501,335	4,625,200	16,109,595
TOTAL	**1,360,688**	**4,395,704**	**26,783,179**	**47,756,824**	**80,296,394**

In thousands of euros	Less than three months	From three months to one year	From one to five years	Over five years	31/12/2022
Fair value hedging					
Interest rate derivatives	3,252,041	-	15,540,618	40,434,272	59,226,931
Interest rate and foreign exchange derivatives (cross-currency swaps)	2,008,843	-	7,458,728	4,981,724	14,449,295
TOTAL	**5,260,884**	**-**	**22,999,347**	**45,415,995**	**73,676,226**

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Note 2.3 Hedged items

	31/12/2023				
	Current hedges		Expired hedges		
In thousands of euros	Carrying amount	Accrued remeasurements of fair value hedges	Accrued remeasurements of fair value hedges remaining	Accrued remeasurements of fair value	Remeasurement of fair value during the hedging period (incl. hedges that expired over the period)
Interest rate derivatives	**19,124,480**	**-1,657,492**		**-55,465**	**1,122,952**
Loans and receivables due from credit institutions at amortised cost	1,256,686	-94,101		-14	63,079
Loans and receivables due from customers at amortised cost	16,808,505	-1,527,491		-53,454	1,029,757
Financial assets at fair value through other comprehensive income	1,059,289	-35,900		-1,997	30,115
Interest rate derivatives (currency swaps)	**5,221,789**	**-131,924**		**-2,219**	**-37,106**
Loans and receivables due from credit institutions at amortised cost	728,779	-18,041		1,790	-10,108
Loans and receivables due from customers at amortised cost	4,493,010	-113,524		-4,009	-26,602
Financial assets at fair value through other comprehensive income		-360			-396
TOTAL FAIR VALUE HEDGING OF ASSETS	**24,346,269**	**-1,789,416**		**-57,684**	**1,085,846**
Interest rate derivatives	**-35,322,231**	**2,829,245**	**-50,618**	**-55,757**	**-1,919,318**
Debt securities in issue at amortised cost	-35,322,231	2,829,245	-50,618	-55,757	-1,919,318
Interest rate derivatives (currency swaps)	**-10,420,666**	**243,065**		**7,039**	**71,813**
Debt securities in issue at amortised cost	-10,420,666	243,065		7,039	71,813
TOTAL FAIR VALUE HEDGING OF LIABILITIES	**-45,742,897**	**3,072,310**	**-50,618**	**-48,718**	**-1,847,505**

	31/12/2022				
	Current hedges		Expired hedges		
In thousands of euros	Carrying amount	Accrued remeasurements of fair value hedges	Accrued remeasurements of fair value hedges remaining	Accrued remeasurements of fair value	Remeasurement of fair value during the hedging period (incl. hedges that expired over the period)
Interest rate derivatives	17,193,277	-93,416		551	-3,196,211
Loans and receivables due from credit institutions at amortised cost	1,393,774	-7,991		-271	-163,504
Loans and receivables due from customers at amortised cost	14,767,167	-85,425		-714	-2,976,626
Financial assets at fair value through other comprehensive income	1,032,336			1,537	-56,081
Interest rate derivatives (currency swaps)	**5,087,778**	**-93,416**		**5,769**	**-418,362**
Loans and receivables due from credit institutions at amortised cost	825,493	-7,991		449	-24,899
Loans and receivables due from customers at amortised cost	4,262,285	-85,425		5,320	-393,463
TOTAL FAIR VALUE HEDGING OF ASSETS	**22,281,054**	**-186,832**		**6,320**	**-3,614,573**
Interest rate derivatives	-31,139,773	4,623,476	70,376	-34,880	5,709,263
Debt securities in issue at amortised cost	-31,139,773	4,623,476	70,376	-34,880	5,709,263
Interest rate derivatives (currency swaps)	**-8,518,042**	**178,904**			**263,053**
Debt securities in issue at amortised cost	-8,518,042	178,904			263,053
TOTAL FAIR VALUE HEDGING OF LIABILITIES	**-39,657,815**	**4,802,380**	**70,376**	**-34,880**	**5,972,316**

Note 2.4 Income resulting from hedge accounting

	31/12/2023			31/12/2022		
	Net income (Income from hedge accounting)			Net income (Income from hedge accounting)		
In thousands of euros	Change in fair value of hedging instruments	Change in fair value of hedged items	Ineffective portion of hedge	Change in fair value of hedging instruments	Change in fair value of hedged items	Ineffective portion of hedge
Interest rate derivatives	912,488	-796,366	116,122	-2,475,265	2,513,053	37,787
Interest rate and foreign exchange derivatives (cross-currency swaps)	-17,784	34,707	16,923	117,638	-155,309	-37,671
TOTAL	**894,704**	**-761,659**	**133,045**	**-2,357,627**	**2,357,744**	**117**

Note 3 Financial assets at fair value through other comprehensive income

	31/12/2023		31/12/2022	
In thousands of euros	Carrying amount	Change in fair value over the period	Carrying amount	Change in fair value over the period
Debt securities recognised at fair value through equity to be recycled in profit or loss	**894,775**	**-1,531**	**882,169**	**1,506**
Government paper and equivalent	718,620	-1,074	669,130	1,137
Bonds and other securities	176,155	- 457	213,039	369
Equity securities recorded at fair value through equity not to be recycled in profit or loss	**694,825**	**-30,358**	**702,164**	**31,950**
Unconsolidated equity investments	694,825	-30,358	702,164	31,950
TOTAL	**1,589,600**	**-31,889**	**1,584,332**	**33,455**

Note 4 Financial assets and liabilities at fair value measured according to the level of fair value

	31/12/2023				31/12/2022			
In thousands of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets/Liabilities								
Equity instruments at fair value through profit and loss			1,726,530	**1,726,530**			1,646,563	**1,646,563**
Debt instruments that do not meet SPPI criteria	1,627,253		1,045,032	**2,672,284**	866,548		956,787	**1,823,335**
Financial assets recorded through equity	865,498	29,615	694,488	**1,589,600**	852,891	29,615	701,827	**1,584,332**
Hedging derivatives (Assets)		2,953,426		**2,953,426**		3,471,842		**3,471,842**
Financial liabilities at fair value through profit or loss		226,669	5,638	**232,307**		451,776	2,362	**454,138**
Hedging derivatives (Liabilities)		4,389,326		**4,389,326**		5,629,463		**5,629,463**
Derivatives		124,930	2,955	**127,885**		127,764	5,087	**132,851**

6

Sensitivity of the fair value of level 3 instruments

The category of instruments measured at level 3 fair value mainly comprises equity securities.

Valuations using market parameters are very limited within the Group. Sensitivity calculations are therefore not applicable without material sensitivity.

Note 5 Financial assets measured at amortised cost

Financial assets measured at amortised cost

In thousands of euros	Notes	31/12/2023 On-demand	31/12/2023 At maturity	31/12/2022 On-demand	31/12/2022 At maturity
Debt securities	5.1		2,975,130		1,680,717
Loans and receivables due from credit institutions	5.2	432,702	10,920,610	1,429,551	10,061,488
Loans and receivables due from customers	5.2		38,948,838		35,537,860
TOTAL		**432,702**	**52,844,577**	**1,429,551**	**47,280,064**

Note 5.1 Debt securities at amortised cost

In thousands of euros	31/12/2023 On-demand	31/12/2023 At maturity	31/12/2022 On-demand	31/12/2022 At maturity
Government paper and equivalent		443,280		524,669
Bonds and other securities		2,546,776		1,165,999
TOTAL		**2,990,055**		**1,690,668**
Impairment		-14,925		-9,951
TOTAL		**2,975,130**		**1,680,717**

Note 5.2 Loans and receivables from credit institutions and customers at amortised cost

In thousands of euros	31/12/2023 On-demand	31/12/2023 At maturity	31/12/2022 On-demand	31/12/2022 At maturity
Loans to credit institutions at amortised cost		**9,108,434**		**9,118,921**
Performing loans		8,944,859		8,989,021
Non-performing loans		163,575		129,900
Impairment		**-172,500**		**-183,843**
Related loans receivable		**158,162**		**125,407**
Valuation adjustments of loans hedged by forward financial instruments		**-115,927**		**-205,577**
Subtotal		**8,978,169**		**8,854,909**
Loans to customers at amortised cost		**41,226,097**		**38,954,058**
Performing loans		38,282,048		35,856,896
Non-performing loans		2,944,048		3,097,163
Impairment		**-648,389**		**-623,494**
Related loans receivable		**172,262**		**76,839**
Valuation adjustments of loans hedged by forward financial instruments		**-1,801,131**		**-2,869,544**
Subtotal		**38,948,838**		**35,537,860**
TOTAL LOANS	**-**	**47,927,007**	**-**	**44,392,769**
Other receivables				
Deposits (available cash) at credit institutions	432,702	1,927,136	1,429,551	1,203,600
Related receivable		15,305		2,979
TOTAL OTHER RECEIVABLES	**432,702**	**1,942,440**	**1,429,551**	**1,206,579**
TOTAL LOANS AND OTHER RECEIVABLES	**432,702**	**49,869,447**	**1,429,551**	**45,599,347**

5.2.1 Loans and receivables at amortized cost by remaining maturity on credit institutions and customers

In thousands of euros	Less than three months	From 3 months to 1 year	From one to five years	More than five years	31/12/2023
Loans and receivables at amortized cost					
on credit institutions	357,356	1,037,070	3,547,416	6,093,728	11,035,570
on customers	504,968	2,491,146	10,369,717	27,861,680	41,227,510
TOTAL	**862,324**	**3,528,215**	**13,917,133**	**33,955,407**	**52,263,080**

Note 6 Asset impairment

In thousands of euros	31/12/2022	Provisions	Reversals	Other items	31/12/2023
Credit institutions	187,258	45,406	59,512	-645	172,507
Credit to customers	619,469	179,107	149,356	828	648,411
of which stage 1	*55,792*	*3,812*	*5,492*	-	*54,112*
of which stage 2	*322,299*	*6,939*	*64,397*	-	*264,841*
of which stage 3	*428,636*	*213,762*	*138,960*	*-1,473*	*501,964*
Bonds and other securities	9,951	6,918	1,944	-	14,926
of which stage 1	*4,577*	*1,431*	*1,944*	-	*4,065*
of which stage 2	-	-	-	-	
of which stage 3	*5,374*	*5,487*	-	-	*10,861*
Other receivables	6,950	-	-	-	6,950
TOTAL	**823,628**	**224,513**	**208,849**	**-1,473**	**842,793**

Note 7 Accruals and miscellaneous assets/liabilities

	31/12/2023		31/12/2022	
In thousands of euros	Assets	Liabilities	Assets	Liabilities
Guarantees against collateral	2,247,221	280,527	3,147,988	146,474
Allocated public funds	-	75,075	-	73,898
Other assets and liabilities	1,452,936	2,006,413	1,652,793	2,005,738
Accounts payable, French State	-	263,604	-	200,090
TOTAL ACCRUALS AND OTHER MISCELLANEOUS ASSETS/ LIABILITIES	**3,700,157**	**2,625,619**	**4,800,781**	**2,426,201**

Note 8 Property, plant and equipment and intangible assets

Note 8.1 Change in fixed assets

In thousands of euros	Property, plant and equipment: Land & development	Property, plant and equipment: Buildings & development	Property, plant and equipment: Other	Intangible assets	31/12/2023	31/12/2022
Gross value						
At 1 January 2023	89,731	547,243	77,060	199,400	913,434	546,329
Purchases	-91	113,765	7,867	69,479	191,020	376,959
Disposals/retirements	-	4	550	49	604	898
Other items	-1	777	653	-7,334	-5,905	-8,956
At 31 December 2023	**89,639**	**661,780**	**85,030**	**261,496**	**1,097,945**	**913,434**
Depreciation/amortisation						
At 1 January 2023	3,823	164,226	59,502	105,994	333,545	302,174
Provisions	210	7,402	6,166	22,055	35,833	32,103
Reversals	-	4	530	3	537	733
Other items	-	-	-	-	-	-
At 31 December 2023	**4,034**	**171,624**	**65,137**	**128,046**	**368,841**	**333,545**
NET VALUE	**85,605**	**490,157**	**19,893**	**133,449**	**729,104**	**579,887**

Note 8.2 Right of use

In thousands of euros	Registered office	Offices	31/12/2023
Gross value			
At 1 January 2023	102,930	12,735	115,665
New contract	-	-	-
Modification of contract	-	704	704
Other items	-2,545	-369	-2,913
At 31 December 2023	**100,398**	**13,070**	**113,468**
Depreciation/amortisation	65,470	8,688	74,158
NET VALUE	**34,928**	**4,383**	**39,310**

Note 9 Financial liabilities measured at amortised cost

Debts to credit institutions and customers and debt securities in issue at amortised cost

In thousands of euros	31/12/2023	31/12/2022
Debts to credit institutions at amortised cost		
On-demand debts	18,279	12,626
Debts at maturity	2,040	1,898
TOTAL DEBTS TO CREDIT INSTITUTIONS	**20,319**	**14,524**
Debts to customers at amortised cost	1,734	2,755
TOTAL DEBTS TO CUSTOMERS	**1,734**	**2,755**
Debt securities in issue at amortised cost		
Interbank market securities	2,158,290	1,988,682
Bonds	50,818,221	47,264,424
Related debts	559,265	380,365
Valuation adjustments of debt securities in issue hedged by derivatives	-3,015,365	-5,212,958
TOTAL DEBTS SECURITIES IN ISSUE	**50,520,411**	**44,420,512**

Maturity of debt securities in issue at amortised cost

In thousands of euros	Less than three months	From three months to one year	From one to five years	More than five years	31/12/2023
Maturity of debt securities in issue					
Bonds	876,348	4,566,794	23,120,660	19,798,319	48,362,121
Interbank market securities	1,288,605	869,686			2,158,290
TOTAL	**2,164,952**	**5,436,479**	**23,120,660**	**19,798,319**	**50,520,411**

In thousands of euros	Less than three months	From three months to one year	From one to five years	More than five years	31/12/2022
Maturity of debt securities in issue					
Bonds	50,006	4,098,777	21,044,463	17,238,584	42,431,831
Interbank market securities	207,688	1,780,993			1,988,682
TOTAL	**257,695**	**5,879,771**	**21,044,463**	**17,238,584**	**44,420,512**

Debt securities in issue by currency

In thousands of euros	EUR	USD	GBP	JPY	CHF	AUD	CNH	DOP	TRY	31/12/2023
Debt securities in issue by currency										
Bonds	36,966,955	9,254,085	1,219,391	93,217	326,347	209,149	195,078	4,687	93,213	48,362,121
Interbank market securities	2,158,290									2,158,290
TOTAL	**39,125,245**	**9,254,085**	**1,219,391**	**93,217**	**326,347**	**209,149**	**195,078**	**4,687**	**93,213**	**50,520,411**

In thousands of euros	EUR	USD	GBP	JPY	CHF	AUD	CNH	DOP	TRY	31/12/2022
Debt securities in issue by currency										
Bonds	32,750,428	8,383,573	611,803	103,496	306,764	215,433	55,347	4,985		42,431,831
Interbank market securities	1,988,682									1,988,682
TOTAL	**34,739,110**	**8,383,573**	**611,803**	**103,496**	**306,764**	**215,433**	**55,347**	**4,985**		**44,420,512**

Note 10 Provisions

In thousands of euros	31/12/2022	Provisions	Reversals	Other items	31/12/2023
Included in the cost of risk					
French Overseas Department subsidiary risks	26,045	761	2,284	-	24,521
Other provisions for risk	186,226	61,386	100,043	-	147,569
of which stage 1	*26,272*	12,332	*18,852*	-	*19,753*
of which stage 2	*118,475*	*23,474*	*53,806*	-	*88,143*
of which stage 3	*41,479*	*25,579*	*27,385*	-	*39,674*
Excluded from the cost of risk					
Provision for expenses – Sovereign loans	1,105,475	351,302	62,271	279	1,394,784
Salary and employee benefit expenses	102,973	9,033	1,102	24,786	135,690
Provision for risks and expenses	20,233	5,679	1,123	-	24,789
TOTAL	**1,440,951**	**428,161**	**166,823**	**25,064**	**1,727,352**

Note 11 Subordinated debt

In thousands of euros	31/12/2023	31/12/2022
Fixed-term subordinated debt		
Open-ended subordinated debt	840,006	840,006
Other	1,611	616
TOTAL	**841,617**	**840,622**

Note 12 Fair value of assets and liabilities at amortised cost

	31/12/2023		31/12/2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets/Liabilities at amortised cost				
Debt securities at amortised cost	2,975,130	2,951,042	1,680,717	1,627,078
Financial assets at amortised cost	50,302,149	48,381,675	47,028,898	46,272,721
Financial liabilities at amortised cost	50,542,464	49,085,991	44,437,791	44,022,078
Subordinated debt	841,617	841,617	840,622	840,622

6.2.4.2 Notes to the income statement

Note 13 Income and expenses by accounting category

In thousands of euros	31/12/2023	31/12/2022
From financial assets measured at amortised cost	**1,423,585**	**989,010**
Cash and demand accounts with central banks	86,324	18,094
Loans and receivables	1,329,962	959,057
Transactions with credit institutions	408,707	190,775
Transactions with customers	921,254	768,283
Debt securities	7,299	11,858
From financial assets at fair value through equity	**137,756**	**24,882**
Debt securities	137,756	24,882
From financial assets at fair value through profit or loss	**62,006**	**42,932**
Loans and receivables	62,006	42,932
Transactions with credit institutions	32,689	19,967
Transactions with customers	29,318	22,965
Interest accrued and due on hedging instruments	**2,094,777**	**803,529**
of which transactions with credit institutions	*1,276,697*	*329,343*
of which other interest and related income	*818,079*	*474,186*
TOTAL INTEREST INCOME	**3,718,124**	**1,860,352**
From financial liabilities measured at amortised cost	**876,157**	**521,388**
Financial liabilities measured at amortised cost	876,157	521,388
Interest accrued and due on hedging instruments	**2,739,229**	**867,460**
Other interest and similar expenses	**324**	**259**
TOTAL INTEREST EXPENSES	**3,615,710**	**1,389,108**

Note 14 Net commissions

In thousands of euros	31/12/2023			31/12/2022		
	Income	**Expenses**	**Net**	Income	Expenses	Net
Monitoring and investment commissions	8,205	1,923	6,282	8,504	2,391	6,113
Analysis commissions	30,571	-	30,571	33,838	-	33,838
Commissions on grants and subsidies	107,536	-	107,536	108,298	-	108,298
Miscellaneous commissions	7,723	9,561	-1,838	7,146	2,563	4,583
TOTAL	**154,035**	**11,483**	**142,551**	**157,786**	**4,954**	**152,832**

Note 15 Gains or losses on financial instruments at fair value through profit or loss

In thousands of euros	31/12/2023		31/12/2022	
	Gains and losses on financial instruments at fair value through profit and loss	**o/w Foreign currency impact on derivatives**	Gains and losses on financial instruments at fair value through profit and loss	o/w Foreign currency impact on derivatives
Financial assets and liabilities at fair value through profit or loss	**7,183**	**-1,349**	**142,234**	**10,987**
Income from financial instruments at fair value through profit and loss	43,084		12,722	
Unrealised or realised gains or losses on debt instruments that do not meet SPPI criteria	-48,022		131,790	
Hedging of loans at fair value through profit or loss	12,121	-1,349	-2,278	10,987
Income resulting from hedge accounting	**133,045**	**-5,122**	**117**	**-4,450**
Change in fair value of hedging derivatives	894,436	5,132	-2,356,922	4,433
Change in fair value of the hedged item	-761,391	-10	2,357,038	16
Natural hedging/Trading	**-46,993**	**-174,157**	**-15,598**	**139,622**
CVA/DVA/FVA	**14,210**		**-12,850**	
TOTAL	**107,445**	**-180,628**	**113,902**	**146,159**

Note 16 Net gains or losses on financial assets recognised at fair value through other comprehensive income

In thousands of euros	**31/12/2023**	31/12/2022
Dividends received on equity instruments recognised at fair value through equity not to be recycled in profit or loss non-recyclable shareholders' equity	9,937	15,748
Gains or losses on equity instruments recognised at fair value through equity not to be recycled in profit or loss non-recyclable shareholders' equity		
Gains or losses on debt securities recorded at fair value through equity to be recycled in profit or loss	5,935	-103
NET GAINS OR LOSSES ON FINANCIAL ASSETS RECOGNISED IN OTHER COMPREHENSIVE INCOME	**15,872**	**15,645**

Note 17 Income and expenses from other activities

In thousands of euros	31/12/2023	31/12/2022
Subsidies	495,593	270,532
Other income	522,873	392,924
TOTAL OTHER INCOME FROM OTHER ACTIVITIES	**1,018,467**	**663,456**
Other expenses	412,608	339,053
TOTAL OTHER EXPENSES FROM OTHER ACTIVITIES	**412,608**	**339,053**

Subsidies on loans and borrowings are paid by the State to reduce the financing cost or to reduce lending costs for borrowers.

Note 18 Overheads

Salary and employee benefit expenses

In thousands of euros	31/12/2023	31/12/2022
Salary and employee benefit expenses		
Wages and bonuses	231,720	220,037
Social security expenses	117,134	105,646
Profit sharing	13,695	16,381
Taxes and similar payments on compensation	33,120	26,415
Provisions/reversal of provisions	7,712	16,444
Rebilling banks' staff	-199	-1,150
TOTAL	**403,182**	**383,773**

Other administrative expenses

In thousands of euros	31/12/2023	31/12/2022
Other administrative expenses		
Taxes	11,305	10,388
of which application of IFRIC 21	*-232*	*-59*
Outside services	163,492	153,582
Rebilled expenses	-539	-2,904
TOTAL	**174,259**	**161,066**

Note 19 Cost of credit risk

In thousands of euros	31/12/2023	31/12/2022
Impairments on performing (stage 1) or deteriorated (stage 2) assets	**96,502**	**2,357**
Stage 1: losses assessed at the amount of expected credit losses for the coming 12 months	**8,712**	**-19,819**
Debt securities recorded at amortised cost	2,192	-13,299
Signature commitments	6,520	-6,520
Stage 2: losses assessed at the amount of expected credit losses for the lifetime	**87,790**	**22,176**
Debt securities recorded at amortised cost	57,458	19,555
Signature commitments	30,332	2,621
Impairments of impaired assets (stage 3)	**-21,553**	**11,495**
Stage 3: impaired assets	**-23,212**	**12,254**
Debt securities recorded at amortised cost	-28,971	31,704
Signature commitments	5,759	-19,450
Other provisions for risk	**1,659**	**-759**
Net reversals of impairments and provisions	**74,949**	**13,852**
Losses on loans and bad loans	-38,882	-31,353
Discounts on restructured loans	-2,032	-244
Recovery of loans and receivables	147	55
COST OF RISK	**34,182**	**-17,745**

Note 20 Equity method

	31/12/2023		31/12/2022	
Impact *(in thousands of euros)*	Balance sheet	Income	Balance sheet	Income
SIC	40,664	-3,392	44,329	10,989
Socredo	121,947	5,073	117,740	4,420
TOTAL	**162,611**	**1,681**	**162,069**	**15,409**

Note 21 Corporate tax

In thousands of euros	31/12/2023	31/12/2022
Corporate tax	**-11,942**	**-4,758**
Taxes due	- 4,797	-5,542
Deferred taxes	-7,145	784

Underlying tax position

In thousands of euros	31/12/2023	31/12/2022
Net income	**370,191**	**481,128**
Corporate tax	-11,942	-4,758
Pre-tax income	**382,134**	**485,885**
Total theoretical income tax expense (A)	**-85,210**	**-140,558**
Total matching items (B)	**73,268**	**135,801**
Net recorded tax expense (A) + (B)	**-11,942**	**-4,758**

Deferred taxes are estimated on the basis of the following assumptions:

- deferred taxes based on Impairments have been estimated on the basis of the rate of 25.83%;
- deferred taxes based on the unrealised gains or losses on loans and convertible bonds was estimated on the basis of the rate of 25.83%. The same rate is used over costs and expenses on the unrealised gains and losses of the equity investments.

Note 22 Financing and guarantee commitments

Financing commitments given are the amounts to be disbursed under lending agreements with customers or credit institutions.

In thousands of euros	31/12/2023	31/12/2022
Commitments received		
Guarantee commitments received from the French State on loans	5,355,421	5,156,320
Guarantee commitments received from credit institutions	341,993	382,264
as part of the Group's credit activity	*341,993*	*382,264*
Commitments given		
Financing commitments made to credit institutions	1,907,305	1,980,686
Financing commitments made to customers	16,739,832	16,569,556
Guarantee commitments made to credit institutions	375,312	242,631
Guarantee commitments made to customers	1,072,294	728,037

The commitment amount is lower than the figure stated in AFD's parent company financial statements because the transactions on behalf of third parties (IMF, on behalf of the French government) are not included in the Group's consolidated financial statements.

6.2.4.3 Employee benefits and other compensation

The aggregate impacts of the post-employment benefits on the 2022 and 2023 financial years are set out in the table below:

In thousands of euros	At 31/12/2023	Impact on income	Impact on equity	At 31/12/2022	Impact on income	Impact on equity	At 31/12/2021
Provisions for employee benefits	132,599	8,830	24,786	98,983	14,881	-62,635	146,738
Defined benefit plans	131,298	8,751	24,786	97,761	15,089	-62,635	145,308
Other long-term benefits	1,301	80		1,222	-208		1,430

The sensitivity analysis, based on the actuarial assumptions used to value the defined benefit plans at the closing date, is as follows:

In millions of euros	Retirement	as a % of change
Present value of the commitment at 31/12/2023	5.4	
• Discount rate: 3%		
• Annual increase in salary: 2.00%		
• Retirement age: 63 at legal age (non-executive level employees)/65 (executive level employees)		
Sensitivity to the discount rate assumption		
Rate change to 3.25%	5.4	-0.5%
Rate change to 2.75%	5.5	0.5%
Sensitivity to the career profile assumption		
Rate change to 2.50%	5.5	1.3%
Rate change to 1.5%	5.4	-0.5%
Sensitivity to the retirement age assumption		
• Increase of 1 year (for all guarantees)		
• Reduction of 1 year (for all guarantees)		

In millions of euros	ETRG employees healthcare expenses	as a % of change	Retiree health insurance	as a % of change	Retirement lump sum	as a % of change	Service award	as a % of change
Present value of the commitment at 31/12/2023	**13.6**		**109.6**		**17.9**		**1.3**	
• Discount rate: 3.40%								
• Annual increase in salary: 2.00% AFD and 2.20% TOM								
• Retirement age: 63 at legal age (non-executive level employees)/65 (executive level employees)								
Sensitivity to the discount rate assumption								
Rate change to 2.90%	15.4	12.7%	122.2	11.4%	19.0	6.5%	1.4	3.9%
Rate change to 3.90%	12.2	-10.7%	99.0	-9.7%	16.8	-5.9%	1.3	-3.6%
Sensitivity to the salary increase assumption								
Rate change to 2.50% AFD and 2.70% TOM					19.1	6.8%		
Rate change to 1.5% AFD and 1.70% TOM					16.7	-6.2%		
Sensitivity to changes in consumption 2.00% at 31/12/2023								
Rate change to 1.50%	12.2	-10.9%						
Rate change to 2.5%	15.4	12.8%						
Sensitivity to changes in liabilities 2.5% at 31/12/2023								
Rate change to 2%			98.8	-9.9%				
Rate change to 3%			122.2	11.5%				

Projected commitments at 31 December 2024 are as follows:

ACTUARIAL DEBT AT 31/12/2023	**13,648**	**5,428**	**109,648**	**17,859**	**146,583**	**1,301**	**147,885**
Cost of services rendered in 2024	418		5,543	1,566	7,526	158	7,684
Financial cost in 2024	478	162.83	3,916	618	5,175	46	5,222
Services payable in 2023/transfer of capital upon departures in 2024	-176	-1,770	-2,866	-1,399	-6,212	-136	-6,348
ESTIMATED DEBT AT 31/12/2024	**14,368**	**3,820**	**116,241**	**18,644**	**153,073**	**1,370**	**154,443**

The changes in commitments over the 2023 financial year are shown in the table below:

In thousands of euros	Expatriate employees healthcare expenses	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand total
Change in the present value of the commitment							
Present value of the commitment at 01/01	9,496	8,126	83,326	15,249	116,197	1,222	117,419
Financial cost	382	277	3,344	605		49	
Cost of services rendered over the financial year	288	32	3,785	1,318		149	
Cost of past services		2	3,814	-634			
Reductions/Liquidations							
Services paid	-132	-3,771	-2,576	-1,126		-157	
Actuarial (gains) losses	3,615	762	17,955	2,448		40	
Change in scope between AFD and IEDOM							
Present value of the commitment at 31/12/2023	**13,648**	**5,428**	**109,648**	**17,859**	**146,583**	**1,301**	**147,885**
Change in the fair value of retirement plan assets							
Fair value of assets at 01/01		18,437			18,437		18,437
Expected return on assets		627					
Services paid		-3,771					
Actuarial gains (losses)		-6					
Liquidations							
Change in scope between AFD and IEDOM							
Fair value of assets at 31/12/2023		**15,286**			**15,286**		**15,286**
Corridor limits							
Actuarial gains (losses) not recognised at 01/01							
Corridor limits at 01/01							
Actuarial gains (losses) generated over the financial year	-3,615	-768	-17,955	-2,448	-24,786	-40	-24,825
Actuarial (gains) losses recognised in profit or loss							
Actuarial (gains) losses N-1 recognised in equity							
Actuarial (gains) losses recognised in equity this period	3,615	768	17,955	2,448	24,786		24,786
Actuarial gains (losses) not recognised at 31/12/2023							
Amounts recognised on the balance sheet at 31/12/2023							
Present value of the funded commitment		5,428					
Fair value of financed assets		-15,286			-9,859		-9,859
Present value of unfunded commitment	13,648		109,648	17,859	141,156	1,301	142,457
Net position	**13,648**	**-9,859**	**109,648**	**17,859**	**131,297**	**1,301**	**132,598**
Unrecognised actuarial gains (losses)							
Balance sheet provision	**13,648**	**-9,859**	**109,648**	**17,859**	**131,297**	**1,301**	**132,598**
Amounts recognised on the income statement at 31/12/2023							
Cost of services rendered over the financial year	288	32	3,785	1,318	5,422	149	5,571
Cost of past services		2	3,814	-634	3,181		3,181
Financial cost for the financial year	382	277	3,344	605	4,609	49	4,657
Recognised actuarial gains (losses)						40	40
Expected return on retirement plan assets		-627			-627		-627
Cost of services rendered							
Impact of reductions/liquidations							
Expenses booked	**669**	**-316**	**10,943**	**1,289**	**12,585**	**237**	**12,822**

In thousands of euros	Expatriate employees healthcare expenses	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand total
Reconciliation of opening and closing net liability							
Liability at 01/01	9,496	- 10,310	83,326	15,249	97,760.77	1,222	98,982
Expenses booked	669	-316	10,943	1,289	12,585	237	12,822
Contributions paid							
Restatements and transfers							
Services paid by employer	-132		-2,576	-1,126	-3,835	-157	-3,992
Items not to be recycled in profit or loss	3,615	768	17,955	2,448	24,786		24,786
Net liabilities at 31/12/2023	**13,648**	**-9,859**	**109,648**	**17,859**	**131,297**	**1,301**	**132,598**
Change in net liabilities	**4,152**	**452**	**26,322**	**2,610**	**33,536**	**80**	**33,616**

6.2.5 Risk information

The role of Executive Risk Department (DXR) is to analyse, inform and advise executive officers (Executive Management) on the risks to which the Group companies are exposed. It is involved in the implementation of risk policies and procedures and systems to measure, control, analyse and monitor these risks. It ensures that the Group's activities and the associated risks are consistent with the objectives set, the company's policy, its risk appetite framework and the regulatory provisions relating to risk management.

This department comprises:

- the Operational Risk and Permanent Control Department (ROC);
- the Group Risk Management Department (DRG).

6.2.5.1 Credit risk

Risk measurement and monitoring

The Group's credit risk measurement and monitoring system is the responsibility of Risk management (DXR) within the Executive Risk Department Group Risk Management Department (DRG).

Within the Group Risk Management Department, the **Credit, Climate and Second Opinion (CCS) Division** is responsible for:

- validating the credit risk and climate risk due diligence carried out by the operational departments, the rating of non-sovereign counterparties, the determination of the corresponding groups, and the financial analysis of the counterparty, as well as the assessment of the financial structuring transactions during the project appraisal cycle *via* the production of the regulatory Second Opinion;
- the Second Opinion review. It provides an independent opinion on the projects presented to the decision-making bodies on the various dimensions of risk (credit, operational, reputation, etc.);
- implementing the follow-up right beyond the bodies, when this right is requested by the Second Opinion unit prior to project grants, and reviewing the updated credit risk before agreements are signed and in the event of requests for waivers and riders, and in the event of significant adverse events;
- annually reviewing AFD's non-sovereign credit risks, monitoring borrowers under surveillance (watchlist) and measuring individual impairment (definition of the recoverability rate of doubtful loans);
- developing tools, methods and training materials to evaluate credit risks and climate risks, mainly for use by the operating departments;

The role of the **Risk Monitoring Division (DSR)** is to monitor financial risks (credit, counterparty, market, ALM, etc.) within the consolidation scope (including fully consolidated subsidiaries [1] and equity-accounted investments [2]) and to ensure the monitoring and control thereof. In particular, it is responsible for continuously monitoring the Group's risks in terms of position and outlook, by undertaking i) the secretariat and coordination of the Risk Committees (CORIS), ii) the quarterly calculation of the Group's collective provisions on the contribution to the portfolio and the periodic update of the parameters taken into account in these calculations, and iii) the reporting of the Group's risks to Executive Management, the Group Audit and Risk Committee and the Board of Directors. The division participates in defining the risk response framework (limits, pricing, new products, credit and concentration indicators of the Risk Appetite Framework, etc.) and monitors compliance with it.

The Economic Assessment and Public Policy Department (ECO), which reports to the Innovation, Research and Knowledge (IRS) Executive Department, measures the country risks (growth, stability of the financial system, public finances, external balances and socio-political situation) and credit risks of sovereign counterparties in regions where the Group operates (analysis of the structure and level of public debt, budget implementation, payment history and structural solvency indicators, etc.).

1) *Soderag, Proparco, Sogefom, Fisea, Expertise France.*
2) *Société immobilière de Nouvelle-Calédonie, Banque Socredo.*

Every six months, the **Country and Sovereign Risk Committee (Country CORIS)** examines changes in the international economic and financial environment, changes in the macroeconomic risks of the countries in which it operates, and the credit risks presented by the Economic Assessment and Public Policy Department. It validates the classification of country risk and sovereign risk.

Within their respective areas of activity, the **Credit Risk Committee (Credit CORIS)** and the **Equity Investment Risk Committee (Investment CORIS)** examine concentration risk (Large Exposures) on a quarterly basis for the former and half-yearly for the latter, exposures in relation to the operational limit system, the quality of portfolios, impairment/provisions and the associated cost of risk, borrowers under supervision, the application of recovery procedures and the monitoring of activities within the scope of consolidation. Every six months, a review of equity investment monitoring is carried out.

The Risk Committees are chaired by the Executive Director of Risk Management and their permanent members include the Executive Management, the heads of the Executive Departments in charge of Operations, the Executive Director of Finance, the Head of Risk Management at Proparco, the Head of the Group Risk Management Department and the Head of the Second Opinion Function.

The **Group Audit and Risk Committee** meets at least quarterly, after the Counterparty Risk Committee meetings or prior to a Board of Directors meeting. Its role is to conduct a regular review of the strategies, policies, procedures, systems, tools, risk positions (notably credit risk) and thresholds, to notify the Board of Directors of its conclusions and to advise the latter on the Group's global credit risk strategy.

System of operational limits

The system of operational limits applies to products (loans, quasi-equity, guarantees given including ARIZ guarantees, other securities, equity investments) not guaranteed by the French State, excluding products fully subsidised by the French State (*e.g.* micro-finance facility or ARIZ Prime). It consolidates exposures net of individual AFD, Proparco and Fisea provisions.

AFD's limits system has three levels of monitoring: regulatory, internal, and a warning system whose purpose is to alert before a limit is crossed through an information system based on escalation. This system is reviewed annually when the Agency's Risk Appetite Framework and the system of operational limits are examined.

It is broken down into two main limit categories:

- limits and alert thresholds regarding sovereign activity, by region (see Table 1);
- limits regarding non-sovereign activity, by region (see Table 2), sector and counterparty.

Table 1: summary of AFD's limits and alert indicators for large exposures (sovereign + related)

Unless otherwise indicated, the percentages apply to Large Exposure capital (FPGR).

		Limit system		
		Regulatory requirements	Internal requirements	Alert system
Type of exposure/outstandings considered		Authorised exposure	Authorised exposure	Authorised and **unauthorised exposure and new grants**
Monitoring of sovereign activity by region	**"Large Exposures" limit**	**Ceiling: 25% Reporting as "Large Exposures" when exposure exceeds €300M**	**24% of exposure**	**24% > an alert is given to the Board of Directors 21% > an alert is given to the Executive Committee***
	Sovereign warning system			If the Large Exposure equity indicator or if the three exposure indicators on GDP/debt/exports exceed the associated thresholds > a discussion is held with the General Directorate of the Treasury prior to any new grant

* *Executive Committee*

Table 2: Summary of AFD's limits and alert indicators for non-sovereign activity

		Limit system		
		Regulatory requirements	Internal requirements	Alert system
Type of exposure/outstandings considered		Authorised exposure	Authorised exposure	Authorised and **unauthorised exposure and new grants**
Monitoring of non-sovereign activity	**Regional limits***		30% of gross exposure 15% for the banking sector	
	Limit by counterparty (and counterparty group)	Ceiling: 25% Reporting as "Large Exposures" when exposure exceeds €300M	8% for an individual counterparty** 12% for a counterparty group	Specific reporting to the Board of Directors for "incurred" overruns***

* *Without the first public non-sovereign group reporting to the central government.*
** *No loans are granted to counterparties with a rating of < CCC.*
*** *In the event of unfavourable changes in exchange rates or a deterioration in the quality of a counterparty in the portfolio, only the supervisory body (Board of Directors) has the power to authorise a loan where the limit has been exceeded, subject to ongoing compliance with prudential constraints.*

Within Executive Risk Department (DXR), the Risk Monitoring Division (DSR) is responsible for monitoring credit risks and limits for AFD Group. The "Group Risk Monitoring and Reporting (SRG)" unit, attached to DSR, prepares the database that makes it possible to calculate the Large Exposures declared on a quarterly basis and to monitor the limits set by the Board of Directors. The SRG unit prepares the pre-grant limit control document which is inserted for each loan in the notes to AFD's decision-making bodies (the latter are systematically approved by DSR), thus ensuring continuous monitoring of the level of Large Exposures and credit limits.

Every quarter, a review of Large Exposures and operational limits is presented to the Risk Committee, of which the Executive Board is a permanent member, and to the Group Audit and Risk Committee.

1) Large Exposures limit

The "Large Exposures" regulatory limit defines the aggregate maximum authorised exposure to third parties or groups of connected third parties as 25% of eligible capital. As consolidated equity amounted to €9,672M at 31 December 2023, the regulatory limit for Large Exposures was €2,418M. The internal limit is set at 24% by default (€2,321M).

Two preventive alert thresholds also exist to inform the Executive Committee and the Group Audit and Risk Committee of a risk of a threshold being exceeded (Large Exposures and non-sovereign limits). Over the 2023 financial year, four countries were the subject of a DRX information memorandum regarding the risk of a breach of the preventive alert and/or tolerance threshold for the Large Exposures limit. These were India, Egypt, Mexico and Morocco.

2) Non-sovereign limits

Geographic limits

Non-sovereign geographic limits are monitored for all foreign countries in the portfolio, in two ways: through balance-to-pay and excluding balance-to-pay. The ceiling by region is set at 30% of Large Exposure equity, *i.e.* €2,902M.

Unknown third party limit

Pursuant to Article 390 (8) of the CRR of Delegated Regulation 1187/2014 of 2 October 2014, where the transparency approach is not possible, certain exposures (in particular related to collective investment schemes) are assigned to the "unknown client" category which constitutes a counterparty subject to an internal limit set at 24% of Large Exposure equity, *i.e.* €2,321M.

Sector limit

A limit on credit institutions is set by region at 50% of the non-sovereign geographic limit (*i.e.* 15% of the Large Exposure equity, *i.e.* €1,451M). This limit is calculated quarterly on the closing date according to the exposure base used to value the non-sovereign geographic limit.

Limits per group of connected counterparties and per counterparty

The non-sovereign limit per group of connected counterparties is risk-weighted (weighted according to the type of instrument and the counterparty's credit rating) with a ceiling of 12% of Large Exposure equity, *i.e.* €1,161M. The limit for a counterparty is also set at 8% of Large Exposure equity, *i.e.* €774M. The weightings by type of instrument are also specified and adjust the limits accordingly.

Monitoring the risks of sovereign counterparties

The French State is responsible for the payment of arrears relating to sovereign activities *via* a reserve account endowed with €1,395bn at the end of 2023.

The local offices implement recovery and sanction measures as from the due date of the debt (or notification of the call on the State guarantee for guaranteed debts). In this context, AFD may ask the Secretariat of the Paris Club to send a reminder letter.

The official bilateral creditors who are members of the Paris Club submit their arrears on their sovereign debt for review at the monthly review meetings known as the Tour d'horizon. AFD takes part in these meetings under the guise of the French Ministry of Finance. Where applicable, the Paris Club can grant debtor countries restructuring arrangements or write off their debt. The restructuring arrangements may affect AFD debts. The financial impact of these arrangements on AFD is absorbed by the French Treasury. In addition to the reserve account, AFD is compensated by the State for sovereign debt cancelled in the context of cancellations decided by the State either under Paris Club agreements or as a result of bilateral decisions.

Monitoring the risks of non-sovereign counterparties

Within the Geographic Operations Division (GEO), the Portfolio Management and Quality Department (GEP) monitors non-sovereign loans from the first instalment onwards (checking counterparties' financial covenants, monitoring recovery and managing waivers, amendments and restructuring) and the Regulatory Knowledge of Counterparties Department (CRC) ensures that permanent credit files are updated on a quarterly basis.

The Risk Assessment Sheets, which contain the categories for the different rating methods, are updated each year by the local offices with, potentially, the support of the Regional Portfolio Monitoring managers (or the operational departments at Headquarters for multi-country risks). The annual updates of the Risk Assessment Sheets are carried out on an ongoing basis according to the date of availability of the financial statements of the counterparties and to different deadlines prepared according to a risk-based approach. The Risk Assessment Sheets may also be updated independently of the annual review cycles on the occasion of a new instruction or the signing of a credit agreement [1], as well as in the event of a review of the country or sovereign rating of the counterparty's country or a major event impacting the quality of the borrower.

The exercise consists of the following stages:

- collection and control of qualitative and financial data (accounting documentation, latest available parent company accounts, qualitative assessment of the borrower and/or the beneficiary and the exposure situation);
- visit and interview with the counterparty;
- update of qualitative information (local context, governance, internal organisation, etc.);
- preparation of the evaluation grid and spreadsheets for analysis and calculation of financial and prudential ratios;
- proposing intrinsic rating, which is then automatically cross-referenced with the country risk;
- reasoned assessment of possible shareholder support;
- determination of the credit rating based on the cross-referencing of the intrinsic rating with the country risk, the level of shareholder support and a possible expert opinion.

The investment officers of the Portfolio Management and Quality Department (GEP) for third parties monitored after the first payment and the Country Managers carry out a first-level control. Credit analysts in the Credit Risk Assessment, Climate and Second Opinion Division perform second-level checks and validate credit ratings.

Third parties with overdue payments of more than 90 days (180 days for local authorities in French Overseas Departments and Collectivities) or with a proven credit risk are downgraded to "doubtful" (credit rating D+ or lower). Individual impairments on the corresponding loans are estimated taking into account the associated guarantees.

Watchlist monitoring

Borrowers representing a high credit risk, due to their probability of default (in particular all doubtful counterparties), are subject to special monitoring in the form of a watchlist (list of counterparties under surveillance): a watchlist sheet summarises the key information relating to each counterparty (outstanding amounts, outstanding payments, credit rating, current events, provisions).

The watchlist and the corresponding sheets are updated quarterly by the investment officers responsible for managing the files (GEO/GEP or GEO/OCN or JUR/JIN) This represents the first-level control. The credit analysts of the Credit, Climate and Second Opinion Division carry out a second-level control and validate proposals for changes to the watchlist (entry, exit, maintenance) as well as the proposed level of provisioning (stage 3). The watchlist is then communicated to the Risk Committee (CORIS), which reviews the current status of files, validates entries or removals as well as movements within the watchlist as proposed by the Credit, Climate and 2nd Opinion Risk (CCS) Division and arbitrates in the event of disagreement among the operational and risk teams. The Risk Committee may also place certain cases under legal oversight, authorise exemptions from collection procedures and validate write-offs. There are three levels of watchlist:

- borrowers under simple monitoring (level 1 watchlist);
- restructuring and non-performing loans (level 2 watchlist);
- pre-litigation cases, from the date of acceleration of payment, and cases in litigation from the start of a legal proceeding (level 3 watchlist).

1) *The period of validity of a rating is set at 18 months from the closing date of the certified financial statements used to establish this rating.*

The inclusion of a third party on a watchlist is proposed to the Risk Committee based on the following criteria:

Level 1 watchlist	Level 2 watchlist	Level 3 watchlist
Third parties with actual material arrears of more than 30 days on at least one of the loans	Doubtful third parties	Third parties for which at least one loan is being disputed (arbitration or legal proceedings)
Third parties with downgraded credit rating (outstandings > €2M for overseas local authorities (including joint associations) and €500K for all other counterparties)	Third parties with at least one loan being restructured	Third parties for which at least one loan is undergoing pre-litigation procedure
Third parties on a probationary period after restructuring of 24 months		Third parties in insolvency proceedings (preventive or collective)
Third parties subject to significant adverse events		

Removal from the watchlist is proposed to the Risk Committee based on the following criteria:

- resolution of the criteria that resulted in inclusion on the watchlist and any new criteria observed during monitoring:
  - if arrears criterion: payment of arrears and non-occurrence of new arrears for two consecutive due dates,
  - if rating criterion: removal from doubtful or stable or improvement in the credit rating over the last 24 months for performing counterparties (with an additional condition of improving the credit rating to at least B- over this 24-month period for counterparties formerly pre-doubtful, *i.e.* rated CCC),
  - if restructuring criterion: end of the 24-month probationary period;
- renewed compliance with contractual obligations;
- management of the impacts of the significant unfavourable events that led to monitoring or continued monitoring.

Compliance with the removal criteria alone does not automatically result in removal, which is subject to an expert appraisal.

CLASSIFICATION OF OUTSTANDINGS ACCORDING TO THE DIFFERENT STAGES OF DETERIORATION

In accordance with IFRS, AFD has developed a collective provisioning mechanism for performing loans. The level of impairment is determined for each contract, based on changes in credit risk since approval. At the reporting date, each contract is assigned to a risk category depending on whether or not it has recorded a significant deterioration in credit risk since its initial recognition:

- stage 1: this category includes the performing loans of third parties known as non-deteriorated, *i.e.* those not presenting any of the criteria for significant deterioration of stage 2 or default of stage 3, explained below;
- stage 2: this category includes the impaired performing loans of third parties, namely:
  - exposures related to ARIZ guarantees, and
  - outstandings (balance sheet and off-balance sheet) which have suffered a significant deterioration in their credit risk since inception.

    This significant deterioration in risk is demonstrated by at least one of the following criteria being met:
    - significant downgrading of the counterparty's internal rating between inception of the contract and the current state;
    - placement of the counterparty under supervision (watchlist); and
    - 30 days past due.

ESTIMATES OF IMPAIRMENT AND PROVISIONS ON PERFORMING LOANS

The model used to estimate credit losses varies depending on the stage to which the outstanding amount relates and the type of outstanding amount involved. Impairment and provisions are calculated for non-sovereign loans issued by AFD, debt securities, financial guarantees and undisbursed balance that have been authorised (by identifying a conversion factor and estimating early repayment).

- For stage 1 loans, provisions are based on the calculation of the expected loss at one year, which takes into account the probability of default (which varies in particular according to the credit rating), the loss in the event of default, and exposure at default (varying according to the residual maturity and the conversion factor for off-balance sheet exposures).
- For loans in stage 2, impairments or provisions are determined using the same calculation methodology, but based on a calculation at maturity (instead of after one year).

Provisions and impairments are calculated quarterly by the Risk Monitoring Division. They are subject to a control plan and an analysis of changes. At 31 December 2023, the Group's collective provisions amounted to €431M.

The model is also reviewed regularly. For 2023, work focused on reviewing the probability of default series for the Group's portfolio and the level of losses in the event of default to take account of doubtful loans that had been closed.

The model for calculating expected credit losses on sound exposures of non-sovereign counterparties was supplemented by taking into account the economic outlook of the various countries of intervention (forward looking). It was taken into account on the basis of three indicators for all countries in the areas of operation:

- the IMF's GDP growth outlook;
- the outlook of rating agencies; and
- the degree of debt sustainability published by the World Bank.

Cross-referencing these 3 indicators (with weightings for each indicator value) leads to the definition of two lists of countries, according to two distinct scenarios, which are submitted for expert review at Group level. The weighting of these two scenarios leads to a final forward looking impact on the level of Proparco's collective provisions.

INDIVIDUAL PROVISIONING PRINCIPLE

Stage 3: this category includes non-performing loans, *i.e.* outstandings (balance sheet and off-balance sheet) of third parties with:

- significant arrears exceeding 90 days (180 days for local authorities); a significant unpaid rent is determined by the following two cumulative criteria:
  - the sum of unpaid loans on all credit obligations exceeds €500,
  - the sum of arrears on all credit obligations is greater than 1% of all credit obligations of the third party (excluding the balance to be paid and equity investments);
- proven credit risk; or
- a restructured forborne credit which is more than 30 days past due and/or a second forbearance during the probation period.

The doubtful nature is applied to all exposures to the third party concerned, according to the contagion principle.

Individual provisioning decisions on non-performing loans are taken as part of the quarterly monitoring of borrowers on the watchlist. The watchlist summarises the main elements affecting the borrower's credit quality and records the individual provisioning methods used. These individual provisioning proposals are presented at the CORIS and are reviewed each quarter. At 31 December 2023, the Group's individual provisions amounted to €628M.

DISCONTINUATION OF THE CYCLICAL PROVISION

A temporary provision was set aside in 2022 to cover the risk of a short-term deterioration in the credit ratings of counterparties in the countries of operation most likely to be affected by the impacts of the conflict in Ukraine, and by the deterioration of the global economic situation resulting therefrom. This provision was fully reversed in 2023 (+€43M), as all the counterparties were subject to an expert assessment of the impacts incurred.

MAXIMUM CREDIT RISK EXPOSURE (OWN BEHALF)

In total, the Group's consolidated gross outstandings amounted to €52.2bn at 31 December 2023 (compared with €49.9bn at 31 December 2022), including loans guaranteed by the French State, of which €45.1bn in foreign countries, and €7.1bn in French Overseas Departments and Collectivities. The parent company bears most of the Group's credit risk (€48.3bn, *i.e.* 93% of outstandings).

AFD Group's non-performing loans (including State guarantees) amounted to €3.1bn at 31 December 2023, of which €2.0bn in sovereign non-performing loans and €1.1bn in non-sovereign non-performing loans. Non-sovereign non-performing loans are covered by impairments and provisions totalling €0.5bn, equivalent to a coverage ratio of 45%.

Age of arrears

The arrears on AFD Group loans and receivables at the closing date break down as follows:

In thousands of euros **31/12/2023**	Outstandings + ICNE	Consolidated provisions	Unpaid bills
Stage 1	40,088	66	22
Stage 2	8,891	265	46
Stage 3	3,096	580	278
Other	126	-	1
TOTAL	**52,200**	**910**	**347**

Concentration of credit risk

Financial loans at amortised cost

Non-sovereign

	At 31 December 2023				At 31 December 2022			
	Performing assets	Performing assets	Doubtful assets	Total	Performing assets	Performing assets	Doubtful assets	Total
In thousands of euros	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Rating								
From AAA to BBB- (Investment)	8,611,998	364,752	-	8,976,750	7,646,638	471,565	-	8,118,202
From BB+ to CCC (Speculative)	6,224,690	4,382,754	-	10,607,444	5,802,717	5,052,949	-	10,855,666
Not applicable*	576,201	-	-	576,201	588,374	-	-	588,374
Doubtful	-	-	1,031,760	1,031,760	-	-	1,098,183	1,098,183
TOTAL	**15,412,889**	**4,747,506**	**1,031,760**	**21,192,154**	**14,037,728**	**5,524,513**	**1,098,183**	**20,660,425**

* *Unused assets relate to budgets granted pending allocation to a final beneficiary.*

Sovereign

	At 31 December 2023				At 31 December 2022			
	Performing assets	Performing assets	Doubtful assets	Total	Performing assets	Performing assets	Doubtful assets	Total
In thousands of euros	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Rating								
From AAA to BBB- (RC1 to RC2)	8,927,387	-	-	8,927,387	8,765,597	-	-	8,765,597
From BB+ to CCC (RC3, RC4, RC5)	14,507,490	3,873,500	567,764	18,948,755	13,640,389	3,107,584	623,205	17,371,178
Not applicable*	-	-	-	-	-	-	-	-
Doubtful (RC6)	-	-	1,390,390	1,390,390	-	-	1,388,572	1,388,572
TOTAL	**23,434,877**	**3,873,500**	**1,958,154**	**29,266,532**	**22,405,985**	**3,107,584**	**2,011,777**	**27,525,347**

* *Unused assets relate to budgets granted pending allocation to a final beneficiary.*

Securities at fair value through other comprehensive income that may be recycled or at amortised cost

	At 31 December 2023				At 31 December 2022			
	Performing assets	Performing assets	Doubtful assets	Total	Performing assets	Performing assets	Doubtful assets	Total
In thousands of euros	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Rating								
From AAA to BBB- (Investment)	3,458,216	-	-	3,458,216	2,215,977	-	-	2,215,977
From BB+ to CCC (Speculative)	414,602	10,218	-	424,820	457,300	-	-	457,300
Not applicable*	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
TOTAL	**3,872,817**	**10,218**	**-**	**3,883,035**	**2,673,276**	**-**	**-**	**2,673,276**

* *Unused assets relate to budgets granted pending allocation to a final beneficiary.*

Financing commitments

Non-sovereign

	At 31 December 2023				At 31 December 2022			
	Performing assets	Performing assets	Doubtful assets	Total	Performing assets	Performing assets	Doubtful assets	Total
In thousands of euros	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Rating								
From AAA to BBB- (Investment)	874,387	25,200	-	899,587	1,087,646	98,214	-	1,185,860
From BB+ to CCC (Speculative)	2,341,140	315,382	-	2,656,522	2,243,904	449,719	-	2,693,622
Not applicable*	147,271	-	-	147,271	169,186	-	-	169,186
Doubtful	-	-	48,547	48,547	-	-	38,341	38,341
TOTAL	**3,362,797**	**340,582**	**48,547**	**3,751,927**	**3,500,735**	**547,933**	**38,341**	**4,087,009**

* *Unused assets relate to budgets granted pending allocation to a final beneficiary.*

Sovereign

	At 31 December 2023				At 31 December 2022			
	Performing assets	Performing assets	Doubtful assets	Total	Performing assets	Performing assets	Doubtful assets	Total
In thousands of euros	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Rating								
From AAA to BBB- (RC1, RC2)	2,837,759	-	-	2,837,759	2,521,464	-	-	2,521,464
From BB+ to CCC (RC3, RC4, RC5)	8,756,893	2,399,681	116,000	11,272,574	8,872,164	1,985,535	116,000	10,973,699
Not applicable*	-	-	-	-	-	-	-	-
Doubtful (RC6)	-	-	675,761	675,761	-	-	923,942	923,942
TOTAL	**11,594,653**	**2,399,681**	**791,761**	**14,786,094**	**11,393,628**	**1,985,535**	**1,039,942**	**14,419,105**

* *Unused assets relate to budgets granted pending allocation to a final beneficiary.*

Guarantee commitments

	At 31 December 2023				At 31 December 2022			
	Performing assets	Performing assets	Doubtful assets	Total	Performing assets	Performing assets	Doubtful assets	Total
In thousands of euros	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Rating								
From AAA to BBB- (Investment)	13,973	19	-	13,992	17,217	336	-	17,554
From BB+ to CCC (Speculative)	766,515	470,021	-	1,236,537	336,096	605,161	-	941,257
Not applicable	-	-	-	-	-	-	-	-
Doubtful	-	-	61,781	61,781	-	-	61,441	61,441
TOTAL	**780,489**	**470,040**	**61,781**	**1,312,310**	**353,313**	**605,497**	**61,441**	**1,020,251**

Exposure to credit risk: change in the carrying amounts and value adjustments for losses over the period

Value adjustments for losses correspond to impairment on assets and provisions on off-balance sheet commitments recognised in net income ("Cost of risk") in respect of the credit risk.

	Stage 1	Stage 2	Stage 3	Total
Provisions at 31/12/2022	**86,641**	**440,774**	**428,635**	**956,051**
New signatures	24,655	7,007	-	31,661
Extinct exposures	-2,125	-8,675	-24,072	-34,872
Change in exposure or rating	-5,403	-64,152	-112,215	-181,769
Stage change	-19,566	32,736	34,981	48,150
Other (including IFRS restatements, Sogefom)	134	34	174,640	174,808
IFRS restatement	-	-	73,334	73,334
Total change in operating provisions	**-2,304**	**-33,051**	**-**	**-35,356**
TOTAL CHANGE IN IFRS 9 PARAMETER UPDATES	**-18,432**	**-34,641**	**-**	**-53,073**
TOTAL CHANGE IN EXCEPTIONAL PROVISIONS (FWL, ARIZ)	**12,025**	**-20,097**	**-**	**-8,073**
PROVISIONS AT 31/12/2023 ACTIVITY + PARAMETERS + EXCEPTIONAL PROVISIONS	**77,929**	**352,984**	**501,969**	**932,883**

6.2.5.2 Liquidity risk

The notion of liquidity refers to the company's ability to finance new assets and meet obligations as they mature. Liquidity must enable the Group to meet its commitments, including under adverse circumstances (crisis, financial market tensions, etc.). AFD Group, including its Proparco subsidiary, does not receive deposits or repayable funds from the public. Its financing model is mainly based on medium- and long-term market borrowings; liquidity is given high priority in light of the Group's performance target, which entails controlling the financing cost and minimising the cost of carry. This model reflects the Agency's aversion to refinancing risk and liquidity risk, which are monitored as part of balance sheet management for both AFD and Proparco.

The Group's risk appetite framework primarily uses two indicators to monitor liquidity risk:

- the standard liquidity indicator, which enables the Group to measure the time horizon over which it will be able to meet its commitments without raising new resources. The target value of this indicator is between 9 and 12 months;
- the liquidity coefficient: this is a regulatory indicator (order of 5 May 2009) reported on a quarterly basis. It is the ratio of liquidities (available resources) against payables (commitments to be met) at one month. It determines AFD's ability to mobilise the necessary resources to meet its immediate commitments. This indicator must be greater than 100%.

AFD has a Euro Medium Term Note (EMTN) programme for not more than €60,000M enabling it to complete financing transactions with fewer financial disclosure requirements. Short-term liquidity risk prevention relies on a programme of short term Negotiable European Commercial Papers ("NEU CPs") amounting to €8,000M, including €4,000M in the event of the Emergency Financing Plan being triggered. There is also a €2,000M programme of Negotiable European Medium-Term Notes ("NEU MTNs").

AFD also has a portfolio of high quality bonds, which constitutes a liquidity reserve that can be mobilised through market repurchase agreements. The notional amount outstanding of these portfolios amounted to €1,353M at 28 December 2023.

The liquidity risk measuring and monitoring system includes both regulatory ratios and internal indicators. The various liquidity risk measuring and monitoring indicators reveal very moderate exposure to liquidity risk.

Residual contractual maturities	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Carrying amount
Liabilities					
Financial liabilities at fair value through profit or loss	122	12,091	92,503	127,590	232,307
Derivatives used for hedging purposes (liabilities)	6,092	118,531	1,092,964	3,171,739	4,389,326
Financial liabilities measured at amortised cost	2,398,497	6,064,564	23,120,660	19,798,928	51,382,650

6.2.5.3 Foreign exchange risk

The foreign exchange risk is the risk of losses on financial instruments and margins due to adverse changes in exchange rates.

AFD's general policy is to systematically hedge foreign currency loans through cross-currency swaps, which exchange future foreign currency cash flows for future euro cash flows. Financing transactions carried out in currencies other than the euro are also hedged using cross-currency swaps.

As AFD does not hold speculative positions, market risk is limited to foreign exchange risk, which is below the threshold for applying CRBF Regulation No. 95-02 on capital adequacy vis-à-vis the market.

Foreign exchange risk can be measured by analysing sensitivity: if foreign currencies appreciate against the euro by 10%, this has an estimated impact on income of -€15M (+€15M for a 10% decrease), the sensitivity to exchange rates mainly originating from the dollar.

For information, AFD Group applies an internal limit approved by the Board of Directors on 14 December 2023: individual currency exposure may not exceed 1.5% of regulatory capital, while aggregated exposure must remain below 3% of regulatory capital. This internal policy keeps foreign exchange risk to a minimum (excluding ownership interests, provisions and arrears).

Fair value hedging modifies the risk induced by the changes in fair value of a fixed-rate instrument caused by changes in interest rates. This hedging transforms fixed-rate assets and liabilities into variable-rate items.

Fair value hedging notably includes the hedging of loans, securities, deposits and debts.

In practice, the resources raised by AFD (fixed-rate bond issues) are not immediately "allocated" to the refinancing of loan transactions as part of the Resources with Ordinary Conditions regime. The resources raised initially increase the volume of AFD's cash invested at variable rates. In order to eliminate interest rate risk, at the same time as the bond issue is raised, AFD sets up an issue swap that makes the debt service variable over the total period of the loan.

It is only when the loans are effectively disbursed on an adjustable basis that the loans are allocated, for AFD's balance sheet management requirements and for an amount corresponding to the outstanding capital for the loan issued in resources with ordinary conditions.

AFD breaks down the outstanding loans in resources with ordinary conditions by quarterly maturity band and based on their contractual term.

In order to set the subsidy paid by the French State, AFD "resets" the resource when disbursing the loans through a "fixed rate/adjustable rate" swap. The notional value of the swap is, therefore, a function of the outstanding principal not past due in resources with ordinary conditions. As it is allocated to a set of loans (resources with ordinary conditions) and not singly, this transaction is qualified as macro-hedging .

6.2.5.4 Compliance with regulatory ratios

The Group was in compliance with all of the regulatory ratios at 31 December 2023.

6.2.6 Additional information

6.2.6.1 Investments held in managed funds

AFD has interests in five companies *via* a number of managed funds (Cidom, Fides, Fidom and Micro Finances Facility). These holdings, recorded at cost, do not appear on the balance sheet. These holdings, which were subscribed to on behalf of the French State with public funds made available to AFD, are not included in ownership or control percentages and are therefore not consolidated in the financial statements.

Fund source	Number of equity investments	Purchase price
Caisse d'investissement des DOM (CIDOM)	1	463
FIDES (Investment Fund for Economic and Social Development)	3	625
FIDOM (French Overseas Departments Investment Fund)	1	91
Other State resources		
TOTAL	**5**	**1,180**

6.2.6.2 IMF balance sheet

In thousands of euros	31/12/2023	31/12/2022
Assets		
Loans and receivables due from credit institutions	150,022	389,102
On-demand	*145,610*	*363,826*
At maturity	*4,412*	*25,276*
Accruals	9,227	26,844
TOTAL ASSETS	**159,250**	**415,946**
Liabilities		
Debt securities in issue	154,649	412,676
Bonds	*150,000*	*400,000*
Of which accrued interest	*4,649*	*12,676*
Accruals and other miscellaneous liabilities	4,601	3,269
TOTAL LIABILITIES	**159,250**	**415,946**

Loans granted to the International Monetary Fund (IMF) for the Poverty Reduction and Growth Facility (PRGF), financed by bonds issued by AFD and supplemented by hedging instruments concluded with different banking counterparties, are provided on behalf and at the risk of the French government. With the exception of management fees totalling €7K, the IMF loans have no impact on AFD Group's financial position.

Commitments given to the IMF are restated from the consolidated financial statements.

6.2.6.3 Related-party transactions

	31/12/2023		31/12/2022	
In thousands of euros	AFD Group	Equity-accounted companies	AFD Group	Equity-accounted companies
Credits	427,090		349,187	
Other financial assets				
Other assets				
TOTAL ASSETS WITH RELATED ENTITIES	**427,090**		**349,187**	
Debts		427,090		349,187
Other financial liabilities				
Other liabilities				
TOTAL LIABILITIES ON RELATED ENTITIES		**427,090**		**349,187**
Related interest, income and expenses	9,603	-9,603	8,755	-8,755
Commissions				
Net income on financial transactions				
Net income from other activities				
TOTAL NBI GENERATED WITH RELATED ENTITIES	**9,603**	**-9,603**	**8,755**	**-8,755**

6.2.6.4 Key executive compensation

Gross annual compensation allocated to the key executives is €625,835:

- Rémy Rioux, Chief Executive Officer and corporate officer: €268,100;
- Bertrand Walckenaer, Chief Operating Officer (COO): €180,234;
- Marie-Hélène Loison, Deputy Chief Executive Officer: €177,501.

6.2.6.5 Disclosure on non-cooperating States and territories

Article L.511-45 of the French Monetary and Financial Code (as amended by Article 3 of Order 2014-158 of 20 February 2014) requires credit institutions to publish an appendix to their annual financial statements presenting information about their offices in countries or territories that have not signed an administrative assistance agreement with France for the purpose of combating fraud and tax evasion.

Law No. 2013-672 of 26 July 2013 on the separation and regulation of banking activities broadens the list of required disclosures from banks regarding their offices in non-cooperative countries or territories.

The Decree of 3 February 2023 amending the Decree of 12 February 2010 issued pursuant to the second paragraph of 1 of Article 238-0 A of the French General Tax Code, modified the list of non-cooperative states or territories.

At 31 December 2023, AFD Group did not have any offices in non-cooperative countries or territories.

6.2.6.6 Statutory Auditors' fees

In compliance with Decree No. 2008-1487 of 30 December 2008, the table below shows the fees paid in 2023 to AFD Group's Statutory Auditors. The fees are based on those stated in their engagement letters. These fees are invoiced for statutory auditing services:

Fees excluding tax – 2023 financial year	KPMG	BDO	Total
AFD	€235,000	€208,000	€443,000
Proparco	€84,000	€84,000	€168,000
Expertise France		€64,850	€64,850
Sogefom	€30,500		€30,500
Fisea	€15,000		€15,000
BREDEV	€3,350		€3,350
Soderag	€16,500		€16,500
TOTAL	**€384,350**	**€356,850**	**€741,200**

The other fees invoiced to AFD for services other than certification of the financial statements for the 2023 financial year amounted to €55,500.

SACC fees excl. tax – 2023 financial year	KPMG	BDO	Total
CSR mission	€26,000		€26,000
Climate Bonds comfort letter	€17,000		€17,000
EMTN programme update	€2,900	€8,100	€11,000
Certificate of treasury accounts for EF		€1,500	€1,500
TOTAL	**€45,900**	**€9,600**	**€55,500**

6.2.6.7 Significant events since 31 December 2023

No significant event having an impact on the Company's financial position occurred after the reporting period ended 31 December 2023.

6.3 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2023

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the board of directors of Agence Française de Développement,

Opinion

In compliance with the engagement entrusted to us by board of directors, we have audited the accompanying consolidated financial statements of Agence Française de Développement for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the aforementioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Provisioning of credit risk

Risk identified et key judgments	Our audit response
The Agence Française de Développement "AFD" is exposed to credit and counterparty risks. These risks are defined as the probability that a counterpart may be unable to repay the financing granted. The default of a counterpart may have a material impact on the results of AFD or its subsidiaries (in particular Proparco). The determination of impairments and provisions on performing and substandard exposures is based on an expected credit loss model taking into account, in addition to the outstanding amount, commitments and undrawn facilities through the application of conversion factors. This method is based on a classification of exposures into distinct categories (also called "stage") according to the evolution, since the origination, of the credit risk of the asset as well as on a calculation of expected losses as a function of changes in credit risk and according to a model incorporating various parameters (probability of default, loss rate in the event of default, exposure at default, rating, etc.): • Stage 1: groups together sound exposures that have not suffered any significant increase in credit risk since their inception. The method of calculating depreciation is based on expected losses over a 12-month horizon; • Stage 2: groups together the sound exposures for which a significant increase in credit risk has been observed since initial recognition. The method of calculating depreciation is statistically based on expected losses over a maturity horizon. AFD also records impairments on doubtful exposures. These are calculated on an individual basis and correspond to the difference between the book value of the asset and the discounted value of future cash flows recoverable on maturity after considering the effects of the bringing into play of guarantees. They correspond to "Stage 3" depreciation. We considered that the assessment of credit risk and the assessment of provisions constitute a key point of the audit since they involve judgment by Management in the classification of exposures and in the assumptions that were used, in particular, in a context of persistent uncertainty marked by the conflict in Ukraine, tensions over raw materials and energy, as well as the return of inflation and a hike in interest rates. As at December 31, 2023, AFD's consolidated financial statements include €822 million of impairment recorded in assets and €1,542 million of provisions recorded in liabilities. For more details on the accounting principles and exposures, refer to notes 4.2.3, 5.2, 10 and 19 of note 4 to the consolidated financial statements "basis of preparation of the AFD Group's consolidated financial statements".	To assess the reasonableness of the impairments/provisions booked, we: • examined the governance of the provisioning processes; • tested the operating efficiency of the provisioning processes of the related internal controls; • verified the consistency of data between the risk management systems and the accounting data; • assessed the consistency of changes in exposures and provisions. When the provision was calculated on a collective basis (Stage 1 and Stage 2), we: • assessed the methodological principals and the reasonableness of key underlying risk parameters (PD, LGE, EAD); • checked the completeness of the exposures subject to provision calculations and the appropriate application of methodological principals; • tested data quality on a sample basis; • verified of the arithmetical accuracy of the calculations performed. When the provision was determined on an individual basis (Stage 3), we: • tested the appropriateness downgrading rules for doubtful exposures and verified their application; • tested the underlying assumptions and data used by Management to estimate impairments on a sample basis; • ensured the appropriate application of decision taken by the Risk Committee.

Valuation of financial instruments classified in Fair Value level 3

Risk identified et key judgments	Our audit response
The Agence Française de Développement holds assets at fair value as detailed in paragraphs 4.2.3, 1, 3 and 4 of note 4 to the consolidated financial statements "basis of preparation of the AFD Group's consolidated financial statements". Changes in fair value from one period to the following are recognized either through profit or loss or through equity depending on the IFRS 9 accounting classification. Due to the limited availability of market data, the valuation of level 3 financial instruments involves judgment by management for the selection of the valuation method and parameters to be used. We considered the valuation of financial assets at fair value of level 3 to be a key audit matter, given: • the significant impact of the choice of the valuation method on AFD's results; • the sensitive nature of the parameters used for Management's assumptions; • the material impact in the financial statements. As at December 31, 2023, the fair value of financial assets at fair value of level 3 is €3,475 million as indicated in Note 4 to the consolidated financial statements.	In this context, our work consisted of: For the portfolio of equity securities (direct and non direct investments): • updating our understanding and then testing the effectiveness of the control procedures relating to the determination of the valuation method used; • checking the reconciliation between general ledger and sub-ledgers; • testing, on a sample basis, the correct application of the valuation method to the financial assets; • reconciling, on a sample basis, the valuation of these securities with the documentation that justified it. For the portfolio of loans not eligible for recognition at amortized cost under IFRS 9: • checking the reconciliation between general ledger and sub-ledgers; • assessing the methods used to determine the valuations (consistency between assumptions and market parameters used) by involving our financial modeling experts; • checking the completeness of the scope used as a basis for calculation of the fair values; • checking the consistency of the parameters applied in the calculation method and of the updates in line with the methods validated; • checking the arithmetical accuracy of the calculations made on a sample of loans. In addition, we verified the appropriateness of the accounting methods used by the Group and we ensured that they were correctly applied.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's information given in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2 of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As these are consolidated financial statements, our work includes verifying that the presentation of these financial statements complies with the format defined by the aforementioned regulation.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the Single European Electronic Reporting Format, the content of certain tags in the notes may not be rendered identically to the consolidated financial statements attached to this report.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Agence Française de Développement by the board of directors meeting held on July 3, 2002 for KPMG S.A. and on April 2, 2020 for BDO Paris.

As at December 31, 2023, KPMG SA was in the 22nd year of total uninterrupted engagement, and BDO Paris was in the 4th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Chief Executive Officer.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Collects information related to persons and entities included in the scope of consolidation that it deems sufficient and appropriate to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and execution of the audit of the consolidated financial statements as well as the opinion expressed on these accounts.

Report to the Audit Committee

We submit a report to the Audit Committee which includes a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.82210 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, 23 April 2024
KPMG SA
Valéry Foussé
Partner

Paris, 23 April 2024
BDO Paris
Benjamin Izarié
Partner

6.4 Statutory Auditors' special report on related-party agreements

Board of Directors for the approval of the financial statements for the year ended 31 December 2023

This is a translation into English of the statutory auditors' report on the related-party agreements issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the members of the Board of Directors of Agence Française de Développement,

In our capacity as Statutory Auditors of Agence Française de Développement, we hereby present our report on your regulated agreements.

It is our responsibility to report to members of the Board of Directors, based on the information provided to us, on the main terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. It is the responsibility of the members of the Board of Directors, under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), to evaluate the benefits arising from these agreements prior to their approval.

Where applicable, it is also our responsibility to provide you with the information required by article R.225-31 of the French Commercial Code relating to the execution, during the year elapsed, of agreements already approved by the Board of Directors.

We performed the procedures we considered necessary in accordance with the professional guidance issued by the national institute of auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying that the information provided to us is consistent with the basic documentation from which it was taken.

Agreeements to be submitted for the approval of the board of directors

Agreements authorised and entered into during the year

In accordance with Article L.225-40 of the French Commercial Code, we have been advised of the following agreement entered into during the year, which was authorised by your Board of Directors.

With *la Société de promotion et participation pour la coopération économique* (Proparco)

Framework agreement for funding from French government programmes 110 and 209

On 21 June 2023, AFD and Proparco signed a framework financing agreement covering operations backed by resources from programmes 110 and 209 (subsidised or subsidised activities for private counterparties are now recorded on Proparco's balance sheet, with a few exceptions such as ARIZ guarantees which are maintained on AFD's balance sheet and covered by a separate mandate agreement). This agreement also sets out the terms and conditions of Proparco's remuneration for its services in connection with the creation and subsequent monitoring of the activities of Digital Africa, a subsidiary created in the form of an SAS in 2022. This agreement was approved by the Board of Directors on 20 April 2023.

The financial expense recognised by your Company in respect of this agreement in 2023 amounted to 3,535 thousand euros.

Agreements already approved by the board of directors

Agreements approved in prior years which continued to be executed during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we were informed of the following agreements, approved by the Bord of Directors in prior years, which continued to be executed during the year.

6

With *la Société de gestion des fonds de garanties d'Outre-mer* (Sogefom)

Service agreement

On 15 March 2004, AFD and SOGEFOM signed a service agreement effective retroactively to 28 August 2003. Under this agreement, AFD provides management, representation and technical support services to SOGEFOM.

AFD was paid a fee of 1,713 thousand euros under this agreement in 2023.

With *la Société de promotion et participation pour la coopération économique* (Proparco)

Sub-participation co-financing framework agreement signed between PROPARCO and AFD

Your company entered into a first sub-participation Framework Agreement with PROPARCO on 26 October 2007, and then, given the good use of the sub-participation lines, each year thereafter. In order to simplify the contracting procedures for the various annual framework agreements, your company signed a new sub-participation co-financing framework agreement with PROPARCO on 30 March 2018 to develop the operations carried out in co-financing in favour of the private sector during the period 2018-2022. This framework agreement provides for envelopes to be set on an annual basis by authorisation of the Board of Directors of PROPARCO and AFD.

A new Framework Agreement was approved at the Board of Directors meeting on 8 October 2020 in order to integrate the new modalities of subsidized private sector financing. The agreement was signed on 25 January 2021.

PROPARCO retains all the fees it charges its clients to cover project identification, processing and formalization costs.

AFD pays a management fee to PROPARCO in return for project monitoring services for equity investments.

The financial expense recorded by your company for this agreement for the year 2023 amounts to 8,386 thousand euros.

Service agreement between AFD and PROPARCO for the administrative and financial monitoring of certain equity investment effective 15 July 2021

The purpose of the agreement, which was signed on 5 July 2021 and came into force on 15 July 2021, is to specify the tasks carried out by PROPARCO in the name of and on behalf of AFD in the context of the monitoring equity investments. This agreement concerns the administrative and financial monitoring of certain equity investments of AFD. It should be noted that the management agreement for AFD's equity investment in the African Agriculture Fund fund of 18 December 2014, which was previously mentioned in the list of regulated agreements, has been included in this new agreement since its entry into force.

PROPARCO's remuneration is calculated as follows:

- Equity investments subject to a co-investment between AFD and PROPARCO or FISEA: the remuneration will be calculated as a fraction, equal to 50%, of the overall cost of monitoring the line on the basis of the cost accounting of Group AFD;
- Equity investments not subject to co-investment: the remuneration will be calculated on the basis of the cost accounting (100% of the overall monitoring cost);
- Equity investments backed by national resources (only Climate Finance Partnership at the date of this agreement): AFD will retrocede to PROPARCO any remuneration received from the State for the mobilisation of funds from programmes 110 or 209 to which the equity investment is backed. In the event that the cumulative cost of appraising and monitoring the line, as derived from the analytical accounts, is higher than this retrocession of commission, AFD and PROPARCO will share the additional cost equally.

The financial expense recorded by your company for this agreement for the year 2023 amounts to 231 thousand euros.

Framework mandate agreement for the management of private sector financing activities, signed on 16 July 2021

On 8 and 9 October 2020, AFD's and PROPARCO's Boards of Directors respectively approved the terms and conditions for subsidized financing and financing, whether subsidized or not, accompanied by a grant, mobilizing national budgetary resources for the private sector in foreign countries. PROPARCO carries these financing projects on its balance sheet, using the AFD sub-participation mechanism for the associated financing.

This agreement with PROPARCO specifies the terms and conditions for managing private sector financing operations in foreign countries which remain recorded in AFD's accounts and which AFD entrusts to PROPARCO. AFD mandates PROPARCO to identify, instruct, authorize, contract and monitor these private sector financing operations in the name and on behalf of AFD. The mandate framework agreement signed on 16 July 2021 is retroactive.

PROPARCO invoices all missions in accordance with cost accounting rules, with an additional margin of (+4%) except for (i) operations calling on Delegated Funds for which the remuneration is provided for in the Special Agreements and (ii) grant operations calling on Public Funds from the 209 resource.

Note the conclusion of the PEEBCOOL Mandate Agreement between PROPARCO and AFD signed on 25 October 2023, which is part of the "Framework Mandate Agreement for the management of private sector financing activities carried out in the name and on behalf of AFD, signed on 16 July 2021", the purpose of which is to set out the terms and conditions of Proparco's operations in the name of and on behalf of AFD within the framework of the partnership with the Green Climate Fund concerning the programme entitled "Programme for Energy Efficiency in Buildings (PEEB) Cool".

The financial expense recognised by your company in respect of this agreement for the year 2023 amounts to 11,733 thousand euros including 98 thousand euros for the PEEBCOOL mandate.

Service agreement between AFD and PROPARCO

On 13 April 2018, AFD and PROPARCO signed a service agreement retroactive to 1 January 2017 (the "2017 Agreement") which covers a range of management (IT, accounting, financial, logistical, etc.) and support services provided by AFD's teams at headquarters and in the network to PROPARCO as well as the provision of staff, as PROPARCO does not directly employ its own staff.

The overhaul of AFD's cost accounting system and the development of certain services, particularly in view of the growth in PROPARCO's activity and the transfer of activities to the private sector, led to a review of the service agreement.

This agreement also responds to a recommendation by the ACPR to include measures to ensure that outsourcing arrangements meet appropriate performance and quality standards in accordance with their policies, including adequate quality indicators.

The agreement was approved by the Board of Directors on 18 November 2021 and signed on 21 December 2021.

The financial income recorded by your company for this agreement for the year 2023 amounts to 79,982 thousand euros.

Agreement on the programme "Transforming Financial Systems for Climate" (TFSC)

At the Board of Directors meeting of 28 September 2018, the Board of Directors authorised the principles relating to the Subsidiary Agreement between your Agency and PROPARCO in the framework of the "Transforming Financial System for Climate" programme. This programme is intended for public and private financial institutions wishing to carry out financing with an impact on the climate. The agreement formalizes the key role that will be entrusted to your Agency in the deployment of the programme to private financial institutions.

This agreement was signed on 14 October 2019, for a period of 13 years, which may be tacitly renewed for 2 successive periods of 5 years.

The financial impact recorded by AFD under this agreement during the 2023 financial year amounts to 1,535 thousand euros.

MENA Facility Framework Agreement signed on 28 July 2021

The purpose of this facility is to finance beneficiaries in the target countries of the agreement.

This agreement covers the terms and conditions for the use of this facility, in particular the distribution of the subsidy envelope according to the various tools that can be mobilised.

The financial expense recognised by your company in respect of this agreement for the year 2023 amounts to 812 thousand euros.

With *les Sociétés de crédit pour le développement de la Martinique* (Sodema), pour *le développement de la Guadeloupe* (Sodega) and *la Société financière pour le développement économique de la Guyane* (Sofideg)

Agreements relating to the refinancing and guaranteeing of the customer loan portfolios taken over from SODERAG by the three SDCs (departmental credit companies)

Under the terms of the protocol agreements signed in October and November 1998 between AFD, SODERAG and the three SDCs (SODEMA, SOFIDEG and SODEGA), the SDCs acquired the portion of SODERAG'S customer loan portfolio relating to their department, as SODERAG was in liquidation. In September and October 2000, three additional protocol agreements were signed with the three departmental credit companies, setting out the terms for managing the portfolio of loans from SODERAG.

At 31 December 2023, outstanding loans in AFD's books amounted to 9,298 thousand euros for SODEMA, 12,555 thousand euros for SODEGA and 534 thousand euros for SOFIDEG.

Two thirds of the interest and early repayment charges received by the SDCs from customer loans are paid to AFD.

The loans' principal is repaid by the SDCs to AFD to the extent that it is repaid by customers, bearing in mind that the total repayment is limited to the acquisition value of the loans.

Lastly, AFD provides the SDCs with guarantees of the outstanding capital of the loans taken over, up to their net book value.

In 2023, AFD was paid fees and interest for these loans that amounted to 59 thousand euros from SODEMA. AFD did not receive any remuneration for these loans from SODEGA and SOFIDEG.

In 2023, up to 17,844 thousand euros of the credit risk assumed by AFD was covered by a provision for risks for the SODERAG portfolio transferred to the three SDCs, producing a net reversal of 1,523 thousand euros in 2023.

The Statutory Auditors

Paris La Défense, 16 April 2024	Paris, 16 April 2024
KPMG SA	**BDO Paris**
Valéry Foussé	Benjamin Izarié
Partner	*Partner*

6.5 Statutory Auditors' fees

In compliance with Decree No. 2008-1487 of 30 December 2008, the table below shows the fees paid in 2023 to AFD Group's Statutory Auditors. The fees are based on those stated in their engagement letters. These fees are invoiced for statutory auditing services:

Fees excluding tax – 2023 financial year	KPMG	BDO	Total
AFD	€235,000	€208,000	€443,000
Proparco	€84,000	€84,000	€168,000
Expertise France		€64,850	€64,850
Sogefom	€30,500		€30,500
Fisea	€15,000		€15,000
BREDEV	€3,350		€3,350
Soderag	€16,500		€16,500
TOTAL	**€384,350**	**€356,850**	**€741,200**

The other fees invoiced to AFD for services other than certification of the financial statements for the 2023 financial year amounted to €55,500.

SACC fees excl. tax – 2023 financial year	KPMG	BDO	Total
CSR mission	€26,000		€26,000
Climate Bonds comfort letter	€17,000		€17,000
EMTN programme update	€2,900	€8,100	€11,000
Certificate of treasury accounts for EF		€1,500	€1,500
TOTAL	**€45,900**	**€9,600**	**€55,000**

AFD's annual parent company financial statements

Balance sheet at 31 December 2023

Assets

In thousands of euros	Notes	31/12/2023	31/12/2022	Change
Cash, due from central banks		2,496,655	1,008,320	1,488,335
Government paper and equivalent	1 and 2	1,081,124	1,124,243	-43,119
Receivables from credit institutions	3	16,239,059	16,665,278	-426,219
On-demand		*1,185,634*	*2,129,363*	*-943,729*
At maturity		*15,053,425*	*14,535,915*	*517,510*
Transactions with customers	4	39,570,676	37,247,149	2,323,527
Other loans to customers		*39,570,676*	*37,247,149*	*2,323,527*
Bonds and other fixed-income securities	1 and 2	2,663,119	1,379,503	1,283,616
Shares and other variable-income securities	1 and 2	1,524,202	815,503	708,698
Equity investments and other long-term investments	5	150,900	157,018	-6,117
Shares in related businesses	6	1,493,089	988,930	504,159
Intangible assets	9	131,097	91,637	39,459
Property, plant and equipment	9	593,841	485,020	108,821
Other assets	10	2,891,005	4,029,021	-1,138,016
Accruals	11	1,045,952	670,926	375,027
TOTAL ASSETS		**69,880,719**	**64,662,548**	**5,218,171**
Off-balance sheet: Commitments given				
Financing commitments		20,508,992	20,288,511	220,481
To credit institutions		*4,224,543*	*4,255,278*	*-30,735*
To customers		*16,284,449*	*16,033,233*	*251,216*
Guarantee commitments	32	3,256,432	3,084,444	171,989
From credit institutions		*29,684*	*30,501*	*-817*
From customers		*3,226,749*	*3,053,943*	*172,806*
Commitments on securities		125,872	121,656	4,215
Other commitments on securities	*32*	*125,872*	*121,656*	*4,215*

Balance sheet at 31 December 2023

Liabilities

In thousands of euros	Notes	31/12/2023	31/12/2022	Change
Debts to credit institutions	12	842,370	463,272	379,098
On-demand		*404,716*	*261,876*	*142,841*
At maturity		*437,654*	*201,396*	*236,258*
Transactions with customers	13	1,734	2,755	-1,021
Other on-demand debts		*1,734*	*2,755*	*-1,021*
Other debts at maturity				
Debt securities in issue	14	53,768,186	50,111,961	3,656,226
Interbank market and negotiable debt		*2,158,290*	*1,988,682*	*169,608*
Bonds		*51,609,896*	*48,123,279*	*3,486,617*
Other liabilities	10	1,679,332	1,503,269	176,063
Allocated public funds		*76,135*	*76,097*	*37*
Other liabilities		*1,603,198*	*1,427,172*	*176,026*
Accruals	11	1,479,608	1,067,539	412,070
Provisions	15	2,007,116	1,791,254	215,862
Subordinated debt	16	1,836,367	1,856,872	-20,505
Reserve for General Banking Risk	17	460,000	460,000	-
Capital excluding RGBR	18	7,806,006	7,405,627	400,379
Provisions		*4,567,999*	*4,417,999*	*150,000*
Reserves		*2,906,277*	*2,616,142*	*290,135*
Grants		*6,354*	*8,817*	*-2,463*
Income		*325,376*	*362,669*	*-37,293*
TOTAL LIABILITIES		**69,880,719**	**64,662,548**	**5,218,171**
Off-balance sheet: Commitments received				
Financing commitments				
Received from credit institutions				
Received from the French State				
Guarantee commitments	32	207,526	260,021	-52,495
Received from credit institutions		*207,526*	*260,021*	*-52,495*
Commitments on securities				
Other commitments received on securities				
Other commitments	32	5,686,647	5,610,173	76,474
Guarantees received from the French State		*5,686,647*	*5,610,173*	*76,474*

2023 income statement

In thousands of euros	Notes	31/12/2023	31/12/2022	Change
Income and expenses on banking operations				
Interest and related income	**20**	**3,839,055**	**1,918,861**	**1,920,194**
On transactions with credit institutions		2,077,661	752,405	1,325,255
On transactions with customers		702,029	586,217	115,811
On bonds and other fixed-income securities		130,640	23,851	106,790
Other interest and related income		928,726	556,388	372,338
Interest and related expenses	**21**	**3,729,802**	**1,480,220**	**2,249,582**
On transactions with credit institutions		1,067,082	785,962	281,120
On transactions with customers		1,118	686	432
On bonds and other fixed-income securities		870,363	531,678	338,685
Other interest and related expenses		1,791,239	161,894	1,629,346
Income on variable-income securities		**2,601**	**23,654**	**-21,053**
Commissions (income)	**22**	**140,205**	**143,853**	**-3,648**
Commissions (expenses)		**9,561**	**2,563**	**6,998**
Gains or losses on investment portfolio transactions and similar	**23**	**10,328**	**-16,875**	**27,203**
Other income on banking operations	**24**	**695,714**	**373,424**	**322,291**
Other expenses on banking operations	**25**	**122,573**	**100,462**	**22,111**
Net banking income		**825,967**	**859,671**	**-33,704**
Other ordinary income and expenses				
Overheads	**26**	**530,725**	**498,311**	**32,414**
salary and employee benefit expenses		365,248	350,054	15,194
Other administrative expenses		165,476	148,256	17,220
Depreciation/amortisation and impairment expenses on property, plant and equipment and intangible assets	**9**	**34,277**	**30,258**	**4,019**
Gross operating income		**260,966**	**331,102**	**-70,137**
Cost of risk	**29**	**184,165**	**42,760**	**141,405**
Operating income		**445,131**	**373,862**	**71,269**
Gains or losses on fixed assets	30	-119,761	-11,106	-108,654
Pre-tax income from operations		**325,370**	**362,756**	**-37,386**
Exceptional income	**31**	**94**	**-90**	**184**
Income tax		**88**	**3**	**85**
INCOME FOR THE FINANCIAL YEAR		**325,376**	**362,669**	**-37,293**

7.1 Highlights of the financial year

7.1.1 Balance sheet growth

At 31 December 2023, the total balance sheet stood at €69.9bn, up 8.1% compared to the previous year. This change was mainly due to growth in business with a 4.3% increase in gross outstanding loans on its own behalf over the period.

7.1.2 Financing of the Group's activity

To finance the growth of its own activity, in 2023, AFD issued six public bonds and four private placements, as well as one tap issue, for a total volume of €8M.

7.1.3 Appropriation of 2022 income

Pursuant to Article 79 of the 2001 amending Finance Bill No. 2001-1276 of 28 December 2001, the amount of the dividend paid by AFD to the French State is set by ministerial decree.

The French Minister of the Economy and Finance set the 2022 dividend to be paid by AFD to the State. It amounted to €73M, *i.e.* 20% of AFD's corporate income (€363M at 31 December 2022), and was paid out after publication in the Official Journal.

This proposal was rendered enforceable by order of the Minister of the Economy and Finance and the Minister of Public Action and Accounts, published on 26 May 2023.

The balance of income after payment of the dividend, *i.e.* €290M, was allocated to reserves.

The Board of Directors approved the 2022 financial statements on 20 April 2023.

7.1.4 AFD capital increase by conversion of special condition resource

On 8 June 2023, AFD signed an agreement with the French State authorising an increase in AFD's capital of €150M, in order to strengthen the Agency's equity.

This capital increase was carried out by the disbursement by the French State of a capital allocation of €150M in the first half of 2023, then by the early repayment to the French State of the resource with special conditions (RCS) in the books of AFD for the second half of 2023, in accordance with the order of 9 May 2023 published in the Official Journal.

Thus, AFD's initial allocation, which was €4,418M at the end of 2022, stood at €4,568M at 31 December 2023.

7.1.5 Fisea capital increase

On 17 October 2023, Fisea carried out a €23M capital increase by creating ordinary shares fully subscribed by AFD and fully paid up over the period.

Fisea's capital, 100% owned by AFD, was thus increased from €327M to €350M.

7.1.6 Proparco shareholding

On 30 June 2023, Proparco's Board of Directors (making use of the delegation of the Extraordinary General Meeting of 10 May 2023) decided to increase Proparco's share capital by creating ordinary shares for an amount of €498M including issue premiums. Proparco's share capital thus increased to €1,353M compared to €984M at the end of 2022.

Following this capital increase, AFD, which subscribed for its own shares and those not subscribed for by certain minority shareholders, held 84.79% of its subsidiary's shares at 31 December 2023, compared with 79.76% at 31 December 2022.

This operation came into force after the ministerial decree dated 27 September 2023.

7.1.7 Suspension of financing for Niger

The Ministry for Europe and Foreign Affairs announced that it was suspending all its development aid and budget support actions in Niger after the military coup of 26 July 2023.

At 31 December 2023, AFD's balance sheet exposure to Niger stood at €198M and its off-balance sheet exposure at €199M.

The vast majority of exposures are sovereign and covered by the reserve account mechanism.

7.1.8 Situation in the Middle East – Palestinian Autonomous Territories

Beyond the human aspect, the Palestinian territories have been very severely affected economically, with a drop in GDP of more than 4% already recorded in the first month of the conflict, particularly in the Gaza zone, which accounts for around 20% of national GDP, but also more widely in the West Bank, with a drop in commercial activities and tourism, the absence of customs duties on cross-border activities (collected by Israel and normally passed on to the Palestinian Authority, where they account for more than half of revenues), unemployment among Palestinians working in Israel and the freezing of civil servants' salaries.

AFD's exposure to the Palestinian Autonomous Territories was limited to €49M at the end of December, including €27M in off-balance sheet exposure.

This portfolio is closely and regularly monitored. To date, no significant contagion risk in the sub-region has been identified.

7.1.9 Assessment of credit risk

Reversal of the cyclical provision

A temporary provision of €30M was set aside in 2022 to cover the risk of a short-term deterioration in the credit ratings of counterparties in the countries of operation most likely to be affected by the impacts of the conflict in Ukraine, and by the deterioration of the global economic situation resulting therefrom. This provision was fully reversed in 2023, as all the counterparties were subject to an expert assessment of the impacts incurred.

Taking into account a forward-looking analysis based on macroeconomic scenarios in the determination of expected credit losses

In accordance with the provisions of IFRS 9, expected credit losses are now determined according to a methodology that incorporates reasonable and justifiable information on forecasts of future economic conditions (forward-looking concept). The forward-looking concept is used to integrate the impact of macroeconomic changes in the calculation of ECLs. The Group uses several scenarios to include the forward-looking component. They are defined by the Group's Economic Assessment and Public Policy Department, which assigns a score to each region based on a cross-referencing of three indicators:

- The IMF's GDP growth outlook;
- The outlook of rating agencies;
- The degree of debt sustainability published by the World Bank.

At 31 December 2023, the implementation of the forward-looking system generated a €36M allocation.

7.2 Accounting principles and assessment methods

7.2.1 Overview

Agence Française de Développement's annual financial statements are presented according to the accounting principles for credit institutions and financing companies prevailing in France, in accordance with ANC Regulation 2014-07 of 26 November 2014.

The individual financial statements include the balance sheet, off-balance sheet, income statement and notes to the financial statements, which supplement the information provided in the first three items.

These have been prepared in accordance with the principles of prudence, going concern, separation of accounting periods and consistency of methods.

In accordance with current applicable standards:

- as of 1 January 2006, AFD has applied CRC Regulation 2005-03, which was repealed and replaced by ANC Regulation 2014-07 of 26 November 2014, relative to accounting practice for credit risk;
- as of 1 January 2014, AFD has applied ANC recommendation 2013-02 of 7 November 2013 on the assessment and accounting rules for retirement obligations and similar benefits, which supersedes CNC Recommendation 2003-R01 of 1 April 2003.

7.2.2 Conversion of foreign currency transactions

Amounts receivable, amounts payable and off-balance sheet commitments denominated in foreign currencies are evaluated based on the exchange rates at financial year-end.

The conversion into a common currency, using the closing dates, results in differences in the income statement except in the following transactions, where the difference is shown in an adjustment account:

- equity securities denominated in foreign currencies but financed in euros;
- balance sheet and off-balance sheet items recorded in illiquid currencies.

Foreign currency income and expenditure on loans, borrowings, securities or off-balance sheet operations are recorded in the foreign currency, in profit and loss accounts kept for each of the currencies concerned, with conversions made on a monthly closing date.

Foreign currency income and expenditure are converted to euros on a monthly basis, and any subsequent variations in exchange rates result in exchange gains or losses in the income statement. It should be specified, concerning the AFD loans subscribed for the financing of the Poverty Reduction and Growth Facility (PRGF) [1] of the International Monetary Fund, that foreign exchange gains or losses on interest are balanced by subsidies and therefore have no influence on the final result.

In the case of transactions in illiquid currencies, only unrealised losses are taken into account by booked provisions. In compliance with regulations, unrealised gains on such transactions are not taken into account.

1) *PRGF: Poverty Reduction and Growth Facility*

7.2.3 Loans to credit institutions and customers

They are recognised in the balance sheet at their amount (including related loans) after impairment to address the risk of non-recovery.

Commitments with respect to credit agreements signed but not yet disbursed or partly disbursed are shown as an undisbursed balance on the off-balance sheet.

Interest and commitment fees are recognised under banking income on an accruals basis, whether due or not due, and are calculated *pro rata temporis*.

In accordance with banking regulations, loans are downgraded to doubtful loans where instalments due have been unpaid for three or six months, depending on the type of debt.

Non-sovereign loans and credits for which the rating system shows significant risks are downgraded to doubtful debts (possibly even in the absence of arrears) and are subject to a partial or total impairment for the outstanding principal (impairment for specific risks).

Litigated debt obligations are included in doubtful loans.

Impaired loans are non-performing loans for which the prospect of repayment is greatly reduced and for which reclassification to the rank of performing outstanding loan is unlikely. Loans that are non-performing for more than 12 consecutive months and credit agreements beyond their term are always classified in this category.

AFD has recorded depreciations to cover the discounted value of all projected losses on non-performing loans and impaired loans. The projected losses are equal to the difference between the initial contractual cash flows, less those already received, and projected cash flows. Cash flows are discounted at the original effective interest rate for fixed-rate loans and at the last effective interest rate for variable-rate loans.

An impairment loss is recorded for the full amount of unpaid interest due and interest accrued on doubtful loans.

Asset restructuring

Restructuring for the borrower's financial difficulties results in a change to the terms of the initial contract to allow the borrower to contend with the financial difficulties it is having. If, in view of the change in the borrowing terms, the present value of these new expected future flows at the original effective interest rate of the asset is lower than its carrying amount, a discount must be booked to bring the carrying amount back to the new present value.

At 31 December 2023, restructured loans had a balance of €4.9M.

7.2.4 Equity and investment securities

Depending on the purpose of the transaction, the following rules apply:

- equity securities intended to be held for six months or more are recorded at the date of their acquisition, at the purchase price, excluding accrued interest.

  Premiums or discounts are amortised on a linear basis. At each monthly account closing, the coupon accrued since the last period is recognised as income.

  Impairment for unrealised losses, calculated as the difference between carrying amount and market price, is made monthly on a line-by-line basis, without offsetting unrealised gains. Unrealised gains are not shown in the financial statements;
- long-term investment securities (mainly bonds), purchased with the intention of holding them for a long time, until maturity, are recorded at the date of their acquisition, at the purchase price, excluding accrued interest.

  They may be subject to impairment in case of counterparty risk.

  Premiums or discounts (the difference between purchase price and redemption price) are spread on a linear basis over the residual life of the investment.

  At each monthly account closing, the coupon accrued since the last period is recognised as income.

  AFD has secured resources allocated to funding its investment securities.

7.2.5 Shares in related businesses, equity securities and long-term investment

Shares in related businesses

Shares in related businesses are those held in exclusively controlled companies that can be fully consolidated.

They are balance sheet assets recognised at their acquisition value, excluding costs.

Equity securities

Equity securities are balance sheet assets recognised at their acquisition value, excluding costs.

These are securities for which long-term retention is deemed useful to the company's activities, particularly because it enables influence or control to be exercised over the issuing company.

This relates notably to interests that meet the following criteria:

- interests in the form of securities issued by equity-accounted companies;
- interests in companies with directors or managers who are also in the holding company, under terms that enable influence to be exercised over the company whose shares are held;
- interests in companies belonging to the same group controlled by individuals or corporate entities with control over the whole group and thus demonstrating centralised decision-making;
- interests representing over 10% of rights in the capital issued by a credit institution or a company that is in the same line of business as the holding company.

At the end of each reporting period, securities are estimated on the basis of their probable trading value. Depending on the type of security (listed or unlisted), the following items may be taken into account: profitability and the outlook for profitability, equity, the outlook for realisation, the economic climate, and average share prices over the last few months.

Other long-term securities

Other long-term securities are balance sheet assets recognised at their acquisition value, excluding costs.

This category includes investments in securities designed to promote the development of lasting business relations by creating a special link with the issuing company, but with no influence on the management of the companies in which the shares are held given the small percentage of voting rights they represent.

In view of its negligible impact, this last item is not included separately in the notes to the financial statements.

For these three categories:

- shares are recorded at acquisition cost. Impairment is recorded when the estimated value, assessed according to the company's net position and its outlook (estimated based on economic and financial information gathered on the company, particularly on conditions in its country) or its stock market valuation, as the case may be, is lower than the acquisition cost;
- a 100% provision for foreign exchange loss is made in case of conversion differentials in the currency concerned is impaired;
- dividends are recorded as income on receipt of the minutes of the general meetings held until 31 December of the financial year.

Capital gains or losses on disposal of these shares on the sales of securities are recorded under "gains or losses on fixed assets".

AFD also has equity investments in five companies via a number of managed funds (Cidom, Fides and Fidom) or via funds contributed by the French State. These holdings, recorded at cost, do not appear on the publishable off-balance sheet. Details of the amounts involved are provided in Note 35. These holdings, which were subscribed to on behalf of the French State with public funds made available to AFD, are not included in ownership or control percentages and are therefore not consolidated in the financial statements.

7.2.6 Bonds

Call premiums (difference between the redemption price and par value of securities) and positive or negative share premiums (difference between the issue price and par value of securities) are spread over the maturity of the borrowings using a linear method.

7.2.7 Grants

The "Grants" item records the subsidies on loans for global budget support and investment grants for mixed loans, which are paid by the State at the start of the loan and which enable the granting of concessional loans by lowering the average cost of the funding allocated in each of the loan categories concerned.

These grants and investment subsidies are amortised over the life of each of the loans they help to finance.

7.2.8 Fixed assets

Fixed assets appearing on AFD's balance sheet include property, plant and equipment and intangible assets used for operations. Intangible assets are mainly custom or purchased software. Fixed assets are recorded at their acquisition cost (cost price net of recoverable VAT) plus directly related expenses.

If a fixed asset consists of a number of items that may be regularly replaced and have different useful lives, each item is booked separately according to its own depreciation table. This item-by-item approach has been used for head office.

Depreciation and amortisation periods have been estimated on the basis of each item's useful life:

	Title	Depreciation period
1.	Land	Non-depreciable
2.	Structural systems	40 years
3.	Building envelope	20 years
4.	Technical building services, fixtures and fittings	15 years
5.	Sundry fittings	10 years

Other property, plant and equipment are depreciated using the straight-line method:

- 15 years for office buildings in the French Overseas Departments and Collectivities;
- 15 years for residential buildings;
- 5 or 10 years for fixtures, fittings and furnishings;
- 2 to 5 years for equipment and vehicles.

With regard to intangible assets, software is amortised according to its type: 4 years to 8 years for management software and 2 years for office automation tools.

Impairment testing is conducted on depreciable/amortisable fixed assets when signs of loss of value are identified at the closing date. If there is a loss of value, an impairment charge is recorded under "Provisions for amortisation of intangible assets and depreciation of property, plant and equipment", which may be reversed if there is a change in the conditions that led to it being recognised. This impairment reduces the depreciable/amortisable amount of the asset and thus also affects its future depreciation/amortisation schedule.

Capital gains or losses from the sale of assets used in operations are recorded under "Net gains or losses on fixed assets".

7.2.9 Forward financial instruments

Off-balance sheet assets for financial instruments result entirely from outright transactions – interest-rate swaps and cross-currency swaps – made over-the-counter. These transactions are recorded in the non-publishable off-balance sheet and discussed in Notes 33 and 34.

These instruments are managed primarily as part of transactions for micro-hedging debt and loans.

In accordance with ANC 2014-07 [1], the par value of these contracts is recorded off-balance sheet, while symmetry in relation to the hedged item results in income or expenses recorded as interest and related income or expenses for hedged items. Such income and expenses are not offset.

7.2.10 Provisions

This item covers provisions meant to hedge risks and expenses that past or ongoing events have rendered likely to occur, and whose purpose is clearly specified.

Provisions for sovereign outstandings

The agreement "on the reserve account [2]" on 8 June 2015 between AFD and the French State for an indefinite term, determines the mechanism for creating provisions for hedging the sovereign risk and the principles for using the provisions recognised thereby.

This reserve account is intended to (i) fund the provisions that AFD would have to recognise in case a sovereign borrower defaults, (ii) serve normal unpaid interest, and (iii) more generally, help compensate AFD in the event of debt cancellation for sovereign loans.

The balance of this account cannot be less than the amount required by banking regulations applicable to collective provisions on performing or restructured loans. This lower regulatory limit is calculated using estimated losses expected across the sovereign loan portfolio (losses at one year, losses at termination, regulatory requirements on provisions or any other data available to AFD that can be used to anticipate the sovereign loan portfolio's risk profile).

Non-performing sovereign outstanding loans are provisioned. Furthermore, this depreciation is neutralised by deduction from the reserve account.

Net provisions for reversals of provisions are recorded in Net Banking Income.

Provisions on non-sovereign outstandings loans and commitments given

Loans amortised collectively comprise all non-sovereign loans in countries outside France and in the French Overseas Departments and Collectivities not amortised individually, as well as guarantee commitments given and financing commitments given for amounts to be disbursed under signed lending agreements.

1) *Book II, Title 5, of ANC Regulation 2014-07 concerning forward financial instruments, which repeals and replaces CRBF Regulation 90-15 as amended by CRBF 92-04.*
2) *The signature of this agreement precludes the agreement "on recording provisions for sovereign loans granted by AFD on its own behalf" of 30 December 2010 between the State and AFD.*

General principle

AFD Group sorts assets into three categories, or "stages", according to how the related credit risks change since loan origination. The method used to calculate the provision differs according to which of the three stages an asset belongs to.

These are defined as follows:

- stage 1: groups "performing" assets for which the counterparty risk has not increased since they were granted. The provision calculation is based on expected losses within the following 12 months;
- stage 2: groups performing assets for which a significant increase in credit risk has been observed since they were first entered in the accounts. The provision calculation is statistically based on expected losses on maturity;
- stage 3: groups assets for which there is an objective impairment indicator (identical to the notion of default currently used by the Group to assess the existence of objective evidence of impairment). The provision calculation is based on the transaction's expected losses on maturity (see 2.3 "Loans to credit institutions and customers").

The definition of default is aligned with that of the Basel framework, based on a rebuttable presumption that the status of default is applied after no more than 90 days of non-payment. This definition takes into account the EBA guidelines of 28 September 2016, in particular with regard to applicable thresholds in the event of non-payment, and probationary periods.

Significant increase in credit risk

The significant increase in credit risk can be measured individually or collectively. The Group examines all the information at its disposal (internal and external, including historic data, information about the current economic climate, reliable forecasts about future events and economic conditions).

The impairment model is based on the expected loss, which must reflect the best information available at the closing date, adopting a forward looking approach. To measure the significant increase in credit risk of a financial asset since its entry into the balance sheet, which involves it moving from stage 1 to stage 2, the Group has created a methodological framework which sets out the rules for measuring the deterioration of the credit risk category. The methodology selected is based on a combination of several criteria, including internal ratings, inclusion on a watchlist and the refutable presumption of significant deterioration because of monies outstanding for more than 30 days.

Measuring expected credit losses (ECL)

Expected credit losses are estimated as the discounted amount of credit losses weighted by the probability of default over the next 12 months or during the asset's lifetime, depending on the stage.

In view of the specific nature of AFD Group's portfolio, its chosen calculation method is based on internal data and concepts as well as adaptations of external transition matrices.

Calculation of the expected credit losses (ECLs) is based on three key parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD), bearing in mind the amortisation profiles.

Moreover, the model for calculating expected credit losses on sound exposures of non-sovereign counterparties was supplemented, in 2023, by taking into account the economic outlook of the various countries of intervention (forward-looking).

It is taken into account based on three indicators:

- The IMF's GDP growth outlook;
- The outlook of rating agencies;
- The degree of debt sustainability published by the World Bank.

The cross-referencing of these three indicators (with weightings for each indicator value) makes it possible to define two lists of countries, according to two distinct scenarios, which are submitted for expert review to the ECO department in charge of rating the countries.

In each of the two lists, the countries are classified according to the anticipated macroeconomic context (very deteriorated or deteriorated).

These expectations are taken into account in collective provisions using multipliers intended to add a buffer of additional provisions in regions where the economic environment is deemed to be negative. The final impact is obtained by assigning a weighting to the impacts of the two scenarios according to their probability of occurrence, established by expert opinion in consultation with the ECO department.

Probability of default (PD)

The probability of default on a loan can be estimated over a given time span. This probability is modelled:

- from risk segmentation criteria;
- over a 12-month time period (noted PD 12 months) for the calculation of the expected losses for assets in stage 1; and
- over the entire duration of loan repayments for stage 2 assets (known as the PD curve, or lifetime PD).

Given the low volume of loans at AFD Group and the low default portfolio nature of certain portfolios, AFD Group does not have a collection of historical internal defaults sufficiently representative of the economic reality of the regions where Group entities operate.

For these reasons, AFD Group adopted an approach based on rating transitions and default probabilities communicated by the rating agencies. Restatements may be necessary on the external transition matrices in order to correct certain irregularities that may have an impact on the consistency of the probabilities of default calculated on the basis of these external matrices.

Loss given default (LGD)

Loss given default (LGD) is modelled for assets in all three stages. AFD Group has taken into account the collateral valuation in the LGD modelling.

In order to take into account AFD's business model and its recovery capacity, AFD Group relies on the observation of recovery on historical files that have been resolved (*i.e.* with extinction of the position after repayment and/or transfer to losses).

Exposure at default (EAD)

Exposure at default reflects the amount of debt outstanding at the time of default and thus takes future cash flows and forward-looking factors into account. As such, the EAD takes into account:

- the contractual amortisation of the principal;
- elements of drawdowns of lines recognised off-balance sheet;
- any early repayments.

AFD may also recognise an additional provision for specific events impacting its area of operation.

Collective provision allocations for performing non-sovereign loans positively impacted the cost of risk to the tune of €44.0M.

Collective provision allocations for off-balance sheet commitments (undisbursed balance and guarantees given) had a positive impact on the cost of risk of €28.1M.

Provisions for subsidiary risk

It is intended notably to cover the cost to AFD of the takeover and liquidation of Soderag, which was decided in 1998, and the risk of loss to AFD on the loans it granted to Sodema, Sodega and Sofideg to buy Soderag's portfolio. These loans were transferred to Soredom (formerly Sofiag).

Provisions for miscellaneous risks

This item covers miscellaneous risks and litigation for which resources are likely to be withdrawn.

Provisions for foreign exchange risk

This item is intended to cover translation differences foreign exchanges losses on interests in foreign currencies if the currency concerned is devalued.

Provisions for employee benefits

Defined benefit plans

Retirement and early retirement commitments

Immediate retirement and early retirement commitments are all transferred to an external insurance company.

Deferred retirement and early retirement commitments are kept by AFD and covered by specific insurance policies. They are valued in accordance with the provisions of contracts signed by AFD and the insurer.

The assumptions used for the valuations are as follows:

- discount rate: 3.5% in 2023 *versus* 3.4% in 2022;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- annual salary growth rate: 2.0%, unchanged compared to 2022.

Commitments for retirement bonuses and financing of the health insurance plan

AFD pays retirement bonuses (IFC) to its employees. It also contributes to the cost of its retired employees' health insurance plans.

The assumptions used for the valuations are as follows:

- discount rate: 3.8% in 2023 *versus* 3.9% in 2022;
- rate of annual increase in salary: 2.0% and 2.2% for Overseas Collectivities, unchanged compared to 2022;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- actuarial tables: TGH 05 (men)/TGF 05 (women).

These commitments (retirement bonuses and financing of health insurance plans and pensions) undergo actuarial valuations that factor in demographic and financial assumptions. The amount of provisions for commitments is determined using the Projected Unit Credit Method. At each closing, the retirement commitments carried by AFD are remeasured and compared with the value of the insurance policies.

As of 31 December 2023, the amount of the provision was increased by **€5,847K**.

Other long-term benefits

AFD gives its employees bonuses as long-service benefits. A provision was recognised on 31 December 2023 in the amount of **€80K**.

The aggregate impacts on the 2022 and 2023 financial years are set out in the table below:

In thousands of euros	At 31/12/2023	Impact change Income	At 31/12/2022
Provisions for employee benefits	144,083	5,927	138,156
• Defined benefit plans	142,780	5,847	136,933
• Other long-term benefits	1,303	80	1,223

The changes in commitments over the 2023 financial year are shown in the table below:

In thousands of euros	Expatriate employees healthcare expenses	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand total
Change in the present value of the commitment							
Present value of the commitment at 01/01	9,496	8,126	83,326	15,249	116,197	1,222	117,419
Financial cost	382	277	3,344	605	4,609	49	4,657
Cost of services rendered over the financial year	288	32	3,785	1,318	5,422	149	5,571
Cost of past services		2	3,814	-634	3,181		3,181
Reductions/Liquidations							
Services paid	-132	-3,771	-2,576	-1,126	-7,606	-157	-7,763
Actuarial (gains) losses	3,615	762	17,955	2,448	24,780	40	24,820
Other (transfer of commitment)							
Present value of the commitment at 31/12/2023	**13,648**	**5,428**	**109,648**	**17,859**	**146,583**	**1,301**	**147,885**
Change in the fair value of retirement plan assets							
Fair value of assets at 01/01		18,437			18,437		18,437
Expected return on assets		627					
Services paid		-3,771					
Actuarial gains (losses)		-6					
Liquidations							
Fair value of assets at 31/12/2023		**15,286**			**15,286**		**15,286**
Corridor limits							
Actuarial gains (losses) not recognised at 01/01	2,241	4,905	33,011	4,572	42,489		42,489
Corridor limits at 01/01	950	1,844	8,333	1,525			
Actuarial gains (losses) generated over the financial year	-3,615	-768	-17,955	-2,448	-24,786	-40	-24,825
Actuarial (gains) losses recognised in profit or loss	-76	-837	-1,468	-180	-2,561	40	-2,522
Actuarial (gains) losses recognised in equity							
Actuarial gains (losses) not recognised at 31/12/2023	**-1,450**	**3,301**	**13,588**	**1,944**	**17,383**	**0**	**17,383**
Amounts recognised on the balance sheet at 31/12/2023							
Present value of the funded commitment		5,428					
Fair value of financed assets		-15,286			-9,859		-9,859
Present value of unfunded commitment	13,648		109,648	17,859	141,156	1,301	142,457
Net position	**13,648**	**-9,859**	**109,648**	**17,859**	**131,297**	**1,301**	**132,598**
Unrecognised actuarial gains (losses)	-1,450	3,301	13,588	1,944	17,383		17,383
Cost of unrecognised past services			-5,899				
Balance sheet provision	**12,198**	**-6,558**	**117,337**	**19,804**	**148,680**	**1,301**	**149,982**

In thousands of euros	Expatriate employees healthcare expenses	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand total
Amounts recognised on the income statement at 31/12/2023							
Cost of services rendered over the financial year	288	32	3,785	1,318	5,422	149	5,571
Cost of past services		2	3,472		3,474		3,474
Financial cost for the financial year	382	277	3,344	605	4,609	49	4,657
Recognised actuarial gains (losses)	-76	-837	-1,468	-180	-2,561	40	-2,522
Expected return on retirement plan assets		-627			-627		-627
Cost of services rendered				-634			
Impact of reductions/liquidations							
Expenses booked	**593**	**-1,153**	**9,134**	**1,108**	**9,682**	**237**	**9,919**
Reconciliation of opening and closing net liability							
Liability at 01/01	11,737	-5,405	110,780	19,821	136,933	1,222	138,155
Expenses booked	593	-1,153	9,134	1,108	9,682	237	9,919
Contributions paid							
Restatements and transfers							
Services paid by employer	-132		-2,576	-1,126	-3,835	-157	-3,992
Items not to be recycled in profit or loss							
Net liabilities at 31/12/2023	**12,198**	**-6,558**	**117,337**	**19,804**	**142,781**	**1,301**	**144,082**
Change in net liabilities	**461**	**-1,153**	**6,558**	**-18**	**5,847**	**80**	**5,927**

Projected commitments at 31 December 2023 are as follows:

Actuarial debt at 31/12/2023	**12,198**	**5,428**	**117,337**	**19,804**	**154,766**	**1,301**	**156,068**
Cost of services rendered in 2024	418		5,543	1,566	7,526	158	7,684
Financial cost in 2024	478	163	3,916	618	5,175	46	5,222
Actuarial losses (gains) recognised in profit or loss	5		-152	-9	-156		-156
Restatements and transfers							
Services payable in 2023/transfer of capital upon departures in 2024	-176	-1,770	-2,866	-1,399	-6,212	-136	-6,348
Cost of recognised past services			384		384		384
ESTIMATED DEBT AT 31/12/2024	**12,923**	**3,820**	**124,162**	**20,579**	**161,484**	**1,370**	**162,854**

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7.2.11 Reserve for General Banking Risk (RGBR)

In accordance with CRBF 90-02, the Reserve for General Banking Risk is intended to remain permanently in capital reserves for comprehensive general coverage of AFD's risks.

Among other things, the Reserve is intended to hedge:

- general risks from AFD's direct activities in the French Overseas Departments and Collectivities;
- general risks for real estate holdings in foreign countries.

7.2.12 Subordinated debt

In 1998, an agreement was reached with the French State whereby part of AFD's debt to the French Treasury, corresponding to drawdowns between 1 January 1990 and 31 December 1997, was converted into subordinated debt. The agreement also provides for the general rescheduling of the debt's repayment period over 20 years with a 10-year grace period, with any new tranche of borrowings after 1 January 1998 recognised as subordinated debt (with a repayment period scheduled over 30 years and a 10-year grace period).

In 2023, AFD's subordinated debt amounted to €1,836M, an increase of €21M compared to 2022. In addition, a capital increase of €150M was carried out through the conversion of a special condition resource (RCS) received in 2023 for the benefit of AFD, in accordance with the decree of 9 May 2023 published in the official journal (see "Highlights of the financial year").

7.2.13 Financing commitments

Financing commitments given record the amounts to be disbursed under lending agreements with customers or credit institutions and under investment fund agreements.

Financing commitments given to credit institutions include the undisbursed balance, on the State's behalf, under agreements signed with the IMF for financing the PRGF.

Financing commitments given to investment funds include remaining commitments for AFD's subscription to Fisea+, *i.e.* €177M at 31 December 2023.

7.2.14 Guarantee commitments

Commitments given for guarantees to credit institutions include, in particular:

- guarantees granted by AFD for the Ariz I, Ariz II and Ariz Med procedure (Support for the risk of financing private investment in AFD's PSZ, in Sub-Saharan Africa and in Mediterranean countries). These guarantees are intended to encourage the creation and development of local businesses.

Commitments given for guarantees to clients include, in particular:

- the guarantee of the debt of its subsidiary in liquidation, Soderag, bearing in mind that a very large part of this debt was repaid early in 1998 and 1999 after Soderag sold its portfolio to Sodega, Sodema and Sofideg. The portfolio was then taken over by BRED;
- the guarantee granted to BRED accounts for 50% of gross outstandings on the loan portfolio sold by Socredom in 1998 in preparation for its dissolution, which took place on 1 January 1999;
- repayment guarantees for the three bonds issued by IFFIM as part of managing the French contribution to the Solidarity Fund for Development (FSD) on behalf of the French State;
- sub-participation guarantees granted to Proparco;
- the Expertise France guarantee commitment to the European Union.

Commitments received from credit institutions are related to loan transactions conducted by AFD.

Other commitments received included the French State's guarantee of loans to foreign countries.

Guarantee commitments for securities include share buyback options offered to Proparco's minority shareholders as part of the capital increases undertaken in 2014, 2020 and 2023. These buyback options may be exercised for a period of 5 years following a lock-in period of 5 years.

7.2.15 Disclosure on non-cooperating States and territories

Article L.511-45 of the French Monetary and Financial Code (as amended by Article 3 of Order 2014-158 of 20 February 2014) requires credit institutions to publish an appendix to their annual financial statements presenting information about their offices in countries or territories that have not signed an administrative assistance agreement with France for the purpose of combating fraud and tax evasion.

Law No. 2013-672 of 26 July 2013 on the separation and regulation of banking activities broadens the list of required disclosures from banks regarding their offices in non-cooperative countries or territories.

The Decree of 3 February 2023 amending the Decree of 12 February 2010 issued pursuant to the second paragraph of 1 of Article 238-0 A of the French General Tax Code, modified the list of non-cooperative states or territories.

At 31 December 2023, AFD did not have any offices in non-cooperative countries or territories.

7.2.16 Other information related to consolidation

AFD's financial statements are fully reflected in AFD Group's consolidated financial statements using the full consolidation method. The Company's financial statements are available on the Internet, at the following address: www.afd.fr/fr/espace-investisseurs.

7.2.17 Events after the reporting period

No significant event having an impact on the Company's financial position occurred after the reporting period ended 31 December 2023.

7.3 Notes to the financial statements at 31 December 2023

Note 1 Equity securities [1]

In thousands of euros	December 2023 Listed securities	December 2023 Unlisted securities	December 2023 Total	December 2022 Listed securities	December 2022 Unlisted securities	December 2022 Total
Government paper and equivalent	708,029		708,029	665,907		665,907
Related loans receivable	6,519		6,519	5,025		5,025
Impairment	-14,380		-14,380	-18,831		-18,831
Net total	**700,168**		**700,168**	**652,101**		**652,101**
Bonds and other fixed-income securities	179,551	2,431,949	2,611,500	225,712	1,101,217	1,326,929
Related loans receivable	1,010	17,862	18,872	952	4,446	5,399
Impairment		-991	-991		-930	-930
Net total	**180,560**	**2,448,821**	**2,629,381**	**226,664**	**1,104,734**	**1,331,398**
Shares and other variable-income securities	1,524,201		1,524,201	815,503		815,503
Net total	**1,524,201**		**1,524,201**	**815,503**		**815,503**
TOTAL NET VALUE	**2,404,930**	**2,448,821**	**4,853,750**	**1,694,269**	**1,104,734**	**2,799,002**

In thousands of euros	Fixed income	Variable income	Total 2023	Fixed income	Variable income	Total 2022
Net unrealised capital gains	46,839	13,110	59,949	2,572	10,559	13,131

In thousands of euros	Less than three months	From 3 months to 1 year	From one to five years	More than five years	Total 2023
Maturity of bonds and other fixed-income securities	849,101	1,250,000	186,920	325,478	2,611,500

Note 2 Investment securities [1]

In thousands of euros	December 2023 Listed securities	December 2023 Unlisted securities	December 2023 Total	December 2022 Listed securities	December 2022 Unlisted securities	December 2022 Total
Government paper and equivalent	378,278		378,278	466,419		466,419
Related loans receivable	2,677		2,677	5,723		5,723
Net total	**380,956**		**380,956**	**472,142**		**472,142**
Bonds and other fixed-income securities	33,344		33,344	47,113		47,113
Related loans receivable	395		395	992		992
Net total	**33,739**		**33,739**	**48,105**		**48,105**
TOTAL NET VALUE	**414,694**		**414,694**	**520,248**		**520,248**
Difference between purchase price and redemption price	26,772		26,772	26,772		26,772

During the financial year, no investment security was sold before maturity for the needs of managing counterparty risk.

	Less than three months	From 3 months to 1 year	From one to five years	More than five years	Total 2023
Maturity of bonds and other fixed-income securities		14,224		19,119	33,344

(1) Total balance sheet items: Government securities and related items (€1,081,124K), bonds and other fixed-income securities (€2,663,119K), shares and other variable-income securities (€39,033K), i.e. €3,783,276K at 31/12/2023.

Note 3 Receivables from credit institutions

	December 2023			December 2022		
In thousands of euros	On-demand	At maturity	Total	On-demand	At maturity	Total
Regular accounts	381,052		381,052	1,472,197		1,472,197
Loans to credit institutions	803,940	14,920,858	15,724,798	656,332	14,550,757	15,207,089
• of which interbank investment	803,940	2,052,268	2,856,208	656,332	1,476,279	2,132,611
• of which loan activity		12,868,590	12,868,590		13,074,478	13,074,478
Related loans receivable	642	150,563	151,205	837	108,375	109,212
Impairment		-17,997	-17,997	-2	-123,218	-123,220
TOTAL	**1,185,634**	**15,053,425**	**16,239,059**	**2,129,363**	**14,535,915**	**16,665,278**

Outstandings where risk is born by the French State and on behalf of third parties amounted to €1,581,502K and €579,750K, respectively.

In thousands of euros	Less than three months	From 3 months to 1 year	From one to five years	More than five years	Total 2023
Maturity of loans to credit institutions	438,807	1,380,352	4,996,920	6,052,510	12,868,590

The amount of non-performing loans, €5,196K, is included in the column "From 3 months to 1 year" for €3,061K and in the column "From 1 to 5 years" for €2,135K.

In thousands of euros	December 2023		December 2022	
Details of doubtful term loans	Gross	Impairment	Gross	Impairment
Non-performing outstanding loans (excluding related loans receivables)	31,184	10,142	117,123	115,363
• of which non-performing outstanding sovereign loans (1)				
• of which non-performing outstanding non-sovereign loans	8,962	6,962	115,310	115,274

(1) Granted to States or with their endorsement. Only the outstanding principal amount of these loans is the object of provisions for liabilities.

Note 4 Transactions with customers

In thousands of euros	December 2023	December 2022
Credit to customers	39,646,532	37,359,509
Related loans receivable	248,790	164,713
Impairment	-324,646	-277,074
TOTAL	**39,570,676**	**37,247,149**

Outstanding loans where risk is born by the French State and on behalf of third parties amounted to €3,388,994K and €424,852K, respectively, at 31/12/2023.

In thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total 2023
Maturity of loans to customers	449,528	2,280,560	9,596,806	27,319,638	39,646,532

In thousands of euros	December 2023		December 2022	
Details of doubtful term loans	Gross	Impairment	Gross	Impairment
Non-performing outstanding loans (excluding related loans receivables)	2,989,883	324,314	2,697,959	276,742
• of which non-performing outstanding sovereign loans (1)	849,742	57,920	532,149	2,557
• of which non-performing outstanding non-sovereign loans	341,390	170,506	269,192	177,822

(1) Granted to States or with their endorsement. Only the outstanding principal amount of these loans is the object of provisions for liabilities.

Note 5 Equity investments and other long-term investments

In thousands of euros	December 2023	December 2022
Long-term securities and equity securities	**201,715**	**202,684**
Gross value [(1)]	201,793	218,043
Translation differences	-79	-15,359
Impairment	50,814	45,666
NET TOTAL	**150,900**	**157,018**

(1) The gross amount of listed equity investments totalled €1,197K in 2023.

Note 6 Shares in related businesses

In thousands of euros	December 2023	December 2022
Gross value	1,677,536	1,058,999
Impairment	184,447	70,070
NET TOTAL	**1,493,089**	**988,930**

Note 7 Transactions with related businesses

In thousands of euros	December 2023	December 2022
Assets		
Receivables from credit institutions	5,665,828	5,865,648
Liabilities		
Term debts to credit institutions	437,251	200,993
Off-balance sheet		
Financing commitments given	2,056,381	1,879,981
Guarantee commitments given	1,802,609	1,922,748

Note 8 List of subsidiaries and equity investments

Subsidiaries held at more than 50% *(amounts expressed in thousands of euros)*

	Proparco	Soderag	Expertise France
Registered Head office	151, rue Saint-Honoré 75001 Paris	Rue F.-Éboué BP 64 97110 Pointe-à-Pitre	40 bd de Port-Royal 75005 Paris
Equity	1,353,513	111,923	829
Equity holdings	84.79%	100.00%	100.00%
Equity	1,686,625	-8	5,436
of which income after tax	*83,279*	*25*	*1,311*
Gross carrying amount	1,209,100	112,326	-
Net carrying amount	1,209,100	-	-

	Sogefom	Fisea
Registered Head office	5, rue Roland-Barthes 75012 Paris	5, rue Roland-Barthes 75012 Paris
Equity	1,102	350,000
Equity holdings	58.69%	100.00%
Equity	10,130	213,558
of which income after tax	*25*	*-11,575*
Gross carrying amount	5,015	350,000
Net carrying amount	5,015	277,879

Note 9 Fixed assets and depreciation and amortisation

In thousands of euros	31/12/2022	Purchases	Sales	Other items	31/12/2023
Gross value					
Land and development	89,731	-89		-1	89,641
Buildings and development	542,419	113,658	4	777	656,849
Other property, plant and equipment	71,921	6,886	550	648	78,910
Intangible assets	193,141	68,075	49	-7,334	253,833
GROSS AMOUNT	**897,211**	**188,530**	**604**	**-5,910**	**1,079,233**

In thousands of euros	31/12/2022	Provisions	Reversals	Other items	31/12/2023
Depreciation/amortisation					
Land and development	3,823	210			4,034
Buildings and development	159,767	7,181	4		166,944
Other property, plant and equipment	55,459	5,652	530		60,581
Intangible assets	101,504	21,235	3		122,737
Amount of depreciation/amortisation	**320,553**	**34,279**	**537**		**354,295**
NET AMOUNT	**576,658**	**154,251**	**66**	**-5,910**	**724,937**

Note 10 Other assets and liabilities

	December 2023		December 2022	
In thousands of euros	Assets	Liabilities	Assets	Liabilities
Accounts payable, French State		316,237		282,271
Allocated public funds		69,560		69,406
Guarantee funds in the French Overseas Departments		6,575		6,692
Collateral deposit	2,247,221	280,527	3,146,707	146,380
Other	643,784	1,006,434	882,314	998,521
TOTAL	**2,891,005**	**1,679,332**	**4,029,021**	**1,503,269**

Note 11 Accruals

In thousands of euros	December 2023		December 2022	
	Assets	Liabilities	Assets	Liabilities
Currency adjustment accounts on off-balance sheet items		228,685		230,960
Income and expenses resulting from swaps	885,648	773,697	498,732	340,412
Shared income and expenses	111,088	393,330	124,578	398,842
Other accruals	49,217	83,897	47,616	97,324
TOTAL	**1,045,952**	**1,479,608**	**670,926**	**1,067,539**

Note 12 Debts to credit institutions

In thousands of euros	December 2023		December 2022	
	On-demand	At maturity	On-demand	At maturity
Debts to credit institutions	403,334	436,056	261,468	200,554
Related debts	1,383	1,599	408	842
TOTAL	**404,716**	**437,654**	**261,876**	**201,396**

In thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total 2023
Maturity of loans due to credit institutions		15,318	420,737		436,056

Note 13 Transactions with customers

In thousands of euros	December 2023		December 2022	
	On-demand	At maturity	On-demand	At maturity
Accounts payable, customers	1,717		2,749	
Related debts	17		6	
TOTAL	**1,734**		**2,755**	

Note 14 Debt securities in issue

In thousands of euros	December 2023	December 2022
Negotiable debt securities	2,144,168	1,980,966
Bonds	51,045,982	47,730,238
Related debts	578,036	400,757
TOTAL	**53,768,186**	**50,111,961**

In thousands of euros	Less than three months	From 3 months to 1 year	From one to five years	More than five years	Total 2023
Maturity of debt securities in issue	1,000,003	4,538,895	22,851,557	22,655,527	51,045,982

Note 15 Provisions

In thousands of euros	31/12/2022	Provisions	Reversals	Translation adjustments	31/12/2023
Sovereign loans (1)	1,105,480	351,302	62,271	279	1,394,791
Performing non-sovereign loans (2)	297,212	4,736	48,784		253,164
Guarantees given (2)	59,448	1,822	13,508		47,762
Financing commitments to non-sovereign loans (2)	56,393	33,951	50,307		40,037
Provisions for ARIZ and Proparco guarantees	80,340	12,240	17,055	-1,182	74,345
French Overseas Department subsidiary risks	25,561	761	2,284		24,037
Other risks	10,277			-1	10,276
Foreign exchange losses (1)	13,961	2,258	1,123		15,096
Administrative expenses (1)	637				637
Salary and employee benefit expenses (1)	141,949	6,130	1,102		146,977
TOTAL	**1,791,253**	**413,200**	**196,432**	**-904**	**2,007,116**

(1) These provisions are not recorded in "cost of risk".
(2) Collective provisions amounted to €340,962K, of which €48,832K in stage 1 and €292,129K in stage 2. In 2022, collective provisions amounted to €413,053K, of which €50,768K in stage 1 and €362,285K in stage 2.

Note 16 Subordinated debt

In thousands of euros	December 2023	December 2022
Subordinated debt	1,834,750	1,856,250
Related debts	1,617	622
TOTAL	**1,836,367**	**1,856,872**

Note 17 Reserve for General Banking Risk

In thousands of euros	December 2022	Provisions	Reversal	December 2023
Reserve for General Banking Risk	460,000	-	-	460,000

Note 18 Capital excluding RGBR

In thousands of euros	December 2022	Appropriation of 2022 earnings	Dividend distribution	Increase	Decrease	Income for the 2023 financial year	December 2023
Provisions	4,417,999			150,000			4,567,999
Reserves	2,616,142	362,669	-72,534				2,906,277
Grants	8,817				-2,463		6,354
Income for the financial year	362,669	-362,669				325,376	325,376
TOTAL	**7,405,627**	**0**	**-72,534**	**150,000**	**-2,463**	**325,376**	**7,806,006**

Note 19 Assets and liabilities in foreign currencies (1)

In thousands of euros	December 2023	December 2022
Assets in foreign currencies (2)	10,509,100	10,701,430
Liabilities in foreign currencies (2)	11,826,568	10,213,013

(1) Excluding IMF transactions and off-balance sheet hedging transactions, as these transactions offset balance sheet positions.
(2) In principle, these foreign currency positions are offset by forward financial instruments recorded off-balance sheet.

Note 20 Interest and related income

In thousands of euros	December 2023	December 2022
Interest and income on transactions with credit institutions (1)	**2,077,661**	**752,406**
Interest on loans	561,645	375,970
Interest on short-term equity investments	164,968	25,711
Income from forward financial instruments	1,351,048	350,724
Interest and income on transactions with customers (1)	**702,029**	**586,217**
Interest and income on bonds and other fixed-income securities	**130,640**	**23,851**
Equity securities	123,341	11,992
Investment securities	7,299	11,858
Other interest and related income	**928,726**	**556,388**
Income from forward financial instruments	928,726	556,388
TOTAL	**3,839,055**	**1,918,861**

(1) The amount of net reversals of provisions for interest on non-performing loans, adjusted for losses on interest on bad loans, was +€6,908K at 31/12/2023 compared with +€6,192K at 31/12/2022.

In thousands of euros	DOM	Pacific collectivities	Abroad
Breakdown of interest by geographic area	9.9%	0.1%	90.0%
	159,089	1,430	1,452,601

Note 21 Interest and related expenses

In thousands of euros	December 2023	December 2022
Interest and expenses on transactions with credit institutions	**1,067,082**	**785,962**
Interest on accounts payable	18,709	3,622
Expenses on forward financial instruments	1,048,372	782,340
Interest on borrowings		
Interest and expenses on transactions with customers	**1,118**	**686**
Interest on subordinated debts	1,085	681
Other interest and expenses on transactions with customers	34	6
Interest and expenses on bonds and other fixed-income securities	**870,363**	**531,678**
Interest on interbank market securities and negotiable debt securities	65,472	6,226
Interest on bonds	802,791	523,352
Interest on lowest-ranked subordinated debt	2,100	2,100
Other interest and related expenses	**1,791,239**	**161,894**
Expenses on forward financial instruments	1,791,239	161,894
Interest on allocated public funds		
TOTAL	**3,729,802**	**1,480,220**

Note 22 Commission income and expenses

In thousands of euros	December 2023	December 2022
Commission income	**140,205**	**143,853**
from grants	107,536	108,298
from processing	28,212	25,435
other	4,457	10,120
Commission expenses	**9,561**	**2,563**

Note 23 Gains or losses on investment portfolio transactions

In thousands of euros	December 2023	December 2022
Balance of equity security transactions	**10,328**	**-16,875**
Capital gains on disposals	5,935	
Capital losses on disposals		103
Reversals of provisions for depreciation	5,471	1
Provisions for depreciation	1,077	16,773

Note 24 Other income on banking operations

In thousands of euros	December 2023	December 2022
Other income on banking operations	**695,714**	**373,424**
Subsidies	495,593	268,223
Other banking income	200,121	104,261
Net foreign exchange gains		939

Note 25 Other expenses on banking operations

In thousands of euros	December 2023	December 2022
Other expenses on banking operations	**122,573**	**100,462**
Other operating expenses	120,400	100,462
Net foreign currency losses	2,173	

Note 26 Overheads – Salary and employee benefit expenses

In thousands of euros	December 2023	December 2022
Wages and bonuses	222,326	210,440
Social security expenses	92,794	86,415
Profit sharing	13,695	16,381
Taxes and similar payments on compensation	31,605	28,674
Provisions/reversal of provisions	5,028	9,295
Rebilling banks' staff	-199	-1,150
TOTAL	**365,248**	**350,054**

Note 27 Average headcount

	Executives	Supervisory staff	Employees Supervisors	Service staff	Stationary staff	Total 2023
Head office and local offices (excluding institutions)	1,972	74	1		605	2,652

Note 28 Asset impairment

	December 2022	December 2023			
In thousands of euros		Provisions	Reversals	Translation adjustments	Total
Unpaid interest on loans (Notes 3 and 4)	31,596	34,101	26,348	-115	39,233
Individualised risk on loans (Notes 3 and 4)	368,696	84,257	146,976	-2,567	303,410
Impairment of equity investments (Notes 5 and 6)	115,736	124,544	5,019		235,261
Impairment of equity securities (Note 23)	19,761	1,077	5,471		15,367
TOTAL	**535,788**	**243,980**	**183,814**	**-2,682**	**593,271**

Note 29 Cost of credit risk (1)

	December 2023			December 2022
In thousands of euros	Provisions	Reversals	Total	
Provisions (Note 15) (1)	53,510	131,938	78,428	-1,198
Impairment of principal of doubtful loans (Note 28)	30,364	140,963	110,599	63,188
Capital losses on bad loans	4,918	55	-4,862	-19,231
TOTAL	**88,792**	**272,956**	**184,165**	**42,760**

(1) These figures do not include the first line or the last three lines of Note 15.

Note 30 Gains or losses on fixed assets

In thousands of euros	December 2023	December 2022
Gains or losses on financial fixed assets	**-119,856**	**-11,145**
Capital gains and losses	-331	758
Provisions/reversals for depreciation	-119,525	-11,903
Gains or losses on property, plant and equipment and intangible assets	**95**	**39**
TOTAL	**-119,761**	**-11,106**

Note 31 Exceptional income

In thousands of euros	December 2023	December 2022
Exceptional gains	**123**	**24**
Miscellaneous exceptional profits	123	24
Income from prior years		
Exceptional losses	**29**	**113**
Expenses from prior years	13	5
Tax penalties and fines		
Exceptional expenses	16	108
NET TOTAL	**94**	**-90**

Note 32 Other off-balance sheet commitments

In thousands of euros	December 2023	December 2022
Guarantee commitments received from the French State on loans	5,686,647	5,610,173
Guarantee commitments received from credit institutions	207,526	260,021
Guarantee commitments made to credit institutions	29,684	30,501
Guarantee commitments given on securities	125,872	121,656
Guarantee commitments made to customers	3,226,749	3,053,943

Note 33 Commitments on forward financial instruments excluding IMF transactions (1)

	December 2023		December 2022	
In thousands of euros	notional	valuation (2)	notional	valuation (2)
Outright transactions				
Interest rate swaps (hedging transactions)	65,386,547	-1,417,096	59,309,156	-2,224,637
• of which micro-hedging transactions	63,453,207	-1,389,588	59,100,417	-2,234,491
• of which macro-hedging transactions	920,470	-27,317	208,738	9,854
• of which natural hedges	1,012,870	-191		
Currency swaps (hedging transactions)	41,736,238	-235,893	38,459,625	- 391,299
Commitments received	20,748,213		19,107,628	
Commitments given	20,988,024		19,351,997	
Other instruments (hedging transactions)				
Options	**155,725**	**2,041**	**192,493**	**3,586**

(1) This information does not appear in the publishable off-balance sheet.
(2) The value of these financial instruments was established with reference to market value.

In thousands of euros	Less than one year	From one to five years	More than five years	Total 2023
Outright over-the-counter market transactions				
Interest rate swaps	4,769,905	16,791,275	43,825,367	65,386,547
Currency swaps	3,485,682	24,700,382	13,550,174	41,736,238
Commitments received	1,725,998	12,336,317	6,685,899	20,748,213
Commitments given	1,759,684	12,364,065	6,864,275	20,988,024
Options		**96,525**	**59,200**	**155,725**

Note 34 Valuation of forward financial instruments excluding IMF transactions by issuer rating (1)

Banking counterparty rating	31/12/2023 Valuation (2)
A	-71,382
A-	-667,153
A+	-980,484
AA-	38,224
BBB	
BBB+	29,847
NR	
TOTAL	**-1,650,948**

(1) Counterparty risk on derivatives related to the financing of IMF transactions is covered by the overall guarantee granted to AFD by the French State for this purpose.
(2) Replacement cost is represented by the net gain on market values, including accrued interest. If the balance is negative, the cost is zero.

Note 35 Investments held in managed funds [(1)]

In thousands of euros Fund source	Number of equity investments	Purchase price
Caisse d'investissement des DOM (CIDOM)	1	463
FIDES (Investment Fund for Economic and Social Development)	3	625
FIDOM (French Overseas Departments Investment Fund)	1	91
Other State resources	0	
TOTAL	**5**	**1,180**

(1) This information does not appear in the publishable off-balance sheet.

Note 36 Executive compensation

Gross annual compensation allocated to the main executives is €625,835:

- Rémy Rioux, Chief Executive Officer and corporate officer: €268,100;
- Bertrand Walckenaer, Chief Operating Officer (COO): €180,234;
- Marie-Hélène Loison, Deputy Chief Executive Officer: €177,501.

Note 37 Corporate tax

Only real estate income and income from the representation of metropolitan credit institutions in the French Overseas Departments and Collectivities, as well as AFD's refinancing activities with regard to its subsidiary Proparco, are subject to corporate tax.

Note 38 Risk exposures

AFD operates on its own behalf in forward financial markets as part of its own activities and those delegated to it by the French State.

These transactions are undertaken within the limits authorised by Executive Management with the agreement of the Board of Directors.

7.4 AFD's financial results over the last five financial years

	2023	2022	2021	2020	2019
Provisions + Retained earnings + Income *(in millions of euros)*	**7,800**	**7,397**	**6,892**	**5,253**	**5,148**
Net banking income *(in millions of euros)*	826	860	794	806	750
Net income *(in millions of euros)*	325	363	240	106	160
Net income/provisions + retained earnings + income	4.17%	4.90%	3.48%	2.01%	3.11%
Net income/balance sheet total	0.47%	0.56%	0.42%	0.20%	0.33%
Staff					
Number of employees (average)	2,652	2,599	2,592	1,996	2,379
Total payroll costs *(in millions of euros)*	365	350	334	314	294
of which social and cultural initiatives *(in millions of euros)*	28.1	29.7	23.1	21.1	21.4
Dividend paid	**73**	**48**	**21**	**0**	**29**

7.5 Statutory Auditors' report on the financial statements

For the year ended December 31, 2023

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the board of directors of Agence Française de Développement

Opinion

In compliance with the engagement entrusted to us by article R515-25 of Monetary and Financial Code (Code monétaire et financier), we have audited the accompanying financial statements of Agence Française de Développement for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the aforementioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Provisioning of credit risk

Risk identified et key judgments

The Agence Française de Développement "AFD" is exposed to credit and counterparty risks.

These risks are defined as the probability that a debtor will be unable to handle the repayment of the financing granted. A default by a counterparty can have a material impact on the results of AFD.

Your Agency is booking impairments and provisions to cover those risks. These are estimated using the methods defined below:

- The determination of impairments and provisions on performing and substandard exposures is based on an expected credit loss model taking into account, in addition to the outstanding amount, commitments and undrawn facilities through the application of conversion factors. This method is based on a calculation of expected credit losses according to a model integrating various inputs (probability of default, loss given default, exposure to default, rating...).
- AFD also records impairments on doubtful exposures. These are calculated on an individual basis and correspond to the difference between the book value of the asset and the discounted value of future cash flows recoverable on maturity after considering the effects of the activation of guarantees. They are determined individually on the basis of assumptions such as the counterparty's financial position, the corresponding country risk, the valuation of any guarantees, and expected future cash flows.

We considered that the assessment of credit risk and the assessment of provisions constitute a key point of the audit since they involve judgment by Management in the classification of exposures and in the assumptions that were used, in particular, in a context of persistent uncertainty marked by the conflict in Ukraine, tensions over raw materials and energy, as well as the return of inflation and a hike in interest rates.

As at December 31, 2023, the amount of individual impairments amounted to €342 million and the amount of provisions for counterparty risk recorded in liabilities amounted to €1,810 million for a gross outstanding of €52,515 million (including €3,021 million in gross doubtful outstanding as at December 31, 2023 subject to impairment). For further details on accounting principles and exposures, please refer to notes 2.3 and 2.10 to the valuation principles and methods and notes 3, 4, 15, 28 and 29 to the financial statements.

Our audit response

To assess the reasonableness of the impairments/provisions booked, we:

- examined the governance of the provisioning processes;
- tested the operating efficiency of the provisioning processes of the related internal controls;
- verified the consistency of data between the risk management systems and the accounting data;
- assessed the consistency of changes in exposures and provisions.

When the provision was calculated on a collective basis,(stage 1 and stage 2) we:

- assessed the methodological principals and the reasonableness of key underlying risk parameters (PD, LGE, EAD);
- checked the completeness of the exposures subject to provision calculations and the appropriate application of methodological principals;
- tested data quality on a sample basis;
- verified of the arithmetical accuracy of the calculations performed.

When the provision was determined on an individual basis, we:

- tested the appropriateness downgrading rules for doubtful exposures and verified their application;
- tested the underlying assumptions and data used by Management to estimate impairments on a sample basis;
- ensured the appropriate application of decision taken by the Risk Committee.

Valuation of equity investments and other long-term securities

Risk identified et key judgments

The Agence Française de Développement holds long-term investments. As detailed in Note 2.5 to the annual financial statements, these securities are recorded at their acquisition cost. These assets are impaired when the estimated value, assessed according to the company's net position and its prospects (which are estimated based on economic and financial information gathered on the company particularly on conditions in its country) or its stock market value is, as the case may be,lower than the acquisition cost.

Due to the limited availability of market data, the valuation of some of these financial instruments involves judgment by management for the selection of the valuation method and parameters to be used.

We considered the valuation of long-term investments to be a key audit matter, given:

- the significant impact of the choice of the valuation method on AFD's results;
- the sensitive nature of the parameters used for Management's assumptions;
- the significance of those amounts in the financial statements.

As at December 31, 2023, AFD's long-term investments net value stands at €1,644 million, including €235 million of impairments as indicated in notes 5, 6, 28 and 30 of the notes to the financial statements.

Our audit response

In this context, our work consisted of:

- updating our knowledge and then testing the effectiveness of the control system for the determination of the valuation method used for these investments;
- testing, on a sample basis, the correct application of the valuation method of investments.

To this purpose, we verified the appropriateness of the accounting methods used by Agence Française de Développement and ensured that they were correctly applied. An independent valuation of a sample of lines was carried out by our experts. We cross-referenced several risk factors, in particular the subjectivity of the valuation method.

We also performed the following substantive procedures:

- reconciling, on the basis of sampling, the valuation of securities with the external documentation that justified it;
- examining all securities with an objective indicator of impairment to ensure the accuracy and completeness of the recorded impairments;
- verifying the accounting / management reconciliation for the equity portfolio;
- checking the accounting impact of significant disposals made during the financial year.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the Management Report and in the Other Documents Provided to the board of directors with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the other documents provided to the members of the board of directors with respect to the financial position and the financial statements, except for the following matter.

The sincerity and consistency of the information relating to the payment terms mentioned in Article D.441-6 of the French Commercial Code (Code de Commerce) with the financial statements lead us to report the following observation: as indicated in the management report, this information does not include banking operations, as your company considers that they do not fall within the scope of the information to be produced.

We attest that the declaration of non-financial performance provided for in Article L.225-102-1 of the French Commercial Code is included in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of this Code, the information contained in this declaration has not been verified by us as to its fair presentation or consistency with the annual financial statements and must be the subject of a report by an independent third-party organisation.

Information with respect to the corporate governance

We attest the existence, in the Management Report section on corporate governance, of information required by articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code (Code de commerce).

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditors

We were appointed Satutory Auditors of Agence Française de Développement by the board of directors meeting held on July 3, 2002 for KPMG S.A. and on April 2, 2020 for BDO Paris.

As at December 31, 2023, KPMG S.A. was in the 22nd year of total uninterrupted engagement, and BDO Paris was in the 4th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Chief Executive Officer.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, 23 April 2024

KPMG SA	**BDO Paris**
Valéry Foussé	Benjamin Izarié
Partner	*Partner*

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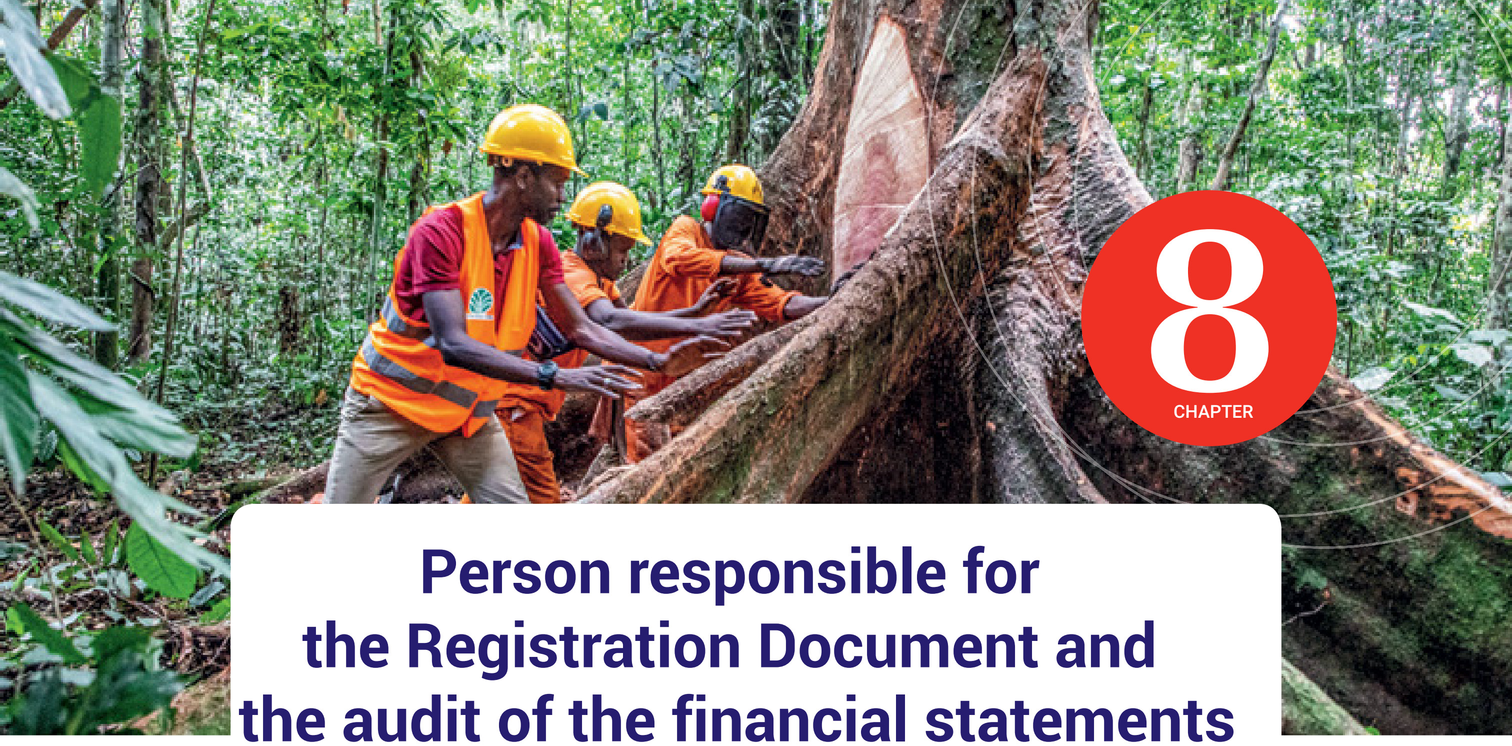

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CHAPTER

Person responsible for the Registration Document and the audit of the financial statements

8.1 Name and position

Bertrand Walckenaer, Chief Operating Officer (COO)

8.2 Certification of the person responsible

I certify that I have taken all reasonable steps to ensure that the information contained in this Universal Registration Document is, to the best of my knowledge, correct and that no fact has been omitted that would be likely to alter its scope.

I certify that to the best of my knowledge the financial statements are drawn up in accordance with the accounting standards applicable and give a true and fair view of the assets, financial position and results of the company and all the subsidiaries included in the scope of consolidation. The management report faithfully reflects the development of the business, financial position and results of the company and all the subsidiaries included in the scope of consolidation and describes the primary risks and uncertainties with which they have to contend.

Paris, 25 April 2024

Chief Operating Officer (COO)
Bertrand Walckenaer

8.3 Name, address and qualification of the Statutory Auditors

	For 2020 financial year		For 2021 financial year		For 2022 financial year		For 2023 financial year	
Name	KPMG Audit	BDO Paris	KPMG Audit	BDO Paris	KPMG Audit	BDO Paris	KPMG Audit	BDO Paris
Represented by	Valéry Foussé	Arnaud Naudan	Valéry Foussé	Arnaud Naudan	Valéry Foussé	Benjamin Izarie	Valéry Foussé	Benjamin Izarie
Address	2, avenue Gambetta, 92066 Paris La Défense CEDEX	43-47, avenue de la Grande Armée 75116 Paris	2, avenue Gambetta, 92066 Paris La Défense CEDEX	43-47, avenue de la Grande Armée 75116 Paris	2, avenue Gambetta, 92066 Paris La Défense CEDEX	43-47, avenue de la Grande Armée 75116 Paris	2, avenue Gambetta, 92066 Paris La Défense CEDEX	43-47, avenue de la Grande Armée 75116 Paris
Professional body	Compagnie régionale des commissaires aux comptes de Versailles	Compagnie régionale des commissaires aux comptes de Versailles	Compagnie régionale des commissaires aux comptes de Versailles	Compagnie régionale des commissaires aux comptes de Versailles	Compagnie régionale des commissaires aux comptes de Versailles	Compagnie régionale des commissaires aux comptes de Versailles	Compagnie régionale des commissaires aux comptes de Versailles	Compagnie régionale des commissaires aux comptes de Versailles

8.4 Information policy

Mr Bokar Cherif
Director of the Executive Finance Department
Tel.: + 33 (0)1 53 44 40 14

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CHAPTER

Additional information

9.1 Management report cross-reference table

Management report reference	2023 wording	URD Reference
1.	**Activities of Agence Française de Développement Group in 2023**	
1.1	General information	1.1
1.2	AFD Group's 2018-2023 strategy	1.2
1.3	AFD operations	1.3
1.4	Own-account activities	1.4
1.5	AFD Group	1.5
1.6	Activities of Agence Française de Développement Group in 2023	1.6
2.	**Report on corporate governance and internal control**	
2.1	Report on corporate governance	3.1
2.2	Internal control procedure and organisation of the audit trail (Art. L.22-10-35, 2°)	4.3.2
3.	**Presentation of the consolidated financial statements**	**5.3**
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3.2	Consolidated income statement	5.3.2
4.	**Risk management**	
4.1	Risk factors	4.1
4.2	Main hedges	6.2.5.3, 6.2.5.4
5.	**Statement of Non-Financial Performance**	**2**
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5.2	Identification of the main non-financial issues and risks	2.2
5.3	Managing the risks and impacts of our action	2.3
5.4	Contribution of the Group's activity to sustainable development	2.4
5.5	Transparency and dialogue with stakeholders	2.5
5.6	Coordination with development actors: partnership by design	2.6
5.7	Fair practices	2.7
5.8	A meaningful work environment	2.8
6.	**Recent changes and future outlook**	**5.1**
6.1	Recent changes	5.1.1
6.2	Future outlook	5.1.2
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7.	**Events after the reporting period**	**5.2**
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Appendix 5	**Results of operating activities for the last five financial years**	**9.9**
Appendix 6	**AFD approvals**	**9.10**
Appendix 7	**Summary table of AFD's and Proparco's loans in foreign countries**	**9.11**
Appendix 8	**Table of Proparco's approvals**	**9.12**
Appendix 9	**Note on the Statement of Non-Financial Performance methodology**	**9.13**
Appendix 10	**Statement of Non-Financial Performance appendices**	**9.14**

9.2 Incorporation by reference

- In application of Article 19 of Regulation (EU) 2017/1129 of 14 June 2017, the following information is included by reference in this Universal Registration Document:
  - the consolidated and separate financial statements for the financial year ended 31 December 2021, set out on pages 185 to 210 and 123 to 174 respectively, the related Statutory Auditors' reports, on pages 211 and 175 respectively, and the Group's management report (including the consolidated financial statements) which appears on pages 8 to 84 and 87 to 95 of the Universal Registration Document filed with the AMF on 28 April 2022 under Number D22-0377;
  - the consolidated and separate financial statements for the financial year ended 31 December 2022, set out on pages 207 to 232 and 143 to 195 respectively, the related Statutory Auditors' reports, on pages 233 and 196 respectively, and the Group's management report (including the consolidated financial statements) which appears on pages 8 to 102 and 105 to 114 of the Universal Registration Document filed with the AMF on 26 April 2023 under Number D23-0334;
  - a description of the type of transactions carried out and the main activities for financial year 2020, on pages 12 to 14 of the 2020 Universal Registration Document filed with the AMF on 20 April 2021 under reference No. D21-0333;
  - a description of the type of transactions carried out and the main activities for financial year 2021, on pages 12 to 14 of the 2021 Universal Registration Document filed with the AMF on 28 April 2022 under reference No. D22-0377;
  - a description of the type of transactions carried out and the main activities for financial year 2022, on pages 12 to 14 of the 2022 Universal Registration Document filed with the AMF on 26 April 2023 under reference No. D23-0334.

9.3 Cross-reference table between Appendices 1 and 2 of delegated regulation 2019/980 and the Universal Registration Document

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		Pages of the 2023 Universal Registration Document
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SECTION 12	**ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES**	
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SECTION 20	**MAJOR CONTRACTS**	**N/A** (1)
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(1) No significant contracts were entered into, other than those entered into in the normal course of business.

9.4 Cross-reference table of the CRR articles and the Pillar III report tables

Item CRR	Title		Paragraph
435	Publication of risk management objectives and policies	a/	6.2.5, 4.3.1
		b/	6.2.5, 4.3.1
		c/	6.2.5
		d/	4.2.4.1.3
		e/	8.2
		f/	8.2, 4.1, 4.3
	Governance arrangements	a/	3.1
		b/	3.1
		c/	3.1
		d/	3.1, 4.3.1, 6.2.5.1
		e/	4.3.1
436	Publication of scope of application	a/	1.1, 4.2.3.1
		b/	4.2.2.3
		c/	4.2.4
		d/	Not applicable
		e/	Not applicable
		f/	4.2.2.3
		g/	Not applicable
		h/	4.2.2.3
437	Publication of information on equity	a/	4.2.3
		b/	4.2.3
		c/	4.2.3
		d/	4.2.3.1
		e/	4.2.3.1
		f/	Not applicable
437 *bis*	Publication of information on equity and eligible commitments	a/	Not applicable
		b/	Not applicable
		c/	Not applicable
		d/	Not applicable
438	Publication of information on capital requirements and risk-weighted exposure amounts	a/	4.2.3.2
		b/	4.2.3.2
		c/	4.2.3.2
		d/	4.2.3.2
		e/	Not applicable
		f/	Not applicable
		g/	Not applicable
		h/	Not applicable
439	Publication of information on counterparty credit risk exposures	a/	6.2.5.1
		b/	4.2.4.1.3
		c/	Not applicable
		d/	Not applicable
		e/	4.2.4.1.3
		f/	4.2.4.1.1.2
		g/	4.2.4.1.1.2
		h/	4.2.3.2
		i/	4.2.4.1.1
		j/	Not applicable
		k/	Not applicable
		l/	4.2.4.1.3
		m/	4.2.4.1.1

Item CRR	Title		Paragraph
440	Publication of information on countercyclical equity buffer information	a/	Not applicable
		b/	Not applicable
441	Publication of information on global systemically important indicators		Not applicable
442	Publication of information on credit risk and dilution risk exposures	a/	6.2.3.2.3
		b/	6.2.3.2
		c/	4.2.4.1.1
		d/	6.2.5.1
		e/	Not applicable
		f/	6.2.5.1
		g/	4.2.4.1.1.2
443	Publication of information on encumbered and unencumbered assets		4.2.4.6
444	Publication of information on the use of the standardised approach	a/	4.2.4.1.2
		b/	4.2.4.1.2
		c/	4.2.4.1.2
		d/	4.2.4.1.2
		e/	4.2.4.1.2, 4.2.4.1.3
445	Publication of information on market risk exposure		4.2.3.3, 4.2.4.2
446	Publication of information on operational risk management	a/	4.2.4.3
		b/	Not applicable
		c/	Not applicable
447	Publication of information on key indicators (to be published in tabular form)	a/	4.2.3.1
		b/	4.2.4
		c/	4.2.3.1
		d/	Not applicable
		e/	Not applicable
		f/	Not applicable
		g/	Not applicable
		h/	Not applicable
448	Publication of information on interest rate exposures for positions not held in the trading book	a/	4.1.1.4
		b/	4.1.1.4
		c/	Not applicable
		d/	4.1.1.4
		e/	Not applicable
		f/	4.1.1.4
		g/	Not applicable
449	Publication of information on exposure to securitisation positions	a/	4.2.4.1.5
		b/	Not applicable
		c/	Not applicable
		d/	Not applicable
		e/	Not applicable
		f/	Not applicable
		g/	4.2.4.1.5
		h/	Not applicable
		i/	Not applicable
		j/	Not applicable
		k/	Not applicable
		l/	Not applicable
449 *bis*	Publication of information on environmental, social and governance risks (ESG risks)		Not applicable

Item CRR	Title		Paragraph
450	Publication of information on the compensation policy	a/	3.1
		b/	3.1
		c/	3.1
		d/	Not applicable
		e/	Not applicable
		f/	Not applicable
		g/	3.1
		h/	3.1
		i/	Not applicable
		j/	3.1
		k/	Not applicable
451	Publication of information on leverage ratio	a/	Not applicable
		b/	Not applicable
		c/	Not applicable
		d/	Not applicable
		e/	Not applicable
451 *bis*	Publications on of liquidity requirements – Liquidity coverage ratio	a/	Not applicable
		b/	Not applicable
		c/	Not applicable
	Publication of information on liquidity requirements – Net stable funding requirement	a/	Not applicable
		b/	Not applicable
		c/	Not applicable
	Publication of information on liquidity requirements – Liquidity management		Not applicable
452	Publication of information on the use of the NI approach for credit risk		Not applicable
453	Publication of information on the use of credit risk mitigation techniques	a/	4.2.4.1.3
		b/	4.2.4.1.3
		c/	4.2.4.1.3
		d/	4.2.4.1.3
		e/	4.2.4.1.3
		f/	4.2.4.1.3
		g/	4.2.4.1.3
		h/	4.2.4.1.3
		i/	4.2.3.2
		j/	Not applicable
454	Publication of information on the use of advanced measurement approaches for operational risk		Not applicable
455	Use of internal market risk models		Not applicable

9.5 Appendix 1 – AFD's operating region abroad

Africa		
Algeria	Gambia	Sao Tome and Principe
Angola	Ghana	Senegal
Benin	Guinea	Sierra Leone
Botswana	Guinea-Bissau	Somalia
Burkina Faso	Kenya	South Africa
Burundi	Lesotho	South Sudan
Cameroon	Liberia	Sudan
Cape Verde	Libya	Swaziland
Central African Republic	Malawi	Tanzania
Chad	Mali	Togo
Côte d'Ivoire	Mauritania	Tunisia
Dem. Rep. of the Congo	Morocco	Uganda
Djibouti	Mozambique	Zambia
Egypt	Namibia	Zimbabwe
Equatorial Guinea	Niger	
Eritrea	Nigeria	
Ethiopia	Rep. Congo Dem.	
Gabon	Rwanda	

3 Oceans		
Antigua and Barbuda*	Mauritius	Territory of Tokelau**
Comoros	Micronesia, Federated States**	Tonga**
Cook Islands**	Nauru**	Tuvalu**
Dominica	Niue**	Vanuatu
Dominican Rep.*	Palau**	
East Timor**	Papua New Guinea**	
Fiji**	Samoa**	
Grenada*	Seychelles*	
Guyana	Solomon Islands**	
Haiti	St-Christophe and Nevis*	
Jamaica*	St Lucia*	
Kiribati**	St-Vincent and the Grenadines*	
Madagascar	Suriname	
Marshall Islands**	Territory of Montserrat	

Orients		
Albania	Kosovo	Thailand
Afghanistan	Laos	Turkey
Armenia	Lebanon	Uzbekistan
Azerbaijan	Macedonia	Vietnam
Bangladesh	Moldova	Yemen
Bosnia and Herzegovina	Mongolia	
Cambodia	Montenegro	
China	Myanmar (Burma)	
Georgia	Pakistan	
India	Palestinian territories	
Indonesia	Philippines	
Iraq	Serbia	
Jordan	Sri Lanka	
Kazakhstan	Syria	
Latin America		
Argentina	Ecuador	
Bolivia	Mexico	
Brazil	Peru	
Colombia		
Costa Rica		
Cuba		

* *Countries of the regional cooperation mandate.*
** *Countries of the Pacific mandate (regional cooperation and bilateral or regional interventions in the sectors of adaptation, mitigation to climate change and biodiversity).*

The 19 priority countries in 2018-2023 – in force until the CPD of 5 May 2023 / CICID of 18 July 2023	
Benin	Haiti
Burkina Faso	Liberia
Burundi	Madagascar
Central African Republic	Mali
Chad	Mauritania
Comoros	Niger
Dem. Rep. of the Congo	Senegal
Djibouti	Togo
Ethiopia	
Gambia	
Guinea	

9.6 Appendix 2 – AFD balance sheet using French standards (simplified)

AFD simplified balance sheet at 31 December 2023

Assets

In millions of euros	2023	2022	Change
Loans (net outstanding)	52,557	50,280	2,277
of which net outstanding loans on own behalf	*51,535*	*49,238*	*2,297*
Gross outstandings	52,515	50,410	2,105
of which loans on own behalf	*51,494*	*49,369*	*2,125*
of which loans on behalf of the State	*1,021*	*1,041*	*-20*
(-) individual impairments	343	400	-58
(+) accrued interest	384	270	114
IMF-PRGF transactions	155	405	-250
Investment portfolio	415	520	-106
Short-term cash assets	10,157	6,750	3,407
Equity investments and other securities	1,944	1,446	498
Fixed assets	725	577	148
Accruals and other assets	3,929	4,685	-756
TOTAL	**69,881**	**64,663**	**5,218**

Liabilities

In millions of euros	2023	2022	Change
Market borrowings	53,614	49,700	3,914
Borrowings from French Treasury	1,836	1,857	-21
Current accounts	844	466	378
IMF-PRGF transactions	155	405	-250
Managed funds and State advances	1,135	1,031	104
Accruals and other liabilities	2,030	1,557	474
Provisions	2,007	1,791	216
Provisions and retained earnings	7,934	7,494	440
Income for the financial year	325	363	-37
TOTAL	**69,881**	**64,663**	**5,218**

9.7 Appendix 3 – AFD income statement using French standards (simplified)

AFD simplified income statement 2022-2023

In thousands of euros	2023	2022	Change
Net banking income	826	860	-34
Expenses on non-banking operations	565	529	36
Gross operating income	261	331	-70
Cost of risk	184	43	141
Operating income	445	374	71
Gains or losses on fixed assets	-120	-11	-109
NET INCOME	**325**	**363**	**-37**

9.8 Appendix 4 – Key ratios and indicators

In thousands of euros	2023	2022
Net banking income	**825,967**	**859,671**
Salary and employee benefit expense(s)	44.2%	40.7%
Net banking income		
Cost-to-income ratio		
General expenses	68.4%	61.5%
Net banking income		
Benefit-cost ratio		
Net profit (loss) for the period	4.4%	5.2%
Provisions + reserves*		
Efficiency ratio		
Net profit (loss) for the period	0.47%	0.56%
Balance sheet total		
Staff		
Number of employees (average)	2,652	2,599
Total payroll costs	365,248	350,054
Of which social and cultural activities	28.1	29.7
Net income	**325,376**	**362,669**
Distributed income	**72,534**	**47,950**

* *Provisions and retained earnings exclude the Reserve for general banking risk, or FRBG.*

9.9 Appendix 5 – Results of operating activities for the last five financial years (parent company basis)

	2023	2022	2021	2020	2019
Provisions + Retained earnings + Income *(in millions of euros)*	7,800	7,397	6,892	5,253	5,148
Net banking income *(in millions of euros)*	826	860	794	806	750
Net income *(in millions of euros)*	325	363	240	106	160
Net income/provisions + retained earnings + income	4.17%	4.90%	3.48%	2.01%	3.11%
Net income/balance sheet total	0.47%	0.56%	0.42%	0.20%	0.33%
Staff					
Number of employees (average)	2,652	2,599	2,592	1,996	2,379
Total payroll costs *(in millions of euros)*	365	350	334	314	294
of which social and cultural initiatives *(in millions of euros)*	28	30	23	21	21
Dividend paid	73	48	21	-	29

9.10 Appendix 6 – AFD approvals

Typology of AFD's approvals

AFD approvals and disbursements by type of loan – Foreign countries

	Approvals			Disbursements		
In millions of euros	2023	2022	% change 2023/2022	2023	2022	% change 2023/2022
1 - Current activities	9,056	8,430	7%	5,833	6,667	-12%
Loans	**7,649**	**7,291**	**5%**	**4,979**	**5,828**	**-15%**
Sovereign concessional loans	5,249	5,691	-8%	3,314	3,866	-14%
of which loans with direct concessionality	*1,881*	*2,631*	*-29%*	*1,983*	*1,894*	*5%*
of which loans with indirect concessionality	*3,367*	*3,060*	*10%*	*1,331*	*1,972*	*-33%*
Non-sovereign loans	2,400	1,600	50%	1,665	1,651	1%
of which concessional loans	*661*	*523*	*26%*	*517*	*561*	*-8%*
of which non-concessional loans	*1,739*	*1,077*	*62%*	*1,148*	*1,089*	*5%*
of which sub-participations granted to Proparco	447	588	-24%	411	403	2%
Other loans	-	-	n/a	-	311	n/a
Ongoing grants	**1,011**	**1,056**	**-4%**	**834**	**839**	**-1%**
Project and FEXTE grants	850	917	-7%	713	718	-1%
Funding for NGOs	161	139	16%	121	120	1%
Guarantees	**196**	**-**	**n/a**	**-**	**-**	**n/a**
Equity investments	**200**	**83**	**141%**	**-**	**-**	**N/A**
2 - Mandate-specific operations	1,120	746	50%	361	272	33%
General budget support (GBS) grants	71	60	18%	26	44	-41%
C2D	480	180	166%	304	206	48%
FFEM	20	41	-50%	30	19	55%
Specific activities using resources from other financial stakeholders	549	465	18%	1	3	-61%
TOTAL FOR FOREIGN COUNTRIES	**10,176**	**9,176**	**11%**	**6,194**	**6,938**	**-11%**

AFD approvals and disbursements by type of loan – Overseas

In millions of euros	2023	2022	Difference 2023/2022 €M	Difference 2023/2022 in %
Approvals	**934**	**1,107**	**-173**	**-16%**
• DOM	625	605	20	5%
• French Overseas Territories	308	502	-194	-42%
• Multi-country	1	-	1	n.s.
Disbursements	**963**	**937**	**26**	**3%**
• DOM	623	469	154	33%
• French Overseas Territories	340	468	-128	-27%
Undisbursed balance at 31/12	**795**	**1,034**	**-239**	**-23%**
• DOM	429	617	-188	-30%
• French Overseas Territories	366	427	-61	-14%
Outstandings at 31/12	**7,103**	**6,760**	**343**	**5%**
• DOM	4,047	3,840	207	5%
• French Overseas Territories	3,020	2,882	138	5%
• TAAF	36	38	-2	-6%

The French Overseas Departments and Collectivities include those in the Pacific, Saint-Pierre-et-Miquelon, Saint Martin and Saint Barthélemy collectivities.

Breakdown by region

In millions of euros	Approvals 2023	2022	Difference 2023/2022 €M	Difference 2023/2022 in %
DOM	**626**	**605**	**21**	**3%**
Guadeloupe	94	97	-3	-3%
French Guiana	51	52	-1	-3%
Martinique	74	108	-34	-31%
Mayotte	169	111	58	52%
Reunion Island	215	178	37	21%
Multi-country French Overseas Departments	23	58	-35	-61%
French Overseas Territories	**308**	**502**	**-194**	**-39%**
New Caledonia	94	337	-243	-72%
French Polynesia	198	154	44	28%
Saint-Martin	13	11	2	15%
Multi-country	**4**	**-**	**4**	**N.S.**
TOTAL	**934**	**1,107**	**-173**	**-16%**

Loans, provisions and guarantees given on its own behalf, by product

In millions of euros	Approvals 2023	2022	Difference 2023/2022 €M	Difference 2023/2022 in %
Current activities	934	1,107	-173	-16%
Loans	**876**	**1,038**	**-163**	**-16%**
Public sector	638	906	-268	-30%
Subsidised loans to local authorities (1)	343	365	-22	-6%
Other loans – public sector (2)	295	541	-246	-45%
Private sector	237	132	105	80%
Banks	175	92	83	90%
Companies	62	40	22	55%
Grants	**15**	**11**	**4**	**36%**
Guarantees	**44**	**59**	**-15**	**-25%**

(1) Including Green loans.
(2) Other public sector loans include ADIE and PS2E loans.

9.11 Appendix 7 – Summary table of AFD and Proparco loans in foreign countries

The geographic distribution of loans granted by AFD on its own behalf and by Proparco in foreign countries is presented in the table below. Sub-participation loans with Proparco (joint financing) at AFD's risk are not included in AFD's figures.

Detailed situation at 31 December 2023 of AFD and Proparco loans in foreign countries

	Disbursements		Outstandings		Undisbursed balance (3)	
In thousands of euros	AFD (1)	Proparco	AFD (1)	Proparco (2)	AFD (1)	Proparco (2)
ALBANIA	75,302	-	150,152	3,000	179,698	2,000
ALGERIA	-	-	12,729	-	-	-
ANGOLA	99,556	-	194,871	-	581,491	36,147
ARGENTINA	18,659	-	77,253	36,611	315,414	-
ARMENIA	-	-	223,786	41,624	104,399	54,220
AUTO. PALES. TERR.	-	14,459	12,231	42,408	-	28,917
AZERBAIJAN	24,198	-	259,917	-	4,429	-
BANGLADESH	144,967	-	618,503	15,969	1,025,616	24,851
BENIN	73,909	-	193,045	4,880	294,903	-
BOLIVIA	215,681	-	603,138	-	55,469	4,518
BOSNIA-HERZEGOVINA	-	-	-	10,000	-	-
BOTSWANA	-	-	-	9,037	-	-
BRAZIL	116,629	103,737	1,352,419	464,553	617,305	90,367
BURKINA FASO	14,640	4,548	324,704	35,851	216,104	19,811
CAMBODIA	13,175	2,803	533,464	106,136	297,043	22,592
CAMEROON	53,258	7,352	1,184,104	64,999	214,036	15,921
CAPE VERDE	-	15,388	42,188	15,356	5,386	4,612
CHAD	-	1,500	98,204	1,646	-	9,258
CHILE	-	-	-	27,077	-	-
CHINA	53,236	76,812	567,704	136,233	789,076	-
COLOMBIA	292,786	8,543	2,387,096	62,147	76,037	123,996
CONGO	35,198	-	239,071	-	144,791	-
COSTA RICA	50,000	-	296,302	42,138	263,257	-
COTE D'IVOIRE	269,488	33,069	816,514	146,570	998,390	108,618
CUBA	12,027	-	59,220	-	113,510	-
DJIBOUTI	-	-	12,690	-	-	-
DOMINICA ISLAND	-	-	10,710	-	-	-
DOMINICAN REP.	220,048	13,261	1,072,367	38,008	215,214	13,555
DR CONGO	4,000	1,277	4,000	-	76,000	14,000
ECUADOR	47,552	93,484	695,595	192,834	199,696	24,851
EGYPT	154,068	13,416	1,295,189	97,808	926,900	112,775
EL SALVADOR	-	-	-	73,707	-	16,266
ETHIOPIA	677	4,518	220,727	20,790	160,533	5,422
FRANCE	-	-	186	-	-	-

	Disbursements		Outstandings		Undisbursed balance [3]	
In thousands of euros	AFD [1]	Proparco	AFD [1]	Proparco [2]	AFD [1]	Proparco [2]
GABON	28,271	25,645	491,548	79,808	183,761	-
GEORGIA	28,782	104,518	674,032	176,779	139,218	59,518
GHANA	143	16,404	444,665	59,301	82,968	37,647
GRENADA	-	-	5	-	-	-
GUATEMALA	-	-	-	49,850	-	18,073
GUINEA	44,999	9,983	133,565	24,449	198,150	-
HAITI	-	678	-	13,498	-	678
HONDURAS	-	-	-	68,197	-	-
INDIA	254,900	37,816	1,325,013	191,046	1,284,274	-
INDONESIA	232,855	531	1,446,620	11,712	487,386	-
IRAQ	-	-	349,872	-	210,000	27,110
JAMAICA	-	-	-	35,732	-	-
JORDAN	55,500	4,616	962,417	178,978	312,500	-
KAZAKHSTAN	-	26,911	-	26,911	-	-
KENYA	36,342	22,787	777,727	171,776	706,039	256,938
LAOS	-	-	-	14,193	-	-
LEBANON	4,484	96	54,135	15	33,728	-
MADAGASCAR	18,238	848	148,670	35,912	175,904	150
MALDIVES	-	-	7,408	-	-	-
MALI	5,627	1,171	203,108	9,600	232,657	500
MAURITANIA	-	-	71,009	-	35,000	-
MAURITIUS	60,401	-	537,191	56,858	154,625	54,220
MEXICO	143,932	1,413	1,938,118	110,157	218,062	25,133
MOLDOVA	40,000	10,000	100,000	17,000	40,000	4,789
MONGOLIA	-	-	-	21,910	-	-
MONTENEGRO	-	-	5,000	7,142	45,000	-
MOROCCO	236,894	13,667	2,284,238	39,479	1,024,966	350
MOZAMBIQUE	1,642	-	171,011	33,762	107,553	4,518
MULTI-COUNTRY	42,728	230,808	3,464,310	866,308	857,769	270,242
MYANMAR	-	-	1,069	4,363	24,800	-
NAMIBIA	-	-	27,651	-	100,000	-
NEPAL	-	-	-	219	-	9,721
NICARAGUA	-	-	-	32,929	-	-
NIGER	15,755	-	197,507	10,530	278,156	-
NIGERIA	97,516	7,789	629,608	205,341	1,316,515	4,234
NORTH MACEDONIA	-	-	200	-	50,000	-
PAKISTAN	39,322	-	398,587	15,801	796,318	28,375
PANAMA	-	-	-	97,725	-	-
PARAGUAY	-	27,110	-	70,998	-	18,073
PERU	47,937	6,181	178,092	44,731	295,641	813
PHILIPPINES	150,000	2,385	948,090	-	47,894	-
RWANDA	53,901	5,535	185,486	5,569	292,576	10,279

	Disbursements		Outstandings		Undisbursed balance (3)	
In thousands of euros	AFD (1)	Proparco	AFD (1)	Proparco (2)	AFD (1)	Proparco (2)
SAINT LUCIA	-	-	705	-	-	-
SENEGAL	178,660	579	1,244,909	112,713	642,717	62,856
SERBIA	148,455	2,096	201,636	77,494	367,466	7,500
SEYCHELLES	-	-	7,436	-	16,000	-
SIERRA LEONE	-	4,614	-	-	-	11,296
SOMALIA	-	-	1,397	-	-	-
SOUTH AFRICA	156,715	147,227	887,655	142,525	153,342	36,147
SRI LANKA	-	-	161,563	39,014	197,342	-
SURINAME	-	-	18,552	-	16,628	-
TAJIKISTAN	-	-	-	1,936	-	-
TANZANIA	109,423	-	362,969	70,992	855,559	45,183
THAILAND	-	4,779	3,867	4,809	-	-
TOGO	15,777	-	35,985	-	213,769	-
TUNISIA	35,000	376	911,644	44,203	884,900	32,000
TURKEY	145,316	268,440	1,115,627	588,559	801,640	22,592
UGANDA	8,000	-	260,034	52,762	474,082	45,183
UKRAINE	-	3,993	-	26,944	-	1,705
URUGUAY	-	-	-	3,954	-	-
UZBEKISTAN	88,294	21,248	640,759	57,222	602,273	74,243
VIETNAM	52,916	40,151	752,739	87,224	597,315	94,885
YEMEN	-	-	1,467	33	-	18,073
ZAMBIA	-	-	92,679	10,273	19,784	-
TOTAL	**4,567,777**	**1,444,563**	**38,418,657**	**5,798,621**	**23,448,974**	**2,015,725**

The amounts presented here correspond to AFD and Proparco transactions, excluding third-party accounts and loans that were waived by the State.

(1) AFD loans exclude sub-participation loans with Proparco and microfinance transactions.

(2) Proparco loans also include subordinated loans, bonds, grants, guarantees and other securities.

(3) Signed and unsigned balance to be paid.

9.12 Appendix 8 – Table of Proparco's approvals

9.12.1 Appendix 8.1: part 1

	Loans		Equity investments		Other investments		Guarantees		Grant		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
SOUTH AFRICA	93	48	29	-	-	-	-	-	1	-	123	48
ALBANIA	-	5	-	-	-	-	-	-	-	-	-	5
ARGENTINA	-	-	-	1	-	-	-	-	-	-	-	1
ARMENIA	55	-	-	-	-	-	-	-	-	-	55	-
BANGLADESH	25	-	-	-	-	-	-	-	-	-	25	-
BENIN	-	-	-	-	-	-	-	1	-	-	-	1
BOLIVIA	-	5	-	-	-	-	-	-	-	-	-	5
BOSNIA	-	10	-	-	-	-	-	-	-	-	-	10
BRAZIL	28	160	12	28	-	-	227	-	-	-	268	188
BURKINA FASO	10	2	-	-	-	-	3	13	-	-	13	15
CAMBODIA	18	66	-	-	-	-	-	-	-	2	18	67
CAMEROON	13	1	10	-	-	-	33	14	-	-	56	15
CAPE VERDE	30	-	-	-	-	-	-	-	-	-	30	-
CHINA	47	-	-	-	-	-	-	-	-	-	47	-
COLOMBIA	92	63	-	-	-	-	-	-	-	-	92	63
CONGO	-	14	3	-	1	-	17	-	-	-	20	14
COSTA RICA	-	4	-	-	-	-	-	2	-	-	-	6
CÔTE D'IVOIRE	-	1	-	-	-	-	49	71	-	1	49	73
EGYPT	137	22	-	-	-	-	-	-	2	-	138	22
EL SALVADOR	-	36	-	-	-	-	-	-	-	-	-	36
ECUADOR	50	19	-	-	11	46	-	-	-	-	62	65
GEORGIA	119	17	-	-	-	-	-	-	-	-	119	17
GHANA	18	40	1	-	-	-	21	12	-	1	40	53
GUATEMALA	19	25	-	-	-	-	-	-	-	-	19	25
GUINEA	10	-	-	-	-	-	7	19	-	-	17	19
HAITI	-	-	-	-	-	-	-	3	-	-	-	3
INDIA	19	65	21	46	-	-	-	-	-	-	40	110
INDONESIA	-	-	-	-	-	-	2	4	-	-	2	4
IRAQ	14	14	-	-	-	-	-	5	-	-	14	19
JORDAN	-	5	-	-	-	-	23	-	1	-	24	5
KAZAKHSTAN	-	30	-	-	-	-	-	-	-	-	-	30
KENYA	105	135	-	43	1	11	-	1	1	5	107	195
LEBANON	-	-	-	-	-	-	-	-	-	-	-	-
LIBERIA	-	-	-	-	-	-	16	-	-	-	16	-
MADAGASCAR	5	-	-	-	-	-	19	13	-	-	24	13
MALAWI	-	-	-	-	-	-	9	-	-	-	9	-
MALI	-	2	-	2	-	-	-	-	-	-	-	4
MOROCCO	-	15	14	20	-	-	-	-	-	-	15	35
MAURITIUS	142	-	-	-	-	-	-	-	-	-	142	-
MAURITANIA	-	-	-	-	-	-	14	26	-	-	14	26
MEXICO	25	-	-	-	-	-	11	-	-	-	36	-

9.12.2 Appendix 8.2: part 2

	Loans		Equity investments		Other investments		Guarantees		Grant		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
MOLDOVA	15	-	-	-	-	-	-	-	-	-	15	-
MULTI-COUNTRY	-	92	30	100	-	-	15	-	2	3	48	195
MULTI-COUNTRY AFA	-	-	-	-	-	-	-	-	-	-	-	-
MULTI-COUNTRY AFC	-	-	-	-	-	-	-	-	1	-	1	-
MULTI-COUNTRY AFE	-	-	-	-	-	-	-	-	1	-	1	-
MULTI-COUNTRY AFO	56	75	-	-	-	-	-	-	-	-	56	75
MULTI-COUNTRY AFR	62	-	29	55	-	22	-	-	14	-	104	77
MULTI-COUNTRY AFS	86	10	14	15	1	-	19	-	2	2	121	27
MULTI-COUNTRY ALC	-	-	14	-	-	-	-	-	-	-	14	-
NICARAGUA	-	10	-	-	-	-	-	-	-	-	-	10
NIGER	-	2	-	-	-	-	-	1	-	-	-	3
NIGERIA	4	-	4	-	-	-	85	18	-	-	94	18
UGANDA	-	62	-	-	-	-	-	7	-	-	-	68
UZBEKISTAN	23	82	-	-	-	-	-	-	-	-	23	82
PAKISTAN	-	-	-	-	-	-	-	-	-	-	-	-
PARAGUAY	18	29	-	-	-	-	-	-	-	-	18	29
PERU	1	5	-	-	-	-	-	-	-	-	1	5
DOMINICIAN REPUBLIC	14	14	-	-	-	-	10	-	-	-	24	14
RWANDA	16	15	-	-	-	-	-	-	-	-	16	15
SENEGAL	56	-	-	-	-	-	28	11	-	7	84	18
SERBIA	8	-	-	-	-	-	-	-	-	-	8	-
REGISTERED OFFICE	-	-	-	-	-	-	19	-	-	-	19	-
SIERRA LEONE	19	-	-	6	-	-	-	-	-	-	19	6
SWITZERLAND	-	-	-	-	-	-	7	10	-	-	7	10
TANZANIA	47	92	-	-	-	-	-	19	-	-	47	110
CHAD	-	-	-	-	-	-	-	-	-	-	-	-
AUTO. PALES. TERR.	5	8	-	-	-	-	-	13	-	-	5	21
THAILAND	-	3	-	-	-	-	-	-	-	-	-	3
TOGO	-	-	-	-	-	-	-	4	-	-	-	4
TUNISIA	-	44	19	-	-	-	4	4	-	-	23	48
TURKEY	208	134	-	-	-	-	-	-	-	-	208	134
UKRAINE	-	-	17	-	-	-	-	-	-	-	17	-
VIETNAM	47	78	-	-	-	-	-	4	-	-	47	82
YEMEN	-	19	-	-	-	-	-	-	-	-	-	19
ZAMBIA	-	-	-	-	-	-	1	1	-	-	1	1
TOTAL PROPARCO	**1,758**	**1,577**	**217**	**316**	**14**	**79**	**639**	**274**	**25**	**20**	**2,654**	**2,267**
Fisea			17	26	5				1		23	26
GRAND TOTAL	**1,758**	**1,577**	**234**	**342**	**18**	**79**	**639**	**274**	**26**	**20**	**2,677**	**2,293**

9.13 Appendix 9 – Statement of Non-Financial Performance (NFPS) methodological note

AFD chose Content Index – Essentials Service and the report was prepared in accordance with GRI standards.

Reporting period

The data is submitted on an annual basis.

The data collected cover the period from 1 January to 31 December of year N, unless otherwise specified when the indicator is mentioned.

For the 2023 financial year, only the indicator relating to the number of "safety" e-learning training courses covers a different period (1 January to 30 November 2023, due to a change of tool at the end of the year).

Presentation of main risks

The material risks for the four social/societal, environmental, human rights and anti-corruption categories are identified by cross-referencing the work already carried out in the materiality assessment of non-financial issues facing AFD Group with the existing risk map.

The materiality of each of the risks was assessed according to financial criteria (operating cost of the risk materialising), impact, temporality and likelihood of occurrence.

The 2023 statement of non-financial performance has the same scope as the 2022 SNFP, *i.e.* the three Group entities (AFD, Proparco, Expertise France). Coverage of the Expertise France subsidiary, which joined the Group on 1 January 2022, addresses the most material aspects [1].

Description of the policies applied

For each material risk, a description of the policies applied to prevent it, as well as identify and mitigate it should it occur.

Choice of indicators

Key performance indicators are used to measure the results of the policies mentioned in the above point. These indicators have been selected to provide the most relevant information on the risks and issues covered by the policies.

Comparability with previous year (N-1)

Whenever possible and relevant, indicators are mentioned for year N and N-1. When the N-1 data is not mentioned, this is generally because the comparison is not relevant. The data depends on the composition of the project portfolio for the year. As projects are diverse and unique, changes do not relate to annual targets but rather to a multi-year strategy.

It should be noted that, in 2023, the method used to measure the indicator relating to the transparency of funding changed. Previously measured in terms of number of loans, the information is now presented in terms of number of projects (a project can receive several financial loans), to better correspond to the operational reality as well as the expectations of the users of our transparency portals. N-1 comparability is ensured.

Reporting and scope of indicators

Scopes vary depending on each corporate, social or environmental indicator, according to need, and the suitability and availability of information. The measurement scope is specified for each indicator.

The scopes taken into account are as follows:

- **Group**: AFD, Proparco, Expertise France, Sogefom and Fisea, and French Overseas reserve banks (**100%** of the Group's headcount);
- **AFD**: AFD head office and local offices (**68.4%** of the Group's headcount);
- **Head office**: AFD and Proparco head offices (**45.2%** of the Group's headcount);
- **AFD head office**: AFD head office only, including Marseille site and excluding Proparco (**37.1%** of the Group's headcount);
- **AFD Paris head office**: AFD head office excluding Marseille site: Barthes, Mistral, Vivacity and Art&Co buildings (**36.6%** of the Group's headcount);
- **France**: all employees under French law at the head offices and local offices of AFD, Proparco and French Overseas reserve banks, excluding local staff working in local offices.

This scope refers only to the tables showing quantitative social and environmental indicators.

1) *Coverage of Expertise France involves the following issues: Enhancing sustainable development in operations; Internal environmental footprint; Strengthening the social link; Client and stakeholder satisfaction; Commitment of clients and counterparties to the Sustainable Development Goals (SDGs); Reinforcement of institutions and civic participation; Ethics and financial leadership; Employees' skills development; Employee relations within the Group; Equity, diversity and professional equality; Health, safety and security of employees; and Quality of life at work for employees.*
Coverage monitors the following indicators: GHG emissions avoided; Number of consultations with the ethics advisor; Headcount at 31/12 and breakdown by gender; Number of face-to-face "safety" sessions and number of people who completed them in 2023; Social barometer's well-being at work indicator.

It should be noted that:

- As Fisea and Proparco are managed respectively by Proparco and AFD employees, the "AFD" and "Proparco" scopes de facto include the headcount involved in the management of these subsidiaries.
- Expertise France retains its own employee status and that quantitative social and environmental indicators are presented separately.

Consolidation of data and internal control

Non-financial indicators are produced by AFD's various departments according to their areas of expertise and are compiled for the management and activity reports. The Strategy, Foresight and Institutional Relations Department ensures that the information released on indicators is consistent.

External audit

The Statutory Auditors must certify that the Statement of Non-Financial Performance required by Article L.225-102-1 of the French Commercial Code is effectively included in the management report.

An independent third party body must be appointed to verify the Statement of Non-Financial Performance. It produces a reasoned opinion on:

- the statement's compliance with the provisions of I and II of Article R.225-105 (presentation and content of the Statement of Non-Financial Performance);
- the accuracy of the information provided, specifically the policy results including the key performance indicators (3° of I and UU of Article R.225-105).

As permitted by the regulations, AFD has appointed one of its Statutory Auditors as independent third party body.

Reasons for excluding mandatory topics

The following information, listed in Paragraph 2 of title III of Article L.225-102-1 of the French Commercial Code, is not considered to be relevant because of the nature of AFD Group's activities: the circular economy, combating food waste, combating food poverty, respect for animal welfare, and respect for responsible, fair and sustainable food.

Main Statement of Non-Financial Performance indicators

Information	Scope	Issues
GHG (greenhouse gas) emissions avoided	Group	Compliance with planetary limits
Number and amounts of AFD projects subject to an environmental and social risk assessment	AFD	Environmental and social risks in projects
Number and amounts of Proparco projects subject to an environmental and social risk assessment	Proparco (Fisea included in the scope)	Environmental and social risks in projects
Number of consultations with the ethics advisor	Group	Ethics and financial exemplarity
Share of sovereign and non-sovereign financing published in IATI format	AFD	Transparency of funding and accountability for its impacts
Number of complaints received by the complaints management system	AFD + Proparco (Fisea included in the scope)	Customer and counterparty satisfaction Environmental and social risks in projects Deepening sustainable development in AFD Group's operations Compliance with planetary limits
Financing volume marked CAD1 and CAD2	AFD + Proparco	Strengthening the social link
Headcount at 31/12 and breakdown by gender	Group	Equity, diversity and professional equality
Overall training effort	AFD + Proparco	Employees' skills development

Information	Scope	Issues
Number of training sessions with "sustainable development training" certification	AFD + Proparco	Deepening sustainable development in AFD Group's operations
Number of "safety" e-learning training courses	AFD + Proparco	Employee health, safety and security
Number of face-to-face "safety" sessions and number of people who completed them in 2023	Expertise France	Employee health, safety and security
Social barometer's well-being at work indicator	AFD + Proparco	Employees' quality of life at work
Social barometer's well-being at work indicator	Expertise France	Employees' quality of life at work
Introduction of dialogue on strategy and projects	AFD + Proparco	Commitment of clients and counterparties to the Sustainable Development Goals Deepening sustainable development in AFD Group's operations
Complaints management system	AFD Proparco	Customer and counterparty satisfaction Environmental and social risks in projects Deepening sustainable development in AFD Group's operations Compliance with planetary limits
E&S risk management process over the project cycle	AFD Proparco	Environmental and social risks in projects Deepening sustainable development in AFD Group's operations
Funding granted as part of "CSO Initiatives" projects	AFD	Multi-stakeholder mobilization for the Sustainable Development Goals (SDGs)
Number of CSO projects	AFD	Multi-stakeholder mobilization for the Sustainable Development Goals (SDGs)
Amount of AFD financing approvals using resources from other financial stakeholders	AFD	Multi-stakeholder mobilization for the Sustainable Development Goals (SDGs) Transparency of funding and accountability for its impacts
AFD *ex-ante* result indicators	AFD	Deepening sustainable development in AFD Group's operations
Proparco *ex-ante* result indicators	Proparco	Deepening sustainable development in AFD Group's operations
Policies to reinforce project management	AFD	Commitment of clients and counterparties to the Sustainable Development Goals (SDGs) Deepening sustainable development in AFD Group's operations
Amount of commitment approvals for specific capacity building tools	AFD	Commitment of clients and counterparties to the Sustainable Development Goals (SDGs) Deepening sustainable development in AFD Group's operations
Initiatives engaged for preventing corruption, fraud, money laundering and the financing of terrorism	AFD + Proparco	Ethics and financial leadership
Number of people registered for AML/CFT e-learning training (modules 1 and 2) and having validated it	AFD + Proparco	Ethics and financial leadership
The ethics system (Charter, Committee, ethics adviser)	AFD + Proparco	Ethics and financial leadership
Number of training courses provided by the ethics adviser	AFD + Proparco	Ethics and financial leadership

Information	Scope	Issues
Training for local employees: number of employees and training hours	AFD + Proparco (local employees only) (1)	Employees' skills development
Collective agreement evaluation	AFD + Proparco (2)	Employee relations within the Group
System for managing psychosocial risks	AFD + Proparco	Employee relations within the Group
Percentage of climate co-benefit projects	AFD + Proparco	Compliance with planetary limits
Amount of climate co-benefit projects	AFD + Proparco	Compliance with planetary limits
Breakdown of AFD's commitments by sector of activity	AFD	Deepening sustainable development in AFD Group's operations

(1) Local AFD/Proparco/IE employees, training organised by the Human Resources Department, at the head office or in the network.
(2) NB: the scope may differ depending on the agreement.

Methodology for calculating *ex-ante* result indicators

Ex-ante indicators present expected outcomes at the time of the *ex-ante* appraisal of the project. They are, therefore, given before project funding is granted and are aggregated per year of grant. *Ex-ante* estimates are defined at the end of the project identification and *ex-ante* appraisal phase. The project manager estimates the expected outcomes with the support of the Agency and the counterparty. Actual data is collected on an annual basis as soon as the project begins to deliver results. Project managers mobilise their contacts in the branch and within the counterparties and/or local project managers to collect the necessary data (reporting, supervision mission checklist, technical implementation report, other elements of the monitoring-evaluation system, etc.). All data is entered and stored in AFD's information system.

Some of the *ex-ante* indicators are stipulated by Law 2021-1031 of 4 August 2021 on programming related to solidarity-based development and the fight against global inequalities, known as the LOP-DSI (list of indicators in the appendix of the aforementioned law [1]).

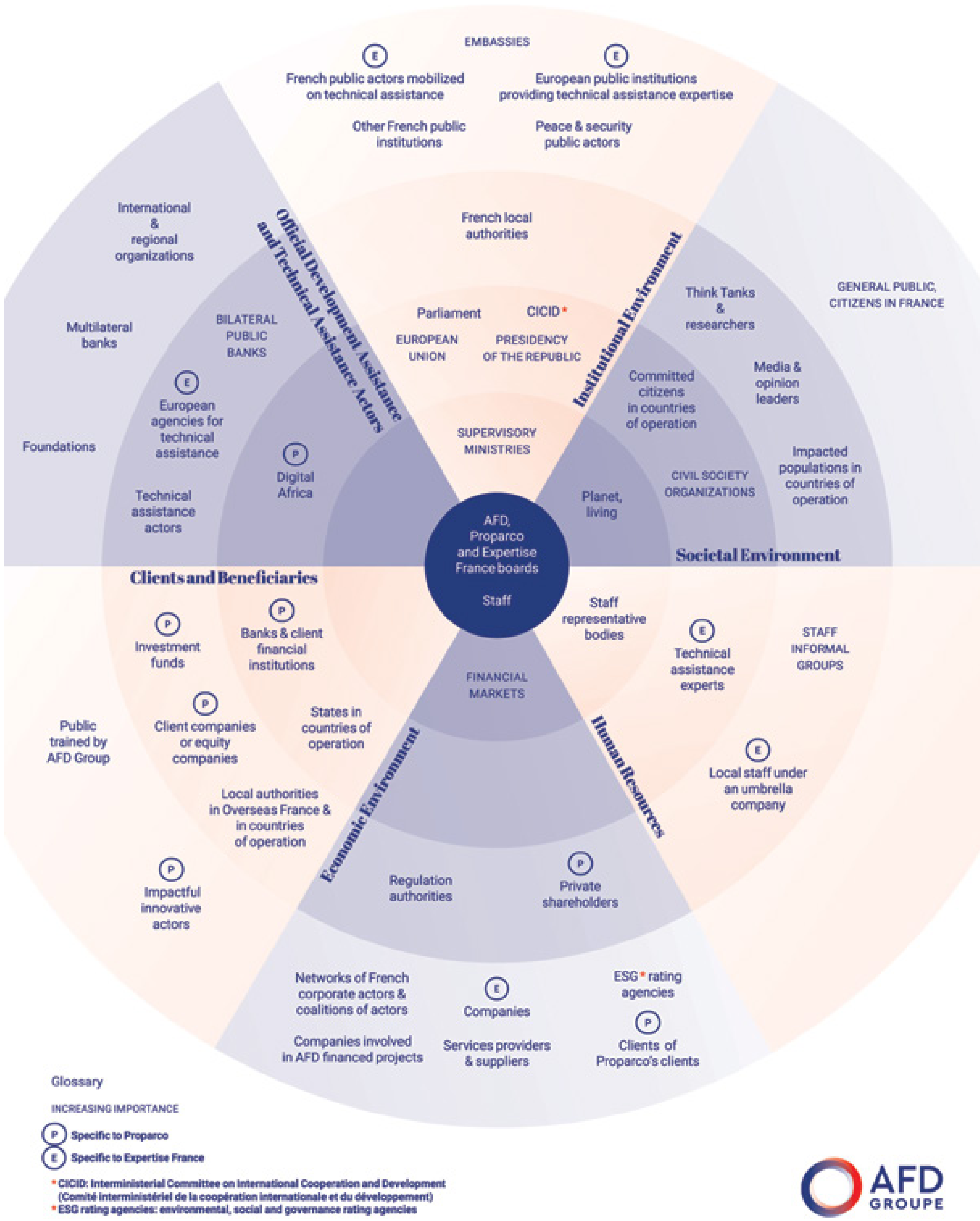
The other indicators, not provided for by law, are put in place to monitor sector strategies and action plans in a more targeted manner. They are regularly updated in order to align them with our areas of intervention and priorities and to better capture the achievements of our projects. This may result in changes to the indicators or their titles.

AFD Group makes available the methodological notes corresponding to the preparation of these indicators.

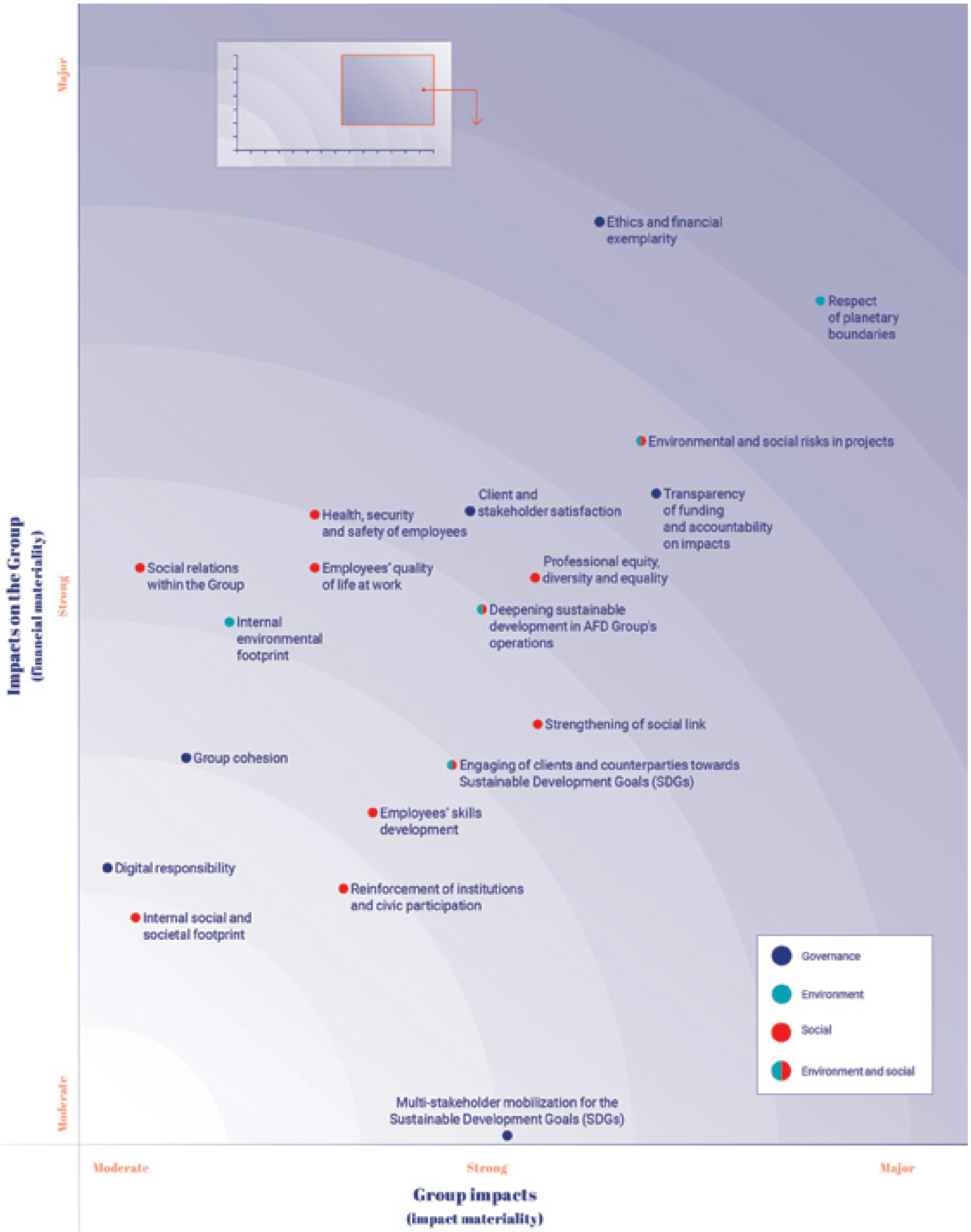
1) *https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000043898536/.*

9.14 Appendix 10 – Statement of Non-Financial Performance appendices

9.14.1 Appendix SNFP 1: Mapping of AFD Group's stakeholders (2023)



9.14.2 Appendix SNFP 2: Materiality matrix



Description of the Group's non-financial issues and correspondence with the sections of the SNFP

Issue	Definition of the issue	Corresponding parts of the SNFP
Governance		
Ethics and financial leadership	Fight against money laundering, fraud, corruption, embezzlement, internal and external.	§ 7.1
Transparency of funding and accountability for its impacts	Transparency on the allocation of funds and accountability on their impacts in terms of sustainable development based on consensus indicators.	§ 4; § 5
Group cohesion	Alignment of CSR practices; fairness between teams and subsidiaries; dialogue; knowledge sharing.	Background
Customer and counterparty satisfaction	Listening to needs; concern for facilitation, the adequacy of the Group's offering, efficiency and satisfaction of customers and counterparties.	§ 6.2
Multi-stakeholder mobilization for the Sustainable Development Goals (SDGs)	Multi-stakeholder partnerships (donors, civil society organisations, companies, investors, etc.); co-financing, dissemination of knowledge; coordination of networks in the service of the SDGs.	§ 6
Responsible digital	Data security; privacy, right to disconnect, responsible digitisation, digital inclusion.	§ 7.8
Environment		
Internal environmental footprint	Control of environmental impacts related, for example, to purchases, travel, heating of buildings, IT technologies.	§ 4.4.4
Compliance with planetary limits	Financing the fight against climate change (mitigation and adaptation components) and the preservation of biodiversity.	§ 4.4
Environment and social		
Deepening sustainable development in AFD Group's operations	Reinforcement of sustainable development requirements for operations, institutions and companies financed by all Group subsidiaries; participation in the acceleration of sustainable finance and the accompanying standardisation efforts.	§ 4
Commitment of clients and counterparties to the Sustainable Development Goals (SDGs)	Support and development of the capacities of customers and counterparties to integrate the SDGs into their own practices.	§ 6.2
Environmental and social risks in projects	Management of social and environmental risks throughout the project cycle, and by all project stakeholders (States, companies, etc.); principle of doing no harm.	§ 3
Social		
Employee health, safety and security	Control of health or safety risks likely to affect the teams at the head offices or in the countries of operation.	§ 8.4
Employees' quality of life at work	Work-life balance, workload, stress management, teleworking.	§ 8.4
Employee relations within the Group	Social dialogue, improvement of the social climate, attention to social ties and people, trust and recognition, support for change.	§ 8.2
Employees' skills development	Professional mobility, knowledge training, savoir-faire, interpersonal skills to flourish in a changing world.	§ 8.1
Internal social and societal footprint	Setting an example and optimising the Group's societal impacts, in particular by promoting social criteria in purchasing practices.	§ 4.5.2
Equity, diversity and professional equality	Gender equality, promotion of diversity; fairness with regard to different types of employees; transparency on promotion rules.	§ 8.3
Strengthening institutions and citizen engagement	Support for the development of institutions; Rule of law; support on governance, justice, taxation, protection of human rights.	§ 3.3, 6.2
Strengthening the social link	Fight against inequalities and discrimination; support for equal access to opportunities, resources and essential public services; systematic promotion of gender equality in projects.	§ 3.3, 4.5

9.14.3 Appendix SNFP 3: AFD Group's social responsibility challenges for its stakeholders

PILLARS / PRIORITY ISSUES	Institutional Actors	Civil Society	Board Members	Economic Actors	Clients and Beneficiaries	Official Development Aid and Technical Assistance Actors	AFD Group Staff	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
	MATERIALITY PER STAKEHOLDER							
GOVERNANCE								
Ethics and financial exemplarity	Major	Major	Major	Major	Strong	Strong	Major	SDG 16
Transparency of funding and accountability on impacts	Major	Major	Major	Major	Moderate	Major	Major	SDG 16
Group cohesion	Moderate	Moderate	Major	Moderate	Moderate	Moderate	Strong	
Client and stakeholder satisfaction	Moderate	Strong	Major	Major	Moderate	Strong	Major	SDG 17
Multi-stakeholder mobilization for the Sustainable Development Goals (SDGs)	Strong	Major	Strong	Major	Major	Strong	Moderate	SDG 17
Digital responsibility	Moderate	Strong	Strong	Strong	Moderate	Moderate	Strong	SDG 9
ENVIRONMENT								
Internal environmental footprint	Strong	Strong	Moderate	Moderate	Strong	Moderate	Strong	SDG 11, SDG 12, SDG 13
Respect of planetary boundaries	Major	Major	Major	Major	Major	Major	Major	SDG 13, SDG 15
SOCIAL								
Health, security and safety of employees	Strong	Strong	Major	Moderate	Moderate	Moderate	Major	SDG 3, SDG 8
Employees' quality of life at work	Strong	Major	Strong	Moderate	Strong	Strong	Major	SDG 3, SDG 8
Social relations within the Group	Moderate	Strong	Strong	Moderate	Moderate	Moderate	Major	SDG 8
Employees' skills development	Strong	Strong	Strong	Strong	Major	Moderate	Strong	SDG 4, SDG 8
Internal social and societal footprint	Moderate	Strong	Moderate	Moderate	Moderate	Moderate	Moderate	SDG 8, SDG 12
Professional equity, diversity and equality	Major	Major	Strong	Major	Major	Strong	Major	SDG 5, SDG 8, SDG 10
Reinforcement of institutions and civic participation	Strong	Major	Strong	Strong	Moderate	Major	Moderate	SDG 16
Strengthening of social link	Strong	Moderate	Major	Major	Major	Major	Strong	SDG 10
ENVIRONMENT AND SOCIAL								
Deepening sustainable development in AFD Group's operations	Strong	Major	Moderate	Major	Strong	Major	Strong	All SDGs
Engaging of clients and counterparties towards Sustainable Development Goals (SDGs)	Strong	Major	Major	Strong	Strong	Major	Strong	All SDGs
Environmental and social risks in projects	Major	Major	Major	Major	Strong	Major	Major	All SDGs

Major · Strong · Moderate · The issue concerns all the SDGs

9.14.4 Appendix SNFP 4: additional labour information

Total headcount and breakdown of employees by gender, age and geographical area

Total workforce managed by the Group excluding Expertise France at 31 December 2023

Workforce	End of 2021	End of 2022	End of 2023
Mainland France (1)	1,744	1,737	1,810
Local offices and representations in the countries of intervention	254	250	267
Technical assistance	3	3	3
Temporary assignments	49	57	65
Group head office (1)	**2,050**	**2,047**	**2,145**
French Overseas Territories	93	86	95
Foreign countries (2)	573	573	580
Group staff recruited locally (2)	**666**	**659**	**675**
AFD GROUP TOTAL	**2,716**	**2,706**	**2,820**
of which provided to French Overseas reserve banks (1)	13	1	1
OF WHICH TOTAL FRENCH OVERSEAS RESERVE BANKS	**13**	**1**	**1**
AFD Group VIA/VSC (3)	149	140	130
VSC French Overseas reserve banks (3)			
INTERNATIONAL VOLUNTEERS TOTAL (VIA/VSC)	**149**	**140**	**130**
Apprenticeship and professionalisation contract	8	8	18
Standard contract	92	86	84
TOTAL FIXED-TERM CONTRACTS	**100**	**94**	**102**

(1) Excluding standard fixed-term contracts, apprenticeships and professionalisation contracts.
(2) Since 2007, these figures have included employees hired locally according to the provisions of the labour regulations in each country, along with staff equivalent to employees, in other words, service providers in various foreign countries.
(3) VIA: "Volontaires internationaux en administration" (volunteer positions for young people abroad at embassies, French Institutes, Business France offices, etc.)/VSC: "Volontariat de Service Civique" (general interest volunteer positions for young people abroad).

AFD Group excluding Expertise France employed 2,820 people worldwide at the end of 2023, excluding VIA/VSC and fixed-term contracts, *i.e.* a 4.2% increase compared to 2022.

Among the 2,820 head office employees recruited in Paris, there are 2,819 AFD Group head office employees and one seconded to the issuing institutions.

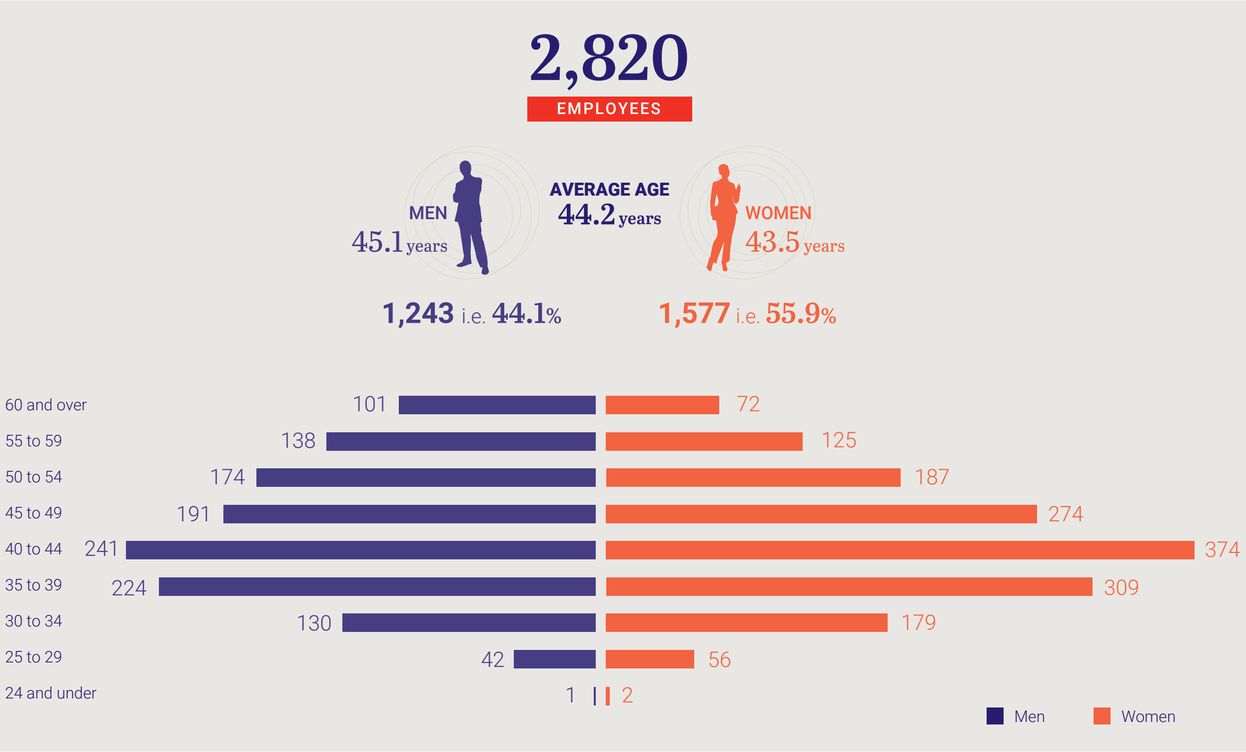
The 675 locally hired employees (+16 on 2022) are all AFD employees, excluding Expertise France.

For several years, AFD has strengthened its local skills base, particularly by recruiting highly qualified managers in its local offices.

Employees by gender and age

Total staff managed by the Group excluding Expertise France, broken down according to gender and age range in 2023 (at 31 December 2023)

At the end of 2023, 55.9% of AFD Group employees excluding Expertise France were women. Their average age was 43.5 compared to 45.1 for men.



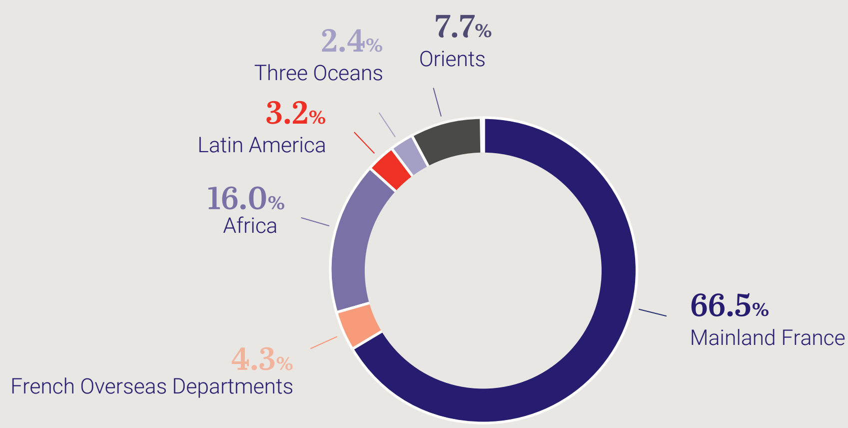
Expertise France workforce at 31/12/2023

Balance sheet categories at 31/12/2023	Female	Male	Grand total
Registered office	533	232	765
Experts	205	333	538
GRAND TOTAL	**738**	**565**	**1,303**

Breakdown of employees by geographic area (excluding Expertise France)

Geographic area	31/12/2023
Mainland France*	1,875
French Overseas Departments	120
Africa	450
Latin America	89
Three Oceans	68
Orients	218
GRAND TOTAL	**2,820**

* *Mainland France (Mainland France AFD employees + temporary assignments).*



Recruitment and departures (excluding Expertise France)

Recruitment	Head office employees	Locally hired employees	Total
TOTAL	**188**	**82**	**270**

External departures of Group employees excluding Expertise France

In 2023, the total number of permanent departures worldwide* (excluding suspensions of contracts) totalled 158 (92 head office employees and 66 employed locally).

Reasons for departure	Head office employees	Locally hired employees	Total departures	Turnover rate
Retirement	24	5	29	1.03%
Voluntary redundancy	13		13	0.46%
Resignation	33	30	63	2.23%
End of fixed-term contract	7	30	37	1.31%
End of trial period	7	1	8	0.28%
Dismissals	7		7	0.25%
Death	1		1	0.04%
TOTAL	**92**	**66**	**158**	**5.60%**
Contract conversion (to head office employee status)*			***3***	

* *They are not considered as departures from the Group.*

Compensation for employees managed by AFD Group excluding Expertise France

Indicators *In thousands of euros*	2021	2022	2023
Average gross annual salary	74.9	78.9	84

Scheduling of working hours (excluding Expertise France)

For head office employees (recruited in Paris), and since the agreement on the scheduling and reduction of working hours was signed on 30 June 2000, the number of annual working hours has been:

- 1,575 hours for employees whose working time is expressed in hours;
- 206 days for employees whose working time is expressed in days.

Absenteeism (excluding Expertise France)

In mainland France in 2023, 15,721 days were lost to illness for head office employees on permanent (CDI) and fixed-term (CDD) contracts (of which 175.50 days for CDD employees), which equates to an absenteeism rate of 2.35%.

Occupational accidents, including their frequency and severity, and occupational illnesses (excluding Expertise France)

The number of occupational accidents and journeys with lost time in Mainland France was three in 2023 (compared to two in 2022), and were accompanied by 75 days of absence (compared to 360 in 2022).

The frequency rate stood at 1.04 and the severity rate at 0.03, both stable in 2023.

AFD Group could find no occupational illness contracted within the organisation.

Measures taken to promote equality between men and women (excluding Expertise France)

- Recruitment: **52.7%** of women hired.
- Women in supervisory positions: **55%**.
- Women in managerial positions: **50.1%**.
- Women in the network: **41.9%**.
- Population: Group head office employees on permanent contracts excluding Expertise France.

Measures taken to promote the employment and integration of disabled people (excluding Expertise France)

Since 2013, AFD has implemented a proactive and ambitious disability policy. To this end, three agreements were signed by the social partners and validated by the Employment Department in 2013, 2015 and 2019 (AFD and Proparco).

The number of people in the workforce in 2023 who were recognised as disabled workers was 92, including temporary staff, of whom 63 were women and 29 men. Excluding temporary staff, the number was 81 (fixed-term and permanent contracts), including 56 women and 25 men, compared with 88, including 58 women and 30 men, in 2022.

The number of employees recognised as disabled workers who were hired in 2023, including temporary staff, was eight, including five men and three women, compared with 14 in 2022, including 10 women and four men. Excluding temporary staff, the number was five, including three women and two men, compared with six in 2022, including three women and three men. The employment rate of employees recognised as disabled workers increased from 1.72% in 2013 to 4.56% in 2022. The provisional employment rate of employees recognised as disabled workers is not yet available (being validated).

Wage gap (excluding Expertise France)

In 2023, the lowest salary was €38,259 and the highest was €158,814, representing a ratio of 4.15 (Head Office scope: general managers on permanent contracts excluding Expertise France).

9.14.5 Appendix SNFP 5: Additional environmental information (excluding Expertise France)

Indicator and scope	2023 values	2022 values
Pollution and waste management		
Waste production (scope: Head Office):		
Total production	90.27 t/year	91.36 t/year
of which paper/cardboard	*14.87 t*	*19.8 t*
Production per employee	49.22 kg/employee	52.12 kg/employee
Sustainable use of resources		
Water consumption (scope: AFD Paris head office)	9,385 m^3/year	8,752 m^3/year
Raw materials consumption (scope: Head office, excluding service providers)		
• Total paper consumption	7.2 t/year	6.8 t/year
• Paper consumption per employee	3.93 kg/employee	3.88 kg/employee
Energy consumption SHON (1) AFD (head office and Proparco)	6,288 MWh/year	6,848 MWh/year

(1) Net floor area (excluding technical rooms).

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