Interim Financial Report

30 June 2014

Contents

Due to rounding, the tables' column totals may slightly differ 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.

AFD stands for Agence Française de Développement.

A. Progress report

Approvals

Total approvals granted by AFD and Proparco on their own behalf at 30 June 2014 stood at €1.571bn compared to €1.072bn at 30 June 2013, excluding Proparco's refinancing activities (€810M).

In foreign countries, approvals granted amounted to €1.286bn, an increase of €326M (+ 34%) over 30 June 2013. This growth is largely driven by Proparco's activities (+€170M, an increase of 53%) and by AFD's sovereign loan activities (+€117M, an increase of 47%).

In the French Overseas Departments and Collectivities, growth in approvals was 153%, standing at €285M at 30 June 2014 compared to €113M at 30 June 2013. Loans accounted for nearly all approvals.

Finally, approvals granted on behalf of third parties amounted to €61M in the first half of 2014 compared to €148M in the first half of 2013.

Disbursements

Total disbursements for activities on the Group's own behalf (AFD and Proparco) stood at €1.439bn at 30 June 2014 compared to €1.886bn at 30 June 2013.

Activities in foreign countries

Total disbursements in foreign countries amounted to €945M at 30 June 2014 (-30%). Subsidy disbursements were stable (€116M for the first half of 2014 compared to €114M for the same period in 2013), while loan disbursements were down (€829M, from €1.234bn).

Activities in the French Overseas Departments and Collectivities

Disbursements fell by 36% to €171M at 30 June 2014, compared to €266M at 30 June 2013.

Activities of Proparco

Proparco disbursements in the form of loans and investments in foreign countries totalled €323M in the first half of 2014 compared to €272M over the same period of 2013, an increase of 19%.

Financial results

The Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRS), show consolidated net income of €84M versus €90M at 30 June 2013. This decline is primarily the result of a decrease in the fair value of financial instruments through profit and loss (-€33M compared to 30 June 2013).

Net banking income produced over the first half of 2014 came to €253M versus €267M in the first half of 2013.

The cost of risk is stable at -€21M at 30 June 2014 compared to -€22M at 30 June 2013.

Future prospects

In 2014, AFD's overall target is €8.1bn in approvals, in accordance with the 2012-2016 Strategic Orientation Plan's assumptions regarding activity and with the budgetary resources allocated to AFD. New contractual targets and resources (COM) covering the period up to 2016 is currently under discussion between AFD and its regulators. These contractual targets and resources anticipate continued business growth.

In keeping with the previous year, AFD's business plan for 2014 is focused on Africa and prioritises subsidies in priority countries suffering from poverty. In light of the CICID's conclusions on 31 July 2013, which redefined France's development priorities to respond to current challenges, the 2014 business plan also incorporates new themes, namely: the contribution to sustainable development, the fight against climate change, the application of the government's gender equality strategy, the implementation of the SR approach and innovation for development purposes.

For AFD, activity forecasts anticipate a high level of activity in the French Overseas Departments and Collectivities (€1.5bn) will be maintained in 2014, and considerable growth of non-sovereign activity in foreign countries. They also anticipate a slight increase in approvals in the Mediterranean region in order to continue to guide change in a context of political instability, as well as an increase in Asia's and Latin America's shares in overall volume and a concentration of climate-centred activities in these regions.

Risk factors

Total risks are continuing to grow due to loans at AFD's own risk, as loans at the risk of the French State have fallen slightly. Two-thirds of this growth is attributable to sovereign loans in foreign countries, followed by non-sovereign loans (including Proparco) and to a lesser extent by loans in the French Overseas Departments and Collectivities.

60% of risks in foreign countries are concentrated in equal parts in Sub-Saharan Africa and the Mediterranean. Exposure volumes in Asia and Latin America are converging and sharing the balance with the development of activity in Latin America.

The quality of the risk portfolio remains good, with the breakdown between the various types of risk remaining stable compared to 31 December 2013 for each of the three sub-funds (sovereign loans in foreign countries, non-sovereign loans in foreign countries, loans in the French Overseas Departments and Collectivities).

B. Consolidated financial statements at 30 June 2014

Balance sheet at 30 June 2014

In thousands of euros	Notes	30/06/2014 IFRS	31/12/2013 IFRS
Assets			
Cash, due from central banks		8,842	15,316
Financial assets at fair value through profit and loss	1	131,441	147,844
Hedging derivatives	2	1,314,144	1,089,729
Available-for-sale financial assets	3	1,901,523	944,112
Loans and receivables due from credit institutions	4	6,612,367	6,351,737
Demand		*1,482,749*	*1,018,423*
Term		*5,129,618*	*5,333,314*
Loans and receivables due from customers	4	16,842,650	15,983,965
Commercial receivables		*3,334*	*3,292*
Finance lease			
Revaluation difference on interest rate-hedged		33,705	35,743
Held-to-maturity financial assets	3	686,501	689,382
Current tax assets			
Deferred tax assets		18,471	16,177
Accruals and other miscellaneous assets	5	223,029	63,620
Accruals		*56,422*	*35,726*
Other assets		*166,607*	*27,894*
Equity stakes in companies accounted for by the equity	14	163,766	160,887
Property, plant and equipment	6	193,998	197,518
Intangible assets	6	18,694	16,530
Total assets		**28,149,131**	**25,712,560**
Liabilities			
Central banks		-	-
Financial liabilities at fair value through profit and loss	1	60,647	47,936
Hedging derivatives	2	663,086	527,349
Debts to credit institutions	7	106,926	9,627
Demand		*106,274*	*8,905*
Term		*652*	*722*
Of which demand			
Other debts		*1,461*	*1,541*
Of which demand		*1,461*	*1,541*
Of which term			
Debt securities	7	18,705,372	16,422,574
Short-term notes			
Interbank market securities		*141,114*	*693,964*
Current tax liabilities			
Deferred tax liabilities		121	121
Accruals and other miscellaneous liabilities	5	2,074,447	1,931,593
Loans from the French Treasury		*188,568*	*210,826*
Allocated public funds		*243,838*	*243,843*
Other liabilities		*1,642,041*	*1,476,924*
Provisions	9	681,701	656,926
Subordinated debt	7	2,916,184	3,286,501
Total debts		**25,209,945**	**22,884,168**
Shareholders' equity attributable to the Group	10	**2,693,656**	**2,590,513**
Funding and related retained earnings		860,000	860,000
Consolidated retained earnings and other		1,669,599	1,511,922
Gains and losses directly recognised in equity		80,234	67,816
Income for the period		83,823	150,775
Minority interests		**245,530**	**237,879**
Total liabilities		**28,149,131**	**25,712,560**

Income statement at 30 June 2014

In thousands of euros	Notes	30/06/2014 IFRS	30/06/2013 IFRS	31/12/2013 IFRS
Interest and similar income	11-1	**607,807**	**545,487**	**1,139,674**
Transactions with credit institutions		151,171	130,215	269,430
Transactions with customers		234,668	210,881	438,390
Bonds and other fixed-income securities		14,518	17,222	38,130
Other interest and similar income		207,450	187,169	393,724
Interest and similar expenses	11-1	**498,203**	**446,045**	**918,792**
Transactions with credit institutions		205,603	181,022	373,698
Transactions with customers		15,977	16,213	32,528
Bonds and other fixed-income securities		190,636	173,609	359,878
Other interest and similar expenses		85,987	75,201	152,688
Commissions (income)		**31,241**	**32,464**	**62,629**
Commissions (expenses)		**936**	**1,127**	**2,556**
Gains or losses on financial instruments at fair value through profit or loss, net of foreign exchange impact	11-2	**-6,867**	**26,309**	**45,459**
Net gains or losses on available-for-sale financial assets		**11,937**	**12,519**	**24,317**
Income on other activities *		**113,960**	**104,070**	**217,450**
Expenses on other activities		**6,364**	**7,012**	**21,773**
Net banking income		**252,576**	**266,665**	**546,407**
Overhead		**124,281**	**132,293**	**287,140**
Staff costs	12	85,921	88,887	184,658
Other administrative expenses		38,360	43,406	102,482
Provisions for depreciation/amortisation on intangible assets and property, plant and equipment	6	**8,074**	**7,255**	**15,341**
Gross operating income		**120,221**	**127,117**	**243,927**
Cost of risk	13	**-21,121**	**-22,254**	**-65,870**
Operating income		**99,100**	**104,863**	**178,057**
Share of earnings from companies accounted for by the equity method	14	**2,984**	**2,580**	**4,843**
Net gains or losses on other assets		**1**	**1,631**	**990**
Pre-tax income		**102,085**	**109,074**	**183,890**
Corporate tax		**-8,529**	**-10,258**	**-15,653**
Net income from discontinued or discontinuing activities				
Net income		**93,556**	**98,816**	**168,238**
Minority interests		**-9,733**	**-9,038**	**-17,463**
Net income - Group share		**83,823**	**89,778**	**150,775**

* As of 31 December 2013, gains or losses on financial instruments measured by fair value through profit or loss are shown net of the related exchange rate impact (See Note 11-2). Thus, the comparative data at 30 June 2013 is restated (€26.309 million compared to €19.146 million) after the reclassification of the €7.163 million impact under "Income on other activities".

Net income and gains and losses booked directly as equity at 30 June 2014

In thousands of euros	30/06/2014 IFRS	30/06/2013 IFRS	31/12/2013 IFRS
Net income	**93,556**	**98,816**	**168,238**
Items that will be subsequently recycled to profit or loss:			
Translation differences			
Revaluation of available-for-sale financial assets (net of tax)	13,345	16,713	11,578
Items that will not be subsequently recycled to profit or loss:			
Actuarial differences on defined benefit liabilities			3,541
Total gains and losses booked directly as equity	**13,345**	**16,713**	**15,119**
Net income and gains and losses booked directly as equity	**106,901**	**115,529**	**183,356**
Of which Group share	93,217	99,186	154,343
Of which minority interests	13,684	16,342	29,013

Cash flow at 30 June 2014

In thousands of euros	**30/06/2014 IFRS**	**30/06/2013 IFRS**	**31/12/2013 IFRS**
Pre-tax income (A)	**92,352**	**100,037**	**166,427**
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	7,933	7,255	15,341
Impairment of goodwill and other fixed assets	142	0	
Net allocations to provisions (including technical insurance provisions)	41,053	40,991	109,682
Share of earnings from companies accounted for by the equity method	-2,984	-2,579	-4,843
Net gain/(net loss) on investment activities	-7,182	-513	-10,816
Net gain/(net loss) on financing activities	519	1,328	7,271
Other items [1]	-38,932	-143,090	-33,746
Total non-cash items included in net pre-tax income and other items (B)	**549**	**-96,608**	**82,888**
Cash received from credit institutions and equivalent	-966,618	-267,160	-150,267
Cash received from customers	-671,099	-842,342	-1,689,935
Cash flows from other operations affecting other financial assets or liabilities	2,116,215	1,590,746	2,143,696
Cash flows from operations affecting non-financial assets or liabilities	208,078	-170,517	159,501
Taxes paid	-7,704	-13,821	-23,521
= Net increase (decrease) in cash related to assets and liabilities generated by operating activities (C)	**678,873**	**296,906**	**439,473**
Net cash flows from operating activities (A + B + C)	**771,774**	**300,335**	**688,788**
Cash flows from financial assets and equity stakes	-28,969	-56,085	-105,267
Cash flows from property, plant and equipment and intangible assets	-2,914	-8,109	-24,654
Net cash flows from investment activities	**-31,884**	**-64,194**	**-129,921**
Cash flows to or from shareholders	-55,764	-68,736	-14,817
Other net cash flows from financing activities	-323,565	39,022	127,486
Net cash flows from financing activities	**-379,328**	**-29,714**	**112,669**
Net increase (decrease) in cash and cash equivalents	**360,563**	**206,427**	**671,536**
Opening balance of cash and cash equivalents	**1,023,293**	**351,757**	**351,757**
Net balance of cash accounts and accounts with central banks	15,316	11,518	11,518
Net balance of term loans and deposits from credit institutions	1,007,977	340,239	340,239
Ending balance of cash and cash equivalents	**1,383,855**	**558,184**	**1,023,293**
Net balance of cash accounts and accounts with central banks	8,841	13,292	15,316
Net balance of term loans and deposits from credit institutions	1,375,013	544,892	1,007,977
Change in cash and cash equivalents	**360,563**	**206,427**	**671,536**

[1] Of which value adjustments to balance sheet items

AFD Group's cash flow statement is presented using the indirect method.

Statement of changes in shareholders' equity from 31 December 2012 to 30 June 2014

In thousands of euros	Funding	Funding reserves	Consolidated reserves	Income for the period	Unrealised or deferred gains or losses	Equity - Group Share	Equity - Minority interests	Total consolidated equity
Equity at 31 December 2012 (IFRS standards)	**400,000**	**460,000**	**1,478,629**	**94,677**	**57,605**	**2,490,911**	**217,409**	**2,708,320**
Impact of changes in accounting policy or error correction (IAS 19R)					-4,241	-4,241		-4,241
Equity at 1 January 2013 (IFRS standards)	**400,000**	**460,000**	**1,478,629**	**94,677**	**53,364**	**2,486,670**	**217,409**	**2,704,079**
Share of 2012 earnings retained in reserves			31,990	-31,990		0		0
Dividends paid				-62,687		-62,687		-62,687
Other changes			1,644			1,644		1,644
Earnings for first half of 2013				89,778		89,778		89,778
Gains or losses directly recorded in equity for 2013*					14,317	14,317		14,317
Equity at 30 June 2013 (IFRS standards)	**400,000**	**460,000**	**1,512,263**	**89,778**	**67,681**	**2,529,722**	**217,409**	**2,747,131**
Share of 2012 earnings retained in reserves						0		0
Dividends paid						0	-7,186	-7,186
Other changes			-341			-341	-6,853	-7,194
Earnings for second half of 2013				60,997		60,997	17,463	78,460
Gains or losses directly recorded in equity for 2013*					135	135	17,046	17,181
Equity at 31 December 2013 (IFRS standards)	**400,000**	**460,000**	**1,511,922**	**150,775**	**67,816**	**2,590,513**	**237,879**	**2,828,392**
Share of 2013 earnings retained in reserves						0		0
Earnings in 2013			150,775	-150,775		0		0
Dividends paid						0	-5,139	-5,139
Other changes			6,902			6,902	-2,869	4,033
Earnings for first half of 2014				83,823		83,823	9,733	93,556
Gains or losses directly recorded in equity for 2014*					12,418	12,418	5,926	18,344
Equity at 30 June 2014 (IFRS standards)	**400,000**	**460,000**	**1,669,599**	**83,823**	**80,234**	**2,693,656**	**245,530**	**2,939,186**

* of which changes in the value of available-for-sale assets

Gains and losses directly recorded in equity in 2014:

In thousands of euros	30/06/2014 IFRS	31/12/2013 IFRS
Items that will be subsequently recycled to profit or loss	83,775	71,357
Items that will not be subsequently recycled to profit or loss	-3,541	-3,541
of which actuarial differences on defined benefit liabilities	*-3,541*	*-3,541*
Total	**80,234**	**67,816**

Notes to the financial statements

Agence Française de Développement (AFD) is an industrial and commercial public undertaking tasked with financing development assistance. AFD funding amounts to €400M. Its head office is situated at 5, rue Roland-Barthes - 75598 Paris Cedex 12.

Listed on the Paris trade and companies register, under Number 775 665 599.

1. Accounting principles and assessment methods

a. Accounting standards applied to Agence Française de Développement

In accordance with European Council Regulation no. 1606/2002, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The IFRS standards include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations published by the IFRS Interpretations Committee.

The financial statements given in this document include the summary financial statements and the notes to the financial statements. They are presented in accordance with CNC recommendation 2013-R-04 concerning the format of the financial statements of companies subject to banking and finance regulations under international accounting standards, IAS 34 "Interim Financial Reporting" and CNC recommendation 99-R-01 relating to interim financial statements, which allows simplified reporting in the notes to the financial statements

These consolidated financial statements are presented in thousands of euros.

b. Accounting principles and methods

The interim consolidated financial statements for the period from 1 January to 30 June 2014 have been prepared using the same accounting principles and methods as for the consolidated financial statements for the period ending 31 December 2013, prepared in accordance with IFRS standards and set out in Paragraph 2.2 "Accounting principles and methods" of the consolidated financial statements for the 2013 fiscal year.

These interim financial statements were prepared using the same standards and interpretations as those used in the financial statements at 31 December 2013, as detailed in Paragraph 3 “Standards applicable as at 31 December 2013”, including the following standard:

- IFRS 13 on fair value measurement:

  Since 1 January 2013, AFD Group has applied IFRS 13 related to fair value measurement. This standard sets out a single framework for measuring fair value (i.e. an exit price) as well as the rules for measurement. Accordingly, AFD Group recognises a value adjustment for its derivatives as counterparty credit risk (Credit Valuation Adjustment - CVA) and now records a value adjustment for its derivatives as its own risk of default (Debit Valuation Adjustment - DVA). The net impact of CVA/DVA on the income statement at 30 June 2014 is an expense of €2M.

As of 30 June 2014, these standards and interpretations are supplemented by provisions of IFRS standards as adopted by the European Union and which are applicable for the first time from 1 January 2014:

- New standards on consolidation—IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and the amendment to IAS 28, “Investments in Associates and Joint Ventures”.

  IFRS 10 amends IAS 27 “Separate Financial Statements” for the section related to consolidated financial statements and the SIC 12 interpretation on special purpose vehicles. It establishes a single control model that applies to all entities, irrespective of whether they are structured entities. Entity control must now be analysed with three cumulative criteria: influence over the entity's relevant activities, exposure to variable returns from the entity and the ability to use influence over the entity to affect the amount of variable returns. Assessments must be backed up by an exhaustive inventory of data accompanied by an appraisal of the overall situation.

  IFRS 11 supersedes IAS 31 "Interests In Joint Ventures". It bases the accounting for partnerships on the substance of agreements, and primarily on the analysis of the resulting rights and obligations. Interests in joint ventures must be consolidated using the equity method, as proportional consolidation has been eliminated.

  IAS 28 has been amended to be consistent with the changes made via the publication of IFRS 10, 11 and 12. The new version, titled “Investments in Associates and Joint Ventures”, enforces the application of the equity method to entities under "significant influence" and to interests in joint ventures over which the entity exercises joint control.

  After reviewing each of the entities in which AFD has an interest in light of these new criteria and the materiality thresholds of the Group's financial statements, it was concluded that the application of these new standards has no consequences on the consolidation scope of AFD Group or its balance sheet total.

- New standards on consolidation—IFRS 12 “Disclosure of Interests in Other Entities”

  IFRS 12 combines the use of judgement, as defined in IFRS 10, with transparency requirements and requires more comprehensive disclosures on how the consolidation scope is determined as well as the risks associated with interests in other entities (subsidiaries, joint ventures, associates and unconsolidated entities).

  As of 30 June 2014, required disclosures are limited to changes to the consolidation scope or to accounting methods from the first-time application of the new consolidation standards.

  As there has been no change in AFD Group's consolidation scope, no additional disclosure is required.

The following three amendments, applicable as of 1 January 2014, had no impact on AFD's financial statements at 30 June 2014:

- Amendment to IAS 32, “Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities”.

  IAS 32 outlines the presentation of financial assets and financial liabilities on a net basis on the balance sheet, namely:

  - the existence of an enforceable right to offset a financial instrument,
  - and the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

- Amendment to IAS 36 "Impairment of Assets".

  The purpose of this amendment is to clarify the scope of information to be disclosed with respect to the recoverable amount of non-financial assets.

- "Novation of Derivatives and Continuation of Hedge Accounting" amendment to IAS 39 "Financial Instruments: Recognition and Measurement"

  This amendment authorises continuation of hedge accounting when the counterparty for a derivative is replaced as a result of regulatory changes.

c. Consolidation scope

in percentage of interest	30/06/2014	30/06/2013	31/12/2013
Fully consolidated companies			
Soderag	100.00	100.00	100.00
Proparco	57.48	57.43	57.43
Sogefom	60.00	60.00	60.00
Fisea	100.00	100.00	100.00
Propasia	57.48	57.43	57.43
Companies accounted for by the equity method			
Société Immobilière de Nouvelle Calédonie	50.00	50.00	50.00
Société immobilière de la Martinique	22.27	22.27	22.27
Banque Socredo	35.00	35.00	35.00

d. Consolidation methods

The following consolidation methods are used:

✓_**Full consolidation**

This method consists of including all accounts, line item by line item, both on- and off-balance sheet, while taking due account of the rights of “minority shareholders”. The same process is used for income statements.

Proparco, Soderag, Sogefom, Fisea and Propasia are fully consolidated.

✓_**Equity method**

This method consists of measuring interest by using the company's net position and calculating a share of its restated income according to the stake held in its capital.

At 30 June 2014, this method was used for three companies in which AFD directly or indirectly holds a stake of between 20% and 50% and over which "significant influence" may be proven: Société Immobilière de Nouvelle-Calédonie (SIC), Société Immobilière de la Martinique (Simar) and Socredo.

✓_**Comments on other companies**

AFD also has stakes in a number of companies over whose management it exercises no power with respect to significant activities. These companies are not consolidated, either fully or using the equity method. They are recorded in “available-for-sale financial assets”.

2. Seasonal variations

Due to the nature of their activities, the Group's companies are not subject to seasonal business cycles impacting the interpretation of its interim consolidated financial statements.

3. Events during the period

- **Allocation of earnings from the 2013 fiscal year**

  In accordance with Article 79 of the amending Finance Bill 2001-1276 of 28 December 2001, the amount of the dividend paid by AFD to the French State was determined by Ministry order based on an examination of the institution's financial position and a report by the Board of Directors.

  The 2013 financial statements were approved by the Board of Directors on 30 April 2014, but in the absence of an Inter-ministerial order, 2013 income (€73.5M) is recognised as income that has not yet been allocated.

- **Financing of the Group's activity**

  To finance the growth in its activity on its own behalf, during the first half of the year AFD made four bond issuances in the form of public issues and two private placements, with a total volume of €3.3 billion.

- **Fisea capital increase**

  On 26 May 2014, the shareholders of Fisea (Investment and Support Fund for Businesses in Africa) conducted a capital increase amounting to €55M, to which only AFD subscribed in a cash payment totalling €40M. The remaining €15M is to be paid at the Chair's request.

- **Proparco capital increase**

  Pursuant to the decision of the Extraordinary General Meeting of 28 May 2014, the share capital of Proparco was increased through the incorporation of reserves amounting to €105M, raising the share capital from €420M to €525M.

4. Significant events since 30 June 2014

No significant events occurred after 30 June that have not been taken into account in the preparation of the financial statements at this date.

5. Notes to the financial statements at 30 June 2014

5.1 Notes to the balance sheet

Note 1 – Financial assets and liabilities at fair value through profit and loss

In thousands of euros	30/06/2014 IFRS			31/12/2013 IFRS		
	Assets	Liabilities	Notional / outstanding	Assets	Liabilities	Notional / outstanding
Interest rate derivatives	1,121	23,886	1,619,296	546	18,133	1,603,982
Foreign exchange derivatives	94,982	27,188	3,188,320	111,960	22,199	2,817,420
Assets/liabilities at fair value on option	22,349		25,000	20,627		25,000
Securities at fair value through P&L	12,989		8,990	14,711		11,051
CVA/DVA		9,573			7,604	
Total	**131,441**	**60,647**		**147,844**	**47,936**	

Note 2 – Financial hedging derivatives

In thousands of euros	30/06/2014 IFRS			31/12/2013 IFRS		
	Assets	Liabilities	Notional	Assets	Liabilities	Notional
Fair value hedging						
Interest rate derivatives	911,065	471,022	18,058,678	648,783	335,879	16,285,850
Interest rate and foreign exchange derivatives (cross-currency swaps)	403,080	192,063	6,763,259	440,946	191,470	6,556,464
Total	**1,314,144**	**663,086**		**1,089,729**	**527,349**	

Note 3 – Financial investments

Financial investments

In thousands of euros	30/06/2014 IFRS	31/12/2013 IFRS
Available-for-sale financial assets		
Government paper and equivalent	1,061,281	117,430
Bonds and other fixed-income securities	10,699	10,320
Equity stakes in affiliated companies		
Equity stakes and other long-term securities	851,507	838,479
Of which UCITS	*47,176*	*45,145*
Subtotal	**1,923,487**	**966,228**
Impairment	-21,964	-22,117
Total available-for-sale financial assets	**1,901,523**	**944,112**
Held-to-maturity financial assets		
Government paper and equivalent	582,248	583,569
Bonds and other fixed-income securities	104,253	105,813
Subtotal	**686,501**	**689,382**
Impairment		
Total held-to-maturity financial assets	**686,501**	**689,382**
Total financial investments	**2,588,024**	**1,633,494**

Note 4 – Receivables due from credit institutions and customers

In thousands of euros	30/06/2014 IFRS		31/12/2013 IFRS	
	Demand	Term	Demand	Term
Loans to credit institutions		**4,254,856**		**4,343,010**
Performing outstanding		4,254,194		4,339,289
Impaired outstanding		662		3,721
Writedowns		**-78,407**		**-65,987**
Impairment of individual receivables		*-437*		*-446*
Impairment of groups of homogeneous assets		*-77,970*		*-65,542*
Related receivables		***29,660***		***24,476***
Valuation adjustments of loans hedged by financial futures		**3,541**		**-5,141**
Subtotal		**4,209,650**		**4,296,358**
Loans to customers		**16,893,372**		**16,297,663**
Performing outstanding		16,386,171		15,783,424
Impaired outstanding		507,201		514,239
Writedowns		**-538,967**		**-535,164**
Impairment of individual receivables		*-286,613*		*-291,356*
Impairment of groups of homogeneous assets		*-252,354*		*-243,808*
Related receivables		***57,204***		***55,974***
Valuation adjustments of loans hedged by financial futures		**431,041**		**165,493**
Subtotal		**16,842,650**		**15,983,966**
Total Loans		**21,052,301**		**20,280,324**
Other receivables				
Deposits (free cash) at credit institutions	1,481,286	919,867	1,016,163	1,036,656
Related receivables	1,463	100	2,260	299
Total other receivables	**1,482,749**	**919,968**	**1,018,423**	**1,036,955**
Total loans and other receivables	**1,482,749**	**21,972,268**	**1,018,423**	**21,317,279**

The fair value of guarantees used to calculate individual writedowns totalled €11.2M (€13.7M at 31 December 2013).

Note 5 – Accruals and miscellaneous assets/liabilities

In thousands of euros	30/06/2014 IFRS		31/12/2013 IFRS	
	Assets	Liabilities	Assets	Liabilities
French Treasury		188,568		210,826
Allocated public funds		243,838		243,843
Other assets and liabilities	223,029	1,267,365	63,620	1,162,754
Accounts payable, French State		374,676		314,170
Total accruals and miscellaneous assets/liabilities	**223,029**	**2,074,447**	**63,620**	**1,931,593**

Note 6 – Property, plant and equipment and intangible assets

In thousands of euros	Fixed assets – Property, plant and equipment: Land & development	Fixed assets – Property, plant and equipment: Buildings & development	Fixed assets – Property, plant and equipment: Other	Intangible	Total IFRS 30/06/2014	Total IFRS 31/12/2013
Gross value						
At 1 January 2014	87,261	190,102	55,661	53,498	386,522	385,539
Purchases	2	1,266	929	4,911	7,108	25,951
Disposals/retirements	0	-37	-470	-348	-855	-24,968
Other items	342	-351			-9	0
Change in scope						
At 30 June 2014	**87,605**	**190,980**	**56,120**	**58,061**	**392,766**	**386,522**
Depreciation/amortisation						
At 1 January 2014	2,245	91,825	41,436	36,968	172,474	181,061
Provisions	51	3,156	2,327	2,399	7,933	15,343
Reversals	0	-37	-438	0	-475	-23,930
Other items						0
Change in scope						
Writedowns			**142**		**142**	**0**
At 30 June 2014	**2,296**	**94,944**	**43,325**	**39,367**	**179,932**	**172,474**
Net value	**85,309**	**96,036**	**12,795**	**18,694**	**212,692**	**214,048**

Note 7 – Debts to credit institutions and customers, and debt securities

In thousands of euros	30/06/2014 IFRS	31/12/2013 IFRS
Debts to credit institutions		
Demand debts	106,274	8,896
Term debts	636	722
Related debts	16	9
Total debts to credit institutions	**106,926**	**9,627**
Debts to customers		
Accounts payable, customers	1,459	1,540
Related debts	2	1
Total debt to customers	**1,461**	**1,541**
Debt securities in issue		
Interbank market securities	141,114	693,718
Bonds	17,578,573	15,149,589
Related debts	141,481	235,619
Valuation adjustments of debt securities in issue hedged by derivatives	844,204	343,648
Total debt securities in issue	**18,705,372**	**16,422,574**
Subordinated debt		
Subordinated loans from the French Treasury	2,351,998	2,415,574
Other subordinated debt	499,800	799,780
Related debts	23,414	21,001
Valuation adjustments of debt securities in issue hedged by derivatives	40,972	50,146
Total subordinated debt	**2,916,184**	**3,286,501**

Note 8 – Financial assets and liabilities measured at fair value

The fair value of a financial asset or liability is the current market price if it is traded on an active market (Level 1). If there is no market or reliable data, the fair value is determined from the current market value of a comparable instrument or by discounting the future cash flows (Level 2). Level 3 includes instruments for which measurement relies on non-observable market data.

In thousands of euros	30/06/2014 IFRS				31/12/2013 IFRS			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets/Liabilities								
Financial assets at fair value through profit and loss		131,441		131,441		147,844		147,844
Hedging derivatives (assets)		1,314,144		1,314,144		1,089,729		1,089,729
Available-for-sale financial assets	1,119,506	782,017		1,901,523	178,374	765,738		944,112
Financial liabilities at fair value through profit and loss		60,647		60,647		47,936		47,936
Hedging derivatives (liabilities)		663,086		663,086		527,349		527,349

Note 9 – Provisions and writedowns

In thousands of euros	31/12/2013	Provisions	Reversals	Translation adjustment	30/06/2014
Included in the cost of risk					
French Overseas Department subsidiary	30,388		169		30,219
Other provisions for risk *	35,694	4,189	308	46	39,620
Subtotal	*66,082*	*4,189*	*477*	*46*	69,839
Excluded from the cost of risk					
Provision for expenses - sovereign loans	497,487	24,539			522,026
Staff costs	77,472		3,825		73,647
Provision for risks and expenses	15,885	304			16,189
Total	**656,926**	**29,031**	**4,302**	**46**	**681,701**

Asset impairment	31/12/2013	Provisions	Reversals available	Translation adjustment	30/06/2014
Banks	446		9		437
Credit to customers	291,355	7,748	12,622	131	286,613
Of which Cost of risk		*5,782*	*9,725*		
Other receivables	1,453				1,453
Group of homogeneous assets	309,350	35,666	14,692		330,324
Of which Cost of risk		*35,666*	*14,692*		
Available-for-sale financial assets	22,117		153		21,964
Total	**624,721**	**43,414**	**27,476**	**131**	**640,790**

* Includes provisions for guarantees given

Note 10 – Statement of changes in equity

The change in equity is presented in the Financial Statements in the statement of changes in shareholders' equity from 31 December 2012 to 30 June 2014.

5.2 Notes to the Income Statement

Note 11 – Net banking income

1. Interest income and expenses

In thousands of euros	30/06/2014 IFRS	30/06/2013 IFRS	31/12/2013 IFRS
Transactions with credit institutions	**62,057**	**58,577**	**118,899**
Interest on loans	58,383	58,072	117,180
Interest on short-term investments	3,674	505	1,719
Transactions with customers	**234,668**	**210,881**	**438,390**
Transactions on financial instruments	**311,082**	**276,029**	**582,385**
Available-for-sale financial assets	1,715	3,723	11,253
Held-to-maturity financial assets	12,802	13,499	26,877
Hedging derivatives	296,565	258,807	544,255
Total interest income	**607,807**	**545,487**	**1,139,674**
Transactions with credit institutions	**27**	**229**	**217**
Transactions with customers	**16,402**	**16,337**	**33,225**
Transactions on financial instruments	**480,732**	**428,203**	**882,898**
Debt securities	186,009	166,634	345,366
Subordinated debt	4,202	6,851	13,815
Hedging derivatives	290,521	254,718	523,717
Other interest expenses	**1,042**	**1,276**	**2,452**
Total interest expenses	**498,203**	**446,045**	**918,792**

2. Gains and losses on financial instruments at fair value through profit and loss

	30/06/2014 IFRS			30/06/2013 IFRS	31/12/2013 IFRS
In thousands of euros	Gains and losses on financial instruments at fair value through profit and loss	Exchange rate impact on derivatives	Gains and losses on financial instruments at fair value through profit and loss, net of exchange rate impact	Gains and losses on financial instruments at fair value through profit and loss	Gains and losses on financial instruments at fair value through profit and loss, net of exchange rate impact
Financial assets and liabilities at fair value through profit and loss	-4,161	-926	-5,087	2,779	589
Instruments at fair value on option	3,251		3,251	1,642	2,507
Income resulting from hedge accounting	-8,648		-8,648	24,814	28,901
Natural hedging	-22,256	27,841	5,585	3,733	21,067
CVA/DVA	-1,968		-1,968	-6,659	-7,605
Total	**-33,782**	**26,915**	**-6,867**	**26,309**	**45,459**

As of 31 December 2013, in order to improve the relevance of financial disclosures, gains or losses on financial instruments measured by fair value through profit or loss are shown net of the related exchange rate impact. At 30 June 2013, net of the impact of exchange rates, they amounted to €19.146M.

Note 12 - Overhead – Staff

In thousands of euros	30/06/2014 IFRS	30/06/2013 IFRS	31/12/2013 IFRS
Staff costs			
Wages and bonuses	63,519	61,704	122,879
Social security expenses	24,943	24,223	51,988
Profit sharing	2,812	5,134	8,660
Taxes and similar payments on remuneration	5,340	5,057	12,304
Provisions/reversal of provisions	-3,825	0	3,848
Rebilling French Overseas reserve banks' staff	-6,868	-7,231	-15,022
Total	**85,921**	**88,887**	**184,658**

Note 13 – Cost of risk

In thousands of euros	30/06/2014 IFRS			30/06/2013 IFRS	31/12/2013 IFRS
	Provisions	Reversals	Total		
Collective provisions and depreciation	39,854	15,169	-24,686	- 18,397	- 76,376
Individual depreciation of non-sovereign loans	5,782	9,725	3,943	- 2,767	14,740
Losses on principal of bad loans	383	4	-379	- 1,090	- 4,233
Total	**46,019**	**24,898**	**-21,121**	**-22,254**	**-65,870**

Note 14 – Equity-accounted companies

In thousands of euros	30/06/2014 IFRS		30/06/2013 IFRS		31/12/2013 IFRS	
Impact	*Balance Sheet*	*Income*	*Balance Sheet*	*Income*	*Balance Sheet*	*Income*
SIC	54,009	77	53,912	345	54,038	472
Simar	16,882	1,316	14,755	1,021	15,565	1,831
Socredo	92,875	1,591	89,958	1,214	91,284	2,540
Total	**163,766**	**2,984**	**158,625**	**2,580**	**160,887**	**4,843**

5.3 Additional Information

Note 14 – Commitments

In thousands of euros	30/06/2014 IFRS	31/12/2013 IFRS
Commitments received		
Guarantee commitments received from the French State on loans	1,458,240	1,512,120
Guarantee commitments received from credit institutions	478,098	471,390
As part of the Group's lending activity	*478,098*	*471,390*
Commitments given		
Financing commitments made to credit institutions	903,923	915,888
Financing commitments made to customers	7,935,584	6,837,965
Guarantee commitments made to credit institutions	483,088	725,151
Of which DOM Fund activity	-	*265,752*
Guarantee commitments made to customers	83,369	97,095

Commitments received exclude transactions on behalf of the French State.

C. Report of the Statutory Auditors on the 2014 interim financial statements

Period from 1 January 2014 to 30 June 2014

Dear Sir or Madam,

In compliance with the assignment entrusted to us by your Board of Directors and with Article L.451-1-2 III of the French Monetary and Financial Code, we have performed:

- a review of the Agence Française de Développement's condensed interim consolidated financial statements for the period from 1 January 2014 to 30 June 2014, as attached to this report;
- the verification of the information given in the interim financial report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Chief Executive Officer. Our role is to express our opinion on these financial statements based on our review.

I – Opinion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review primarily involves interviewing members of management responsible for accounting and financial matters and applying analytical procedures. These tasks are less extensive than those required for an audit carried out in accordance with professional standards applicable in France. As a result, in the context of a review, the assurance that the financial statements as a whole are free of material misstatement is moderate, less than that given by a full audit.

Based on our review, we have not identified any material misstatements that would cast doubt on the compliance of the condensed interim consolidated financial statements with IAS 34, the IFRS standard relating to interim financial reporting as adopted in the European Union.

Without casting doubt on the opinion expressed above, we call your attention to Note 1.b. "Accounting principles and methods" in the notes to the condensed interim consolidated financial statements relating to the new and obligatory standards, interpretations and amendments, particularly IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements", the application of which has no consequences with respect to AFD Group's consolidation scope.

II – Specific verification

We have also verified the information given in the interim financial report, which provides commentary on the condensed interim consolidated financial statements that we have reviewed.

We have no matters to report regarding its fair presentation and its consistency with the condensed interim consolidated financial statements.

Signed in Paris La Défense, 5 August 2014

KPMG Audit
A department of KPMG S.A.

Pascal Brouard
Partner

Courbevoie, 5 August 2014

Mazars

Max Dongar
Partner

D. Person responsible for the interim financial report

Name and position

Anne Paugam: Chief Executive Officer

Certification of the person responsible for the interim financial report

I certify that to the best of my knowledge the condensed financial statements for the half year just ended 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 interim progress report appearing on page 3 faithfully reflects major events that took place during the first six months of the fiscal year, as well as their impact on the financial statements, and describes the primary risks and uncertainties for the remaining six months.

Signed in Paris on 5 August 2014

Chief Executive Officer

Anne Paugam