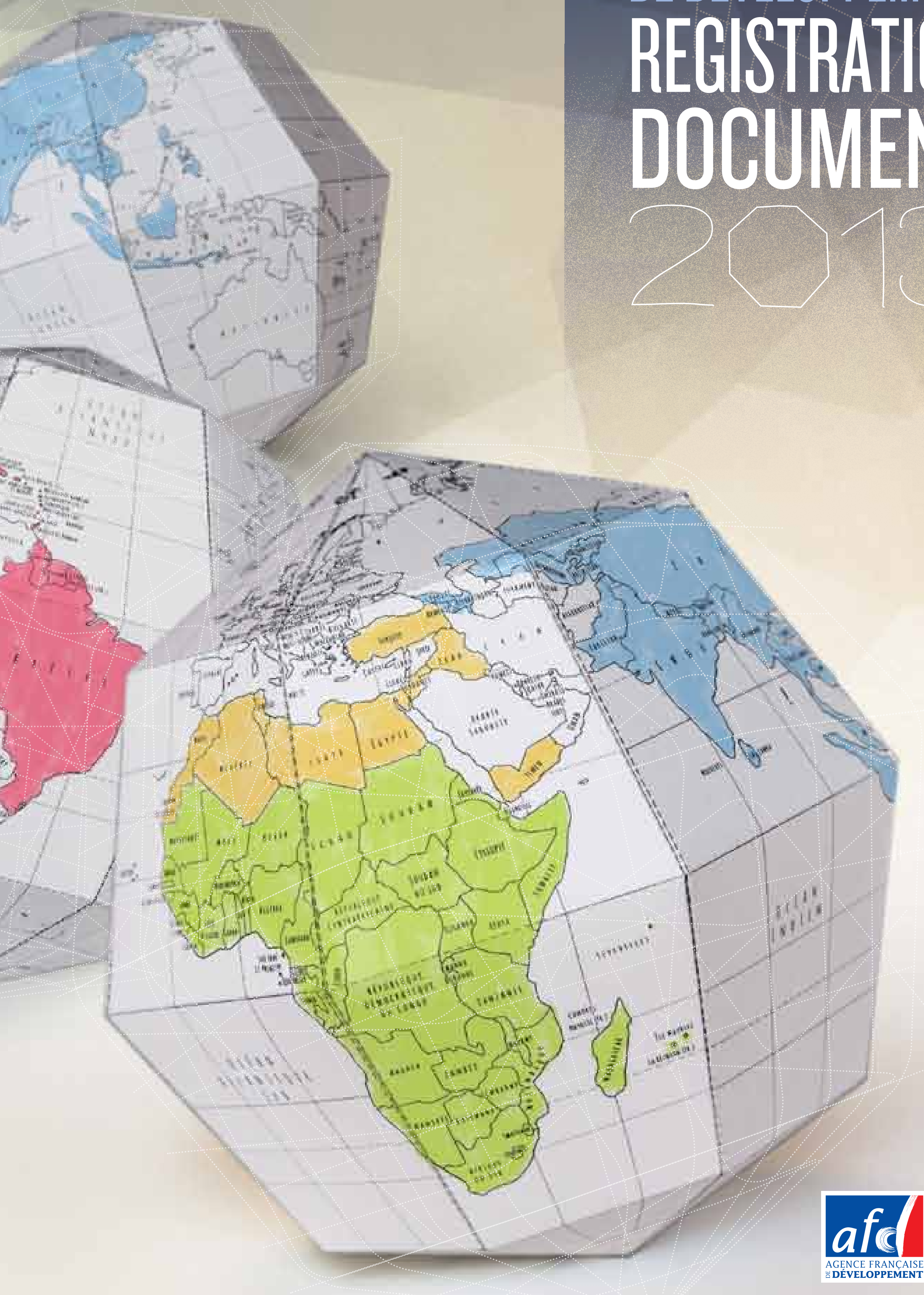
AGENCE FRANÇAISE DE DÉVELOPPEMENT

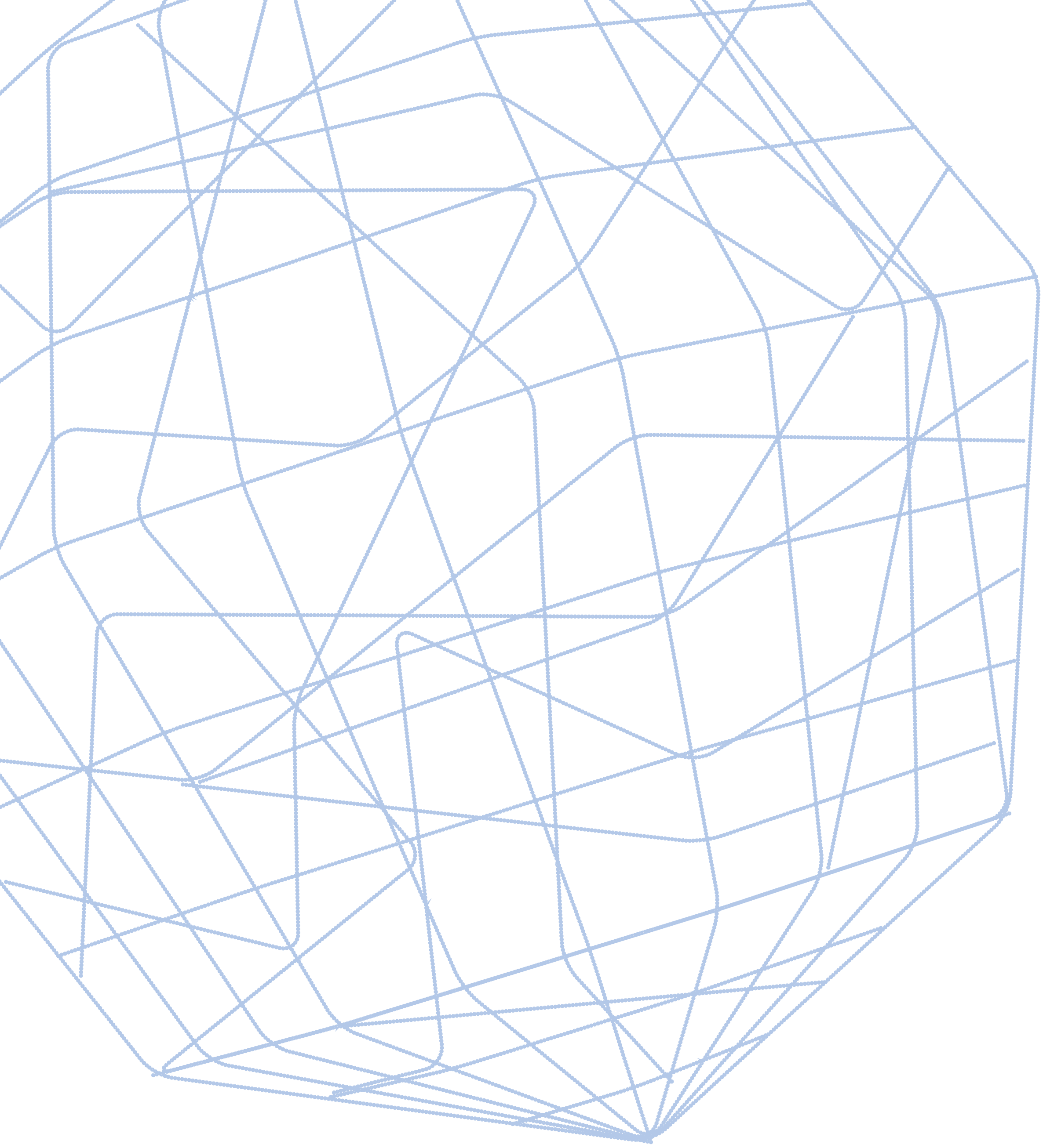
REGISTRATION DOCUMENT

2013



AGENCE FRANÇAISE DE DÉVELOPPEMENT

Shaping sustainable futures



REGISTRATION DOCUMENT 2013

This registration document was filed with the French Financial Markets Authority (AMF) on 30 April 2014 in accordance with Article 212-13 of its general regulations. It may be used in support of a financial transaction if it is supplemented by a Transaction Memorandum duly approved by the AMF. This document was prepared by the issuer whose authorised signatories assume responsibility for its content.

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METHODOLOGY & GLOSSARY

Figures

- 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.
- Annual commitments are presented net of cancellations during the year.
- For loans and subsidies, data in foreign currencies have been converted for payments at the end of the month of disbursement, to 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 table on page 8 that presents 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 cover 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

AE:	Commitments
AFD:	Agence Française de Développement
Ariz:	Support for the Risk of Financing Private Investment in AFD's Areas of Operation
BCP:	Business continuity plan
C2D:	Debt reduction-development contracts
Cefeb:	Centre for Financial, Economic and Banking Studies
CFF:	Crédit Foncier de France
Cicid:	Committee for International Cooperation and Development
CMF:	French Monetary and Financial Code
COM:	Contractual targets and resources
CPC:	Permanent Control and Compliance Department
CSR:	Corporate social responsibility
DC:	Developing country
DFC:	Finance and Accounting Department
DOM:	French Overseas Department
DXR:	Executive Risk Department
Epic:	Industrial and commercial public undertaking
ESF:	Exogenous Shocks Facility
FFEM:	French Global Environment Facility
Fisea:	The Investment and Support Fund for Businesses in Africa
FSD:	Solidarity Fund for Development
HIPC:	Heavily-indebted poor countries
LDC:	Least developed countries
MAE/MAEE:	French Ministry of Foreign Affairs
Minefi:	French Ministry of the Economy and Finance
NGO:	Non-governmental organisation
PRGF:	The Poverty Reduction and Growth Facility
PSZ:	Priority Solidarity Zone
RCS:	Resources with special conditions
SSC:	Strategic Steering Committee
SFI:	Specialised financial institution

1 AFD

1.1 GENERAL INFORMATION ABOUT AFD

Head office
Agence Française de Développement
(formerly Caisse française de développement,
formerly Caisse centrale de coopération économique)
5, rue Roland Barthes
75598 Paris Cedex 12
Tel: +33 (0)1 53 44 31 31

Legal form
Agence Française de Développement (hereafter the "AFD") is an industrial and commercial State public undertaking with the status of a financially-independent legal entity. Pursuant to the French Monetary and Financial Code ("CMF"), as amended by Order 2013-544 of 27 June 2013 on credit institutions and financing companies, AFD is a specialised credit institution. Its bylaws are defined in Articles R.516-3 to R.516-20 of the French Monetary and Financial Code, to which the most recent substantive change to AFD's bylaws was made on 5 June 2009 (Decree No. 2009-618). One of the major changes enacted by this decree was the creation of a Strategic Steering Committee (SSC), a State entity headed up by the Minister for Development. This committee is responsible for strengthening the link between policy on official development assistance (ODA) set out by the Cicid and the way in which these policies are executed by AFD. AFD's governing body is called the Board of Directors.

The issuer's governing law
AFD is subject to French law.

Date of creation and duration
AFD was created for an indefinite period by Order No. 21 of 2 December 1941 establishing the Caisse centrale de la France libre.

Corporate purpose
In accordance with CMF Article R.516-3, AFD's mission is to carry out financial operations that contribute to the implementation of the French State's official development aid policy to developing countries abroad and the development of the French Overseas Departments and Collectivities and New Caledonia. To this end, AFD finances environmentally friendly economic development operations and may conduct other activities and services linked to its mission. 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 head office - 5, rue Roland Barthes - 75598 Paris Cedex 12

Financial Year
From 1 January to 31 December.

Documents available to the public
While this registration document remains valid, the following documents (or copies thereof) may be consulted:

a) AFD's memorandum by laws and amending decrees of association, amending decrees and bylaws;
b) any reports, correspondence and other documents, historical financial information, appraisals and declarations prepared by an expert or auditor at AFD's request, part of which are included or referred to in this registration document;
c) historical financial information relating to AFD and its subsidiaries for each of the two financial years preceding the publication of this registration document.

The aforementioned documents may be consulted in hard copy at AFD's Head Office or on its website, **www.afd.fr/lang/en/home**

1.2 GENERAL INFORMATION ABOUT AFD'S CAPITAL

AFD's funding
AFD funding amounts to €400M. This may be increased through the incorporation of reserves upon deliberation by the Board of Directors and approved by order of the French Minister of the Economy. It may also be increased through the allocation of public funds in accordance with current laws and regulations.

1.3 CURRENT BREAKDOWN OF CAPITAL AND VOTING RIGHTS

(Not applicable)

1.4 AFD'S STOCK ISSUES

(Not applicable)

1.5 DIVIDENDS

Statutory distribution of net income

Until 2003, AFD did not pay any dividends, allocating all of its earnings to reserves in order to strengthen its capital base.

Since 2004 and pursuant to Article 79 of the amending Finance Bill 2001-1276 of 28 December 2001, a dividend has been paid to the French State.

1.6 ACTIVITIES OF AGENCE FRANCAISE DE DÉVELOPPEMENT GROUP IN 2013

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. financing that AFD carries on its balance sheet while sharing risks with and delegating instructions to PROPARCO.

The Group's global activity in foreign countries and the French Overseas Departments and Collectivities in 2013 may be summarised as follows:

In millions of euros	Amount authorised in 2013	Amount authorised in 2012	2013/2012 Change
AFD FOREIGN COUNTRIES			
Ongoing operations	***4,628***	***4,416***	***4.8%***
Subsidies	209	220	-4.9%
Sovereign concessional loans	2,786	3,014	-7.6%
Non-sovereign concessional loans	515	259	98.5%
Non-sovereign non-concessional loans	947	770	23%
Of which AFD sub-participations granted to PROPARCO	174	164	6%
Solidarity and Health Initiative for the Sahel	6	0	NS
Funding for NGOs	49	45	9.6%
Guarantees	116	108	6.8%
Mandate-specific operations	***633***	***306***	***106.7%***
TOTAL AFD FOREIGN COUNTRIES	**5,261**	**4,723**	**11.4%**
AFD FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES			
Ongoing operations	***1,133***	***1,156***	***-2.1%***
Loans	959	970	-1.2%
Guarantees granted to the public sector	0	40	-100%
Guarantees granted to the private sector	174	146	18.9%
Mandate-specific operations and description	***348***	***314***	***11%***
Assigned funds delegated by MAE (Pacific Fund)	2	2	-7.4%
Oséo funding	317	280	13.3%
Managed funds	29	32	-8.8%
TOTAL AFD FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES	**1,481**	**1,470**	**0.7%**
PROPARCO FOREIGN COUNTRIES			
Loans	857	843	1.6%
Of which AFD sub-participation loans to PROPARCO	174	164	6%
Equity stakes	65	75	-12.7%
Fisea	8	11	-28.7%
Other securities	0	4	-100%
Guarantees	0	7	-100%
TOTAL PROPARCO FOREIGN COUNTRIES	**930**	**940**	**-1%**
PROPARCO FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES			
Loans	25	0	NS
Other securities	0	9	-100%
TOTAL PROPARCO FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES	**25**	**9**	**194%**
Of which AFD sub-participations granted to PROPARCO for one-time deduction	*-174*	*-164*	*6%*
TOTAL GROUP APPROVALS	**7,523**	**6,977**	**7.8%**

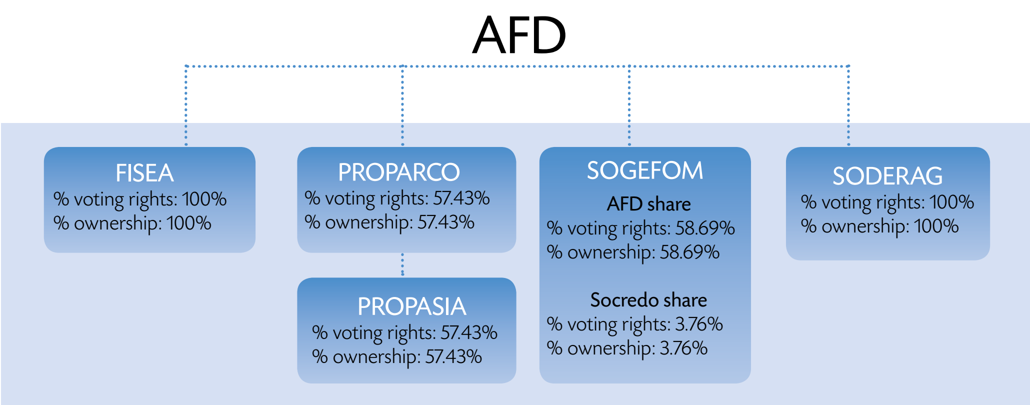
The table continues on page 9

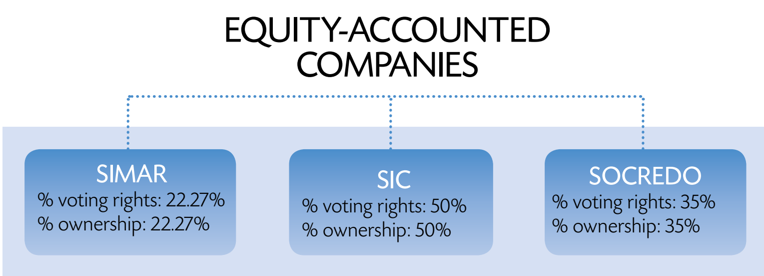
	Amount authorised in 2013	Amount authorised in 2012	2013/2012 Change
AFD - SPECIFIC ACTIVITIES USING RESOURCES FROM OTHER BACKERS			
Loans delegated by other backers - foreign countries	230	173	33%
Loans delegated by other backers - French Overseas Departments and Collectivities	0	3	-100%
PROPARCO - SPECIFIC ACTIVITIES USING RESOURCES FROM OTHER BACKERS			
Loans	75	81	-7.8%
TOTAL GROUP APPROVALS INCLUDING SPECIFIC ACTIVITIES USING RESOURCES FROM OTHER	**7,828**	**7,234**	**8.2%**

1.6.1 Consolidation scope

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

AFD Group – Consolidation scope at 31 December 2013





The consolidation scope is presented in greater detail in Note 2.1 of the notes to the consolidated financial statements.

1.6.2 Summary table of AFD's and PROPARCO's activities in foreign countries[1]

AFD and PROPARCO account for 99% of the Group's balance sheet total and represent the bulk of consolidated income (99% of NBI). 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 (disbursements of €145M and €657M of outstandings, with €155M still to be disbursed at 31 December 2013).

Situation at 31 December 2013 of AFD's and PROPARCO's loans in foreign countries

	Disbursements		Outstandings		Amounts to be disbursed	
In thousands of euros	AFD	PROPARCO	AFD	PROPARCO	AFD	PROPARCO
AFGHANISTAN						
ALGERIA			132,421	5,651		
ANGOLA						
ARGENTINA		11,964		12,505		15,909
ARMENIA		10,953		10,877	9,983	
AZERBAIJAN		11,468		10,877		
BANGLADESH	3,665	9,562	3,635	9,458	101,515	12,295
BENIN		4,200	11,580	4,200		2,800
BRAZIL	49,782	34,502	673,324	218,322	514,379	40,000
BURKINA FASO			93,127		141,970	
BURUNDI						
CAMBODIA	3,392	14,948	21,681	34,821	73,880	
CAMEROON	28,871	2,426	259,181	29,229	662,526	
CAPE VERDE	5,006		11,941	3,571	31,453	
CENTRAL AFRICAN REPUBLIC			1,293			
CHAD			2,566			
CHILE		14,893		14,460		3,272
CHINA	54,025		685,145	31,494	351,575	4,351
COLOMBIA	294,555		569,088		561,752	4,481
COMOROS			37	1,455		
CONGO	3,065		28,027		3,065	
COOK ISLANDS			1,621			
COSTA RICA		7,251		12,327		14,502
CÔTE D'IVOIRE		16,156	487,660	24,292	4,492	138,076
DEM. REP. OF The Congo			71,670	7,251		
DJIBOUTI			29,804	10,974		
DOMINICA	6,603		20,665		10,646	
DOMINICAN REPUBLIC	23,339	18,321	218,966	57,868	23,272	18,128
ECUADOR		18,916		25,402		13,052
EGYPT	22,969		112,346	17,250	587,626	14,502
EQUATORIAL GUINEA						
ETHIOPIA	24,656		47,936		147,297	
FRANCE			25,000	3,600		
GABON	30,665		122,105		269,615	
GEORGIA		15,291		14,502		
GHANA	46,140	44,686	226,856	63,018	355,923	52,263
GRENADA			1,445			
GUATEMALA				7,029		
GUINEA			86,819			

The table continues on page 11

1. Not restated for IRFS adjustments, outstandings remitted, convertible bonds and PROPARCO outstandings on behalf of third parties.

In thousands of euros	Disbursements AFD	Disbursements PROPARCO	Outstandings AFD	Outstandings PROPARCO	Amounts to be disbursed AFD	Amounts to be disbursed PROPARCO
GUINEA-BISSAU						
HAITI		1,477		1,477		1,265
HONDURAS		16,531		16,534		16,505
INDIA	82,852	21,528	185,974	231,139	643,843	
INDONESIA	20,765	7,453	674,161	42,979	418,875	
IRAQ		10,656		58,812		4,351
JAMAICA				61,375		
JORDAN	59,436	5,151	223,354	103,219	180,425	
KENYA	143,053	40,212	492,689	113,055	648,105	129,748
LAOS			16,124	43,246		
LEBANON	19,974	3,514	397,206	31,478	275,975	14,502
LIBERIA						5,076
MADAGASCAR			7,740	3,712		
MALAWI						
MALDIVES	3,266		7,184		9,025	
MALI	5,538		39,126		82,464	
MAURITANIA	23,994		172,720	750	41,300	
MAURITIUS	42,855		269,255	48,351	179,733	
MEXICO	219,142		755,835	21,808	259,016	9,407
MONGOLIA		11,379		15,152		576
MOROCCO	465,008		1,609,300	110,017	710,090	30,000
MOZAMBIQUE	19,875		95,136	13,862	159,972	
NAMIBIA			23,488	3,433		
NICARAGUA		3,150		32,525		14,502
NIGER	15,000		40,000	1,704	41,400	
NIGERIA	29,069	66,778	42,805	103,661	257,865	31,715
PAKISTAN	18,236	1,874	72,328	29,747	154,213	
PANAMA		25,882		33,124		28,511
PARAGUAY		3,665		30,698		7,251
PERU		454		37,846		57,559
PHILIPPINES			150,000		108,767	
RWANDA	11,224		13,596			
SAINT LUCIA			6,695	6,979		
ST VINCENT & THE GRENADINES			3,806			
SÃO TOMÉ						
SENEGAL	67,070		396,246	43,235	322,658	
SEYCHELLES	1,917		1,917		8,083	
SIERRA LEONE						
SOMALIA			78,964			
SOUTH AFRICA	275,566	10,983	727,069	120,799	456,590	4,404
SRI LANKA	1,704	19,178	87,673	25,790	109,470	3,332
SURINAME	10,116		35,333		6,000	
SYRIA				15 222		
TANZANIA	4,601	12,172	35,506	19,369	180,163	5,076
THAILAND					20,000	
THE GAMBIA			787			
TOGO		3,333		23,615		20,134
TUNISIA	42,400		959,557	41,780	204,221	442

The table continues on page 12

In thousands of euros	Disbursements		Outstandings		Amounts to be disbursed	
	AFD	PROPARCO	AFD	PROPARCO	AFD	PROPARCO
TURKEY	81,889	59,514	783,750	322,677	365,733	87,294
UGANDA	3,000	-36,434	23,999	66,408	108,678	4,351
URUGUAY		16,435		15,772		12,145
VANUATU			3,051			
VIETNAM	83,808	1,834	787,356	65,667	470,037	
YEMEN			1,428		36,500	
ZAMBIA			135	9,437	128,084	29,004
ZIMBABWE				9,923		14,502
MULTIPLE COUNTRIES	48,427	110,025	504,754	312,021	144,852	210,076
TOTAL	**2,396,518**	**652,279**	**13,671,993**	**2,918,827**	**10,583,104**	**1,075,357**
COMBINED TOTAL	**3,048,797**		**16,590,820**		**11,658,460**	

1.6.3 AFD's activities

1.6.3.1 *General comments*

AFD is an industrial and commercial public undertaking (Epic) and a specialised credit institution (Order No. 2013-544 of 27 June 2013 on credit institutions and financing companies) whose bylaws are defined in Articles R.516-3 and seq. of the French Monetary and Financial Code (CMF). It is managed by a Chief Executive Officer who is appointed by decree for a three-year term (Article R. 516-12 of the CMF) and a Board of Directors (Articles R. 516-13 to 15 of the CMF).

AFD is responsible for financing international development projects and programmes within the strategic framework defined by the Committee for International Cooperation and Development (Cicid).
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 also responsible for directly or indirectly providing technical expertise to its beneficiaries (Article R. 516-3 of the CMF). This technical assistance may be provided as part of its projects and programmes or to select establishments, especially to those that it helped to create and in which it holds an equity stake.

In addition to carrying out operations on its own behalf, AFD is authorised by its bylaws to conduct a certain number of operations on behalf of third parties. As such, it may represent other French or international credit institutions as well as the European Union, governments or international organisations and institutions (Paragraph 1 of Article R.516-8 of the CMF). It can also manage activities funded by the European Union, governments or international organisations and institutions (Paragraph 2 of Article R.516-8 of the CMF). Moreover, AFD is permitted to manage local authorities' funds under the condition that the rules governing public accounting are respected (paragraphs 4 and 5 of article R. 516-8 of the CMF).
As such, in 2013 AFD represented Crédit Foncier de France (CFF) and Oséo, which was the State's main organisation for providing support to small- and medium-sized businesses until the creation of Bpifrance, which took over its activities. AFD now represents Bpifrance in the French Overseas Departments and Collectivities. Since 2001, AFD has also represented Caisse des Dépôts et Consignations for some of its activities in the French Pacific Collectivities and in Saint Pierre and Miquelon.

AFD also manages operations financed by the French State's budget on its behalf and at its risk (Article R. 516-7 of the CMF).
The most recent amendment to AFD bylaws was on 5 June 2009 (Decree 2009-618). One of the main changes this decree enacted was the creation of a Strategic Steering Committee (SSC), a State entity headed up by the Minister for Development. This committee is responsible for strengthening the link between policy on official development assistance (ODA) set out by the Cicid and the way in which these policies are executed by AFD.
In terms of AFD's responsibilities, this decree entrusted it with the task of distributing an annual loan delegated by the State for financing projects proposed by NGOs and ensuring project design and evaluation.

AFD is the sole entity with authority over bilateral aid in the following sectors: agriculture and rural development, healthcare, basic education and professional training, the environment, the private sector and, lastly, infrastructure and urban development.

In terms of financial instruments and operating methods, AFD:
- ✓ helps to spur development in partner-countries as well as international cooperation on environmental issues and on climate change by granting long-term loans and subsidies;
- ✓ guarantees business loans and underwrites corporate bonds and certain government bonds;
- ✓ acquires equity stakes in companies or organisations linked to its mission;
- ✓ ensures legal and financial responsibility for the French Overseas Departments Fund (tripartite management agreement of 22 December 2009 signed between the State, AFD and Oséo) until 31 December 2013, the date it was placed in run-off and transferred to Bpifrance;
- ✓ is responsible for implementing aid to States that the French government has decided to assist through General Budget Support (GBS);
- ✓ manages the French bilateral component of the Heavily Indebted Poor Countries (HIPC) initiative agreed upon at the G7 summit in Lyon in 1996;
- ✓ manages the Solidarity Fund for Development (FSD) on the State's behalf. This fund is financed by a tax on plane tickets and (since 2013) a tax on financial transactions. FSD inflows are used to repay the first issue of International Finance Facility for Immunisation (Iffim) bonds and to finance the Global Fund to Fight AIDS, Tuberculosis and Malaria. They are also used for the international

medicine purchasing facility (Unitaid), the Solidarity and Health Initiative for the Sahel (I3S) and the Rural Water Supply and Sanitation Initiative (RWSSI);
- ✓ contributes to the financing of the IMF's Poverty Reduction and Growth Facility (PRGF) and the IMF's Exogenous Shocks Facility (ESF) on behalf of the French State;
- ✓ hosts the secretariat of the FFEM, the French Global Environment Fund;
- ✓ and finally hosts the secretariat of the French Alliance for Cities and Territorial Development (PFVT).

Moreover, AFD is increasingly focused on its intellectual output, in other words, discussion, production, capitalisation and research relating to development aid and sustainable development issues.

Lastly, AFD, via the Centre for Financial, Economic and Banking Studies (Cefeb), which it founded in 1961, provides training and continuing education for top-level managers in the foreign countries and French Overseas Departments and Collectivities in which it is active.

AFD's operating scope (see Appendix 1)

According to Article R. 516-5 of the CMF, AFD's financial aid is allocated to countries in the Priority Solidarity Zone (PSZ) determined by the Cicid by virtue of Article 3 of Decree 98-66 of 4 February 1998. In addition, they may be approved by a joint decision of the Ministry of Foreign Affairs, Ministry of the Economy and Finance and, in the first two cases below, the Ministry responsible for French Overseas Departments and Collectivities:
- ✓ in countries that are members of regional cooperation agreements for French Overseas Departments and Collectivities;
- ✓ in French Overseas Departments and Collectivities and New Caledonia;
- ✓ in other countries.

In accordance with the Cicid decisions of 14 February 2002, the scope of this zone includes 55 foreign countries, of which 43 are in the Africa and Indian Ocean region, four in the Caribbean and Central America[2], one in Oceania, four in the Near and Middle East and three in Asia.
On 19 June 2006, the Cicid decided to allow AFD to contribute to projects aimed at improving the management of global public goods in Brazil, India, Indonesia and Pakistan through non-concessional or only slightly concessional loans. It also opened up AFD loans to all of the countries of Sub-Saharan Africa.
Moreover, under the framework established by the Cicid on 5 June 2009, AFD was authorised to examine the possibility of operating in Latin American and Asian countries (Mexico, Colombia, Bangladesh, Malaysia, the Philippines, Sri Lanka, Kazakhstan, Uzbekistan and Mongolia) as part of a specific mandate aimed at promoting green, solidarity-based growth.

A joint letter from the Ministry of Foreign Affairs and the Ministry of the Economy and Finance dated 2 April 2012 confirmed that it could operate in different countries (Armenia, Azerbaijan, Bangladesh, Colombia, Georgia, Mexico, Kazakhstan, Uzbekistan, the Philippines and Sri Lanka) under these specific mandates. According to this letter, AFD's operations in this respect should be in the form of non-concessional or only slightly concessional loans and may not in aggregate exceed 10% of government financing allocated to AFD's activities. In Kazakhstan, only sovereign loans may be granted.

The letter also authorised AFD to operate in two new regions:
- ✓ Libya: as part of the programme to rebuild and develop this country, AFD will assist Libyan project management in defining and implementing its public policies. Priority sectors are: water, sanitation, renewable energy, sustainable infrastructure, health, professional training and youth unemployment;
- ✓ Burma: given the major political changes that have taken place in this country and in accordance with France's political will to support the transition process currently underway, AFD will carry out operations for a four-year period under the "post-crisis countries" mandate by mobilising subsidies.

An office has been open in Iraq since October 2010, following a joint letter from the Ministry of Foreign Affairs and the Ministry of the Economy and Finance, with approval granted by AFD's Board of Directors on 30 September 2010.

At its meeting of 31 July 2013, Cicid endorsed the abolition of the notion of PSZ and decided to redefine the geographical priorities of development assistance. Henceforth, aid will be allocated on the basis of differentiated partnerships based on criteria of revenue and geographic, cultural and linguistic ties with France. A list of priority poor countries was drawn up on which will be focused half of public subsidies and two-thirds of the grants that AFD implements.

Contractual targets and resources until 2013

On 29 October 2011, the French Government and AFD signed a Targets and Resources Contract (COM) to define objectives and schedule resources for AFD activities until 2013.
This COM covers all of AFD Group's activities, including setting guidelines for them, in foreign countries as well as French Overseas Departments and Collectivities, while considering targets and characteristics unique to each type of intervention. It also covers the coordination of knowledge production, communication, support and advisory activities for the State and the policy for AFD partners. These guidelines are monitored using 26 indicators, which AFD reports to the State on an annual basis.

A new COM will be signed between the Government and AFD covering the 2014-2017 period. Preparatory work for this contract began during the last quarter of 2013.

2. Cuba is only eligible for the Priority Solidarity Fund.

1.6.3.2 *Activities on its own behalf and their financing*

The following types of financing are available:

In foreign countries

✓ **Ongoing operations**

- **Subsidies**

Priority operations in priority poor countries. Donations are broken down into (i) project funding, (ii) funds for research and capacity-building or (iii) sector-specific innovation facilities for NGOs.

- **Loans**

➢ The non-sovereign pricing structure includes concessional products with subsidy levels that vary primarily according to counterparty and country risk. This subsidy is obtained through a blend of direct subsidies and Resources with Special Conditions (RCS) from the French Treasury. 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. The structure also includes a loan with indirect concessionality obtained due to a lack of individualised pricing of the margin for risk.

- **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 its guarantee facility, Support for the Risk of Financing Private Investment in AFD's Areas of Operation (Ariz). This facility guarantees private-sector outstandings through local banks that request it. It includes Ariz I mechanisms, which AFD manages on behalf of the French government, Ariz II mechanisms for Sub-Saharan Africa (created in 2008) and Ariz Med for Mediterranean countries (created in 2009). A portfolio guarantee product (risk sub-participation) allows for a guarantee to be provided that covers 50% of the individual loans granted by a bank while leaving the bank with the decision-making and management authority for each guarantee.

- **Equity stakes**

AFD holds equity stakes in foreign countries.

✓ **Mandate-specific operations**

General Budget Support (GBS) or specific budget support granted in the form of subsidies, primarily in the Least Developed Countries (LDCs), or loans with a guarantee from the French State and an interest subsidy, reserved particularly for Middle-Income Countries (MIC).

In the French Overseas Departments and Collectivities

AFD's activities in the French Overseas Departments and Collectivities were confirmed by the Inter-ministerial Committee for the Overseas Departments and Collectivities on 6 November 2009 and are structured around the following well-defined activities:

✓ **Loans**

- Financing public-sector investment in a spirit of partnership and especially support given to local authorities for defining and implementing their development strategies. This activity is carried out through subsidised loans to local authorities, public undertakings and semi-public companies for operations concerning priority sectors for employment, economic development, solidarity and the environment or in the form of non-concessional loans. Moreover, AFD may grant short-term loans to local authorities in the form of EU subsidy prefinancing.
- Financing of the private sector through non-concessional loans via direct lending and refinancing of the banking sector.
- AFD also supports the development of microcredit institutions in French Overseas Departments and Collectivities by contributing to their refinancing.

✓ **Guarantees**

- In French Overseas Departments, until 31 December 2013, AFD managed–through its French Overseas Department Fund–a significant amount of guarantees and medium-term bank loans that support the innovation, creation and growth of approximately 1,000 companies every year.
- AFD carries out similar work in French Pacific Collectivities through Sogefom, of which it is the majority shareholder, and in Mayotte and Saint Pierre and Miquelon through two guarantee funds in its own name.
- AFD also manages the guarantee funds for housing in French Overseas Departments on behalf of third parties (Oséo and Bpifrance Financement) as well as agriculture and fishing guarantee funds (on behalf of the French State) created in 2010.

✓ **Management or representation mandates in the French Overseas Departments and Collectivities**

- AFD represents Crédit Foncier de France in French Overseas Departments as well as, for certain activities, Caisse des Dépôts et Consignations in the French Pacific Collectivities and Saint Pierre and Miquelon (in the investment business). Until 2013, it also represented Oséo in the French Overseas Departments in activities centred on (i) financing the public sector accounts and large corporate accounts in the form of Dailly disposals, (ii) mezzanine financial products to encourage business development and (iii) products to encourage innovation (subsidies and repayable advances). As of 1 January 2014, AFD will represent Bpifrance in all its activities in French Overseas Departments, New Caledonia and French Polynesia.
- AFD also promotes housing development in the French Overseas Departments and Collectivities through stakes held on its own behalf or on behalf of the State in seven real estate companies.
- Lastly, it helps the economies of French Overseas Departments and Collectivities develop within their respective regions.

1.6.3.2.1 Activities in foreign countries

✓ Total volume of approvals, disbursements and outstandings

In 2013, AFD's approvals in foreign countries, through loans, subsidies, equity stakes and guarantees granted, reached a total of €4.66bn[3], including €4.25bn in loans, €293M in subsidies (project subsidies, NGO financing and general budget support) and €116M in the form of Ariz guarantees.

The change in AFD's activity over the past two years was allocated between the four types of financing as follows:

In millions of euros	2013	2012	2013/2012 DIFFERENCE	
			€M	%
LOANS[1]				
Approvals	4,248	4,044	204	5%
Disbursements	2,541	2,932	-390	-13%
Undisbursed balance at 31 December	10,745	10,198	547	5%
Outstandings at 31 December	14,556	13,047	1,509	12%
SUBSIDIES				
Approvals	293	322	-29	-9%
Disbursements	290	305	-15	-5%
Undisbursed balance at 31 December	959	964	-5	-1%
Outstandings at 31 December	18	15	3	19%
GUARANTEES				
Approvals	116	108	7	7%
Outstandings	294	282	12	4%
EQUITY STAKES				
Approvals	0	0	0	-
Disbursements	7	5	2	35%

1. Information about loans does not include the status of AFD loans to PROPARCO.

At €4.66bn, total approvals in foreign countries in 2013 increased by €182M, i.e., 4% compared to 2012. This change resulted from the €204M increase in loan activity.

Disbursements made in 2013 fell compared to 2012 (down €403M, i.e. 12%). This year they totalled €2.84bn versus €3.24bn in 2012. This change resulted from the €390M decrease in loan disbursements.

Loan outstandings rose on the previous year (up €1.51bn, i.e. 12%). This growth is mainly linked to the €813M increase over the year in non-sovereign, non-concessional loan outstandings and the €590M increase in sovereign loan outstandings.

3. The data in the management report are recalculated to account for third party accounts under specific mandates, in line with the financial statements. In addition, approvals in the comprehensive table on pages 10, 11, 12 in the amount of €5.26bn in foreign countries fell by €604M, representing mandate-specific operations, excluding GBS (€29M in 2013).

✓ Breakdown of approvals and disbursements by type of financial assistance

The approvals and disbursements over the financial year, classed by type of assistance, are as follows:

In millions of euros	Approvals			Disbursements		
	2013	2012	2013/2012 CHANGE	2013	2012	2013/2012 CHANGE
1- Ongoing operations	4,628	4,416	5%	2,794	3,197	-13%
LOANS	**4,248**	**4,044**	**5%**	**2,541**	**2,932**	**-13%**
Sovereign concessional loans	2,786	3,014	-8%	1,018	1,992	-49%
Of which loans with direct concessionality	*1,338*	*1,733*	*-23%*	*986*	*1,779*	*-45%*
Of which loans with indirect concessionality	*1,449*	*1,281*	*13%*	*32*	*213*	*-85%*
Non-sovereign loans	1,462	1,029	42%	1,523	940	62%
Of which concessional loans	*515*	*259*	*99%*	*497*	*283*	*75%*
Of which non-concessional loans	*947*	*770*	*23%*	*1,027*	*657*	*56%*
Of which sub-participations granted to PROPARCO	*174*	*164*	*6%*	*145*	*154*	*-6%*
ONGOING SUBSIDIES	**264**	**264**	**0%**	**246**	**261**	**-6%**
Project subsidies	215	220	-2%	203	226	-10%
Funding for NGOs	49	45	10%	42	34	24%
GUARANTEES	**116**	**108**	**7%**	**0**	**0**	**NS**
EQUITY STAKES	**0**	**0**	**NS**	**7**	**5**	**NS**
2- Mandate-specific operations	29	58	-50%	44	44	0%
General Budget Support (GBS) subsidies	29	58	-50%	43	43	0%
Mesofinance transactions	0	0	NS	1	1	NS
TOTAL FOR FOREIGN COUNTRIES	**4,657**	**4,474**	**4%**	**2,838**	**3,241**	**-12%**

Disbursements

2013 was a year marked by a decrease in disbursements for AFD's sovereign loan activities while the opposite trend was observed in non-sovereign activities. Large disbursements were made to high-profile non-sovereign urban development projects in South Africa, energy programmes in Mexico and Colombia and an urban water and sanitation management project in Morocco. In Sub-Saharan Africa, the largest disbursements were made in Kenya, Senegal, Ghana and Cameroon while in Asia disbursements were concentrated in Vietnam and in India.

The bulk of the changes observed in ongoing operations between 2012 and 2013 (down 13%), especially sovereign loans, stem mainly from:

– a pattern of annual commitments in 2013 that was concentrated in the last quarter. This meant that sectoral budget support loans could not be approved, signed or disbursed during the period, in contrast to the situation in 2012 (€720M of the €880M in budget support loans granted in 2012 were signed and disbursed 2012. This was not repeated in 2013, when only €110M in sector-specific budget support in 2013 was disbursed by 31 December 2013). AFD plans to catch up on these commitments in the first half of 2014;

– a restriction on AFD's own funds, responsible for the deferral in 2014 of a grant for promoting training and employment in Morocco, which otherwise would have been signed and disbursed over the course of the year;

– disbursements in some countries or geographic regions that did not meet the schedules planned initially, due to a deterioration of the political-financial climate in Egypt deteriorated in Egypt, a pause in the implementation of structural reforms in Mauritius, which forced AFD to cancel its commitments in the water and sanitation sector at the end of 2013, and constraints linked to administrative delays and/or lengthier-than-expected negotiations over financial terms in some Asian countries. However, these constraints were lifted in early 2014.

Ongoing operations

Ongoing loan and subsidy operations (excluding guarantees and equity stakes) rose between 2012 and 2013, increasing from €4.31bn in 2012 to €4.51bn in 2013. In 2013, as in 2012, these operations accounted for 97% of all approvals in foreign countries.

The change in ongoing operations in 2013 is characterised by:

– a 5% increase in approvals in the form of loans (€4.25bn in 2013 versus €4.04bn in 2012) with an increase in non-sovereign loans (up €432M, i.e. 42%) and a decrease in sovereign loans (down €228M, i.e. 8%). These approvals accounted for 91% of AFD's total commitments in foreign countries, versus 90% in 2012;

– approvals in the form of subsidies that stabilised at €264M, including funding for NGOs. In 2013, as in 2012, ongoing subsidy operations accounted for 6% of AFD's approvals in foreign countries;

– a 7% increase in the total volume of guarantee approvals (€116M in 2013 versus €108M in 2012). In 2013 Ariz guarantees were split between €77M in individual guarantees and €38M in portfolio guarantee agreements. Ongoing guarantee operations accounted for 2.5% of AFD's approvals in foreign countries. At the end of 2013, outstanding guarantees granted to foreign countries totalled €294M.

Mandate-specific operations

General budget support

This aid is intended to finance States' economic and financial recovery programmes. The French State lays out the principles while the terms and conditions are reviewed jointly by Minefi, MAE and AFD.

In 2013, budgetary aid approvals consisted of subsidies amounting to €29M versus €58M in 2012.

✓ Geographic breakdown of AFD approvals

2012 and 2013 approvals, presented by beneficiary country, break down as follows:

In millions of euros	General Budget Support		Loans, subsidies and equity takes - ongoing operations		Guarantees granted		General	
COUNTRY	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
BENIN			5	0.3		1.7	5	2
BURKINA FASO		19.5	95.7	22	1.4	5.7	97	47.2
BURUNDI	3		3.5	5.2		0.3	6.5	5.6
CAMEROON			180.3	83.7	23.3	14.1	203.6	97.8
COMOROS	1	3	0.5	15			1.5	18
CONGO			1		2		3	0
CÔTE D'IVOIRE			35.5	0.9	16	23.4	51.5	24.3
DJIBOUTI			6.3	6			6.3	6
ETHIOPIA			51.5			0.1	51.5	0.1
GABON			165		5.8	6.7	170.8	6.7
GHANA			21.2	107.4	2.7	2	23.9	109.4
GUINEA		5	12.4	9	3.9		16.3	14
KENYA			175.5	100	4	0.4	179.5	100.4
MADAGASCAR			12.3	16.6	12.1	11.6	24.3	28.2
MALI	15		18.1	0.8	3.5	1.6	36.6	2.4
MAURITIUS			60	82.6	0.9	0.2	60.9	82.8
MAURITANIA		6.4	0.5	47.8			0.5	54.2
MOZAMBIQUE			84.2	50	1.6		85.9	50
NAMIBIA					2	2	2	2
NIGER	10	10	56	42.7	0.8		66.7	52.7
NIGERIA			172	46.7			172	46.7
UGANDA			23	19.3		0.2	23	19.5
REPUBLIC OF SOUTH AFRICA			100.3	108.4			100.3	108.4
CENTRAL AFRICAN REPUBLIC		6	0.4	5.1			0.4	11.1
DEMOCRATIC REPUBLIC OF The Congo			6.7	0.5		2.4	6.7	2.9
RWANDA				0.3		0.1	0	0.5
SENEGAL			191.7	182.2	16	11.1	207.6	193.3
SEYCHELLES				10			0	10
SUDAN				1.4			0	1.4
TANZANIA			103	45.9	0.2	0.8	103.1	46.7
CHAD			8.3	11.4	6.8	6.6	15.1	18
TOGO			9.3	8.1	6	3.8	15.3	11.8
ZAMBIA			50	38	0.9		50.9	38
ZIMBABWE				0.8			0	0.8
MULTIPLE COUNTRIES			106.5	183.2		7.2	106.5	190.4
TOTAL SUB-SAHARAN AFRICA	**29**	**49.9**	**1,755.8**	**1,251.2**	**109.8**	**102.2**	**1,894.6**	**1,403.3**

The table continues on page 18

In millions of euros	General Budget Support		Loans, subsidies and equity takes - ongoing operations		Guarantees granted		General	
COUNTRY	2013	2012	2013	2012	2013	2012	2013	2012
ALGERIA				151			0	151
EGYPT			52.2	47.7			52.2	47.7
IRAQ				0.3			0	0.3
JORDAN			233.3	380.4			233.3	380.4
LEBANON			7				7	0
LIBYA			14.4	16.4	1.2	1.5	15.6	17.9
MOROCCO			3.4	51.9		2	3.4	53.9
SYRIA			310	120.5			310	120.5
PALESTINIAN AUTONOMOUS TERR.			11.9	5.8			11.9	5.8
TUNISIA			715.3	1,170.7	1.2	3.5	716.4	1,174.1
TURKEY			350	721.4			350	721.4
MULTIPLE COUNTRIES			7.3				7,3	
TOTAL MEDIT. AND MIDDLE EAST	**0**	**0**	**399.1**	**149.9**			**399.1**	**149.9**
BRAZIL				6.5			0	6.5
CHILE			0.2				0.2	
COLOMBIA			3.6	7.5	0.7	2.5	4.2	18
DOMINICA			137	60			137	60
GUATEMALA			7.5	30.9			7.5	30.9
HAITI		8	0.2				0.2	0
MEXICO			0.3				0.3	0
DOMINICAN REPUBLIC				15.7			0	15.7
SAINT LUCIA			0.1				0.1	0
SURINAME			905.2	991.9	0.7	2.5	905.9	1,002.4
URUGUAY			10	9.6			10	9.6
MULTIPLE COUNTRIES			10.5				10.5	
TOTAL LATIN AMERICA AND CARIBBEAN	**0**	**8**	**73.2**	**34.7**	**0.3**	**0.2**	**73.5**	**34.9**
AFGHANISTAN			4	1.9			4	1.9
ARMENIA			12.8	68.5	3.7		16.4	68.5
BANGLADESH			115	130.6			115	130.6
BURMA			330	248.9	0.1		330.1	248.9
CAMBODIA			211.6	142.2			211.6	142.2
CHINA			4				4	0
INDIA			11.9	61			11.9	61
INDONESIA			109.8	60			109.8	60
LAOS			75.1	0.4			75.1	0.4
PAKISTAN			145.4	104.6			145.4	104.6
PHILIPPINES			0.5	3.6			0.5	3.6
SRI LANKA			1,113.8	866.2	4.1	0.2	1,117.9	866.4
VIETNAM			21.9	28.2			21.9	28.2
MULTIPLE COUNTRIES			4,512	4,308.1	115.7	108.4	4,656.8	4,474.4
TOTAL ASIA PACIFIC	**0**	**0**	**4,512**	**4,308.1**	**115.7**	**108.4**	**4,656.8**	**4,474.4**
INTER STATES			21.9	28.2			21.9	28.2
GRAND TOTAL	**29**	**57.9**	**4,512**	**4,308.1**	**115.7**	**108.4**	**4,656.8**	**4,474.4**

Note: correction in 2012 of approvals for subsidies with integration of microfinance (+€10.9M).

In 2013, **Sub-Saharan Africa** remained AFD's top-priority region, as approvals for this zone represented 41% of total approvals, versus 31% in 2012. The region accounts for 100% of the budgetary aid, 39% of the loans and subsidies and 95% of the guarantees given by the Agency. Total aid for Sub-Saharan Africa reached a volume of €1.9bn in 2013, up by €491M compared to 2012.

Subsidies remain focused on the priority poor countries[4]: 80% of total subsidies granted (including NGOs, budget support and the Solidarity and Health Initiative for the Sahel) in 2013 were in these countries, versus 88% in 2012[5].
In 2013, free-trade zone countries benefited from 18% of all ongoing loan and approved subsidy operations (including NGOs and the Solidarity and Health Initiative for the Sahel), versus 10% in 2012. This change is mainly due to the rise in approvals in Gabon and Cameroon.

Operations in the **Mediterranean and Middle East** region, for their part, fell from €1.17bn in 2012 to €716M in 2013. This 39% increase primarily focused on Egypt, Morocco and Jordan. Political instability in the region (Syria and Egypt) remains a factor that explains this decrease as do worrying debt levels in some geographic regions (Jordan). Added to this troubled external and internal context were constraints on AFD's large exposure ratio, which did not allow all the financing planned for Morocco and Tunisia to be disbursed. In contrast, approvals increased for Turkey, rising from €121M in 2012 to €310M in 2013. This region's share of the Agency's loans accounted for 15% of total approvals in 2013, versus 26% in 2012.

Activity in the countries of the **Asia-Pacific** region grew by 29%, with approvals in this zone rising from €866M in 2012 to €1.12bn in 2013. This change is essentially due to operations in India, Indonesia and Sri Lanka, countries for which AFD has a mandate aimed at promoting "green, solidarity-based growth". The Asia-Pacific region represented 24% of the Agency's commitments in 2013 versus 19% in 2012.

Approvals in **Latin America and the Caribbean** fell by 10%. This zone accounts for 19% of financing in 2013 versus 22% in 2012. Loans reached €906M in this region in 2013 versus €1.0bn in 2012. This change is primarily related to decreasing activity in Brazil (€350M in approvals for 2013 versus €721M in 2012), despite the very sharp increase in Colombia and in Mexico. Approvals for loans and subsidies in **the former PSZ countries** increased from €1.71bn in 2012 to €2.09bn in 2013. In addition, 74% of all subsidies are concentrated there.

Countries for which AFD has a **"green, solidarity-based growth mandate"** received €1.71bn in loan approvals in 2013 versus €1.61bn in 2012.

Finally, aid in the form of loans and subsidies in 2013 grew by 35% compared to 2012 for the **least developed (LDC) and low-income countries**, with €1.07bn in 2013 versus €792M in 2012. For **middle-income countries** (lower-middle and upper-middle), the trend is stabilising, with €3.37bn in 2013 versus €3.35bn in 2012.

4. List of 14 countries identified by Cicid in June 2009, broadened during the inter-ministerial meeting of 20 January 2012 to include Burundi, Djibouti and Rwanda, i.e. 17 countries for 2012 and 2013.
5. It should be noted that since 2011 AFD has improved the way it takes "multiple country" projects into account when calculating its operations and performance indicators. An allocation formula is applied to these projects when the countries are clearly identifiable.

1.6.3.2.2 Activities in French Overseas Departments and Collectivities

Lending activity in the French Overseas Departments and Collectivities amounted to €959M in 2013, falling slightly by €11M compared to 2012. Disbursements fell considerably on the previous year (down €306M, i.e. 34%). This decrease is essentially tied to a reduction in disbursements of non-concessional loans (down €105M) and banking sector financing (down €167M).

However, AFD's outstandings in the French Overseas Departments and Collectivities continued to increase compared to the end of 2012 (€3.67bn in 2013, i.e. up 7%).

Total volume of loan activity approvals, disbursements, balances to be disbursed and outstandings in French Overseas Departments and Collectivities

In millions of euros	2013	2012	2013/2012 DIFFERENCE	
			€M	%
APPROVALS	**959**	**970**	**-11**	**-1%**
- French Overseas Depts and Collectivity of Saint Pierre and Miquelon	620	558	62	11%
- French Pacific Collectivities	339	413	-74	-18%
DISBURSEMENTS	**606**	**913**	**-306**	**-34%**
- French Overseas Depts and Collectivity of Saint Pierre and Miquelon	350	553	-202	-37%
- French Pacific Collectivities	256	360	-104	-29%
UNDISBURSED BALANCE AT 31 DECEMBER	**884**	**744**	**141**	**19%**
- French Overseas Depts and Collectivity of Saint Pierre and Miquelon	652	416	236	57%
- French Pacific Collectivities	232	327	-96	-29%
OUTSTANDINGS AT 31 DECEMBER	**3,672**	**3,429**	**243**	**7%**
- French Overseas Depts and Collectivity of Saint Pierre and Miquelon	2,216	2,060	157	8%
- French Pacific Collectivities	1,456	1,369	86	6%

Follow-up on approvals

The volume of AFD approvals in French Overseas Departments and Collectivities, excluding guarantees, totalled €959M in 2013 versus €970M in 2012. Activities in French Pacific Collectivities decreased by 18% relative to 2012 while activities in French Overseas Departments and Saint Pierre and Miquelon increased by 11%. Most of the aid (€620M, i.e. 65%) was granted in the French Overseas Departments and the collectivity of Saint Pierre and Miquelon.

Financing of public-sector investment rose by 50% in 2013. This growth relates to both loans to local authorities (up 18%) and non-concessional loans (€220M in 2013 versus €69M in 2012, i.e. an increase of 218%). Concessional products represented 44% of aid, totalling €423M in 2013 versus €358M in 2012.

Financing of private-sector investment fell by 42% in 2013. Direct loans granted to companies are up and rose from €83M in 2012 to €193M in 2013. In contrast, banking sector financing fell in 2012, declining from the exceptional level of activity seen in 2012 (€460M, of which €300M in bank refinancing lines) to €123M in 2013.

The total volume of guarantee approvals decreased by 10% (€152M in 2013 versus €169M in 2012). This change reflects the absence of guarantees granted to the public sector in 2013 (compared to €40M in 2012), partially offset by the increase in guarantees granted to the private sector (up 18%, i.e. €152M in 2013 versus €129M in 2012). As in 2012, ongoing guarantee activity accounted for 14% of AFD's approvals in French Overseas Departments and Collectivities.

As part of its management and representation responsibilities in the French Overseas Collectivities, AFD is running off a portfolio for Crédit Foncier de France. It totalled €29M at the end of 2013, compared to €32M at end-2012. As Oséo's representative, AFD granted €317M in 2013, compared to €280M in 2012.

Breakdown by region

In millions of euros	APPROVALS		2013/2012 DIFFERENCE	
	2013	2012	€M	%
French Overseas Depts and St Pierre and Miquelon	**620**	**558**	**62**	**11%**
Guadeloupe	70	128	-58	-45%
French Guiana	65	55	10	18%
Martinique	192	52	140	270%
Reunion	250	273	-23	-8%
Mayotte	42	40	2	4%
Saint Pierre and Miquelon	1	5	-4	-73%
Multiple countries French Overseas Departments		5	-5	-100%
French Pacific Collectivities	**339**	**413**	**-74**	**-18%**
New Caledonia	202	242	-40	-16%
French Polynesia	137	171	-34	-20%
TOTAL	**959**	**970**	**-11**	**-1%**

Loans, grants and guarantees granted on its own behalf, by product

In millions of euros	APPROVALS		2013/2012 DIFFERENCE	
	2013	2012	€M	%
Ongoing operations	**1,110**	**1,139**	**-28**	**-2%**
Loans	**959**	**970**	**-11**	**-1%**
Public sector	*642*	*427*	*215*	*50%*
Loans to local authorities	*423*	*358*	*65*	*18%*
Non-concessional loans	*220*	*69*	*150*	*217%*
Private sector	*316*	*543*	*-227*	*-42%*
Direct funding	*193*	*83*	*110*	*133%*
Banks	*123*	*460*	*-337*	*-73%*
Guarantees[1]	**152**	**169**	**-17**	**-10%**
Guarantees granted to the public sector	*0*	*40*	*-40*	*-100%*
Guarantees granted to the banking sector	*27*	*22*	*5*	*22%*
French Overseas Department Fund	*121*	*101*	*21*	*21%*
Equity stakes	**0**	**0**	**0**	**-**

1. The guarantees presented above do not include Sogefom approvals (€19M in 2012) and Fogap approvals (€3M in 2013).

1.6.3.2.3 Financing of operations

AFD's lending and subsidy activities are financed by different kinds of resources.
For activities carried out on its own behalf, AFD uses three main types of financing.

✓ **Budgetary resources**
- Funds for loan subsidies;
- Subsidies from the State for donation-project and NGO activities.

✓ **Loans from the French government (RCS)**
AFD takes out 30-year loans from the government, with a 10-year grace period at 0.25%. In addition to the liquidity they provide, these resources help subsidise the aid that justifies the use of State budgetary resources: the financial advantage they offer over market borrowing is measured and pumped into subsidised operations.

✓ **Market borrowings**
AFD's bond issues totalled €4.84bn in 2013.
During the year, AFD made six bond issuances in the form of public issues on the euro and US dollar markets:

➢ four new "benchmark" issues:
- €1.25bn maturing in 5 years (February 2018),
- €1bn maturing in 12 years (May 2025),
- €500M maturing in 7.4 years (February 2021),
- $1bn (equivalent to €741M) maturing in 3 years (October 2016);

➢ two tap issues on existing euro-denominated bonds:
- €100M on bonds maturing in April 2020,
- €250M on bonds maturing in January 2024.

In addition, AFD carried out five private equity transactions on the euro, Japanese yen and US dollar markets:
- €300M maturing in 5 years (February 2018);
- €300M at a floating rate maturing in 5 years (September 2018);
- ¥8bn (equivalent to €68M) maturing in 15 years (February 2028);
- ¥6.5bn (equivalent to €50M) maturing in 15 years (June 2028);
- €100M maturing in 2.3 years (February 2016);
- $200M (equivalent to €148M) maturing in 5 years (November 2018).

Finally, for the first time AFD borrowed using a German debt instrument, the *Schuldschein*, in the amount of €30M maturing in 10 years (November 2023).

1.6.3.3 *Other activities*

1.6.3.3.1 Intellectual output

AFD's intellectual output consists of research, training exercises and publications that fall under AFD's strategic and operating guidelines. It includes five types of operations that, to varying extents, allow AFD to disseminate the results of its research and studies, and thus spread its influence:

✓ *forecasting/action research activities:* produce new knowledge in order to re-evaluate AFD's operations with an eye to deepening the discussion on development and strategies, particularly by predicting which major concerns will arise in the near future;
✓ *public policy studies:* studies on specific subjects aimed at developing or strengthening French positions in order to support regulators' positions;
✓ *operational analyses:* analysis of AFD's operations and/or their context in order to perfect them and improve the underlying operational strategies;
✓ *training and capacity-building initiatives:* organising seminars, training courses/programmes, and capacity-building and support missions aimed at enhancing local skills, particularly in terms of project management;
✓ *institutional dialogue:* meetings and conferences involving and for the benefit of all specialised stakeholders.

2013 saw a slight drop in intellectual output after the stabilisation of activity in 2012 and the sustained growth of recent years:

✓ Research and prospective studies were carried out on subjects related to major challenges and current considerations: (i) Changes to aid and financing, (ii) Environmental constraints and development, (iii) Growth– Production – Social Cohesion and (iv) Models for French Overseas Departments and Collectivities. Created in 2012, the Research and Studies Committee met twice. It facilitates the collective implementation of the Group's work and the pooling of requirements. Approximately 60 studies were funded in 2013.
✓ In addition to supervising localised project assessments, work centred on 15 evaluation studies, as well as three portfolio reviews and scientific impact studies allowing to learn from financed development projects and leverage AFD's experience. Approximately a dozen studies were funded in 2012.
✓ Eleven country-risk analyses were produced, in addition to the macroeconomic and financial monitoring reports for countries in which AFD operates, and an analysis of the international economic environment. AFD contributed to the meeting of Finance ministers from the Free-Trade zone by producing an annual analysis of the position of member states.
✓ 2013 was a year of intense publishing activity, with more than 50 publications. This growth was focused primarily on the new collections created in 2012 (notably 14 "À Savoir" publications and 2 "Focales" publications). This output is the result of research performed by the Research department (programmes coming to a close), and by other AFD entities such as the Operations department, as well as translation requirements.

Cefeb: AFD's corporate university

Based in Marseille, the Centre for Financial, Economic and Banking Studies (Cefeb) aims to implement capacity-building initiatives, training programmes and seminars for three categories of partners that contribute to development projects implemented by AFD: Group partners in the countries where AFD operates, French development partners, personnel at the AFD head office and in its network, for whom Cefeb is the sole centre for in-house training and integration. Its purpose is to transfer knowledge applicable to the various development professions on the leading edge of research, as well as operational techniques and practices AFD has tested.

In 2013, Cefeb launched its seventh session of the Master degree programme in public and private project management, a diploma granted jointly with the University of Auvergne. It brought together 38 executives from 19 countries (ministries, public institutions, banks, etc.). Working closely with several partners (backers, ministries, local authorities, universities, graduate schools, banks, etc.), Cefeb also organised 47 seminars, internships, study tours and short- and medium-length workshops in France, Europe and AFD partner countries on the following four focus areas: sustainable spatial planning and cities (urban planning, management of urban services, public-private partnerships and management of water resources), responsible banking and finance (microfinance, inclusive finance, banking governance and innovation), global and societal challenges (CSR, biodiversity, climate and food security) and stakeholders and methods (project management, development professions, cooperation and development). Furthermore, Cefeb launched a pilot test of a training package on results-based project management using its e-learning platform (eDev).
In 2013, Cefeb trained more than 1,324 people from 88 countries and four French Overseas Collectivities.

1.6.3.3.2 Activities on behalf of third parties

AFD's bylaws provide for cases in which AFD acts on behalf of third parties. In accordance with Article R. 516-7 of the CMF, AFD manages the 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.

Examples of the first category:
- ✓ the framework agreements between AFD and the Ministry of Foreign Affairs dated 1 December 2000 and 9 November 2001 regarding the management of assigned funds delegated by the MAE to AFD;
- ✓ the agreement of 23 December 2003 related to the implementation of bilateral aid in heavily-indebted poor countries (HIPC). Refinancing through donations, particularly in the form of debt reduction-development contracts (C2D) as part of the debt relief programme for HIPCs and the conversion of monetary debts.

The following may be cited as examples of the second category:
- ✓ the agreement of 28 September 2006 related to AFD's management of the Solidarity Fund for Development (FSD) financed by a tax on plane tickets;
- ✓ the agreement of 8 October 2008 related to a loan to the World Bank's "Clean Technology Fund";
- ✓ the agreements of 2 March 2011 and 26 April 2011 related to the implementation of a subsidy benefiting the Republic of Haiti in order to rebuild the State University Hospital of Haiti on one hand, and informal settlements in Port-au-Prince, on the other.

Moreover, according to Article R. 516-8 of the CMF, AFD is authorised to carry out activities on behalf of third parties such as the European Union, various international organisations or institutions and French Overseas Collectivities. To this end, it has been entrusted with managing loans delegated by the European Commission or other backers (the UK's DFID, the Monegasque Cooperation, etc.).
In accordance with international accounting regulations, these activities are excluded from the consolidated balance sheet. AFD's compensation for this type of activity is decided on a case-by-case basis as set out by the agreement and is only intended to cover AFD's costs.

1.6.4 Activities of the subsidiaries

1.6.4.1 *PROPARCO's activities*

PROPARCO was created in 1977 as a venture capital firm with AFD as its sole shareholder. It was transformed into a financial company in 1990. Today, PROPARCO is a financial institution specialised in development, with share capital totalling €420M. AFD holds a 57% stake, while the remaining 43% is held by other private shareholders, including 26% by French financial organisations, 13% by international financial organisations, 3% by investors and 1% by funds and ethical foundations.

PROPARCO's purpose is to act as a catalyst for private investment in developing countries to stimulate growth, promote sustainable development and to achieve the Millennium Development Goals (MDGs). PROPARCO finances economically viable, socially equitable, environmentally sustainable and financially profitable projects. Its sector-focused strategy, adapted to each country's level of development, is focused on the productive sectors, financial systems, infrastructure and private equity. Since 2009, PROPARCO's operating scope has extended to all developing countries as defined by the Organisation for Economic Cooperation 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, and must meet high Corporate Social Responsibility (CSR) requirements. PROPARCO offers a complete range of financial instruments to meet the specific needs of private investors in developing countries: loans, equity and guarantees.

PROPARCO's net approvals (excluding sub-participation loans on AFD's behalf), amounted to €773.1M in 2013 (versus €788.3M in 2012) and break down as follows:
- ✓ lending in the amount of €707.6M[6] (€693.9M in 2012);
- ✓ equity investments in the amount of €65.5M (€75M in 2012).

6. PROPARCO loans in foreign countries and French Overseas Departments and Collectivities, excluding projects involving the funds of other backers (€74.6M) and excluding AFD sub-participations approved or under approval at 31 December 2013 (€174.4M in total).

Net approvals excluding other sub-participations on behalf of AFD and other third parties

In millions of euros	Loans		Equity		Other securities		Guarantees	
COUNTRY	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
BENIN		10						
CÔTE D'IVOIRE	27	76.3						7
GHANA	39.9	19	5	5.4				
GUINEA			0.9					
LIBERIA	5.2							
NIGERIA	25.7	30.5						
MULTIPLE COUNTRIES WEST AFRICA	10.9	49.8	10.9					
WEST AFRICA	**108.7**	**185.6**	**16.8**	**5.4**	**0**	**0**	**0**	**7**
CAMEROON								
GABON								
KENYA	92.2	28.9						
UGANDA	4.5							
DRC		8						
RWANDA				3.8				
TANZANIA	5.4	11.5						
CENTRAL AND EAST AFRICA	**102.1**	**48.3**	**0**	**3.8**	**0**	**0**	**0**	**0**
SOUTH AFRICA		36.8		7.1				
NAMIBIA		4.8						
ZAMBIA		20.3						
ZIMBABWE	14.7							
SOUTHERN AFRICA	**14.7**	**61.9**	**0**	**7.1**	**0**	**0**	**0**	**0**
MULTIPLE COUNTRIES SUB-SAHARAN AFRICA	**30**	**58.1**	**11.8**	**1.5**	**0**	**0**	**0**	**0**
MADAGASCAR								
MAURITIUS				4				
INDIAN OCEAN	**0**	**0**	**0**	**4**	**0**	**0**	**0**	**0**
EGYPT								
GEORGIA		15.6						
LEBANON	14.6	11.5						
MOROCCO	20							
TUNISIA				8.5				
TURKEY	38.5	31.3						
MULTIPLE COUNTRIES NORTH AFRICA AND MEDITERR.								
NORTH AFRICA AND MEDITERRANEAN	**73.1**	**58.4**	**0**	**8.5**	**0**	**0**	**0**	**0**
ARMENIA	11.1							
AZERBAIJAN	11.5							
BANGLADESH		22.5						
CAMBODIA	7.5	8	3.8					
INDIA		31.4	8.5	23		3.9		
INDONESIA		4						
MONGOLIA	11.4							
SRI LANKA		24						
MULTIPLE COUNTRIES ASIA	11.1		9.6					
ASIA	**52.7**	**89.9**	**21.9**	**23**	**0**	**3.9**	**0**	**0**

The table continues on page 24

In millions of euros	Loans		Equity		Other securities		Guarantees	
COUNTRY	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
ARGENTINA		15.1						
BRAZIL	45	35	7.7	10				
CHILE	11.4							
COLOMBIA	5							
COSTA RICA	15.6	7.8						
ÉCUADOR	17.5	16.2						
HAITI	3							
HONDURAS	15.5	16						
MEXICO	10							
NICARAGUA	14.6	20.3						
PANAMA	37							
PARAGUAY	7.8							
PERU	44.6	36.9						
DOMINICAN REPUBLIC	7.8	29						
URUGUAY		15.5						
MULTIPLE COUNTRIES LATIN AMERICA	11.6		7.4	6.9				
LATIN AMERICA. CARIBBEAN	**246.3**	**191.7**	**15.1**	**16.9**	**0**	**0**	**0**	**0**
REUNION						8.5		
MARTINIQUE	25							
FRENCH OVERSEAS COLLECTIVITIES	**25**	**0**	**0**	**0**	**0**	**8.5**	**0**	**0**
MULTIPLE COUNTRIES	55.1	-		5				
MULTIPLE COUNTRIES	**55.1**	**0**	**0**	**5**	**0**	**0**	**0**	**0**
TOTAL	**707.6**	**693.9**	**65.5**	**75**	**0**	**12.4**	**0**	**7**

Loan approvals (excluding multiple country loans) were distributed among 31 countries, particularly Kenya, Brazil, Peru, Ghana, Turkey, Panama and Côte d'Ivoire. Africa remains the priority zone for PROPARCO, with 52% of its loan approvals for the year. Once again, it was a year of dynamic activity in Latin America and the Caribbean (26% of loan approvals).

Out of this lending activity, banking and financial institutions received 61% of total net approvals for the year. These mainly concerned refinancing of operations in sectors eligible to be classified as the global public goods of beneficiaries, microfinance, growth strategy financing, long-term financing and capital reinforcement. Net direct loans granted to companies in the industrial, commercial and service sectors accounted for 20% of approvals in 2013. Lastly, infrastructure and mining sectors represented 19% of net approvals for the year.

As for investment activity, 62% of approvals were for direct investments, particularly in industrial companies and banks. Other activities focused on investment funds.

1.6.4.2 *Activities of PROPARCO subsidiaries*

Fisea

The Investment and Support Fund for Businesses in Africa (Fisea was created in April 2009). A €45M capital increase took place in 2013, bringing subscribed capital to €105M, which was fully paid up. PROPARCO manages Fisea.

Fisea's net approvals amounted to €7.8M in 2013 (excluding TA) and represent an investment in a company in Ghana's agri-food sector. In terms of net cumulative approvals (excluding TA) since the company was established, investment funds represented 78% of the volume and 51% of the number of applications; direct investment represented 22% of volume and 49% of the number of applications.

TR Propasia

TR Propasia is a wholly-owned PROPARCO structure in charge of investing in Asia through funds (up to 70%) and directly (30%), in countries and in sectors where PROPARCO is active as a co-investor with TR Capital, with both funds managed by the same asset management firm. As of 31 December 2013, four investments have been authorised since the creation of TR Propasia; a direct $1.1M investment in Wuxiao, a Chinese company producing masts for wind farms, and three other investments of $2M each in (i) a general fund in China and (ii) two Indian funds that concentrate their investments in the clean energy and environment sectors, healthcare, agro-industry and consumer goods.

In 2013, TR Propasia sold its stake in Wuziao, realising ROR of 14% in USD.

1.6.5 Activities of the other AFD subsidiaries

Banque Socredo

Banque Socredo is a full-service bank established in French Polynesia in 1959, which has 27 permanent offices. It also organises regular rounds of visits to Tahiti's most distant islands, which have little or no access to basic banking services. This special positioning distinguishes Socredo from other local banks. Its activities extend to every sector of the economy and, more particularly, to several key segments such as the marine sector and tourism. It is heavily 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 first-time home buyer sector.

For many years, Banque Socredo has been the top banking institution in Papeete, ahead of Banque de Polynésie (Société Générale Group) and Banque de Tahiti (BPCE Group), with 46.1% of the lending market and 38.5% of the deposit market at 31 December 2013.

In addition to its banking activity, Banque Socredo has five major subsidiaries: OSB (Océanienne de services bancaires, specialised in e-banking), ODI (Océanienne d'industrie, specialised in cheque processing and electronic publishing) Ofina (Océanienne de financement, which sends and receives cash for American Express cardholders in the French Pacific), OSCD (Océanienne de conservation sécurisée de données, a secure data storage centre) and finally OCA (Océanienne de centre d'appel, a call centre). At 31 December 2013, Banque Socredo directly employed a workforce of 531 people and its subsidiaries had 155 employees.

Soderag

The Regional Development Company of the West Indies-French Guiana (Soderag) is a regional development company. In 1995, at the behest of regulators, AFD took control of the firm. The extent of its losses and poor prospects led to Soderag's liquidation in July 1998. AFD took over its liabilities and is serving as the company's receiver. Cash advances by AFD to this subsidiary amount to €106M and are fully written down in AFD's financial statements.

Sogefom

The French Overseas Guarantee Fund Management Company (Sogefom) is a company that 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 crafts people and very small, small and medium-size businesses (VSBs and SMEs) in various economic sectors.
AFD manages Sogefom within the framework of a regulated agreement.

In 2013, Sogefom granted 314 guarantees (versus 262 in 2012), representing approvals totalling around €20M (versus €17M in 2012). After Sogefom's activity declined sharply in 2011 (a 38% decrease in the number of applications approved, with amounts down 15% compared to 2010) and on the back of a significant increase in activity in 2012 (up 19%), primary attributable to a significant recovery of approval activity in French Polynesia, Sogefom's total originations rose 18% overall in 2013 compared to 2012. This positive performance is mainly due the introduction of the RTCCE (Liquidity Support for Growth, Competitiveness and Employment) mechanism, which met a real need expressed by companies, especially in French Polynesia.

Nevertheless, despite this positive performance, total originations have fallen since the end of 2009: €20M in 2013 and €17M in 2012 versus €26M in 2009, or a 23% decrease over the period. However, this level of origination offsets the amortisation of existing outstandings for the first time in several years. Gross outstandings for traditional guarantees (€59.5M at end-December 2013) actually increased by 4% compared to end-2012 after decreasing by 1% in 2012 compared to end-2011.

At 31 December 2013, the total amount of the company's off-balance sheet commitments stood at €64.9M, compared with €61.8M at 31 December 2012.

Property companies

AFD Group operates in the social housing and urban development sectors in the French Overseas Departments and Collectivities:

- ✓ through equity stakes in various semi-public companies, including seven property companies in the French Overseas Departments and Collectivities (Sociétés immobilières dans l'Outre-mer, or Sidoms) that aim to build and manage social and intermediate rental housing, as well as implementing urban development operations. At end-2013, the Sidoms manage more than 75,000 housing units, representing approximately half of social housing in the French Overseas Departments and Collectivities;
- ✓ by granting direct loans to public and private operators in housing and development. In 2013, the amount of these loans came to more than €200M, distributed among more than ten projects.

Two of the Sidoms are consolidated using the equity method:

- ✓ Société immobilière de Nouvelle-Calédonie (SIC), in which AFD holds a 49.99% stake, managed 9,962 housing units as at 31 December 2013 and delivered 301 housing units, including 100 university residence rooms in 2013;
- ✓ Société immobilière de la Martinique (Simar), in which AFD holds a 22.27% stake, managed 10,528 housing units as at 31 December 2013 and delivered 509 housing units in 2013.

1.6.6 Information about subsidiaries

The following information (company data provided according to French accounting standards) presents the key data for fully consolidated subsidiaries in AFD's financial statements.

PROPARCO (société de promotion et de participation pour la coopération économique)
Purpose: to promote development projects, acquire equity stakes and grant loans in the regions in which AFD is mandated to operate
Legal form: financial public limited company (société anonyme financière)
Head office: 151, rue Saint Honoré – 75001 Paris
Consolidated equity: €420,048,000
AFD's stake: 57.43%
Other shareholders: French credit institutions (25.52%), private investors (3.18%), international financial institutions (13.22%) as well as ethical foundations and funds (0.65%)
Balance sheet: €3.493bn
Total net equity: €602M
Equity stakes: €477.3M
Loan portfolio: €2.92bn
Net banking income: €97.1M
Headcount: 0

Sogefom (Société de gestion des fonds de garanties d'Outre-mer)
Purpose: to provide a partial guarantee for financing operations undertaken by credit institutions with operations in the French Pacific Territories that have subscribed to a portion of its capital
Legal form: public limited company (société anonyme)
Head office: 5, rue Roland Barthes – 75012 Paris
Consolidated equity: €1,067,328
AFD's stake: 60% (of which 1.32% through Socredo)
Other shareholders: nine credit institutions (40%) including Banque de Nouvelle-Calédonie (7.51%), and Banque de Polynésie (7.51%)
Balance sheet: €42M
Total net equity: €16M
Loan portfolio: not material
Net banking income: €2.4M
Headcount: 0

Soderag (Société de développement régional Antilles-Guyane)
Purpose: to grant loans and acquire equity stakes to promote development in the West Indies - French Guiana region
Legal form: public limited company (société anonyme) in liquidation
Head office: Pointe-à-Pitre (Guadeloupe)
Consolidated equity: €5,576,859
AFD's stake: 100%
Other shareholders: none
Balance sheet: €9M
Total net equity: -€119M
Loan portfolio: not material
Net banking income: €0.01M
Headcount: 0

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 par actions simplifiée)
Head office: 5, rue Roland Barthes – 75012 Paris
Consolidated equity: €105,000,000
AFD's stake: 100% (except for one share)
Other shareholders: PROPARCO holds one share in Fisea
Balance sheet: €95M
Total net equity: €70M
Loan portfolio: Not material
Equity stakes: €56.4M
Net income before income tax: -€7.6M
Headcount: 0

TR Propasia (Partenariat stratégique pour une plateforme d'investissement asiatique)
Purpose: to create a regional investment platform
Legal form: public limited company (société anonyme)
Head office: Hong Kong
Consolidated equity: €7,075,013
AFD's stake: 57.43%
Other shareholders: Propasia is a wholly-owned subsidiary of PROPARCO
Balance sheet: €7M
Total net equity: €7M
Loan portfolio: not material
Equity stakes: €2M
Net income: -€0.2M
Headcount: 0

Socredo (Société de crédit et de développement de l'Océanie)
Purpose: to provide home loans and household financing, promote investment and business activity, and support economic development and social projects throughout the islands
Legal form: semi-public company (société anonyme d'économie mixte)
Head office: 115, rue Dumont d'Urville – 98713 Papeete – French Polynesia
Consolidated equity: €184,360,003 (XPF 22bn)
AFD's stake: 35%
Other shareholders: French Collectivity of French Polynesia (50%), BRED (15%)
Balance sheet: €2.05bn
Total net equity: €261M
Loan portfolio: €1.88bn
Equity stakes: €22M
Net income: €7.2M
Headcount: 525

SIC (Société immobilière de Nouvelle-Calédonie)
Purpose: to provide rental housing and promote social and economic integration through housing
Legal form: semi-public company (société anonyme d'économie mixte)
Head office: 15, rue Guynemer – 98845 Nouméa – New Caledonia
Consolidated equity: €400 (XPF 4.5bn)
AFD's stake: 50%
Other shareholders: the Territories of New Caledonia (50%)
Balance sheet: €768M
Total net equity: €312M
Loan portfolio: nil
Equity stakes: nil
Net income: €0.9M
Headcount: 162

Simar (Société immobilière de la Martinique)
Purpose: to provide rental housing and promote social and economic integration through housing
Legal form: semi-public company (société anonyme d'économie mixte)
Head office: Petit-Paradis – 97257 Fort-de-France – Martinique
Consolidated equity: €33,670,500
AFD's stake: 22.27%
Other shareholders: the French Government (40.84%) and the local authorities, department, region and cities of Martinique (36.89%)
Balance sheet: €578M
Total net equity: €70M
Loan portfolio: €16M
Equity stakes: €1.9M
Net income: €8.2M
Headcount: 92

1.6.7 Global economy

1.6.7.1 *Global Economy*

The US Federal Reserve's tapering of its asset purchases was the main significant event of 2013 on the financial markets. In fact, since 22 May 2013, the financial markets have been mostly influenced by expectations surrounding the Fed's stance. In terms of growth, 2013 was characterised by a modest upturn in world growth in the second half of the year and by a certain amount of rebalancing in favour of the developed countries. The major emerging countries struggled to recover in 2013 after the sharp slowdown in 2012.

While some of these countries were hurt by falling prices for some commodities (metals and agricultural commodities), others were affected by the lingering risk of inflation and still others languished due to their continuing current account deficits. As a consequence of the Fed's announcement that it might begin tapering its asset purchases, some emerging countries with current account deficits (especially India, Indonesia, Brazil, South Africa and Turkey) experienced substantial capital outflows leading to currency crises.

As for developed countries, Japan's growth (1.8%) was driven by the economic policies introduced by the new Prime Minister, Shinzo Abe. The goal of "Abenomics" is to pull the country out of deflation (inflation target of 2%), particularly by announcing that the Bank of Japan's monetary base would double in two years.

Furthermore, the United States proved resilient in coping with the "fiscal cliff" with growth of 1.8% in 2013 thanks to the Fed's expansive monetary policy. Other developments in the United States included bickering over the budget starting in September, which led to a three-week-long government shutdown in October, and discussions on raising the debt ceiling.

Finally, the outlook is somewhat clearer for the eurozone, with peripheral countries continuing to adjust their current account balances, progress on the banking union, the end of recession in mid-2013 (annual growth of -0.5%), thanks to a change of strategy in fiscal policy, and sharp disinflation.

Monetary policy in the developed countries remained highly expansionary, with key interest rates close to zero (with the ECB's main refinancing rate dropping by 0.25% on two occasions: once in May and once in November). Global liquidity kept growing in 2013 as the central banks of the major developed countries maintained their quantitative easing policies, with the exception of the ECB, which saw its balance sheet shrink (from €3 trillion at the end of 2012 to €2.3 trillion at the end of 2013) due to early repayments under the VLTRO programme[7]. Last, the Fed pursued its third round of quantitative easing (QE3) throughout the year (announcing tapering only on 18 December) which caused its balance sheet to grow from $2.9 trillion at the end of 2012 to $4 trillion by the end of 2013.

1.6.7.2 *Interest rate environment*

In May, the first hints that the Fed might taper its asset purchases led to turmoil in the markets. The central banks also introduced and/or further developed their forward guidance (providing advance notice about how much they would change key interest rates). After drifting lower early in the year, long-term rates began to rise starting in May as a result of the Fed's initial announcements. The upward shift was very pronounced in the United States, where 10-year rates ended the year more than 100bp higher than the prevailing rate at the end of 2012 (2.9% vs. 1.75%). The impact on European interest rates proved to be subdued because of the ECB's forward guidance and the fact that the two economies are out of phase. Ultimately German and French 10-year rates rose only 40/45bp for the year (to 1.9% and 2.5%, respectively). As things improved in the eurozone, rates relaxed further for the peripheral countries, dropping by 115bp in Spain (to 4.13%) and 40bp in Italy (to 4.08%).

1.6.7.3 *Foreign exchange*

Contrary to all expectations and despite the stresses affecting the eurozone, the euro appreciated somewhat against the US dollar in 2013, ending the year at USD 1.36 (compared to USD 1.32 at the beginning of the year). The euro fluctuated between USD 1.28 and USD 1.38, appreciating sharply early in the year (a high of USD 1.38 in early February). It then entered a period of depreciation (ECB mention of the exchange rate problem, the Cypriot crisis), followed by an upturn in the second half of the year when tapering was announced in September and the US government shut down in October.

Meanwhile, after starting off the year on a downward trend, the US dollar (USD) recovered in February thanks to excellent US economic figures and expectations that the Fed would soon phase out its non-conventional policy measures. The dollar did exceptionally well against the currencies of countries with a negative balance of payments, such as the Australian dollar (AUD), the New Zealand dollar (NZD), the South African rand (ZAR) and the Brazilian real (BRL).

Furthermore, higher US long-term interest rates (the USD 10-year rate rose from 1.63% to 2.50% in the second quarter) had a devastating effect on the emerging markets, whose currencies did particularly poorly relative to the dollar (Asia, Indonesia and India in particular).

7. Very Long Term Refinancing Operations.

2 CORPORATE SOCIAL RESPONSIBILITY

AFD seeks to promote fair and sustainable development in developing countries and the French Overseas Collectivities. This means that it strives to take the various aspects of sustainable development into better consideration in its operations.
In December 2003, AFD endorsed the Global Compact principles and has been implementing them as far as possible in managing its commitments.
Furthermore, since 2005 AFD has been developing and implementing a social responsibility (SR) policy covering both its internal operations and funding activities.

SR reporting methods within AFD Group

Reporting period
The data gathered cover the period running from 1 January of year N to 31 December of year N. This data is reported on an annual basis.

Selected indicators
In accordance with Act 2010-788 covering French environmental commitment and Decree 2012-557 of 24 April 2012 concerning transparency requirements for companies regarding corporate social and environmental responsibility, the following sections present a list of CSR information required by regulations. More detailed information may be found in the SR section of the AFD website:
www.afd.fr/lang/en/home/AFD/developpement-durable

Indicator scope and reporting
Scopes vary depending on each corporate, social or environmental indicator, according to need, relevance and availability of information. The reporting scope is specified for each indicator.

The different scopes taken into account are as follows:

"Group": AFD, PROPARCO and local offices (100% of the Group's employees)
"AFD": AFD head office and local offices (90% of the Group's employees)
"Head office": AFD and PROPARCO head offices (58% of the Group's employees)
"AFD head office": AFD head office only, including Cefeb but excluding PROPARCO (50% of the Group's employees)
"AFD Paris head office": AFD head office, excluding Cefeb: Rue Roland Barthes and Le Mistral buildings. (48.5% of the Group's employees)

This scope refers only to the tables showing quantitative social and environmental indicators.

Data consolidation and internal control
SR indicators are produced by AFD's various departments according to their areas of expertise and are collected for the management and SR reports. The strategic steering division verifies the information released on indicators and ensures that it is consistent.

External audit
In accordance with the regulatory requirements of Article 225 of the Grenelle II Act and its implementing decree of 24 April 2012, AFD requested one of its auditors to prepare a report for 2013 that would include a certificate of participation on the production of social, environmental and corporate data to be incorporated into the Management Discussion and Analysis and a reasoned opinion on the accuracy of the information disclosed.

Definition of indicators and methodological limitations

INFORMATION	DESCRIPTION	SCOPE
Social Indicators		
Employees by age and by gender	Number of employees on the payroll as of 31 December of year N under indefinite-term (CDI) and fixed-term (CDD) employment agreements. Employees under an apprenticeship or under professional training contracts are not included in this metric. The calculation does not take the prorating of part-time work into account.	Head office and local offices of AFD Group + PROPARCO + French Overseas reserve banks
New hires	Number of employees recruited under indefinite-term and fixed-term employment agreements between 1 January of year N and 31 December of year N. The calculation does not take the prorating of part-time work into account. A succession of fixed-term employment agreements is recognised only once by the new hire indicator. The conversion of fixed-term employment agreements into indefinite-term employment agreements are not recognised as new hires. The conversion of a professional training/apprenticeship contract into a fixed-term or indefinite-term employment agreement is recognised as a new hire.	Head office and local offices of AFD Group + PROPARCO + French Overseas reserve banks
Dismissals	Number of employees leaving the Group between 1 January of year N and 31 December of year N at the Group's initiative (economic grounds, grave misconduct, other).	Head office and local offices of AFD Group + PROPARCO + French Overseas reserve banks
Average salary	The average salary for all head office and local office employees is computed. It is the notional annual gross salary that is taken into account. The headcount used in the denominator is average annual FTE. Service providers are not recognised in the calculation.	Head office and local offices of AFD Group + PROPARCO
Number of days of absence due to illness	Number of calendar days of absence due to illness during year N for employees covered by French law under AFD Group management. Long-term illness is included in the calculation of this metric. Outside staff (MADPEX statute) is not included in the calculation of absenteeism.	Head office and local offices of AFD Group + PROPARCO + French Overseas reserve banks
Absenteeism rate	Number of business days absent due to illness relative to the number of scheduled work days, factoring in paid vacation.	Head office and local offices of AFD Group + PROPARCO + French Overseas reserve banks
Hours of training	Number of deductible hours of training received by employees between 1 January of year N and 31 December of year N. This metric includes: - training for employees under contracts governed by French law; - training/seminars at the head office for local office employees; - training organised in foreign countries. There are also training sessions organised at local offices by management. These are not included in this metric.	Head office and local offices of AFD Group + PROPARCO + French Overseas reserve banks
Percentage of supervisory positions held by women	The positions counted as supervisory positions are: - Directors of local offices; - Executive and departmental directors; - Deputy executive and departmental directors; - Division and departmental managers; - Deputy division managers; - Corporate Secretary.	Head office and local offices of AFD Group + PROPARCO + French Overseas reserve banks

The table continues on page 32

INFORMATION	DESCRIPTION	SCOPE
Environmental indicators		
Energy consumption	Consumption of electricity and use of heating and cooling systems between 1 January and 31 December of Year N Energy consumption figures are taken from internal reports produced annually based on invoices.	AFD Paris head office (the Rue Roland Barthes and Le Mistral buildings), excluding Cefeb and PROPARCO
Total distance travelled	Business travel includes travel by rail and by air. Such travel is managed for the most part by Amex, a service provider, which provides a report generated from its IS system that includes kilometres travelled by head office employees (Le Mistral and Rue Roland Barthes) and PROPARCO personnel as well as the type of transport (air and rail) and the class in which the employee travelled. The Amex report can include data on travel by consultants (excluding employee travel). This type of travel is estimated at less than 5% in the data supplied by Amex. An additional report is generated that provides the details on travel by Cefeb employees and missions assigned to consultants.	AFD Employees and Consultants at Le Mistral + Rue Roland Barthes + PROPARCO + Cefeb
CO_2 emissions	Total CO_2 emissions are calculated using version 7 of Ademe's Bilan Carbone® method, Scopes 1, 2 and 3. CO_2 emission factors linked to air travel include non-Kyoto factors.	Rue Roland Barthes + Le Mistral + Cefeb + PROPARCO
Paper consumption/employee	Reported paper consumption includes: - consumption of reams of paper (blank paper); - consumption of paper supplies (blank envelopes and envelopes with/without logos, incidentals, etc.); - consumption of paper linked to publications (Rue Roland Barthes and Le Mistral offices only). Figures on paper consumption come from purchase order summaries obtained from suppliers, invoices and delivery slips. Unit weights are calculated based on item descriptions (paper weight) or by weighing if necessary (primarily for publications).	Rue Roland Barthes + Le Mistral + Cefeb + PROPARCO

2.1 EMPLOYEE INFORMATION

Scope of indicators for employee information

Group: all employees at the head offices and local offices of AFD, PROPARCO and the French Overseas reserve banks, including local foreign office staff.
France: all employees under French law at the head offices and local offices of AFD, PROPARCO and French Overseas reserve banks, excluding local foreign office staff.

French Overseas reserve banks (Iedom and IEOM) perform the function of a central bank under the authority of the Banque de France in French Overseas Departments and Collectivities (DOM and French Pacific Collectivities), a function that differs from AFD's activity. However, all of their employees belong to the AFD/Overseas reserve bank Economic and Social Union (UES).

2.1.1 Employment

2.1.1.1 *Total headcount and employee breakdown by gender, age and region*

Total headcount managed by the Group at 31 December 2013

EMPLOYEES	End-2013	End-2012
Mainland France(1)	1,006	1,005
Foreign and representation offices in the countries of operation	150	148
Technical assistance	4	5
Temporary assignments	23	21
GROUP HEAD OFFICE STAFF(1)	1,183	1,179
French Overseas Collectivities	109	110
Foreign countries(2)	452	453
GROUP STAFF RECRUITED LOCALLY(2)	561	563
AFD GROUP TOTAL	**1,744**	**1,742**
Overseas reserve bank head office staff(1)	96	102
Overseas reserve bank staff recruited locally	266	260
OVERSEAS RESERVE BANK TOTAL	**362**	**362**
TOTAL STAFF MANAGED BY THE GROUP	**2,106**	**2,104**
AFD GROUP VI/VCAT	94	85
OVERSEAS RESERVE BANK VI/VCAT	9	7
INTERNATIONAL VOLUNTEER (VI/VCAT) TOTAL	**103**	**92**

1. Excluding apprenticeships and professionalisation contracts.
2. Since 2007, these figures have included employees recruited 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.

At present, AFD has 2,106 employees worldwide, representing an increase of two employees relative to 2012.
The 1,279 head office employees recruited in Paris (two fewer than in 2012) break down as follows:

- ✓ 1,183 AFD Group head office employees;
- ✓ 96 head office employees seconded to French Overseas reserve banks.

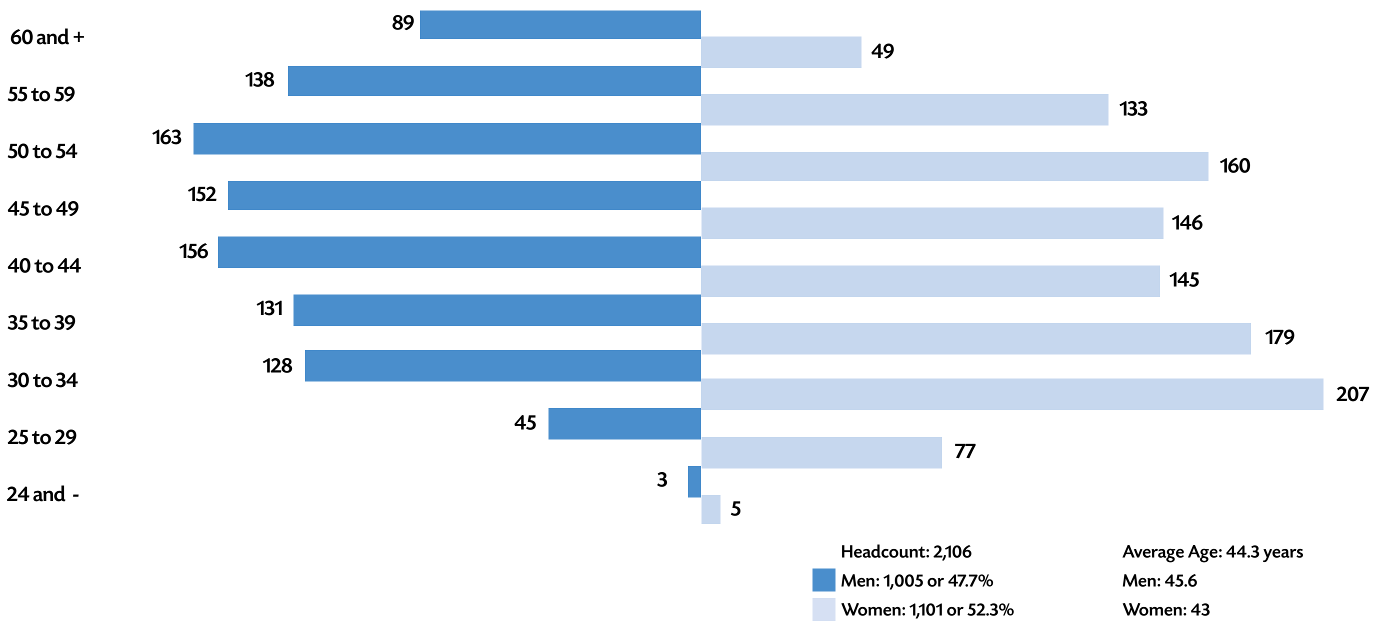
The 827 employees recruited locally (four more than in 2012) include:

- ✓ 561 AFD Group employees recruited locally;
- ✓ 266 French Overseas reserve bank employees recruited locally.

For several years, AFD has strengthened its local skills base, particularly by recruiting highly qualified managers in its local offices..............................Group

Employee breakdown by gender and age

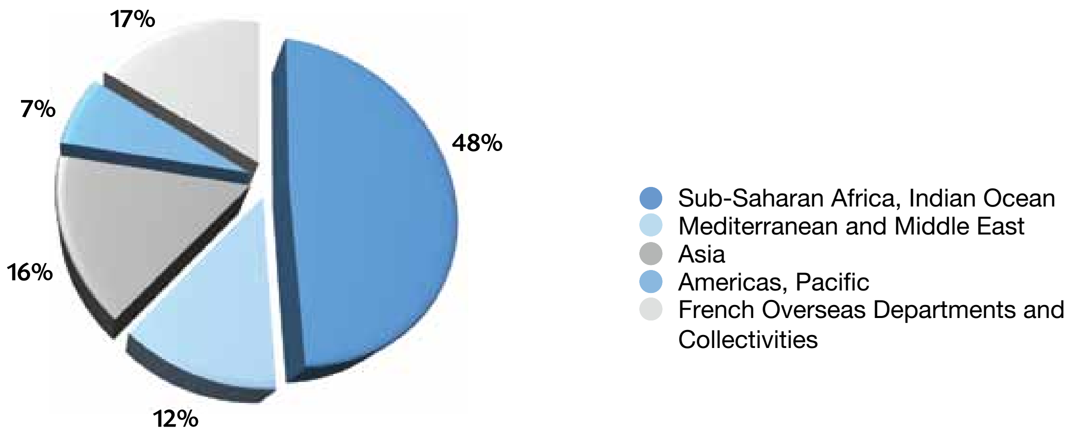
Total staff managed by the Group in 2013, broken down according to gender and age (at 31 December 2013)



At the end of 2013, 52.3% of employees managed by AFD Group are women.
Their average age is 43 versus 45.6 for men .... Group

Employee breakdown by region

Regional breakdown of AFD Group's "Network" employees (outside France) at 31 December 2013



	Head office expatriate staff	Recruited locally	VI/VCAT	Total AFD Group Network Workforce	
Sub-Saharan Africa, Indian Ocean	67	271	49	387	48%
Mediterranean and Middle East	23	63	13	99	12%
Asia	27	84	14	125	16%
Americas, Pacific	13	34	9	56	7%
French Overseas Depts and Collect.	20	109	6	135	17%
TOTAL	**150**	**561**	**91**	**802**	**100%**

Excluding French Overseas reserve banks, technical assistance and temporary assignments.

2.1.1.2 *New hires and dismissals*

CDI recruitment outside the Group

The profiles that are primarily sought remain closely associated with our core activities of technical and financial engineering, knowledge production (economics and the political sciences) and sector-based expertise (healthcare and education), as well as recurring support and management positions in areas such as risk analysis, internal auditing, project management, management control, back office, etc.

In 2013, the total number of new hires on a global scale was 136 new employees (65 head office employees and 71 employed locally) ....Group

CDI employee departures from the Group

In 2013, the total number of permanent departures worldwide totalled 134 (68 head office employees and 66 employed locally) ....Group

Reasons for departure in 2013	Head office employees	Locally recruited employees	Total departures	Turnover rate
Retirement	30	16	46	2.2%
Voluntary redundancy	3		3	0.1%
Resignation	17	13	30	1.4%
End of civil servant secondment	9		9	0.4%
End of definite-term contract		27	27	1.3%
End of trial period	2	3	5	0.2%
Dismissal[1]	7	4	11	0.5%
Death		3	3	0.1%
TOTAL	**68**	**66**	**134**	**6.4%**
Of which French Overseas reserve banks	5	14	19	

1. Dismissals were mainly due to medical unfitness.

The percentage of employees on indefinite-term contracts who left the Group remained low. These turnover rates reflect the employee retention policy.

Dismissals

In 2013, 11 employees were dismissed (seven head office employees and four employees hired locally in foreign countries), primarily for medical unfitness ....Group

2.1.1.3 *Compensation and related changes*

All of AFD Group's entities met their obligations regarding the payment of social security charges on the salaries and benefits granted to their employees (head office employees and employees hired locally in offices worldwide) ....Group

Compensation for employees managed by AFD Group

Indicators (€K)	2013	2012
Average gross annual salary	67.4	65.3
Payroll	117,671	113,515
Social security expenses and taxes	56,180	52,175

AFD ensures that the level of compensation of its employees is competitive and rewarding, both at the head office and in its various offices around the world. Pay practices in force for each market are analysed regularly based on shared principles while also adapting the analysis to different country contexts.

In addition, AFD's profits are redistributed for the benefit of all employees (profit-sharing for employees at head office and in the French Overseas Collectivities, and a performance bonus for locally hired employees in foreign countries).

The overall compensation of AFD employees also includes a social protection component (health fees, insurance, disability and retirement).

AFD's insurance fund is subscribed in the form of a Group insurance plan, all contributions to which are made by the employer. It covers not only employees and their dependants, but also retirees and their dependants.

AFD's total social protection plan (healthcare fees, insurance and retirement) also covers locally hired employees in foreign countries.

As a result, in 2013 all employees hired in France and locally in foreign offices are covered by social protection mechanisms. These supplement existing systems, where applicable ....Group

2.1.2 Scheduling of working hours

2.1.2.1 *Scheduling of working hours*

Scheduling of working hours depends on the regulations applicable in each country where AFD Group operates. As a result, arrangements vary widely with regard to the number of working hours, their flexibility and scheduling.

In AFD branches, staff regulations governing employees hired locally comply with the laws of the country in question, resulting in an average of 37.5 hours worked per week.

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;
- 205 days for employees whose working time is expressed in days.

Pursuant to the French law of 8 February 2008, AFD offered to buy back days held in Time Savings Accounts (CET) from its employees. Then in an agreement reached on 23 December 2008, the possibilities for using and adding to time savings were expanded.

By collective agreement, employees with manager status have been able to work occasionally from home, mainly editorial and preparatory work, since 2004. It is therefore possible to work from home on occasion if employees and their managers agree. In 2013, employees worked 1,265 days from home. For the sake of comparison, in 2012 employees worked 855 days from home, reflecting an increase of 52% over a period of 2 years.

In addition, in order to improve work-life balance, employees may take advantage, at their request, of a part-time work arrangement. 6.6% of employees worked part time in 2013. 94% of them are women. 77% of part-time employees chose the 80% option .... Group

2.1.2.2 *Absenteeism*

In mainland France, 10,132 days were lost to illness in 2013, equivalent to a 3% absenteeism rate. .... France

2.1.3 Employee relations

2.1.3.1 *Structure for employee dialogue, including procedures for informing, consulting and negotiating with employees*

Employee representation is organised as follows:

- a **head office Works Council and four local Works Councils for the French Overseas Departments** (that have more than 50 employees) collectively represent employees for all matters related to the company's management, economic and financial development, working conditions and scheduling, professional training and social protection. They also organise social and cultural activities established within the company;

- a **Central Works Council** holds twice-yearly meetings that bring together representatives from the five Works Councils and deals with financial and economic initiatives that affect all employees governed by French law;

- a **Group Committee** that meets annually, bringing together employee representatives for AFD and its subsidiaries;

- ✓ **Health, Safety and Working Conditions Committees** at head office and French Overseas Department offices work on employee safety and protection and on improving working conditions;

- ✓ **employee representatives (head office and foreign offices)** gather and present the company with all individual and collective employee claims on application of laws, bylaws and equity policies.

AFD does not have a collective agreement. Labour contracts for AFD employees under French law are governed by staff regulations unique to each institution. Employees hired in foreign offices and in French Overseas Departments have an employment contract governed by staff regulations and any relevant collective agreement in the territory in question (collective agreements for banks and financial institutions).

Major changes planned within AFD are subject to negotiations with unions and procedures for informing or consulting with employee representative bodies.

No modification to the structure with significant consequences on employment, training or working conditions, or on the Group's general operations, may be implemented before at least one month has been spent informing and/or consulting with Employee Representative Bodies (IRP).

Works Council and staff representative (CE/DP) elections were held on 20 March 2012. The next elections will be held in 2014.

2.1.3.2 *Collective agreement evaluation*

Agreements signed during 2013:

- ✓ agreement within the scope of France's mandatory annual pay negotiations for 2013, signed on 28 March 2013;

- ✓ agreement on compensatory days off/fixed number of days off/deposit of days in Time Savings Accounts, signed on 26 June 2013;

- ✓ amendment to the AFD Employee Mortgage Programme, signed on 26 June 2013 .... France

2.1.4 Health and safety

2.1.4.1 *Health and safety conditions in the workplace*

AFD Group places great importance on matters related to health, safety and psycho-social risk in all of its offices. At head office, the CHSCT, the committee responsible for these issues, meets at least four times per year. Both at head office and in its local offices, annual medical and social check-ups are scheduled for employees. As a result, for example, vaccines for employees hired locally by foreign offices are fully paid for by AFD. A charter on chronic illnesses signed in 2008 guarantees 100% coverage of treatments for employees affected, whatever the country's social security programme. It also provides such employees with guaranteed protection from discrimination within the workplace.

For all entities, security standards and procedures to monitor issues relating to employees' safety (terrorism, earthquake risks, bird flu, etc.) are currently in force. In case of an external event that may put employees' safety at risk, a mechanism will ensure a crisis unit is mobilised, and a repatriation procedure for expatriate employees and specific, case-by-case treatment for local employees will be implemented if necessary.

A unit to promote well-being at work and prevent psycho-social risks, consisting of members of the CHSCT (Committee for Health, Safety and Working Conditions), the medical social work department and the HR department meets regularly to identify and remedy difficult individual situations. The latter may be subject to an alert by employee representatives as part of monthly employee representative-HR department meetings. Difficult individual situations are also dealt with by managers.

Furthermore, the company doctor prepares an annual report included in the CHSCT report that relates difficult situations that have arisen over the year and defines the comprehensive frameworks (against alcoholism and nicotine addiction, influenza vaccination programmes, etc.)........................Group

2.1.4.2 *Assessment of agreements signed with unions or employee representatives regarding health and safety in the workplace*

No agreement was signed in 2013.

2.1.4.3 *Work accidents, particularly their frequency and seriousness, as well as occupational illnesses*

There were seven work- or travel-related accidents requiring time off in 2013........................France

That translates into a frequency rate of accidents at work of 4.18 and a severity rate of 0.28.

AFD Group could find no occupational illness contracted within the organisation.

2.1.5 Training

2.1.5.1 *Training policies implemented*

The integration of new hires is at the heart of the training policy, which now offers a comprehensive programme of initiatives and seminars. These make it possible to go beyond learning about the work environment and to fully understand AFD's strategies, responsibilities, challenges and procedures now and in the future.

AFD's training policy devotes considerable resources to teaching or improving language skills, and to the development of professional and managerial skills. A number of technical internships have been introduced in banking, finance and economics, and in supporting project leaders in handling the technical scope of operations.

The "Development Profession" programme, intended to provide employees with shared expertise in development aid and AFD's role within the French system, has had its format changed to make it even more relevant to the projects financed. A practical unit was offered as part of the seminar that provided a real, hands-on approach to development practices. In 2013, two groups of employees were given an operational demonstration of the various forms of aid while visiting projects in Ghana and Cambodia........................Group

2.1.5.2 *The total number of training hours*

2013 was an active year in terms of training: 22,924 hours of training were logged, representing an investment of 3.78% of total payroll compared with the 1.6% required under French law[8].

Support staff hired locally were included in the overall training effort led by the Human Resources Department (40,453 hours in 2013). In fact, in 2013, 212 local employees received training organised by the Human Resources department (at the head offices or regionally), which represents a total of 6,778 hours of training.

2.1.6 Equal treatment

2.1.6.1 *Measures taken to promote equality between men and women*

In 2007, an initial agreement was signed to promote professional gender equality between women and men. In June 2011, a new agreement was signed to confirm and update this commitment.

This applies to employees under French-law labour agreements, i.e. head office employees managed by the Group. It includes a number of specific targets aimed at fostering women's professional development throughout their career.

8. Figures from Declaration 2483 FR.

Ambitious goals were set for 31 December 2013 to establish balanced representation by men and women at all levels of the business:

- ✓percentage of executives who are female: 50% (achieved by end-2013: 46.3%);
- ✓percentage of supervisory positions held by women (excluding section heads): 33% (achieved by end-2013: 27.3%);
- ✓percentage of women in the network: 28% (achieved by end-2013: 26.2%);
- ✓rate of promotion for women and men that corresponds to their representation at each level of employment.

In 2013, the HR department continued initiatives aimed at ending any differences in compensation for similar positions. Furthermore, it aimed to define a policy to make it easier for the spouses of employees assigned to local offices to work, which is currently the major stumbling block for transferring employees abroad.
A new agreement covering the period running from 2014 to 2016 is in the process of being negotiated with the unions.

2.1.6.2 *Measures taken to promote the employment and integration of disabled people*

Recruiting and retaining disabled employees within the company is a major concern for AFD Group's management and unions. In France, a proactive, structured policy for employing and hiring disabled people has been implemented (with the understanding that the definition of disabled employees varies in different countries) and within AFD Group it has resulted in:

- ✓AFD's head office had 21 disabled employees at 31 December 2013;
- ✓percentage of total employment at AFD Group's French offices in 2013: 1.8%.

In addition, management and the unions signed a disability agreement in December 2012. Having won approval from the Regional Directorate for Businesses, Competition Policy, Consumer Affairs, Labour and Employment (Direccte) in February 2013, this agreement covers the following four areas for the 2013-2015 period:

- ✓hiring and integration of disabled new hires and collaboration with the "protected and adapted enterprise sectors" (Esat/EA, companies that hire disabled people who are otherwise unable to work in an ordinary work environment or companies whose workforce is at least 80% composed of disabled people);
- ✓retention of disabled employees;
- ✓training;
- ✓awareness-raising and communications.

Specific targets include a direct employment rate of 2.4% by the time the agreement expires.........France

2.1.6.3 *Anti-discrimination policy*

AFD is constantly working to provide all people of comparable skills and profiles with equal opportunity for employment.

A proactive policy for hiring and retaining disabled employees was implemented via an agreement signed with the unions in December 2012.

The efforts made in recent years to strengthen the AFD network in foreign countries has resulted in increased hiring of local employees.

The Group promotes the recruitment of working-age youth by hiring young people through work-study contracts (programmes alternating school training with apprenticeship in a business). In 2013, AFD's workforce included 13 young people working under professional training contracts as well as eight employees under apprenticeship contracts.

AFD statistically analyses educational diversity and provides unions with indicators for each type of education (*grandes écoles,* universities, etc.).

No legal proceedings have been initiated against AFD for discrimination.

2.1.7 Promoting and following the provisions of the core International Labour Organisation conventions concerning:

2.1.7.1 *Freedom of Association and Protection of the Right to Organise*

In addition to complying with French law on both of these issues, the maintenance and quality of employee dialogue are considered one of the major strategic areas for the internal social responsibility policy. The four underlying principles are:

- ✓**Constructive dialogue:** management and employee representatives work together to support AFD's development. Their joint efforts are characterised by their pursuit of the collective good;
- ✓**Respect for each party's rights:** management and representatives have complementary roles that should not be confused;
- ✓**Professional negotiations:** AFD is careful to provide employee representatives with the resources to fully carry out their mandates (transparency of information supplied, outside training or support in case of difficult negotiations, etc.);
- ✓**Preparation:** through its employee dialogue, AFD tries to respond to medium-term employee concerns, particularly regarding social change.

Paragraph 2.3.1.1 covers the structure of employee dialogue at AFD.

2.1.7.2 *Discrimination (Employment and Occupation) Convention*

Paragraph 2.1.6 covers the measures taken by AFD to provide equal treatment in accordance with the laws applicable to AFD.

2.1.7.3 *Abolition of Forced Labour Convention*

As a signatory to the UN Global Compact, AFD is committed to supporting and enforcing basic principles in the areas of human rights, labour and environmental standards and the fight against corruption.

2.1.7.4 *Minimum Age Convention*

As a signatory to the UN Global Compact, AFD is committed to supporting and enforcing basic principles in the areas of human rights, labour and environmental standards and the fight against corruption.

2.2 ENVIRONMENT

Sustainable development, including environmental issues, is a strategic and organisation-wide priority within AFD Group. It falls within the remit of the Internal Environmental Responsibility (REI) officer. The incentive-based approach to this subject is disseminated throughout the Group via a network of liaisons and contributors. This network makes it possible to implement and promote initiatives and best practices on internal commitments that are part of AFD's environmental policy.

2.2.1 General environmental policy

2.2.1.1 *Organising the Group to take into account environmental concerns and, if applicable, the procedures for environmental assessment or certification*

In 2013, AFD initiated the process of improving its environmental performance. The 2013-2016 Group CSR policy includes strategic guidelines and an action plan for "internal environmental responsibility".

This approach focuses on four areas:
(i) ASSESSMENT: annually calculate the Bilans Carbone® (carbon footprint) for AFD Group's internal operations, supplemented by occasional environmental testing and regular monitoring of various impact indicators: energy and paper consumption, and waste production;
(ii) TAKING OPERATIONAL ACTION: strengthen AFD's priority action plan to reduce its environmental footprint, especially in the following areas: responsible purchasing, energy efficiency and renewable energy, travel and waste management;
(iii) OFFSETTING: voluntarily offset greenhouse gas emissions generated by AFD's activity by financing environmental projects in developing countries (purchase carbon credits);
(iv) RAISING AWARENESS: communicate with AFD employees to raise their awareness of sustainable development as both professionals and citizens.

Internal environmental management is the responsibility of the REI officer, who is part of the Corporate Secretariat's Logistics and Property Management unit. The REI officer works in collaboration with the CSR unit and the various Group entities that are involved in environmental management.

2.2.1.2 *Environmental protection training and education initiatives for employees*

AFD Group conducts internal communications campaigns throughout the year in order to raise the awareness of all employees, as both professionals and citizens, regarding sustainable development issues. The Group's initiatives take many forms and include internal environmental responsibility projects implemented as well as environmentally responsible behaviour to be developed: reports, internal news articles, exhibitions, conferences, initiatives during major international events (Sustainable Development Week, European Week for Waste Reduction, etc.).

Training and awareness-raising workshops dedicated to corporate social responsibility issues, climate change and environmental responsibility, which are conducted both internally and externally, are organised by the REI officer, the operating departments, the CSR unit and HR.

Furthermore, the inclusion of an REI area on AFD's Intranet is intended to reinforce collective momentum to reduce the environmental footprint of our projects as a day-to-day priority. Accordingly, the REI officer strives to raise the profile of AFD's stance on the sustainable development issues set out in the commitments of the Group's SR policy. This is reflected in the building of ecologically designed housing in Fort-de-France and the installation of solar panels in the Rue Roland Barthes offices. This space publishes key indicators such as our carbon footprint, carbon offsetting, waste management and energy efficiency and acts as a forum for exchanging ideas and solutions regarding the proposed subjects.

2.2.1.3 *Resources dedicated to environmental risk and pollution prevention*

AFD is not exposed to environmental or pollution risk due to its banking activity.

2.2.1.4 *Provisions and guarantees for environmental risks, except where this information may be seriously detrimental to the company in an ongoing legal dispute*

For the reasons stated in the paragraph above, AFD has no provisions or guarantees for environmental risks.

2.2.2 Pollution and waste management

2.2.2.1 *Measures for preventing, reducing or reclaiming pollution in the air, water or soil that seriously affect the environment*

In Paragraph 2.2.4.1, AFD describes its measures for reducing air emissions in greater detail.
AFD's activity does not directly expose it to the need to take measures to prevent, reduce or reclaim pollution in water or soil.

2.2.2.2 *Measures for preventing, reducing or recycling waste*

As part of the "Model State" initiative covering public institutions and in accordance with the Environment Round Table, AFD Group is carrying out a series of REI projects to improve its internal environmental management.

As part of European Week for Waste Reduction, communications campaigns approved by the French Environment and Energy Management Agency (Ademe) were launched with the aim of raising awareness and forging consensus on the prevention of waste production.

At the same time, in 2012 AFD began a project to optimise waste management at its head office. The first stage of the Optigede project involved:

- ✓ carrying out a technical, economic, organisational and regulatory evaluation of waste, and;
- ✓ mapping and measuring the various waste flows generated.

In 2013, this work made it possible to identify areas for optimising waste management and implementing action plans:

- ✓ including environmental criteria in the selection of paper (FSC standards and PEFC certification to promote sustainable forest management, European Ecolabel, percent recycled);
- ✓ paper recycling: PROPARCO, with help from Shred-It, a company with expertise in recycling public and confidential corporate documents, recycles 6 tonnes of paper per year;
- ✓ composting, recycling green waste from food and gardening following the example of the Brazzaville office;
- ✓ recycling and recovering old and discarded furniture.

Finally, AFD is carrying out its hazardous waste management strategy:

- ✓ collecting and treating batteries/small storage cells and light sources by Altys and AFT;
- ✓ recycling cartridges and toner by Conibi;
- ✓ donating almost 75% of replaced computers to schools and associations.

Waste produced by the AFD head office + PROPARCO (total/employee excluding service providers)

Waste	Indicator	2013	2012	2013/2012 change (as a %)
Total volume	tonnes/year	204	218	-6,42%
Of which household and related waste	tonnes/year	138	153	-9,80%
Waste production/employee	kg of waste/employee	202	217	-6,90%

Note: food waste was not reported separately and is included in "Household and related waste".

2.2.2.3 *Consideration of noise or any other type of pollution specific to a certain activity*

AFD's activity does not directly expose it to the need to take preventive measures against noise pollution.

2.2.3 Sustainable Use of Resources

2.2.3.1 *Water consumption and water supply depending on local constraints*

In 2013, AFD's head office in Paris continued its lavatory renovation programme by installing aerated sensor taps that limit water consumption.

Water consumption by the AFD head office (total/employee excluding service providers) excluding Cefeb

Water	Indicator	2013	2012	Change (as a %)
Water consumption/employee	m^3/employee/year	12.89	13.24	-3%
Total water consumption	m^3/year	10,994	11,377	-3%

2.2.3.2 Commodities consumption and measures taken to improve efficiency

The main resource used by AFD is paper. Paper consumption at AFD's head office includes direct use by employees (blank paper, envelopes and other paper supplies) as well as AFD Group's external communication documents (printing paper). The portion of FSC and PEFC paper[9] (blank paper, paper for printing publications) consumed by employees accounts for 76% of total consumption.

Scope: France head office (AFD and PROPARCO)

Paper	Indicator	2013	2012	2013/2012 Change (as a %)
Total consumption[1]	tonnes/year	71	79	-10%
Paper consumption/employee[2]	kg/employee/year	54	59	-8%

1. Consumption of blank paper, paper supplies and printing paper (publications).
2. Consumption of blank paper and paper supplies (excluding printing paper).

2.2.3.3 Energy consumption and measures taken to improve energy efficiency and renewable energy uses

Scope: AFD Paris head office[3]
Base: Consumption excluding Cefeb and PROPARCO
Employee: 853 excluding PROPARCO and Cefeb
AFD NFA excluding PROPARCO: 33,655 m^2
AFD useable area excluding PROPARCO: 28,475 m^2

Energy	Indicator	2013	2012	2013/2012 Change (as a %)
Total energy consumption/m^2	kWh/m^2/year (NFA)[4]	178	168	5.76%
	kWh/m^2/year (Useable area)	210	198	6.06%
Total energy consumption	MWh/year	5,996	4,446	34.86%
Total electricity consumption	MWh/year	4,120	3,184	29.40%
Total steam consumption	MWh/year	1,579	1,262	25.14%
Total cooling energy consumption	MWh/year	297		NS
Total solar production	MWh/year	16,620		NS

3. Since mid-December 2012, the scope of the France head office of AFD has included a new building (Le Mistral) where approximately 200 employees (excluding service providers) work.
4. Net floor area (excluding equipment rooms).

Under an EDF "équilibre +" contract, 100% of the electricity purchased by AFD's head office in Paris is produced using renewable energy sources (wind power, solar power, aerothermal energy, etc.). AFD is committed to promoting renewable energy and contributes to the financing of research on solar panels.
AFD is working toward reducing its consumption of energy. As an example, energy consumption fell 24.58% between 2007 and 2013. This is mainly attributable to the introduction in 2010 of a building management system (BMS) and the replacement of energy-intensive equipment.
In order to improve its energy efficiency, AFD regularly renovates its property in France and abroad (hygrothermal measures: thermal insulation, ventilation system, etc.).

The Group has established a new policy for managing its assets that allows it to acquire several properties (offices and employee housing) and makes it easier to manage energy consumption in these buildings and their facilities with equipment that uses renewable energy. As such, a study has been carried out on energy efficiency and potential investment in renewable energies (solar, wind, etc.) in the network of local offices. Work has made it possible to install an optimised tool for monitoring energy consumption that enables us to define the precise energy profile of various buildings and determine the priorities for managing energy (equipment, behaviour). Similarly, the results of this study will guide equipment selection for local offices in terms of renewable energy production systems.

Furthermore, the Group has launched projects to apply a high environmental quality (HQE) and low-consumption approach to some premises of its local offices. Future housing for AFD management in Fort-de-France, Martinique, has received NF-Environment-HQE certificates. This is one of the first HQE commercial property developments in this French Overseas Department.
Along with this research and these projects, the Group carries out internal awareness campaigns for its staff, as mentioned above.

In 2013, AFD's head office in Paris conducted the following initiatives to reduce its energy consumption:

- ✓ lavatory renovation programme: automatic motion sensor lighting and very low energy hand dryers;
- ✓ completion of the building management project to optimise facilities' consumption and better manage heat and cold production.

AFD purchased photovoltaic arrays that generate electricity for its head offices in Paris: they produced 16,620 kWh in 2013.
The Le Mistral building received HQE certification, with five targets achieving "Very Efficient" performance and five others "Efficient"

9. FSC: Forest Stewardship Council – PEFC: Pan European Forest Certification – Paper from sustainably managed forests.

performance. This means that the building was designed to minimise its impact on the environment and provides a high degree of comfort to the occupants.

2.2.3.4 Soil use

AFD's activity does not directly expose it to soil use concerns.

2.2.4 Climate change

2.2.4.1 Greenhouse gas emissions

Since 2006, AFD has assessed the Bilan Carbone® (carbon footprint) for its head office. Starting in 2009[10], all of its agencies and local offices have been included.

Created by Ademe, the Bilan Carbone® is a method for inventorying emissions of greenhouse gases (GHG) due to human activities or to a specific facility. This inventory must, insofar as possible, take into account all the flows necessary for the activity's operations (travel, purchasing, energy consumption, waste, etc.).

This tool makes it possible to:

- ✓record, by order of magnitude, the GHG emissions produced by an activity and to identify the positions that contribute most to GHG emissions;
- ✓identify potential action areas and draw up recommendations to reduce these emissions.

The results are expressed in tonnes of CO_2 equivalent (tCO_2eq), a unit of measurement for GHG emissions. It allows the impact of all gases on climate change to be measured by reference to that of carbon dioxide (CO_2).

To represent AFD's operations and activities, the operational oversight approach is used. The entities included are all those entities over which AFD has the power to modify operating policies.
The footprint involves the Ademe method's scopes 1, 2 and 3, and therefore includes all emissions, whether direct (AFD employee carbon emissions) or indirect (carbon emissions from AFD service providers) that relate to the activities of the head office.

2.2.4.2 Head Office Bilan Carbone®

AFD Group's Bilan Carbone® effort is guided and carried internally by the REI officer certified by Ademe with help from a network of Bilan Carbone® reporting agents in the different head office departments. The 2013 Bilan Carbone® covers the period from 1 January to 31 December 2013.

Greenhouse gas emissions for the Group's locations in mainland France (AFD head office, the PROPARCO subsidiary and Cefeb, the Group training centre in Marseille) account for 22,603 tCO_2eq, or 22.33 tCO_2eq per employee.

The change in greenhouse gas emissions between 2012 (19,458 tCO_2eq) and 2013 (22,603 tCO_2eq) is greater than 16% now that the Mistral building has entered into use.

The Bilan Carbone® is not an exact measurement but an estimate of greenhouse gas emissions. The CO_2 equivalent identified is approximate. The degree of uncertainty varies depending on whether the data (on waste and freight, for example) is hypothetical or not.
The margin of error for the Bilan Carbone® is approximately 13%.

Note: AFD Group's Bilan Carbone® for 2013 will be available in July 2014, as the consolidation of the Group's N-1 data will not be available until the end of the first half of the year.

Employee and consultant travel (air and rail) from head office

Carbon and business travel	Indicator	2013	2012	2013/2012 Change (as a %)
Total emissions	tCO_2eq/year	13,419	12,258	9,47%
Total distance travelled	Thousands of km	38,775	45,236	-14,28%

The Bilan Carbone® for 2013 is more accurate than 2012's: it is entirely based on business data while the previous Bilan was determined by extrapolating from data for one quarter.

The factors that produced the most emissions are travel, inputs and fixed assets. Travel, the biggest factor, accounts for more than 55% of the head office's total emissions.

These results are explained by AFD's core business: field assignments are crucial for monitoring projects. In addition, AFD's operating scope and volume of activity has significantly increased in the last few years.

10. The Bilan Carbone® is established every year according to the method approved by the French Environment and Energy Management Agency (Ademe).

2.2.4.3 *Group Bilan Carbone®*

As of the writing of this report, the results of the Group's 2013 Bilan Carbone® were not yet consolidated. The data below refers to 2012.

The Group's Bilan Carbone® is guided and produced internally by the REI officer certified by Ademe, with data on "Bilan Carbone" benchmarks identified in each of the different head office departments and local offices in AFD's international network (68 sites in Africa, Latin America, Asia and the French Overseas Departments and Collectivities).

The overall 2012 Bilan Carbone® for AFD Group includes:

- ✓ total AFD Group emissions, which stood at 27,158 tCO_2eq (tonnes of CO_2 equivalent);
- ✓ greenhouse gas emissions for the Group's offices in mainland France (AFD head office, the PROPARCO subsidiary and Cefeb, the Group training centre in Marseille), which account for 19,458 tCO_2eq, or 17 tCO_2eq per employee.

The results for greenhouse gas emissions for our office network abroad are as follows: 7,700 tonnes of CO_2 equivalent (tCO_2eq) emitted in total, that is, on average, 130 tCO_2eq per office or 11 tCO_2eq per network employee.

The factors that produce the most emissions are travel/freight, inputs for our offices in Mainland France and travel/freight and energy for our office network abroad. Travel, the biggest factor, accounts for more than 73% of the Group's total emissions and 45% of the total emissions of the network worldwide. In total, the annual change in greenhouse gas emissions for AFD Group's entire scope between 2011 (31,565 tCO_2eq) and 2012 (27,158 tCO_2eq) is 14%.

2.2.4.4 *Adapting to the consequences of climate change*

Since 2007, AFD has offset greenhouse gas emissions for its head office. In 2011, a new carbon credit purchase agreement was signed with EcoAct, a company specialising in carbon finance. This contract made it possible to offset greenhouse gas emissions for 2010-2012, or 72,000 tCO_2eq. The "Carbon neutrality" effort has been renewed and will be the subject of a call for tender in 2014.

2.2.4.5 *Protecting biodiversity*

The Group's activity does not have a significant impact on biological balance, the natural environment or protected animal and plant species.

Nevertheless, AFD Group ensures that company catering takes great care to offer products that respect ecological balance: no protected fish species are consumed, range of organic and fair-trade products, etc.

2.3 INFORMATION ON COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

2.3.1 Territorial, economic and social impact of the company's activity

2.3.1.1 *Employment and regional development*

The mandate conferred on AFD by the French national authorities is to contribute to the economic and social development of the regions where it operates by financing and supporting development projects and programmes and by participating in debates, research and dialogue with the stakeholders involved.

Accordingly, the activities of AFD Group are designed to support the sustainable development of each region based on the type of needs by acting on:

- ✓ food security;
- ✓ social issues: education, healthcare and social protection;
- ✓ community needs for services and infrastructure: water and sanitation, energy, transportation and urban development;
- ✓ the banking and financial sector.

All these activities are being developed with respect for the environment and natural resources.

AFD Group strives to adopt best practices in all its activities. It maintains a prescriptive sectoral exclusion list that indicates the types of projects it categorically refuses to finance on ethical, regulatory, environmental and social grounds[11].

2.3.1.2 *On local communities*

As any development activity could harm the environment and/or local communities, AFD ensures its partners commit to reducing these risks and impacts. In line with this reasoning, funding approval is subject to clients implementing preventative or remedial measures addressing these risks. Such initiatives are defined based on a principled environmental and social evaluation conducted during project appraisal, referred to as *due diligence*.

11. The exclusion list may be downloaded at the following address: **www.afd.fr/webdav/site/afd/shared/RSE/AFD%20-%20RSO%20-%20Liste%20d%27exclusion.pdf**

2.3.2 Relations with individuals or organisations interested in the company's activity, particularly back-to-work associations, teaching establishments, environmental protection groups, consumer associations and local communities

2.3.2.1 *Conditions for dialogue with these stakeholders*

A special approach for dialogue has been introduced for sectoral, regional and cross-disciplinary strategic intervention frameworks (Sectoral Intervention Framework - CIS, Regional Intervention Framework - CIR and Cross-disciplinary Intervention Framework - CIT). After approval by AFD's Executive Committee, draft strategy documents are discussed with stakeholders (members of Parliament, NGOs, businesses, foundations, researchers, union representatives and local authorities) before being presented to the AFD Board of Directors. Over the course of 2013, eight strategic intervention frameworks were presented: a "Food Security" CIS, a "Capacity Building Support" CIT, a "Conflict Prevention" CIT, an "Asia" CIR, a "Biodiversity" CIT, a "Caribbean" CIR, an "Organisation of Civil Society" CIT and an "Education" CIS. Minutes were written up on each of these presentations and a published document, approved by the Board of Directors, is available on AFD's website.

In 2013, dialogue with organisations representing French civil society was strengthened. A special approach was introduced covering eight of the Agency's strategic intervention frameworks. For example the CIT promoting civil society organisations was adopted by the AFD Board of Directors in November 2013. It identifies the major areas for reflection and debate, which specifically deal with issues ranging from accountability and transparency to removing red tape as well as ways to support operations in the general interest.

AFD was very active in organising conferences in 2013 with, as part of European Development Days (EDD), a number of seminars presenting the "Objectif Développement" exhibit to the European Parliament in Brussels, which highlighted AFD's fieldwork and raised awareness on development issues.

As part of dialogue with parliamentarians, a seminar organised with the French Senate's Inter-Parliamentary France-China Friendship Group and a meeting in the National Assembly on the topic of promoting French urban expertise abroad were opportunities to strengthen our vision.

2.3.2.2 *Partnership or sponsorship initiatives*

As part of financing NGO initiatives, AFD subsidised Project SMA: Peuples solidaires – Strengthening the structure of French NGOs within Coordination Sud's Agriculture and Food Committee. This subsidy to the Agriculture and Food Committee of Coordination Sud (C2A) is aimed at fostering a space for dialogue and cooperation between French NGOs working in the field of food security. In particular, the work will involve promoting agroecology and family farms. The results of this committee's work will be shared with the French Inter-ministerial Food Security Group (Gisa), international platforms such as Concord, FIP and Committee on World Food Security (CFS) and during events such as those organised by the G-8 and the G-20.

Important academic, institutional and operating partnerships, such as University Meets Microfinance (UMM), launched in 2009 by PlaNet Finance and Freie Universität Berlin, were signed in 2013. This European initiative, which fosters cooperation between European university professors and students and microfinance practitioners, aims to increase knowledge and understanding of microfinance while contributing to mutual learning with the goal of improving practices in the sector. Since the launch of this initiative, 3,600 students, professors and sector practitioners have benefited from UMM's project activities.

As part of this partnership, AFD will primarily provide funding for scholarships or internships in the countries of the South, case studies on microfinance projects, seminars and the publication of research.

Finally, in 2013, an agreement was signed to provide a framework for a 6-year partnership with the Artois-Picardie, Adour-Garonne, Loire-Bretagne, Rhin-Meuse, Rhône-Méditerranée-Corse and Seine-Normandie water supply agencies. These agencies are committed to jointly leading initiatives in the water and sanitation sector in their common regions of intervention.
The partnership mainly concerns establishing (i) development projects in cooperation with local French authorities; (ii) supporting Integrated Water Resources Management (IWRM); and (iii) communications campaigns and publications.
Some joint projects are already underway, including sanitation in the Palestinian territories, IWRM in Colombia and support for the Senegal River Basin Authority (SRBA).

In addition, a framework agreement for partnership with Brittany's Regional Council was signed. This partnership mainly relates to areas of expertise that have been put to work in the region of Brittany: local economic development, protecting the environment, promoting corporate social responsibility strategies, providing support in order to strengthen the capacities of partner local authorities and providing regional and local authorities with access to funding. They are making a three-year commitment to implement actions of shared interest in common countries and areas of operation.

2.3.3 Subcontractors and suppliers

2.3.3.1 *Consideration of social and environmental issues in our purchasing policy*

Note: the scope of indicators used throughout this section is AFD head office. Purchasing and subcontracting in local offices and PROPARCO are not taken into account.
AFD's purchasing unit has established a responsible purchasing procedure as well as a code of conduct for purchasing agents. Both of these documents are available on AFD's website.

Head office's paper supply is guaranteed recyclable, green- and FSC-certified, from sustainably managed forests, and all of the blank paper used for printing or photocopies is chlorine-free. This guarantee of sustainable, sensibly managed forest operations is a core feature of AFD's sustainable purchasing policy. Furthermore, AFD requires all of its electrical and electronic equipment to be Energy Star certified.

In addition, one of the Purchasing unit's challenges is to limit the amount of packaging used in purchased supplies. In accordance with the specifications, service providers must limit the amount of paper, plastic and boxes, and deliver only bulk products to AFD.

AFD is committed to making the most effective use of its operating budget as part of responsibly managing public funds.

2.3.3.2 *The importance of subcontracting and consideration of suppliers' and subcontractors' corporate social responsibility in their relationships with AFD*

The contracts used include standard integrity clauses and an Appendix devoted to CSR. This gives the service provider the opportunity to show how it will take CSR requirements into account when providing goods and services. Responsibility for monitoring the way the contract and its clauses are implemented then becomes the responsibility of the department ordering the goods or services.

2.3.4 Fair practices

2.3.4.1 *Initiatives for preventing corruption, fraud, money laundering and terrorist financing*

To combat corruption, money laundering, terrorist financing and fraud that could taint projects, AFD has developed a general policy on the subject. This is a reference document that describes the checks to be made by Group employees at the various stages of a project's life cycle.

Checks made during a project's life cycle
Prior to beginning a project, the counterparty is researched in depth, along with, if appropriate, its shareholders as well as politically exposed persons. After a project is completed, procedures for reimbursing and winding up equity investments are monitored carefully because they may reveal fraudulent practices.
In addition, during project appraisal and throughout the project's life cycle, the Group provides its employees with a screening tool[12] based on criteria for financial and trade sanctions adopted by France, the European Union, the United States, the United Kingdom and the United Nations. Such screening is also included in the processing chain for payments issued by AFD's financial department. The purpose is to ensure that no counterparty or individual involved in such checks, or the supplier or winner of a call for tender funded by AFD, is under financial sanction or operates in sectors under embargo by France, the European Union, the United Nations, the United States or the United Kingdom.

Checks carried out as part of the public procurement process
Foreign public procurement for contracts financed by AFD Group undergo specific checks ensuring that the various stages of the procurement process unfold under the required conditions of integrity, transparency, fairness and efficiency. These checks are published through the issuance of a Notice of No Objection (ANO) and are carried out ex ante at specific stages of the public procurement process. In addition to these checks, AFD Group has strengthened the exclusion[13] criteria imposed on the Project Owner in connection with processing and awarding contracts that AFD is likely to finance.

Counterparty commitments
AFD Group's financing agreements include a certain number of clauses that impose commitments on counterparties in terms of combating corruption, cartels, money laundering and terrorist financing. These clauses make it possible for AFD Group to suspend payments, cancel a portion of financing granted to a contract where improper or non-compliant practices have been detected and demand early repayment of all or part of a loan or subsidy.

Training of Group employees
In accordance with applicable French regulations, the Group ensures that all of its employees, including those of its office network, receive regular training and notifications on the risks and procedures to implement regarding the fight against money laundering, terrorist financing and corruption. In 2013, training offered in e-learning formats underwent a needed enhancement arising out of procedural changes in early 2013. Two new training modules were made available to AFD Group employees in November 2013. Between 1 November and 31 December 2013, 1,144 Group employees were trained via the updated e-learning platform. 185 Group employees also received classroom training.

2.3.4.2 *Measures taken to promote the health and safety of consumers*

AFD has a wide range of financial instruments tailored to the needs of the recipients of its aid. Its financing terms are determined based on the type of project (its social, environmental and economic impacts), the borrower's creditworthiness (its sector of economic activity, its credit rating and its guarantees) and the climate in which the project will unfold (political, economic, social and environmental context). AFD closely monitors the sustainability of its borrowers' debt.

AFD takes pains to ensure that when it appraises projects, it analyses not only the financial, technical and economic aspects and the credit risk to which these projects are exposed, but also the social and environmental impacts of the projects and the commitment and ability of the stakeholders who will be in charge of bringing them to successful completion to factor in these issues in a serious and effective manner. Ensuring that projects cause no harm from an occupational and consumer health standpoint, whether with respect to inputs or products sold, also falls within the scope of these analyses.

12. Available on the Group intranet.
13. See the Guidelines for Procurement of AFD-Financed Contracts in Foreign Countries – January 2013.

2.3.5 Initiatives to promote human rights

The question of enforcing international standards in the area of human rights is constantly asked and integrated into the implementation of the projects financed. Consistent with the exclusion list, AFD Group avoids financing the "production or sale of any illegal product or unlawful activity under the laws of the host country or France or under international regulations, agreements and/or conventions" as well as "products or activities that use forced labour14 or child labour[15]".

As to mandatory due diligence within the scope of operations, it considers all risks regarding basic human rights that are addressed by internationally-recognised standards, legislation and conventions: human trafficking, sexual tourism, population displacement, forced labour, child labour, working conditions, fairness to disadvantaged and excluded groups (in particular women) and lack of respect for cultural diversity. These risks are formally set out in financing agreements signed with partners and recipients, which are required to mention adherence to the fundamental principles of the ILO.

Although it is not its primary responsibility, AFD works to promote human rights through its mandate to provide co-financing to civil society organisations, some of which are very active in this area (Lawyers Without Borders, Agir ensemble pour les droits de l'homme, Reporters Without Borders, etc.).

2.4 REPORT BY ONE OF THE STATUTORY AUDITORS, AS A DESIGNATED INDEPENDENT THIRD PARTY, ON THE INCLUSION OF LABOUR, ENVIRONMENTAL AND SOCIAL DATA IN THE MANAGEMENT REPORT

Year ended 31 December 2013

To the shareholders,

In our capacity as statutory auditors for Agence Française de Développement, designated as an independent third party and whose application for accreditation has been accepted by Cofrac (Comité français d'accréditation), we submit to you our report on the inclusion of consolidated labour, environmental and social data ("CSR Information") in the management report for the year ended 31 December 2013 in compliance with Article L.225-102-1 of the French Commercial Code.

Corporate responsibility

Agence Française de Développement's Board of Directors is responsible for preparing a management report that includes CSR Information as set out in Article R.225-105-1 of the French Commercial Code, prepared in accordance with the definitions and calculation methods chosen by the Group (the "Standards") and available at its head office.

Independence and quality control

Our independence is defined by regulatory documents, our professional code of ethics and the provisions set out in Article L.822-11 of the French Commercial Code. In addition, we have established a quality control system that includes documented policies and procedures aimed at ensuring compliance with the code of ethics, professional standards and all applicable legal and regulatory texts.

It is our responsibility, based on our work:

- to certify that the required CSR Information is included in the management report, or, if omitted, that such omission is explained in accordance with the third Paragraph of Article R.225-105 of the French Commercial Code (Certificate of Inclusion of CSR Information);

- to formulate an opinion with a moderate degree of certainty that the CSR Information as a whole is presented in all its material aspects in a fair and truthful manner in compliance with the Standards (Reasoned opinion on the reliability of CSR Information).

This work was performed by a six-person team between February and April 2014. To assist us in carrying out our work, we have called on our experts in Corporate Social Responsibility.

We carried out the following work in accordance with professional standards applicable in France and the Decree of 13 May 2013, which defined the procedures an independent third party must follow to carry out its work, and, with respect to the reasoned opinion on reliability, in compliance with international standard ISAE 3000[16].

1. Certificate of inclusion of CSR Information

We have verified, based on interviews with the heads of the departments concerned, that the report presents the strategic priorities for sustainable development as they relate to the social and environmental impacts of the company's activities and its societal commitments and, when applicable, any resulting measures or programmes.

We compared the CSR Information in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

We verified that any omission of consolidated data is explained in accordance with the provisions of the third Paragraph of Article R.225-105 of the French Commercial Code.

We verified that the CSR Information covered the entire consolidated scope, namely AFD as well as its subsidiaries as defined by Article L.233-1 and the companies it controls as defined by Article L.233-3 of the French Commercial Code, within the limits set out in the notes on methods in Chapter 4 of the management report entitled, "CSR reporting methods within AFD Group".

14. "Forced labour" refers to any work or service, performed involuntarily and exacted from an individual by threat of force or punishment as defined in the conventions of the ILO.
15. Employees must be at least 14 years of age as defined in the ILO's Declaration on Fundamental Principles and Rights at Work (C138 - Minimum Age Convention, Article 2), unless local laws required compulsory school attendance or a minimum working age. In such circumstances, the highest age requirement must be used.
16. ISAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Based on this work and taking into consideration the limits referred to above, we certify that the management report includes the required CSR Information.

2. Reasoned opinion on the reliability of CSR Information

Nature and scope of work

We held four meetings with the persons tasked with preparing the CSR Information in the departments responsible for the information collection process and, where necessary, with the persons responsible for internal control procedures and risk management in order to:

- ascertain whether the Standards are appropriate in terms of their relevance, completeness, reliability, neutrality and its understandability, taking best practices for the sector into consideration when necessary;

- verify that a collection, compilation, processing and review procedure has been established with the aim of ensuring that CSR Information is consistent and complete, and learn about internal control and risk management procedures relating to the preparation and processing of CSR Information.

We have determined the type and extent of our tests and controls based on the nature and importance of CSR Information with respect to the company's characteristics, the social and environmental issues linked to its activities, its priorities for sustainable development and best practices for the sectors.

For the CSR Information that we deemed to be the most important[17]:

- at Group level, we examined source documents and conducted interviews to corroborate all qualitative information (organisation, policies, measures), we applied analytical procedures to the quantitative information and checked, using sampling techniques, the calculations as well as the consolidation of data and ensured that it was consistent with the other information in the management report;

- at the level of a representative sampling of offices that we selected[18] based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and conducted detailed tests based on sampling, which consisted of checking the calculations made and reconciling data with supporting documentation. The selected sample represents 100% of the employees and between 61% and 100% of the quantitative environmental data.

For other consolidated CSR Information, we assessed its consistency relative to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided when certain information was totally or partially missing.

We believe that the sampling methods and sample sizes that we used, based on our professional judgement, has allowed us to formulate an opinion with a moderate level of certainty. Greater certainty would require a broader audit. Because of the use of sampling methods and because of other limitations inherent in the operation of any information and internal control system, the risk of failing to detect a material misstatement in the CSR Information cannot be totally ruled out.

Conclusion

Based on this work, we found no material misstatement that would cause us to believe that the CSR Information is not, as a whole, presented in a truthful manner in compliance with the Standards.

Paris La Défense, 15 April 2014

KPMG Audit
A department of KPMG SA

Arnaud Bourdeille *Partner*	Philippe Arnaud *Partner*

17. Employee indicators: Total headcount (breakdown by gender, age and geographic area), the Group's external recruiting under indefinite-term employment agreements (CDI), the number of dismissals/redundancies (collective and individual), number of women in supervisory positions, absenteeism, total number of hours of training provided and average annual salary. Environmental indicators: Total consumption of paper, energy consumption, greenhouse gas emissions linked to energy consumption and business travel by air or rail.
18. Headquarters of the Agence Française de Développement.

3 CORPORATE GOVERNANCE

3.1 COMPOSITION AND OPERATION OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

3.1.1 Composition of the administrative, management and supervisory bodies

General Management
The Agency's management and administration operate under a Chief Executive Officer who is appointed by decree for a three-year term. The Chief Executive Officer represents and makes commitments on behalf of the institution. She appoints staff and sets employment conditions. She is authorised to delegate any of the authority necessary for the agency's operation. She carries out the duties that are delegated to her by the Board of Directors.

At 31 December 2013, General Management[1] had the following members

	AFD Position *appointment*	Other mandates and positions
Anne Paugam	Chief Executive Officer Decree published on 31 May 2013	Director, Chair of the PROPARCO Board of Directors Alternate EIB Director Permanent AFD Representative to the Board of Directors of Bpifrance Financement as a Non-Voting Director
Jacques Moineville	Deputy Chief Executive Officer Memorandum of instruction AFD/DGL 31 of 3 June 2013	PROPARCO: Vice-Chair of the Board of Directors, Chair of the Advisory Investment Committee Fisea: permanent AFD Representative, Chair of the Board

1. The Chief Executive Officer and the Deputy Chief Executive Officer are directors as defined in Article L.511-13 of the French Monetary and Financial Code.

Board of Directors
In accordance with Article R.516-13 of the French Monetary and Financial Code, the Board of Directors includes the following members, aside from its Chair:

- ✓ six representatives of the French State;
- ✓ four members appointed because of their expertise in economic and financial matters;
- ✓ one member appointed because of his expertise in ecological and sustainable development issues;
- ✓ 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 Chair of the Board of Directors is appointed by decree based on the report of the Minister in charge of the Economy, the Minister in charge of Cooperation, the Minister in charge of the French Overseas Departments and Collectivities and the Minister in charge of Immigration and Solidarity-Based Development.
The age limit applicable to the Chair of the Board of Directors is 70 years of age. She casts the deciding vote in the event of a tie.

If the Chair is absent, she is replaced by the eldest of the six State representatives.

The Board of Directors' members 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 Chair of the Board of Directors receives compensation, the amount of which is set by joint decree by the Ministers in charge of the Economy, Cooperation and the French Overseas Departments and Collectivities.

At 31 December 2013, the Board of Directors had the following members:

Director	Term on the Board *appointment*	Address	Current position Other mandates
Laurence Tubiana	Chair Decree published on 3 July 2013	Agence Française de Développement – 5, rue Roland Barthes – 75598 Paris Cedex 12	**Chair of AFD's Board** CEO of the Institute for Sustainable Development and International Relations (Iddri) Board member, French Agricultural Research Centre for International Development (Cirad) Board member, GDF-SUEZ Corporate Foundation Board member, the Hermès Corporate Foundation Advisory Board member, European Climate Foundation
Representatives of the French State (6)			
Antony Requin	Permanent 9 June 2013	Ministry of the Economy and Finance – DGT – 139, rue de Bercy – 75572 Paris Cedex 12	**Head of Multilateral Affairs and Development at the Directorate-General of the Treasury (DGT)** . Permanent member of the Board of Directors of the Bank of Central African States (BEAC) . Alternate governor representing France to the African Development Bank (AfDB) . Governor of the International Fund for Agricultural Development (Ifad) . Co-Chair of the Paris Club . Deputy Assistant Secretary to the Minister of the Economy and Finance for the G20 . Member of the Intergovernmental Committee of Experts on Sustainable Development Financing, a personal appointment as an expert to the United Nations Intergovernmental Committee of Experts on Sustainable Development Financing for 2013 and 2014
Arnaud Buissé	Alternate 7 October 2012	Ministry of the Economy and Finance – DGT – 139, rue de Bercy – 75572 Paris Cedex 12	**Assistant head of Multilateral Financial Affairs and Development** Director and French representative to the Central Bank of West African States (BCEAO)
Alexandre Koutchouk	Permanent 28 June 2013	Ministry of the Economy and Finance – 139, rue de Bercy – 75572 Paris Cedex 12	**Budget Department – Assistant head of 7th sub-department** Permanent director representing the Ministry of the Budget: . The Agency for French Teaching Abroad (AEFE); . Institut français; . National Forests Office.
Armelle Daam	Alternate 26 October 2013	Ministry of the Economy and Finance – Budget Department – 139, rue de Bercy – 75572 Paris Cedex 12	**Head of 7 BAED 7th sub-department** List of directorships within the scope of the Ministry of Foreign Affairs . Campus France, an industrial and commercial public undertaking . The Agency for French Teaching Abroad (alternate); . Institut français (alternate); . Office universitaire et culturel français pour l'Algérie (OUCFA); . Office français pour les réfugiés et les apatrides (OFPRA); . Office français de l'immigration et de l'intégration (OFII); . Adoma, a semi-public company (formerly Sonacotra).
Anne-Marie Descôtes	Permanent 18 September 2013	Ministry of Foreign Affairs – Department of Globalisation, Development and Partnerships (DGMDP) – 27, rue de la Convention – CS 91533 – 75732 Paris Cedex 15	**Director-General, DGMDP** Member of several boards of directors for public undertakings as the representative of the supervisory authority, the Ministry of Foreign Affairs The principal boards are: . The Agency for French Teaching Abroad (AEFE); . France expertise internationale (FEI); . Alliance française; . Institut français; . Institut de recherche pour le développement (IRD), Campus France; . Cité internationale universitaire de Paris (CIUP).
Jean-Marc Chataigner	Alternate 10 March 2013	Ministry of Foreign Affairs – 37, quai d'Orsay – 75700 Paris	**Deputy Director-General of the DGMPD** . Director of the Institut de recherche pour le développement (IRD) . Director of the French committee for Unicef (association) . Director of Ferdi (Foundation for International Development Study and Research)
Véronique Vouland-Aneini	Permanent 17 October 2013	Ministry of Foreign Affairs – 37, quai d'Orsay – 75700 Paris	**Deputy Head, Africa and the Indian Ocean** No other office or function
Marc Barety	Alternate 17 October 2013	Ministry of Foreign Affairs – 37, quai d'Orsay – 75700 Paris	**Head - North Africa and the Middle East** No other office or function
Thomas Degos	Permanent 21 March 2013	Ministry of the French Overseas Departments and Collectivities – 27, rue Oudinot – 75007 Paris	**Delegation to the French Overseas Departments and Collectivities, Prefect** Member of the Board of Directors of the national broadcasting company, France Télévisions

The table continues on page 50

Director	Term on the Board *appointment*	Address	Current position Other mandates
Marc Del Grande	Alternate 29 January 2013	Ministry of the French Overseas Departments and Collectivities – 27, rue Oudinot – 75007 Paris	**Assistant head of Public Policy at the DGOM** Member of the Board of Directors for the following institutions: Établissement français du sang; Conseil d'orientation pour la prévention des risques majeurs; Agence nationale de rénovation urbaine (Anru); Société immobilière de Guadeloupe; Conseil supérieur de l'aviation civile; Cadre Avenir, a public interest group (New Caledonia); Agence de développement rural et d'aménagement foncier; Commission consultative de l'aide fiscale à l'investissement; Government Commissioner at the Institut calédonien de participation.
Luc Derepas	Permanent 22 June 2013	Ministry of the Interior – 101, rue de Grenelle – 75323 Paris Cedex 07	**Director-General of Immigration** No other office or function
Francis Hurtut	Alternate 1 March 2012	Ministry of the Interior – 101, rue de Grenelle – 75323 Paris Cedex 07	**Head of International Affairs and Solidarity-based Development**
Persons appointed because of their expertise in economic and financial matters (4)			
Omar Kabbaj	Permanent 15 November 2013	57 Oulladia III – Rabat Souissi – Kingdom of Morocco	**Advisor to His Majesty the King of Morocco** Honorary Chair of the African Development Bank Member of the UN Secretary General's Advisory Board on water and sanitation (Unsgab)
Jean-Louis Mattei	Alternate 15 November 2013	Société Générale BHFM/DIR Tour Granite – 17, cours Valmy – 92800 Paris 7 La Défense 7	Chair of the Supervisory Board: **Société Générale Maroc,** Casablanca, Morocco Chair of the Board of Directors: **SG Calédonienne de Banque, Nouméa,** New Caledonia Director: **BRD – Groupe Société Générale,** Romania **SG de Banques au Sénégal,** Senegal **SG de Banques en Côte d'Ivoire SGBCI,** Côte d'Ivoire **SG de Banque au Liban SAL,** Lebanon
Sylviane Jeanneney Guillaumont	Permanent 15 November 2013	La Gagère – 63190 Bort-l'Étang	**Emeritus professor at the University of Auvergne** Researcher at Cerdi
Guy Dupont	Alternate 15 November 2013	Fedom – Tour CIT – 3, rue de l'Arrivée – BP 196 – 75749 Paris Cedex 15	**Honorary Chair of Fedom** Chair of: SAS GVS, SAS ASR, SAS Ink-OI Member of the Board of Directors of: Bourbon SA, CBO SA, Sapmer SA, ART SA
Jean-Louis Vielajus	Permanent 17 January 2013	Coordination Sud – 14, passage Dubail – 75010 Paris	**Chair of Coordination Sud** Delegate of CFSI (Comité français pour la solidarité internationale), a French non-profit organisation
Person appointed because of his knowledge of ecological and sustainable development issues (1)			
Pierre Radanne	Permanent 24 November 2013	14, cité Griset – 75011 Paris	Chair of Futur Facteur 4, Chair of the 4D thinktank (Dossiers et Débats pour le Développement durable) and Chair of Clip (Club d'ingénierie prospective)
Marc-Antoine Martin	Alternate 4 November 2013	3, rue Chomel – 75007 Paris	Emeritus General Engineer – Corps des Ponts, des Eaux et des Forêts Member of the Board of Directors and Treasurer of the French Water Academy, a non-profit organisation Board Member for the Adaptation Fund - a fund under the United Nations Framework Convention on Climate Change
Members of Parliament (4)			
Michel Destot	Permanent 25 September 2012	Assemblée nationale – Rue de l'Université – 75007 Paris	**Deputy for the Isère Department** Mayor of Grenoble Chair of the Association des maires des grandes villes de France
Stéphane Demilly	Alternate 25 September 2012	Assemblée nationale – Rue de l'Université – 75007 Paris	**Deputy for the Somme Department** Mayor of the town of Albert Chair of the community of municipalities of Pays du Coquelicot
Noël Mamère	Permanent 25 September 2012	Assemblée nationale – Rue de l'Université – 75007 Paris	**Députy for the Gironde Department** Mayor of the town of Bègles
Yves Nicolin	Suppléant 25 September 2012	Assemblée nationale – Rue de l'Université – 75007 Paris	**Deputy for the Loire Department** Member of the Board of Directors for AFA (Agence française de l'adoption)

The table continues on page 51

Director	Term on the Board *appointment*	Address	Current position Other mandates
Jean-Claude Peyronnet	Permanent 16 December 2011	Sénat – Rue de Vaugirard – 75006 Paris	**Senator for the Haute-Vienne Department** Member of the Haute-Vienne General Council Vice-Chair of the commission sénatoriale des Affaires étrangères, de la Défense et des Forces armées Vice-Chair of the délégation sénatoriale aux Collectivités territoriales et à la Décentralisation Member of the commission pour le Contrôle de l'Application des Lois Member of the Conférence nationale des services d'incendie et de secours Member of the conseil d'orientation de l'Observatoire national de la délinquance et des réponses pénales
Christian Cambon	Alternate 16 December 2011	Sénat – Rue de Vaugirard – 75006 Paris	**Senator for the Val-de-Marne Department** Mayor of Saint-Maurice First Vice-Chair of the community of municipalities of Charenton/Saint-Maurice First Vice-Chair of the Syndicat des eaux d'Ile-de-France (Sedif)
Yvon Collin	Permanent 16 December 2011	Sénat – Rue de Vaugirard – 75006 Paris	**Senator for the Tarn-et-Garonne Department** No other office or function
Fabienne Keller	Alternate 16 December 2011	Sénat – Rue de Vaugirard – 75006 Paris	**Senator for the Bas-Rhin Department** Municipal Councillor for Strasbourg Councillor for the Urban Community of Strasbourg Member of the Andra Board of Directors Member of the Board of Directors of the Compagnie des transports de Strasbourg Member of the Board of Directors of Investissements d'avenir
AFD employee representatives (2)			
Jérémie Daussin-Charpantier	Permanent 12 December 2013	AFD – 5, rue Roland Barthes – 75012 Paris	**AFD employee** Vice-Chair, Association des administrateurs territoriaux de France
Anne-Laure Ullmann	Alternate 12 December 2013	AFD – 5, rue Roland Barthes – 75012 Paris	**AFD employee** No other office or function
Hatem Chakroun	Permanent 12 December 2013	AFD – 5, rue Roland Barthes – 75012 Paris	**AFD employee** No other office or function
François Pacquement	Alternate 12 December 2013	AFD – 5, rue Roland Barthes – 75012 Paris	**AFD employee** No other office or function

3.1.2 Operation of the administrative, management and supervisory bodies

Pursuant to Article R.516-14 of the French Monetary and Financial Code, the Board of Directors deliberates on the institution's strategies to implement the objectives entrusted to it by the State. It also approves the contractual targets and resources agreed with the State; the agreements referred to in Article R.516-7; financial aid as mentioned in Articles R.516-5, R.516-6 and R.516-6-1 and the rules provided for by this last article; agreements reached pursuant to the second, third, fourth and fifth paragraphs of Article R.516-8; the annual amount of loans to be contracted by the Agency; the provisional statement of operating income and expenses; general aid conditions; the annual accounts and management report drawn up by the CEO; purchases and sales of buildings; the opening and closing of foreign offices or representation offices; transactions in the Agency's interests and compromissory 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.516-15 II of the French Monetary and Financial Code. The internal regulations notably define the procedure for consultation of the Board's members by the Chair, remotely or in writing, 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.

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 (DOM-TOM), 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 and Solidarity-based Development.

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, the third appointed by decree of the Minister of the Economy and the fourth appointed by the Minister of Immigration and Solidarity-Based Development.

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 staff 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 Chair of the Board of Directors.
The specialised committee for supporting the initiatives of non-governmental organisations is chaired by the Chair of the Board of Directors or by a member of the Board of Directors whom he appoints from among the representatives of the French State.
For the members of specialised committees, other than the Chair 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 that he made under this delegation.
The Board of Directors appoints an Audit Committee composed of three to five qualified financial and risk analysts, one of whom is chosen from the Board. The Audit Committee is responsible for (i) ensuring that the financial disclosures are understandable and assessing the relevance of the accounting methods; assessing the quality of internal control and (iii) issuing opinions about the reports produced under Articles 42 and 43 of CRBF regulation 97-02. The Audit Committee meets when necessary and at least once per year.

The Agency borrows over the short, medium and long term in France and abroad, either through financial organisations, or through 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 in charge of the Economy, performs a role for the Agency that is defined by Article L.615-1 and Articles D.615-1 to D.615-8 of the French Monetary and Financial Code. Verification of the Agency's accounts is conducted by two statutory auditors appointed in application of the provisions of Article L.511-38 and Articles D.511-8 to R.511-14 of the French Monetary and Financial Code. The statutory auditors are bound by the obligations set out in Article L.511-38.

Article R516-15 of the French Monetary and Financial Code stipulates that the Board of Directors must meet at least four times a year when convened by its Chair. During 2013, the Board of Directors and its Specialised Committees met 31 times.

3.2 COMPENSATION OF EXECUTIVE OFFICERS

In accordance with Act 2005-842 of 26 July 2005 to improve confidence in and modernise the economy, compensation paid to each executive officer in 2013 is outlined below:

	Total gross compensation (in euros)
Anne Paugam, Chief Executive Officer	110,306
Jean-Jacques Moineville, Deputy Chief Executive Officer	104,786
Dov Zerah, former Chief Executive Officer (term of office ended on 2 June 2013)	86,978
Didier Mercier, former Chief Executive Officer (term of office ended on 2 June 2013)	66,194

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

3.3 CONFLICTS OF INTEREST

As of the writing of this document, to the knowledge of the Issuer, there are no potential conflicts of interest between duties with regard to the Issuer, members of the Board of Directors and their private interests and/or other duties.

4 RISK MANAGEMENT

4.1 RISK FACTORS

Because of the nature of its business activity, AFD is exposed to all of the risks of a credit institution, which it strives to measure, prevent and contain:

- credit risk, which, by the nature of AFD's business in terms of the quality of counterparties and concentration, is the main risk to which the institution is exposed;
- market risk, particularly linked to the differences between foreign currency use and resources. However, AFD is not exposed to stock market risks because it has no trading portfolio;
- the global interest rate and liquidity risk related to (i) differences between resources and their use with regard to interest rates and maturity and (ii) compliance with requirements for subsidised aid eligible for French official development assistance (ODA);
- operational risk, commensurate with the strong growth of its activities over the last few years and the extent of the regions in which it operates;
- reputational risk, which is potentially high for AFD because of the importance of the ethical aspects of its activities as well as the attention that it gets from non-governmental operators;
- strategic risk, linked with political changes in France and in the backers' community with regard to operations in developing countries.

Given its role as a development agency, and notably the subsidiary and/or incentive-providing nature of the agency's operations, the acceptable level of credit risk at AFD may sometimes be higher than for traditional banking institutions. For example, AFD must conduct business:

- in challenging countries;
- with risky counterparties;
- over longer maturities.

In any case, AFD looks for the most creditworthy counterparties in the countries in which it operates according to its development targets. In addition, lending opportunities are evaluated based on current banking criteria.

Aside from macroeconomic and social-political risks specific to the countries in which AFD operates, a few regional or international risks are likely to have an indirect impact on AFD's portfolio of loans and operations.

So far, five major risks of this type have been identified:

- the political situation of the southern and eastern Mediterranean remains unstable and is having an increasingly negative impact on the economic fundamentals of several countries in the region;
- the financial turmoil observed in several emerging countries in 2013 and the volatility it has caused in the exchange rates of their currencies could escalate under the influence of the ongoing tapering of asset purchases by the US Federal Reserve and the slowdown in growth reported by several emerging countries;
- the decreases in the prices of the major commodities (excluding energy) seen since mid-2012 could become entrenched and weaken the economic fundamentals of commodity-exporting countries;
- continuing slack domestic demand in the eurozone could continue to negatively impact countries for which the eurozone is a key export market (notably southern and eastern Mediterranean countries);
- a pronounced slowdown in Chinese growth could have negative impacts on Asian countries that are highly dependent on the Chinese markets for their exports.

4.2 PILLAR 3

4.2.1 General principles

The objective of Pillar 3 of the Basel II 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.

This involves companies:

- 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 *Corporate purpose of the Group's parent company to which this measure applies*

Agence Française de Développement (AFD): detailed information about AFD Group's corporate purpose is presented in Paragraph 1.1 - Information about the company.

4.2.2.2 *Consolidation scope and methods*

There is no difference with regard to consolidation principles between accounting data and prudential data. The scope and consolidation methods are defined in Paragraph 5.4 of the "Consolidated financial statements prepared in accordance with IFRS accounting principles adopted by the European Union": Notes 5.5.2.1 Consolidation Scope and Methods.
Moreover, there are no restrictions on transferring funds or regulatory capital within the Group.

4.2.3 Capital

4.2.3.1 *Capital structure*

The capital of AFD Group at 31 December 2013 stands at €4.81bn. Aside from its Tier 1 capital, which stands at €2.98bn, AFD recorded €1.99bn in Tier 2 capital, of which €1.49bn in securities and subordinated borrowings in accordance with Article 4d) of Regulation 90-02 and €499M in subordinated borrowings in accordance with Article 4c) of Regulation 90-02. Furthermore, AFD deducted €161M from its regulatory capital for equity stakes in credit or financial institutions that amount to more than 10% of their capital or which entail significant influence over these institutions.

Capital structure of AFD Group at 31 December 2013 (in millions of euros)

Base Tier 1 capital	**Tier 1**	**2,978**
Of which share capital	400	
Of which eligible reserves	2,295	
Of which other Tier 1 capital with the agreement of the ACPR	300	
Items to deduct from Tier 1 capital	-17	
Intangible assets	-17	
Tier 2 capital		**1,988**
Deduction from Tier 1 and Tier 2 capital		**-161**
Total capital	**TOTAL**	**4,805**

4.2.3.2 *Capital adequacy*

AFD easily meets the minimum capital requirements set out in Pillar 1, with a capital adequacy ratio of 18.12% at 31 December 2013 (19.03% at 31 December 2012). This drop is mainly due to strong growth during the fiscal year at both AFD and PROPARCO and the resulting 8% increase in credit risk-weighted exposure. Simultaneously, regulatory capital has increased by €138M.

AFD has put in place a process for evaluating internal capital adequacy under Pillar 2 that uses the following approach:

- ✓ mapping risks beyond those used to calculate the capital adequacy ratio;
- ✓ quantification of identified risks;
- ✓ design of stress tests;
- ✓ impact of stress tests;
- ✓ calculation of economic capital.

This approach has allowed AFD to confirm that it particularly needs to focus on regulatory requirements governing the major risk ratio, as the structure of the agency's banking portfolio is characterised by a small number of mainly sovereign counterparties, with the principal counterparties representing a significant amount of exposure compared to the capital.

Capital adequacy (in millions of euros)

Total capital			**4,805**
Base	**Tier 1 capital**	**2,978**	
Tier 2 capital		1,988	
Deduction from Base Tier 1 and Tier 2 capital		-161	
Eligible capital			**2,122**
Credit risk		**2,044**	
Governments and central banks		595	
Banks		779	
Corporates		577	
Equities		93	
Market risk		**0**	
Foreign currency net position < 2% of capital		-	
Operational risk		**78**	
Standard approach to operational risk		78	
Capital surplus or deficit			**2,683**
Solvency ratio			**18.12%**

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 stakes, 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 according to arrears rules defined by the regulations and as write-downs. The approaches adopted for specific and general provisions and writedowns are presented in Paragraph 5.5 of the financial statements: "Provisions" and "Impairments of loans and receivables" in the Notes to the consolidated financial statements. The periodic ratings review ensures individual monitoring of counterparties.

4.2.4.1.1.1 Credit risk exposure

Balance sheet and off-balance sheet items exposed to credit risk are presented in the table below:

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Assets		
Cash, due from central banks	15,316	11,518
Financial assets measured at fair value through profit and loss (excluding derivatives)	35,191	35,191
Available-for-sale financial assets	944,112	1,477,231
Loans and receivables due from credit institutions	6,351,737	4,494,434
Demand	*1,018,423*	*343,138*
Term	*5,333,314*	*4,151,296*
Loans and receivables due from customers	15,983,965	14,775,283
Commercial receivables	*3,292*	*2,744*
Other loans to customers	*15,980,673*	*14,772,539*
Overdrafts	*0*	*0*
Finance lease	*0*	*0*
Loans and receivables	*22,335,702*	*19,269,717*
Held-to-maturity financial assets	689,382	691,751
Equity stakes in companies accounted for by the equity method	160,887	158,687
Financial assets at fair value through profit and loss (Derivatives)	112,506	31,081
Hedging derivatives	1,089,729	1,317,708
Derivatives	*1,202,235*	*1,348,789*
Total	**25,382,825**	**22,992,884**
Off-balance sheet items		
Firm lending commitments	7,753,853	8,633,071
Financial guarantees	822,247	1,087,920
Total	**8,576,100**	**9,720,991**
GRAND TOTAL	**33,958,925**	**32,713,875**

4.2.4.1.1.2 Breakdown by major credit exposure category, type of 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 *(see page 65)*.
The different types of financial assets are detailed in Note 3 to the financial statements - Financial investments.
Regarding equity stakes, the relevant consolidated balance sheet headings are presented in the table below:

Equity stakes

In thousands of euros	31/12/2013 IFRS			31/12/2012 IFRS		
	Listed	**Unlisted**	**Total**	**Listed**	**Unlisted**	**Total**
Equity stakes at fair value through profit and loss		14,711	14,711		13,975	13,975
Equity stakes included in available-for-sale financial assets	53,665	739,668	793,333	40,038	711,605	751,643
Companies accounted for by the equity method		160,887	160,887		158,687	158,687
TOTAL	**53,665**	**912,266**	**968,931**	**40,038**	**884,267**	**924,305**

The following table breaks down the various items making up the derivatives heading presented in Notes 1 and 2 to the financial statements:

Derivatives

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
	Assets	**Assets**
Fair value hedging		
Interest rate derivatives	648,783	857,694
Interest rate and foreign exchange derivatives (cross-currency swaps)	440,946	460,014
Total 1	**1,089,729**	**1,317,708**
Financial assets at fair value		
Interest rate derivatives	546	1,794
Foreign currency derivatives	111,960	29,288
Total 2	**112,506**	**31,081**
TOTAL DERIVATIVES	**1,202,235**	**1,348,789**

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	31/12/2013 IFRS	31/12/2012 IFRS
Commitments given	**8,576,100**	**9,720,991**
Financing commitments made to credit institutions	915,888	1,086,113
Financing commitments made to customers	6,837,965	7,546,958
Of which financing commitments	**7,753,853**	**8,633,071**
Guarantee commitments made to credit institutions	725,151	744,073
Of which DOM Fund activity	*265,752*	*263,407*
Guarantee commitments made to customers	97,095	343,847
Of which underwriting commitments	**822,247**	**1,087,920**

Loan commitments - geographic spread and breakdown by type of activity

In millions of euros	2013	
	Total	Percentage
Loan commitments at the Group's risk	**7,514**	**97%**
Of which Foreign Countries	7,073	91%
Sovereign	*4,518*	*58%*
Non-sovereign	*2,554*	*33%*
Of which French Overseas Collectivities	441	6%
Loan commitments at the State's risk	**240**	**3%**
Loans guaranteed by the State	*240*	*3%*
TOTAL GROUP LOAN COMMITMENTS	**7,754**	

Guarantee commitments - geographic spread

In millions of euros	Foreign Countries	French Overseas Departments and Collectivities	Total
Guarantee commitments given - credit institutions	459	266	725
Guarantee commitments given - customers	32	65	97
GUARANTEE COMMITMENTS	**491**	**331**	**822**

4.2.4.1.1.3 Breakdown of contractual residual maturities of the entire portfolio

Breakdown of assets by residual maturity

In thousands of euros	<= 1 month	> 1 month, <= 3 months	> 3 months, <= 1 year	> 1 year, <= 2 years	> 2 year, <= 5 years	> 5 years	Undeter-mined	Total
1 Financial assets held for trading	522	211	7,432	4,754	5,446	90,744	3,397	112,506
2 Financial assets at fair value through profit and loss	0	0	0	0	0	0	35,339	35,339
3 Derivatives used for hedging purposes (assets)	0	1,260	2,301	150,395	285,622	483,377	166,773	1,089,729
4 Available-for-sale financial assets	54,012			34,345	8,981		846,773	944,112
5 Loans and receivables (including lease financing contracts)	392,444	536,021	1,354,413	1,820,996	5,638,040	11,521,239	1,072,549	22,335,702
6 Held-to-maturity investments		3,571	41,468	58,752	154,815	430,775		689,382
Subtotal	**446,977**	**541,063**	**1,405,615**	**2,069,242**	**6,092,904**	**12,526,136**	**2,124,831**	**25,206,769**
Cash, due from central banks	15,316							15,316
Equity stakes in companies accounted for by the equity method							160,887	160,887
TOTAL	**462,293**	**541,063**	**1,405,615**	**2,069,242**	**6,092,904**	**12,526,136**	**2,285,718**	**25,382,972**

4.2.4.1.1.4 Total impaired loans and provisions by major counterparty category and major geographic zone

Impaired loans and writedowns recorded by counterparty category are presented in Note 4 to the financial statements – Receivables due from credit institutions and customers.

The Group's loans and receivables portfolio in gross and net values, with impaired assets separated out

In millions of euros	Outstandings	Writedowns	Outstandings net of writedowns
Foreign Countries			
Sovereign	8,185	76	8,109
Of which doubtful	*82*	*75*	*7*
Non-sovereign	7,405	514	6,891
Of which doubtful	*347*	*204*	*143*
French Overseas Departments and Collectivities			
Non-sovereign	3,864	12	3,853
Of which doubtful	*82*	*12*	*70*
Other outstanding loans	50		50
TOTAL	**19,505**	**601**	**18,903**
Of which doubtful	*511*	*291*	*220*

4.2.4.1.1.5 Reconciling of changes in provisions for impaired receivables

Note 10 - Provisions and Writedowns, in the notes to the financial statements, outlines the changes for each category of provisions and writedowns.

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 by external bodies (Coface, Fitch and S&P) and to the type of counterparty (third-party asset class).

The French regulator (ACPR) chose option 1 for the weightings of French banks' banking counterparties.

The weightings applied by the Group are defined as follows:

Weighting used to calculate risks						
Rating	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Below B-**	**Not rated**
Asset class						
Sovereign	0%	20%	50%	100%	150%	100%
Banks	20%	50%	100%	100%	150%	100%
Corporates	20%	50%	100%	100%	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 segment

Weighted exposures (in millions of euros)					
Risk weighting	**Sovereigns and other institutions**	**Banks**	**Corporates**	**Equities**	**Total**
0%					
20%	140	610	11		761
50%	824	758			1,582
100%	6,047	6,908	5,617		18,572
150%	431	1,458	1,581	1,163	4,633
TOTAL	**7,441**	**9,734**	**7,209**	**1,163**	**25,547**

4.2.4.1.3 Techniques for reducing credit risk

AFD tries to adequately hedge credit exposures to its non-sovereign customers by using guarantees.

There are two categories of guarantees:

- ✓personal or equivalent guarantees: deposits, 1st demand guarantees, letters of intent and comfort letters, endorsements, etc.
- ✓collateral: mortgages on real estate and securities, liens on businesses, securities, equipment or vehicles, assigned bank deposits, etc.

These guarantees are subject to periodic valuation in order to be taken into account in provisioning. This internal valuation considers the type of guarantee, the creditworthiness of the guarantor and the geographic region of operations.
Moreover, AFD records items guaranteed by the French State on its balance sheet and off-balance sheet.

In calculating its capital adequacy ratio, AFD recorded €1.74bn in personal guarantees, which break down as follows:

- ✓€1.37bn in guarantees on balance sheet items that mainly consist of loans guaranteed by the French State;
- ✓€370M in off-balance sheet items consisting of undisbursed amounts guaranteed by the French State.

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 on 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 rating and AFD's capital.

4.2.4.1.5 Securitisation

AFD has no securitisation activity.

4.2.4.2 *Market risk*

AFD does not have a speculative operations portfolio. However, it records in its trading book any non-deliverable or illiquid currency hedging instruments, forward hedging instruments and/or hedging instruments that have lost their hedging purpose. AFD's positions were below the thresholds applicable to capital requirements with regard to market risk.
The Group's overall net foreign-currency position subject to capital requirements at 31 December 2013 is €66M, primarily in dollars. It does not exceed the threshold of 2% of capital.
AFD is not exposed to market risk and does not include it when calculating its capital adequacy ratio and is not subject to any capital requirements in this regard.

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 Chapter 4.1 Internal control and risk monitoring *(see page 54)*.
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 foundation method, which relies on the benchmark index as defined in Article 358-1 of the decree of 20 February 2007 pertaining to capital requirements applicable to credit institutions and investment companies. Under the foundation method, capital requirements for operational risk are equal to 15% of the average of the benchmark index (Net Banking Income, excluding provisions and writedowns) smoothed over three years.

Capital requirements for operational risk
AFD's average NBI stood at €519.7M for the last three financial years including 2013, and capital requirements for operational risk totalled €77.9M at 31 December 2013.

4.2.4.4 *Equities*

The methods for valuing and recording equity stakes held by the Group are presented in Paragraph 5.5 of the consolidated financial statements: Notes "Financial assets and liabilities at fair value through profit and loss" and "Available-for-sale financial assets" *(see page 80)*.
The accounting principles for equity-accounted equity stakes are outlined in 5.5.2.1.2 Consolidation methods *(see page 79)*.
The summary table of equity stake exposure is provided in Paragraph 4.2.4.1.1.2 *(see page 57)*.
The amount of capital gains (losses) realised on disposals and liquidations during the period under review is presented in Note 14 to the financial statements.
Unrealised capital gains or losses are booked as equity under the heading "Unrealised or deferred capital gains/losses" in the financial statements.
There are no equity investments generating unrealised capital gains/losses in the Group's financial statements.
Capital requirements for this category of risk equalled €93M based on a risk-weighted amount of €1.16bn.

4.2.4.5 *Interest rate risk in the banking portfolio*

The paragraph on "Interest Rate Risk" *(see page 95)* describes this type of risk in detail.

4.3 RISK MANAGEMENT

4.3.1 Internal control and risk monitoring

AFD Group's internal control measures are designed to offer a reasonable assurance that the following three objectives are being met:

- ✓completion and optimisation of operations;
- ✓provision of reliable financial data;
- ✓compliance with laws and regulations.

AFD Group's permanent control framework has two levels, with the second level split into two tiers:

- ✓level I controls
  These controls are carried out at the beginning of the operation by division employees or by automated processing systems;
- ✓level II controls (2.1)
  These controls are carried out after operations are completed, and are performed by employees different from those who initiated the operation;
- ✓level II controls (2.2)
  These can only be officially carried out by employees of the Permanent Control and Compliance Department assigned to control functions (DXR/CPC). These controls focus on the results of the previous level of controls on significant risks without, however, replicating them.

The Permanent Control and Compliance Department (CPC) is tasked with monitoring the consistency, efficiency, comprehensiveness and compliance of the Group's permanent control and compliance systems and the due diligence related to monitoring all kinds of risks: credit, market, overall interest-rate, liquidity and settlement risks, as well as strategic and reputational risks.
These risks are assessed by the heads of department who, under CPC's supervision, identify the measures to be taken to manage them. CPC relies on annually updated risk maps to obtain a consistent, comprehensive view of risk. This mapping process is the central risk management tool.
At the same time, a system for declaring operational incidents has been implemented. The system is used to determine corrective measures aimed at preventing their repetition and to monitor their implementation.
Risks specific to PROPARCO undergo separate mapping.
The Periodic Control function constitutes Level III. Given the rules governing the independence of the services that it provides, the General Inspection Department (IGE) reports to AFD's Chief Executive Officer. Periodic control focuses on operations compliance, the level of risk effectively incurred, compliance with procedures and the effectiveness and appropriateness of the permanent control systems established by AFD.
These two functions (permanent control and periodic control) report to:

The Internal Control Committee
The Internal Control Committee is the body through which the head of Periodic Control and the head of Permanent Control and Compliance report on the fulfilment of their roles to the executive body, as stipulated in Article 4 of CRBF Regulation 97 02.

The Audit Committee
Falling under the responsibility of the Board of Directors, the Group Audit Committee is responsible for: checking that financial disclosures are understandable and assessing the relevance of the accounting methods; assessing the quality of internal control; issuing opinions about the reports produced pursuant to Articles 42 and 43 of CRBF regulation 97-02.

Risk management is carried out by the Group Risk Management Department (DRG) of the Executive Risk Department (DXR), by the Counterparty Risk Division (DRC) at the individual credit risk level and by the Risk Monitoring Division (DSR) at the consolidated level covering both credit risk and market operations. Responsibility for carrying out these controls does not fall exclusively to this department: among other procedures, a semi-annual review of non-sovereign counterparties is conducted by geographical regions, credit transactions are referred for a second opinion (DXR/SOP) and the Corporate Secretariat provides strategic and financial guidance (DFC/PSF). Each quarter, a risk committee presents a summary of counterparty credit and market risks. Weekly treasury committee meetings, quarterly asset and liability management committee meetings and financial and accounting committee meetings address financial matters.

4.3.2 Comprehensive interest rate, foreign exchange, liquidity and market risks

Asset and liability 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 asset and liability management risks on its balance sheet.
The key components of AFD's financial and asset and liability management strategy are submitted to the Board of Directors every year for approval.

These components include:

- ✓limiting exposure to liquidity risk;
- ✓ensuring sustainable and steady interest revenue streams for AFD;
- ✓limiting exchange rate exposure to 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. In 2013, the Board updated limits and management rules, particularly a minimum liquidity rule covering three months of cash requirements in order to deal with the possibility of a prolonged closure of financial markets.

4.3.3 Major risk ratio

At 31 December 2013, 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.

4.3.4 Basel II ratios

Because AFD does not hold speculative positions, market risk is limited to foreign-exchange risk, which is below the threshold set by CRBF Regulation 95-02 on capital adequacy with regard to the market.

AFD meets minimum capital requirements with a capital adequacy ratio of 18.12% at 31 December 2013 (19.03% at 31 December 2012).

4.3.5 Other operational risks

4.3.5.1 *Settlement risks*

AFD has introduced a number of measures to improve the organisation and control of settlements.

In terms of anti-money laundering measures, AFD uses commercial software that provides an automated system to cross-check payment records against a list of persons and entities that require extra vigilance.

4.3.5.2 *Legal risks*

The Legal department is responsible for managing the Group's legal risks. It covers all legal areas (except for Human Resources).

The department provides legal support:

- ✓ in financing operations at all stages of the project cycle, including restructuring projects and disputes;
- ✓ in cross-business matters (Group risk prevention, host-country agreements, relationships with other donors, guarantee funds, partnerships, relationships with subsidiaries and companies in which AFD holds shares, and legal intellectual output);
- ✓ by offering a second opinion;
- ✓ in market transactions;
- ✓ in institutional matters (bylaws, governance, relationships with the government, agreements for various services) to support the Corporate Secretariat;
- ✓ in criminal matters, on all subjects where AFD Group or its directors may be held liable;
- ✓ by providing consulting services for all AFD entities.

There are no governmental, legal or arbitration proceedings, including any proceedings of which AFD is aware, whether suspended or pending, that could have or have had a material effect on the financial situation or the profitability of the company and/or the Group over the last 12 months.

4.3.5.3 *Compliance risks*

The Compliance function ensures the Group complies with provisions (i) both internal and external that relate to preventing money laundering and terrorist financing (AML/CFT), (ii) that relate to the fight against corruption and fraud, (iii) that govern the performance of banking and financing activities (including conflicts of interest) or (iv) that ensure the protection of clients' personal data and private lives.

To supplement its risk monitoring and management system, in 2013 AFD set out the various procedures implementing its revised policy on financial security, particularly with regard to preventing and combating money laundering and terrorist financing (AML/CFT), that it presented to the Board of Directors in November 2012.

These procedural texts list a certain number of control points that AFD employees, as part of Level I controls, must verify at every stage in the life of a project depending on the degree of AML/CFT risk posed by the counterparty, based on the AML/CFT risk classification matrix, in order to prevent and detect any AML/CFT risk or breach of national or community financial and trade sanctions. The purpose of these control points is to ensure that AFD has extensive and up-to-date knowledge on the counterparty and its shareholders throughout the business relationship. They are reflected in a set of due diligence efforts that must be carried out, which aim to identify and verify the identity of the counterparty and its beneficial owners before beginning the business relationship ("Know Your Customer" or KYC efforts). These efforts are recorded in writing and retained in the files of the company. They are then systematically subjected to Level II controls performed by the Permanent Control and Compliance Department (CPC). The head of the Permanent Control and Compliance Department reviews the compliance reports that are submitted at the various stages of the project appraisal process.

These due diligence efforts are also regularly updated as regards ongoing supervision based on the frequencies established by procedures.

4.3.5.4 *Insurance - Coverage of risks run by AFD*

AFD has a "civil liability" insurance policy that also covers PROPARCO, a "directors and officers civil liability" policy, a "labour relations" policy, a "first excess property damage" policy that also covers PROPARCO and Cefeb, an "all risks exhibition - works of art" policy, and a "IGRS-specific directors and officers civil liability" policy.

All of the offices within the network are covered by local insurance policies, (multi-risk residential and office and civil liability for office activities), except for the Kabul office, for which the effort to obtain insurance is ongoing due to difficulties in finding an insurer locally.

These policies are accompanied by vehicle insurance covering head office (head office policy) and the network (local policies) plus "worldwide" death and disability (Group accident insurance).

4.3.5.5 *IT-related risks*

The Information Technology, Property Management and Logistics Department (DMI) combines all aspects of security within a dedicated unit. The unit monitors information system security issues, activities linked to the business-continuity plan and to physical security measures in mainland France, as well as security for local offices within AFD Group's network. The unit also carries out ongoing security controls.

The information system security policy, which is ISO 27002-compliant, was validated in September 2010. It defines the 90 security rules needed to protect AFD's information systems.

While overhauling operational security systems, the security unit is also simultaneously implementing an information security management system compliant with ISO 27001. This system has been in place since September 2012.

A full review of the information system security risk map was completed through this system, which is regularly monitored. This ISS risk map is fully reviewed each year. The risks considered most important are updated after each ISS control, depending on the frequency chosen. The information security management system made it possible to include 40 basic control points used to verify that the security measures in place are functioning smoothly.

The Security Unit is responsible for maintaining and upgrading AFD business continuity scheme set out in three framework documents: the business continuity policy, the crisis management plan and the business continuity plan. These documents are supplemented by a set of procedures for each essential activity. These arrangements, which primarily cover the risks of information system unavailability, are regularly tested. The IT Contingency Plan underwent a major upgrade that was completed in 2013 with a test involving the users of the most critical of AFD's IS components.

4.3.5.6 *Tax risk*

Tax risk is monitored by AFD's Finance and Accounting Department. No tax audit was conducted in 2013 within the Group and no particular risk has been revealed so far.

4.3.5.7 *Other operational risks*

Other operational risks include those covered by Article 4-j of CRBF Regulation 97-02.

They correspond to risks resulting from inadequacy or failure due to internal systems, staff or procedures, or to external events, including low-probability, high-impact events. Operational risks include the risk of internal and external fraud.

They are identified and assessed by department heads in a map of all risks related to banking and non-banking activities, under the management of the Permanent Control department.

5 FINANCIAL INFORMATION

5.1 RECENT CHANGES AND FUTURE PROSPECTS

5.1.1 Recent changes

Activity

The Group has continued to build on growth begun in previous years, with approvals of over €7.5bn for the Group (excluding special operations drawing on funds from other backers) compared to €7bn in 2012.

Governance

AFD's system of governance has not been changed.

5.1.2 Future prospects

For 2014, the proposed overall target is €8.1bn in Group commitments (total for all operations), in accordance with the assumptions on activity approved by the Board of Directors on 29 January 2014. This target is consistent with the French government's decision to increase AFD's capital in order to give it the capacity to reach an operational objective of €8.5 bn by the end of the 2014-2016 period.

This programme of activities is in line with the principles and political priorities of France's development policy as redefined by the Cicid on 31 July 2013 to adapt aid instruments and priorities to the challenges of the 21st century and to take into account differences in national circumstances between developing countries in the context of globalisation.

On top of these new orientations, the 2014-2016 Contractual Targets and Resources (COM) between the French government and AFD is scheduled to be adopted in March 2014. The COM will establish organisation-wide objectives in the areas of sustainable development and the fight against poverty while using the concept of differentiated partnerships to define AFD's regional priorities and to focus the government's financial efforts on priority countries.

In 2014, AFD's projected activities are as follows:

- ✓an increase in AFD's operations in foreign countries, which are expected to reach €5.6bn;
- ✓a stable level of activity in French Overseas Departments and Collectivities relative to 2013 at €1.5 bn;
- ✓stabilisation of PROPARCO's activities at €1bn.

Loans will remain our preferred intervention tools while favouring: the combination of loans and grants, the use of guarantees and of subsidised resources that deliver considerable leverage effects. Growth in AFD's loan activity on its own behalf will rely on growth in non-sovereign activity of approximately 30% compared to 2013.

By geographic region, AFD's projected activity is as follows:

- ✓**Sub-Saharan Africa** remains the priority region, with overall projected activities of €2.5bn. These forecasts indicate a slight increase in lending activities, in particular in non-sovereign concessional loan operations, as well as growth in C2D operations in Côte d'Ivoire and in the Democratic Republic of Congo;
- ✓the 2014 programme of activities for the **Mediterranean and Middle East** provides for approvals amounting to approximately €907M. This forecast takes into account the increase in AFD's own funds for resuming activities in Morocco and Tunisia relative to 2013;
- ✓2014 will see consolidation of the strong growth in AFD's operations in the **Asia Pacific** region. Activity forecasts stand at €1.17bn and anticipate the continuation of a high level of approvals in countries where AFD has traditionally operated, particularly in Vietnam, the limited expansion of commitments in other Asian countries and the financing of the first projects in new regions: Uzbekistan, Armenia and Georgia;
- ✓2014 will be a year of modest growth in activity in **Latin America and the Caribbean** (4%), with a projected volume of approximately €960M. This growth will be driven by promising projects in terms of climate co-benefits in Peru, Brazil, and Colombia and by partnerships with the Corporación Andina de Fomento and the Caribbean Development Bank;
- ✓the 2014 programme of activities in the **French Overseas Departments and Collectivities** stands at €1.5bn. Public-sector operations will be concentrated on supporting government policies promoting social cohesion and the environment, including housing and urban planning. As to approvals in favour of the private sector, 2014 will be the first year of developing a new partnership with Bpifrance growing out of AFD's former representation of Oséo. This will be supplemented by representing new activities for the Bpifrance guarantee fund while simultaneously running off the DOM Fund. 2014 is shaping up to be a year for increasing, in partnership with local banks and Bpifrance, direct AFD loans to businesses implemented in compliance with the strategic overseas priorities of the Agency.

5.1.3 Borrowings

On 10 December 2013, AFD's Board of Directors authorised AFD to borrow €6.3bn for its operations on its own behalf in 2014, in the form of bank loans or bonds, with or without a public offering. This ceiling includes a maximum loan of €300M from the French Treasury.

5.1.4 Information about trends

There has been no significant deterioration in the outlook for the Issuer and its consolidated subsidiaries (considered as a whole) since the audited last financial statements of 31 December 2013.

5.1.5 Significant change in the issuer's financial position

There has been no significant deterioration in the financial position of the Issuer and its consolidated subsidiaries (considered as a whole) since the last audited last financial statements of 31 December 2013.

5.2 POST-CLOSING EVENTS

There were no significant post-closing events during the following reporting period.

5.3 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following analysis seeks to provide a broad economic overview of AFD Group's development by type of activity on the basis of consolidated accounting data.

A detailed description of changes in the accounts is provided in the notes to the consolidated financial statements.

5.3.1 Consolidated balance sheet

In millions of euros

ASSETS	2013	2012	LIABILITIES	2013	2012
(Net outstanding) loans	**20,280**	**18,827**	**Market borrowings**	**17,293**	**14,895**
- Gross outstandings	**20,801**	**19,288**			
- Individual writedowns	-292	-305			
- Collective writedowns	-309	-226	**Borrowings from the French Treasury**	**2,630**	**2,548**
- Interest accrued	80	70			
			Current accounts	**8**	**13**
Revaluation difference on interest rate hedged portfolio	**36**	**61**	**Revaluation difference on interest rate hedged portfolio**		
Financial assets at fair value through profit and loss	**148**	**66**	**Financial liabilities at fair value through profit and loss**	**48**	**115**
Hedging derivatives	**1,090**	**1,318**	**Hedging derivatives**	**527**	**755**
Available-for-sale securities	**809**	**759**	**Funds under management and advances from the State**	**454**	**555**
Companies accounted for by the equity method	**161**	**159**	**Accruals and other liabilities**	**1,267**	**1,117**
			Provisions	**657**	**612**
Investment portfolio	**689**	**692**	**Shareholders' equity attributable to the Group**	**2,591**	**2,491**
Short-term cash assets	**2,206**	**1,173**	Of which Group income	**151**	**95**
Fixed assets	**214**	**204**	**Minority interests**	**238**	**217**
Accruals and other assets	**80**	**59**			
TOTAL	**25,713**	**23,318**	**TOTAL**	**25,713**	**23,318**

Assets

Net outstanding AFD Group loans reached €20.28bn at 31 December 2013 (79% of the balance sheet), up €1.45bn or 8% compared with the previous year.

Gross outstandings stood at €20.8bn, up €1.51bn or 8% compared with 2012.

This rise in gross consolidated outstandings was due to:

- ✓ the significant increase in loans at the Group's risk in the foreign country zone (up €1.47bn);
- ✓ an increase in outstanding loans in the French Overseas Departments and Collectivities (up €213M);
- ✓ an increase in other loan outstandings (+€11M), mostly comprising loans to the employees of the Group;
- ✓ partially offset by the decline in loans at the risk of the French government (down €176M).

Gross outstandings break down as follows

In millions of euros	2013 Total	2013 %	2012 Total	2012 %
- Loans at AFD Group's risk	**19,504.7**	**94%**	**17,815.7**	**92%**
Of which Foreign Countries	15,590.1	75%	14,125.3	73%
Sovereign	*8,185.4*	*39%*	*7,543*	*39%*
Non-sovereign	*7,404.7*	*36%*	*6,582.3*	*34%*
Of which French Overseas Collectivities	3,864.4	19%	3,651.5	19%
Of which other loan outstandings	50.3	0%	38.9	0%
- Loans at the State's risk	**1,295.9**	**6%**	**1,471.9**	**8%**
Loans guaranteed by the State	*1,069.1*	*5%*	*1,192.1*	*6%*
Loans granted by the State	*226.8*	*1%*	*279.8*	*1%*
TOTAL GROSS OUTSTANDINGS	**20,800.6**		**19,287.6**	

Outstanding loans at the Group's risk amounted to €19.51bn, of which €15.59bn for foreign countries and €3.86bn for the French Overseas Departments and Collectivities. This resulted in individual writedowns and provisions totalling €1.1bn, providing a 6% coverage ratio (unchanged from 2012). Doubtful loans amount to €511M. They are covered by writedowns and provisions totalling €298M (this amount includes €6M in shared sovereign provisions), that is, a coverage ratio of 59%.

Summary of outstandings and provisions for depreciation

In millions of euros	Outstandings	Writedowns and provisions
Foreign Countries		
Sovereign	8,185.4	573.4
Of which doubtful	*82.1*	*82.1*
Non-sovereign	7,404.7	513.4
Of which doubtful	*346.6*	*204*
French Overseas Departments and Collectivities		
Non-sovereign	3,864.4	11.8
Of which doubtful	*82.2*	*11.8*
Other outstanding loans	50.3	
TOTAL	**19,504.7**	**1,098.6**
Of which doubtful	*510.9*	*297.9*

The investment portfolio consists of medium- and long-term investments. Its total value dropped slightly to €689M in 2013 versus €692M in 2012.

Other assets rose to €4.74bn in 2013 versus €3.8bn in 2012 and represented 18% of total assets. They include the following items:

- ✓ €36M in interest rate-hedged portfolio revaluation differences, versus €61M in 2012;
- ✓ financial assets at fair value through profit or loss of €148M, versus €66M in 2012;
- ✓ financial hedging derivatives of €1.09bn, versus €1.32bn in 2012;
- ✓ financial assets held to maturity of €809M, versus €759M in 2012;
- ✓ equity-accounted equity stakes of €161M, versus €159M in 2012;
- ✓ short-term cash of €2.21bn[19], versus €1.17bn in 2012;
- ✓ fixed assets, accruals and other assets of €294M, an increase of €31M compared to 2012.

19. The sharp increase in short-term cash assets stems from (i) higher cash and operating account balances, including significant growth in overnight lending and (ii) term deposit and certificate of deposit balances that were much higher at the end of 2013 than at the end of 2012.

Liabilities

In 2013, AFD Group's **borrowings** totalled €19.92bn and included:

- ✓outstanding **market borrowings** of €17.29bn at 31 December 2013, compared with €14.9bn at the end of 2012;
- ✓outstanding **borrowings from the French Treasury** amounted to €2.63bn versus €2.55bn in 2012. They include €211M in senior debt and €2.42bn in subordinated debt.

The contribution of the Group's various companies to its consolidated net position excluding minority interests is as follows:

Net position in millions of euros	2013	2012	Change
AFD	2,433.7	2,362.9	70.9
PROPARCO	162.3	125.1	37.2
Socredo	90.9	88.3	2.5
SIC	53.4	55.6	-2.2
Simar	15.3	13.5	1.8
Sogefom	4.4	4.7	-0.3
Propasia	-3.3	-3.2	-0.1
Fisea	-41.3	-31	-10.3
Soderag	-124.9	-124.9	0
GROUP TOTAL	**2,590.5**	**2,490.9**	**99.6**

Minority interests totalled €238M at 31 December 2013, compared with €217M at 31 December 2012.

Regulatory capital[20] amounted to €4.81bn at 31 December 2013 versus €4.67bn at end-2012. Tier 1 capital for 2013 stands at €2.9bn; contingent capital stands at €1.91bn.

AFD paid €62.69M in dividends to the French government in 2013 versus €55.52M in 2012.

Other liabilities amounted to €2.96bn in 2013 (€3.17bn in 2012):

- ✓funds under management and advances from the State of €454M (€555M in 2012);
- ✓provisions of €657M (€612M in 2012);
- ✓financial liabilities at fair value through profit or loss of €48M (€115M in 2012);
- ✓hedging derivatives of €527M (€755M in 2012);
- ✓current accounts and accruals and other liabilities of €1.28bn (€1.13bn in 2012). Other liabilities include €3.9M in supplier debts. In accordance with Article L.441-6 of the French Commercial Code, the supplier debt schedule at 31 December 2013 can be found below: €2.6M in arrears, €1.3M from 0 to 30 days and €0.1M from 31 to 60 days (at 31 December 2012: €2.6M in arrears, €1.2M from 0 to 30 days and €0.2M from 31 to 60 days).

20. Shareholders' equity is calculated in compliance with CRBF regulation 90-02.

5.3.2 Consolidated income statement

Consolidated income statement 2013-2012

In millions of euros

Expenses	2013	2012	Income	2013	2012
Financial expenses on borrowings	**934.6**	**999.5**	**Income from loans and guarantees**	**1,122.3**	**1,080.5**
- Financial expenses on borrowings	400.2	394.5	- Interest and commissions on loans and guarantees	618.9	582.2
- Expenses on swaps	523.7	541.5	- Income from swaps	544.3	536.1
- Net balance of foreign exchange transactions (loss)	10.7	63.5	- Net appropriations for sovereign funds	-47	- 42.1
			- Net appropriations for deduction of assets in interests	-2.8	- 5.1
			- Writeback of subsidies for budget support	9	9.4
			- Net balance of foreign exchange transactions (gain)	0	0
Various financial expenses	**8.5**	**12.1**	**Subsidies**	**185.3**	**179.5**
			Commissions	**49.9**	**40.3**
			Net gains on financial instruments at fair value through profit and loss	**45.5**	**47.1**
			Net gains on available-for-sale financial assets	**12.1**	**12.7**
			Investment income	**56**	**56.3**
			Ancillary income and miscellaneous	**18.5**	**20.1**
TOTAL EXPENSES	**943.1**	**1,011.6**	**TOTAL INCOME**	**1,489.5**	**1,436.5**
NET BANKING INCOME	**546.4**	**424.8**			
Overhead	287.1	263.9			
- Staff costs	184.7	170.3			
- Taxes and other general expenses	102.5	93.6			
Provisions for depreciation/amortisation on intangible assets and property, plant and equipment	15.3	14.1			
Total non-banking operating expenses	302.5	278			
GROSS OPERATING INCOME	**243.9**	**146.8**			
Cost of risk	**-65.9**	**-22.3**			
- Collective writedowns of non-sovereign outstandings	-83.8	-16.4			
- Net provisions for doubtful non-sovereign outstandings	21.9	-3.7			
- Other provisions for risk and expenses	-4	-2.2			
OPERATING INCOME	**178.1**	**124.5**			
Share of earnings from companies accounted for by the equity method	4.8	4.5			
Net gains or losses on other assets	1	0.1			
Pre-tax income	**183.9**	**129.1**			
Corporate tax	-15.7	-17.1			
Net income	**168.2**	**112**			
Minority interests	-17.5	-17.3			
NET INCOME, GROUP SHARE	**150.8**	**94.7**			

Intermediate balances

The main intermediate balances changed as follows between 2012 and 2013:

In millions of euros	2013	2012	Change
Net banking income	**546.4**	**424.8**	**121.6**
Gross operating income	243.9	146.8	97.1
Cost of risk	-65.9	-22.3	-43.6
Operating income	**178.1**	**124.5**	53.5
Net income	**168.2**	**112**	56.3
Minority interests	-17.5	-17.3	-0.2
NET INCOME, GROUP SHARE	**150.8**	**94.7**	**56.1**

AFD Group's income for 2013 stood at €150.8M (Group share), rising by €56.1M compared with 2012.

Net banking income

The contribution of the Group's various companies to its net banking income (NBI) is as follows:

In millions of euros	2013	2012	Change
AFD	**450.2**	**329.2**	121
PROPARCO	100.6	100.1	0.5
Fisea	-6.7	-6.4	-0.3
Soderag	0	0	0
Sogefom	2.4	2	0.4
Propasia	0	-0.1	0.1
GROUP TOTAL	**546.4**	**424.8**	**121.6**

Net banking income reached €546.4M in 2013, rising by €121.6M compared with 2012 due to the aggregate effect of the items listed below:

In millions of euros	2013	2012	Change
Balance of loans/borrowings	**386.5**	**329**	**57.5**
Investment income	56	56.3	-0.3
Net interest provisions	-2.8	-5.1	2.2
Commissions	49.9	40.3	9.6
Result on instruments at fair value net of the impact of exchange rates	40.8	-7.7	48.4
Other financial income and expenses	16.1	12	4.1
NET BANKING INCOME	**546.4**	**424.8**	**121.6**

The change in net banking income was mainly due to:

- ✓ an increase in the balance of loans/borrowings net of subsidies (up €57.5M);
- ✓ the positive impact in 2013 of the decrease in provisions for sovereign and non-sovereign interest compared to 2012 (up €2.2M);
- ✓ the increase in commissions (up €9.6M) ;
- ✓ the strong positive impact on income of financial instruments at fair value through profit or loss, net of the currency effect (up €48.4M);
- ✓ the slight increase in other financial income and expenses (up €4.1M).

Gross operating income

Ordinary income before tax totalled €243.9M in 2013 versus €146.8M in 2012. This €97.1M increase results from a combination of NBI growth (up €121.6M) and the negative impact (€24.5M) of increased non-banking operating expenses.

The contribution of the Group's companies to its gross operating income is as follows, in millions of euros:

In millions of euros	2013	2012	Change
AFD	**187.7**	**86.3**	**101.4**
PROPARCO	62.1	66.3	-4.3
Fisea	-6.8	-6.4	-0.4
Propasia	-0.1	-0.2	0.1
Soderag	0	0	0
Sogefom	1.1	0.8	0.3
TOTAL	**243.9**	**146.8**	**97.1**

Operating income

Operating income stood at €178.1M, up €53.6M compared with 2012.

The cost of risk represented an expense of €65.9M versus €22.3M in 2012:

In millions of euros	2013	2012	Change
Collective writedowns of non-sovereign outstandings	-76.4	-16.4	-60
Net provisions for impaired non-sovereign outstandings	14.7	-3.7	18.4
Other provisions for risk and expenses	-4.2	-2.2	-2
TOTAL COST OF RISK	**-65.9**	**-22.3**	**-43.6**

The change in the cost of risk is primarily due to the increase of collective provision allocations for 2013 (€76.4M), offset by reversals of individual writedowns in the amount of €14.7M for 2013.

Ordinary income before tax

Ordinary income before tax totalled €183.9M in 2013 versus €129.1M in 2012:

- ✓ the share of earnings from equity-accounted companies (€4.8M) was higher than in 2012 (€4.5M);
- ✓ gains from other assets stood at €1M versus €0.1M in 2012.

Net income

After factoring in corporate tax (€15.7M) and the stakes of minority shareholders in PROPARCO, Propasia and Sogefom (€17.5M), net profit in 2013 totalled €150.8M.

The contribution of the Group's companies to its consolidated income is outlined below:

	2013		
In millions of euros	Group share	Minority interests	Total
AFD	**129.2**		**129.2**
Fully consolidated companies	**34.2**	**-17.5**	**16.7**
PROPARCO	41.2	-17.5	23.7
Sogefom	-0.4	0.1	-0.2
Soderag	0		0
Propasia	0.2	-0.1	0.1
Fisea	-6.8	0.0	-6.8
Equity-accounted companies	**4.8**		**4.8**
Socredo	2.5		2.5
SIC	0.5		0.5
Simar	1.8		1.8
GROUP TOTAL	**168.2**	**-17.5**	**150.8**

5.4 CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING PRINCIPLES ADOPTED BY THE EUROPEAN UNION

1. Overview

Agence Française de Développement (AFD) is an industrial and commercial public undertaking tasked with financing development assistance. AFD funding amounts to €400M.
Registered office: 5, rue Roland Barthes – 75598 Paris Cedex 12
Listed on the Paris trade and companies register, under Number 775 665 599.

2. Accounting standards applied to Agence Française de Développement

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 summary documents of companies subject to banking and finance regulations under international accounting standards.
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Commission. 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 main accounting standards used in the preparation of AFD's financial statements at 31 December 2013 are described in Note 5.5.

These consolidated financial statements are presented in thousands of euros.

3. Standards applicable as at 31 December 2013

The standards and interpretations used in the financial statements as at 31 December 2013 were supplemented by provisions of IFRS standards as adopted by the European Union and which must be applied for the first time to this financial year.

- **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) and now records a value adjustment for its derivatives as its own risk of default (Debit Valuation Adjustment). The amounts booked at 31 December 2013 in application of this standard stand at €7.6M.

- **Revised IAS 19 on employee benefits**
  In 2013, AFD Group applied the revised IAS 19, Employee Benefits, for the first time. This standard may be applied retrospectively. This change to the method for calculating provisions for employee commitments involves eliminating the use of the "corridor" approach and recognising the impact of discounting defined benefit plans directly in Other Comprehensive Income (OCI). The application of this amendment impacted shareholders' equity in the amount of €0.7M, i.e. (i) an actuarial loss of €4.2M reflecting the stock of unrecognised actuarial differences at 31 December 2012 and (ii) an actuarial gain of €3.5M for 2013.

- **The amendment to IFRS 7 on financial instrument disclosures dealing with offsetting financial assets and liabilities**
  AFD has reviewed the potential impacts of applying this amendment as it pertains to the presentation of its consolidated financial statements. Accordingly, as long as there is no offset financial instrument on the balance sheet or a non-offset instrument covered by a contract that includes offsetting clauses, no further disclosure was deemed necessary.

- **Amendment to IAS 1 on the "Presentation of items of other comprehensive income" (OCI)**
  The amendment modifies certain provisions on the presentation of gains and losses posted directly to equity in order to distinguish items that will be subsequently reclassified (recycled) to profit or loss from those that will not. Moreover, the before-tax total of actuarial gains and losses on post-employment defined benefit schemes recognised during the period and which may not be recycled to profit or loss is transferred directly to Consolidated Reserves at the end of the period.

In addition, beginning in 2014 the Group will apply the following standards adopted by the European Union on 29 December 2012 and applicable to reporting years starting from 1 January 2014:

- IAS 27 "Separate Financial Statements";
- amendment to IAS 28, "Investments in Associates";
- amendment to IAS 32, "Financial Instruments: Presentation - Offsetting a financial asset and a financial liability";
- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities".

An analysis of the impact on the Group's consolidated financial statements resulting from the application of these standards is underway given their forthcoming application.

4. Balance sheet at 31 December 2013

In thousands of euros	Notes	31/12/2013 IFRS	31/12/2012 IFRS
Assets			
Cash, due from central banks		15,316	11,518
Financial assets at fair value through profit and loss	1	147,844	66,272
Hedging derivatives	2	1,089,729	1,317,708
Available-for-sale financial assets	3	944,112	1,477,231
Loans and receivables due from credit institutions	4	6,351,737	4,494,434
Demand		*1,018,423*	*343,138*
Term		*5,333,314*	*4,151,296*
Loans and receivables due from customers	4	15,983,965	14,775,283
Commercial receivables		*3,292*	*2,744*
Other loans to customers		*15,980,673*	*14,772,539*
Interest rate-hedged portfolio revaluation differences		35,743	61,438
Held-to-maturity financial assets	3	689,382	691,751
Current tax assets			
Deferred tax assets		16,177	14,743
Accruals and other miscellaneous assets	5	63,620	43,976
Accruals		*35,726*	*34,822*
Other assets		*27,894*	*9,154*
Equity stakes in companies accounted for by the equity method	18	160,887	158,687
Property, plant and equipment	6	197,518	189,267
Intangible assets	6	16,530	15,211
TOTAL ASSETS		**25,712,560**	**23,317,519**

In thousands of euros	Notes	31/12/2013 IFRS	31/12/2012 IFRS
Liabilities			
Central banks			
Financial liabilities at fair value through profit and loss	1	47,936	114,548
Hedging derivatives	2	527,349	754,670
Debts to credit institutions	7	9,627	11,964
Demand		*8,905*	*2,899*
Term		*722*	*9,065*
Debts to customers	7	1,541	2,783
Of which demand			
Other debts		*1,541*	*2,783*
Of which demand		*1,541*	*2,783*
Of which term			
Debt securities in issue	7	16,422,574	13,993,148
Short-term notes			
Interbank market securities		*693,964*	*300,000*
Bonds		*15,728,610*	*13,693,148*
Deferred tax liabilities		121	121
Accruals and other miscellaneous liabilities	5	1,931,593	1,929,863
Borrowing from French Treasury		*210,826*	*258,076*
Allocated public funds		*243,843*	*246,617*
Other liabilities		*1,476,924*	*1,425,170*
Provisions	10	656,926	611,916
Subordinated debt	7	3,286,501	3,190,186
Total debts		**22,884,168**	**20,609,199**
Shareholders' equity attributable to the Group		**2,590,513**	**2,490,911**
Funding and related retained earnings		860,000	860,000
Consolidated retained earnings and other		1,511,922	1,478,629
Gains and losses directly recognised in equity		67,816	57,605
Earnings for the period		150,775	94,677
Minority interests		**237,879**	**217,409**
TOTAL LIABILITIES		**25,712,560**	**23,317,519**

5. Income statement at 31 December 2013

In thousands of euros	Notes	31/12/2013 IFRS	31/12/2012 IFRS
Interest and similar income	**12**	**1,139,674**	**1,101,633**
Transactions with credit institutions		269,430	282,290
Transactions with customers		438,390	405,324
Bonds and other fixed-income securities		38,130	47,839
Other interest and similar income		393,724	366,180
Interest and similar expenses	**12**	**918,792**	**933,889**
Transactions with credit institutions		373,698	319,841
Transactions with customers		32,528	32,771
Bonds and other fixed-income securities		359,878	356,090
Other interest and similar expenses		152,688	225,187
Commissions (income)		**62,629**	**59,399**
Commissions (expenses)		**2,556**	**2,285**
Net gains or losses on financial instruments at fair value through profit or loss	**13**	**45,459**	**47,122**
Net gains or losses on available-for-sale financial assets	**14**	**24,317**	**16,875**
Income on other activities	**15**	**217,450**	**211,555**
Expenses on other activities		**21,773**	**75,586**
Net banking income		**546,407**	**424,824**
Overhead costs		**287,140**	**263,885**
Staff costs	*16*	*184,658*	*170,267*
Other administrative expenses		*102,482*	*93,618*
Provisions for depreciation/amortisation on intangible assets and property, plant and equipment	**6**	**15,341**	**14,138**
Gross operating income		**243,927**	**146,801**
Cost of risk	**17**	**-65,870**	**-22,261**
Operating income		**178,057**	**124,540**
Share of earnings from companies accounted for by the equity method	**18**	**4,843**	**4,459**
Net gains or losses on other assets		**990**	**81**
Pre-tax income		**183,890**	**129,080**
Corporate tax	**19**	**-15,653**	**-17,093**
Net income from discontinued or discontinuing activities			
NET INCOME		**168,238**	**111,987**
Minority interests		**-17,463**	**-17,310**
NET INCOME, GROUP SHARE		**150,775**	**94,677**

6. Net income and gains and losses booked directly as equity at 31 December 2013

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Net income	**168,238**	**111,987**
Items that will be subsequently recycled to profit or loss		
Translation differences		
Revaluation of available-for-sale financial assets (net of tax)	11,578	40,608
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	**15,119**	**40,608**
Net income and gains and losses booked directly as equity	**183,356**	**152,595**
Of which Group share	154,343	135,048
Of which minority interests	29,013	17,547

7. Cash flow at 31 December 2013

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Pre-tax income (A)	**166,427**	**113,754**
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	15,341	13,864
Impairment of goodwill and other fixed assets		
Net allocations to provisions (including technical insurance provisions)	109,682	66,971
Share of earnings from companies accounted for by the equity method	-4,843	-4,459
Net gain/(net loss) on investment activities	-10,816	-10,990
Net gain/(net loss) on financing activities	7,271	0
Other items[1]	-33,746	-97,919
Total non-cash items included in net pre-tax income and other items (B)	**82,888**	**-32,532**
Cash received from credit institutions and equivalent	-150,267	-41,620
Cash received from customers	-1,689,935	-2,397,600
Cash flows from other operations affecting other financial assets or liabilities	2,143,696	2,799,246
Cash flows from operations affecting non-financial assets or liabilities	159,501	532,279
Taxes paid	-23,521	-12,270
= Net increase (decrease) in cash related to assets and liabilities generated by operating activities (C)	**439,473**	**180,036**
Net cash flows from operating activities (A + B + C)	**688,788**	**261,258**
Cash flows from financial assets and equity stakes	-105,267	-83,854
Cash flows from property, plant and equipment and intangible assets	-24,654	-32,181
Net cash flows from investment activities	**-129,921**	**-116,035**
Cash flows to or from shareholders	-14,817	-58,103
Other net cash flows from financing activities	127,486	101,501
Net cash flows from financing activities	**112,669**	**43,397**
Net increase (decrease) in cash and cash equivalents	**671,536**	**188,620**
Opening balance of cash and cash equivalents	**351,757**	**163,137**
Net balance of cash accounts and accounts with central banks	11,518	24,099
Net balance of term loans and deposits from credit institutions	340,239	139,038
Ending balance of cash and cash equivalents	**1,023,293**	**351,757**
Net balance of cash accounts and accounts with central banks	15,316	11,518
Net balance of term loans and deposits from credit institutions	1,007,977	340,239
Change in cash and cash equivalents	**671,536**	**188,620**

1. Of which value adjustments to balance sheet items.

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

8. Statement of changes in shareholders' equity from 31 December 2011 to 31 December 2013

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 2011 (IFRS standards)	**400,000**	**460,000**	**1,492,522**	**65,314**	**18,750**	**2,436,586**	**205,487**	**2,642,073**
Impact of changes in accounting policy or error correction (IAS 8)			-20,442			-20,442		-20,442
Equity at 1 January 2012 (IFRS standards)	**400,000**	**460,000**	**1,472,080**	**65,314**	**18,750**	**2,416,144**	**205,487**	**2,621,631**
Share of 2011 earnings retained in reserves			10,196	-10,196		0		0
Dividends paid				-55,118		-55,118	-2,124	-57,242
Other changes			-3,647			-3,647	-3,687	-7,334
Earnings in 2012				94,677		94,677	17,310	111,987
Gains or losses directly recorded in consolidated equity for 2012					38,855	38,855	423	39,278
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	-7,186	-69,873
Other changes			1,303			1,303	-6,853	-5,550
Earnings in 2013				150,775		150,775	17,463	168,238
Gains or losses directly recorded in consolidated equity for 2013[1]					14 452	14,452	17,046	31,498
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**

1. Of which changes in the value of available-for-sale assets.

9. Gains or losses directly recorded in consolidated equity for 2013

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Items that will be subsequently recycled to profit or loss	71,357	53,364
Items that will not be subsequently recycled to profit or loss	-3,541	
Of which actuarial differences on defined benefit liabilities	*-3,541*	
TOTAL	**67,816**	**53,364**

5.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.5.1 Highlights

5.5.1.1 *Growth of the balance sheet*

At 31 December 2013, the total balance sheet stood at €25.7bn, up 10% compared to the previous year. This change mainly stems from the robust growth in activity, with an increase of 8% in gross outstanding loans over the period.

5.5.1.2 *Financing of the Group's activity*

To finance the growth in its loan activity, in 2013 AFD made six bond issuances on its own behalf in the form of public or private issues with a total volume of €4.8bn.

5.5.1.3 *Subscription to the capital increase for the Fonds d'investissement et de soutien aux entreprises en Afrique (Fisea)*

Fisea's partners unanimously adopted a resolution in a private deed of trust dated 18 December 2013 to increase the share capital of the Fund from €45M to €105M. This capital increase was fully subscribed by ADF and fully paid up.

5.5.1.4 *Collective provision allocations*

Collective provision allocations for performing non-sovereign loans to foreign countries impacted the cost of risk in the amount of €83M. This level of provision takes account of the increase in the performing loans of interest, mostly for AFD (+31%) and PROPARCO (+10%) and their high risk quality. At 31 December 2013, total collective writedowns stood at €309M and the loan loss reserve ratio for these outstandings was steady at 5% overall.

5.5.2 Principles and method applied to the financial statements at 31 December 2013

The consolidated financial statements for the financial year 2013 were approved on 30 April 2014 by the Board of Directors.

5.5.2.1 *Consolidation scope and methods*

5.5.2.1.1 Consolidation scope

AFD's consolidated financial statements cover all fully-controlled enterprises, joint ventures and companies on which the Institution exerts a notable 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.

The list of companies in which AFD directly or indirectly holds equity stakes that exceed 20% of the companies' capital is presented on the following page[21].

21. The percentage of control represents the degree of influence that the parent company has over the decisions of companies in which it holds shares. This determines the method of consolidation. The percentage of interest represents the parent company's rights over the equity of the consolidated company. It is used as a basis for consolidation calculations.

In thousands of euros	Localisation	% control 2012	% control 2013	% Interest 2013	Balance sheet total	Contribution to earnings[1]
AFD					**25,258,305**	**129,239**
Fully consolidated companies						
Soderag	West Indies	100	100	100	8,926	-41
PROPARCO	Paris	57.43	57.43	57.43	3,659,302	23,654
Sogefom – AFD share	Paris	58.69	58.69	58.69	42,099	-220
Sogefom – Socredo share	Paris	3.76	3.76	3.76		
Fisea	Paris	100	100	100	110,527	-6,800
Propasia	Hong Kong	100	57.43	57.43	6,566	99
Companies accounted for by the equity method						
- Non-financial companies						
Société immobilière de Nouvelle-Calédonie	New Caledonia	50	50	50	53,383	472
Société immobilière de la Martinique	Martinique	22.27	22.27	22.27	15,337	1,831
- Financial companies						
Banque Socredo	Polynesia	35	35	35	90,858	2,541
Other equity stakes						
- Foreign public or parapublic stakes						
Société financière algérienne et européenne de participation (Finalep)	Algeria	28.73	28.73	28.73	7,879	
Fonds de garantie des investissements privés en Afrique de l'Ouest (Gari)	Togo	27.01	27.01	27.01	42,818	
Banque nationale de développement agricole	Mali	22.67	22.67	22.67	371,504	
Banque de développement des Seychelles	Seychelles	20.41	20.41	20.41	33,018	
Société de gestion et d'exploitation de l'aéroport de Conakry G'Bessia	Guinea	20	20	20	16,608	
- Proparco's foreign interests						
Tunisie Sicar	Tunisia	20	20	20	1,599	
Upline Technologies	Morocco	20	20	20	381	
I&M Bank (T) CFUB	Tanzania	20	20	20	116,592	
BIMR	Djibouti	20	20	20	266,135	
Averroes Finance	Multi-country	34.25	34.25	34.25	11,612	
Averroes Finance II	Multi-country	50	50	50	5,651	
Central Africa Growth Fund	Multi-country	24.47	24.47	24.47	21,553	
I&P Capital (Indian Ocean) Ltd	Multi-country	20	20	20	1,908	
CMAR	Mauritius	20	20	20	36,779	
Fegace Asia sub fund	Multi-country	20	20	20	13,814	
Vietnam Debt Fund	Vietnam	26.84	26.84	26.84	19,048	
Wadi Holding	Egypt	35.29	35.29	35.29	9,919	
Attijari Bank	Mauritania	20	20	20	111,116	
Seaf India Agribusiness international Fund	India	32.68	33.36	33.36	2,556	
TPS (D) Limited	Tanzania	24.50	24.50	24.50	36,148	
Unimed	Tunisia	26	26	26	26,462	
Acon Latin America Opportunities Fund A	Multi-country		20	20	46,451	
Acon Renewables BV (Hidrotenencias SA)	Panama		24.47	24.47	22,555	
Strides Pharma	Multi-country		20	20	20,989	
Printvest Holding LTD MSM	Mauritius		42.62	42.62	7,726	
French companies whose balance sheet total is not significant						
Retiro Participations - PROPARCO share	Paris	99	99	99	7	
GROUP SHARE						**150,775**

1. Before elimination of intragroup operations.

5.5.2.1.2 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. It is evidenced by (i) holding, directly or indirectly, most of the voting power of the subsidiary, (ii) holding the power to appoint or remove members of the executive, administrative or supervisory bodies of the subsidiary or (iii) having significant influence over the subsidiary as regards existing bylaws.

The consolidation method consists of including all accounts, line item by line item, both on and off AFD's balance sheet, taking due account of the rights of "minority shareholders". The same process is used for income statements.

The following five companies are fully consolidated:

- The Société de promotion et de participation pour la coopération économique (PROPARCO) created in 1977.
At 31 December 2013, the company's capital totalled €485.33M and AFD's stake was 57.43%.

- 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 2013, the company's capital amounted to €5.6M. AFD holds 100% of its capital.

- The Société de gestion des fonds de garantie d'Outre-mer (Sogefom), whose shares AFD bought back from the French Overseas reserve banks (IEOM) on 12 August 2003, at the behest of the Ministry of the Economy, Finance and Industry and the Ministry of the French Overseas Departments and Collectivities.
At 31 December 2013, the company's capital amounted to €1.1M. AFD holds 58.69% of its capital.

- The Fonds d'investissement et de soutien aux entreprises en Afrique (Fisea) was created in April 2009. This simplified joint-stock company has share capital of €105M and is 100% owned by AFD. PROPARCO holds a single share. Fisea is managed by PROPARCO.

- TR Propasia LTD, a public limited company created in October 2008, whose corporate purpose is purchasing equity stakes in companies or organisations that promote environmentally-friendly economic and social development in Asia. The company is registered in Hong Kong and has USD 10M in capital. It is a wholly-owned subsidiary of PROPARCO. At 31 December 2013, 36% of its capital, i.e. USD 3.6M, was fully paid up.

✓ Equity method

Companies over which AFD 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 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 31 December 2013, 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.

The consolidation 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.

✓ Comments on other companies

AFD also has stakes in a number of companies over whose management it has no significant influence. These companies are not consolidated, either fully or using the equity method. They are recorded in "available-for-sale financial assets".

5.5.2.1.3 Restatement of transactions

Balance sheet account balances, transactions and income and expenses resulting from intragroup transactions are eliminated when the consolidated financial statements are drawn up. Gains arising from transactions with equity-accounted entities are eliminated by offsetting equity method investments up to Group's portion of equity of each subsidiary. Losses are eliminated in the same manner but only when they do not represent an impairment loss.

1. Accounting principles and methods

AFD's consolidated financial statements are prepared using accounting methods applied consistently across all of the periods presented in the consolidated accounts and applicable in line with the Group's principles by entities consolidated by AFD.

The main evaluation and presentation rules used in preparing AFD's financial statements at 31 December 2013 are described below.

Conversion of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are converted into the Group's accounting currency (euros) at the closing exchange rate. Discrepancies in exchange rates are recognised in the income statement.

Non-monetary assets and liabilities in foreign currencies may be recorded at historic cost or marked to market. 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 market value was determined. Exchange rate differences relating to non-monetary assets denominated in foreign currencies and marked to market are recognised in the income statement if the asset is classified in "financial assets at fair value through profit and loss" and in equity if the asset is classified in "available-for-sale financial assets".

Use of estimates

Some items booked in the consolidated financial statements require the use of estimates made from available information. These estimates are mainly used for the fair value measurement of financial instruments, writedowns and provisions.

This is particularly the case for:

✓ collective writedowns calculated either on the basis of percentages of outstandings determined from past losses, or based on a homogeneous portfolio of counterparties determined by quantitative and qualitative analysis looking at past losses, the macro-economic situation and the estimated residual loss;

- some financial instruments that are valued using complex mathematical models or by discounting future cash flows.

Financial assets and liabilities

When they are initially recorded, financial assets and liabilities are marked to market. Financial assets and liabilities are classified in one of the following categories:

- Loans and receivables
  Loans and receivables are initially booked at market value, adjusted for transactions costs which, in general, is the amount originally paid (including related receivables). Loans and receivables are measured after their initial recognition at amortised cost based on the effective interest rate and may be subject to individual impairment whenever there is objective evidence that an event has occurred after the grant of the loan that may generate a measurable loss having an impact on future projected asset cash flows and, therefore, likely to generate measurable loss. These impairments are determined by comparing discounted cash flows to book value. The effect of a subsequent reversal of the impairment is booked under net banking income.

- Financial assets and liabilities at fair value through profit and loss
  This heading mostly includes equity stakes in the venture capital funds over which the Group has significant influence. They are measured at fair value based on the financial statements (6 months) transmitted by the entities concerned. The fair value is equal to either a share of the revalued net assets with the possibility of a discount, or the stock market price if the company is listed.
  This item also includes foreign-exchange or interest-rate derivatives used as financial hedges but that do not meet the definition of hedge accounting given by standard IAS 39. These assets and liabilities are measured at fair value through profit and loss. 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 from 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 cash flows using a zero-coupon curve.
  Finally, the last items to be included under this heading are assets and liabilities measured at fair value through profit and loss as allowed by option and the impacts stemming from credit risk (Credit Valuation Adjustment/Debit Valuation Adjustment).

- Held-to-maturity financial assets
  This category includes fixed income assets with a fixed maturity, which AFD has the intention and the ability to hold to maturity.
  These assets are recognised at market value plus transaction cost, then at their amortised cost using the effective interest rate method, which includes amortisation of premiums and discounts.
  Where there is any objective evidence that a financial asset held to maturity is impaired, the aggregate loss that was recognised directly in equity is recycled from equity and recognised in income. Interest accrued on coupons that are not yet due are included at their balance sheet value under IFRS.

- Available-for-sale financial assets
  These are financial assets held for an indeterminate period that AFD may sell at any time. By default, these are any assets that do not fall into one of the two categories listed above. Equity stakes held by AFD are mostly classified in this category.
  These financial assets are initially measured at their fair value plus transaction costs. The fair value used is the price of the security if traded on an active market. In the absence of such a market, the share of the net position weighted by an uncertainty discount is used. Changes in fair value are recorded directly in equity.
  Where there is objective evidence of lasting impairment for an available-for-sale financial asset, the aggregate loss that was recognised directly in equity is recycled from equity and recognised in income.

- Debt
  Debt securities in issue 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.

- Hedging derivatives
  AFD uses fair-value hedge accounting as defined by IAS 39. This covers hedging of changes in the fair value of an asset or liability recorded 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 fair value through profit and 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 exchange-rate risk.
Hedge accounting is applicable if the efficiency 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 differences of interest-rate hedged portfolios" 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 and loss" or to "financial liabilities at fair value through profit and 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.

Commitments to buy back minority interests

In 2008, the Group committed to buy back the stakes of the minority shareholders in PROPARCO, a fully-consolidated subsidiary, for a total of €211M. The present value of the commitment, determined on the basis of the estimated value of the share, the likelihood of exercising options and the discounted cash flow, stood at €257M on 31 December 2013.

The options may be exercised by minority shareholders for a period of 5 years (until 2018) following a lock-in period of 5 years, which ended in 2013.
The strike price is contractually defined: net asset value on the exercise date.

These optional buy-back commitments received the following accounting treatment in 2013:

- in application of IAS 32, the Group has recorded a debt for put options awarded to shareholders. This liability of €77.6M was initially booked at the strike price estimated on the exercise date, classified in "Other liabilities";
- consequently, the counterpart of this liability is recognised after subtracting "minority interests" in the amount of €71.4M, i.e. the share of PROPARCO's net position valued at 31 December 2013, the remainder being subtracted from "Consolidated reserves, Group share", i.e. €6.2M;
- if the buyback is carried out, the liability is settled by the cash payment linked to the acquisition of minority interests. However if, when the commitment reaches its term, the buyback has not occurred, the liability is written off against the minority interests and the Group's consolidated reserves.

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 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 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 packages, layout and fittings	15 years
5.	Various fittings	10 years

Other tangible assets are depreciated using the straight-line depreciation 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 five or 10 years;
- equipment and vehicles over 2 to 5 years.

Regarding intangible assets, software is depreciated according to its type: no more than five years for management packages and two years for office tools.

Depreciation is calculated using the straight-line method, according to the expected depreciable life of the asset; its residual value is deducted from the depreciable base. On each closing date, fixed assets are valued 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.

Provisions

Provisions are recorded if it is likely that resources representative of economic benefits will have to be withdrawn to meet an obligation due to past events and if the amount of the obligation can be reliably estimated.

- Provisions for sovereign outstandings

  The agreement "relating to the booking of provisions for sovereign loans[22] granted by AFD on its own behalf" was signed on 30 December 2010 (with retroactive effect as from 1 July 2009) between AFD and the French State for an indefinite period. This agreement allows shared provisions to be recognised, for which the amount is topped up by the State.

  These provisions are not based on a credit risk analysis but reflect AFD's commitment to pay the State an amount equivalent to these provisions as a result of debt transactions. Net reversals of provisions and payments to the State are recorded in Net Banking Income.

- Provisions for subsidiary liabilities

  This item is intended to cover the cost to AFD of the takeover and liquidation of Soderag, which was decided in 1998, and to cover AFD's risk of loss on loans issued to Sodema, Sodega and Sofideg to buy Soderag's portfolio. These loans were transferred to Sofiag.

22. In other words granted to States or with their approval.

✓ Provision for employee benefits

Post-employment benefits

➤ ***Defined benefit plans***

✓ Retirement and early retirement commitments

Immediate retirement and early retirement commitments are all outsourced to an 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%;
- retirement age: 62 for non-executive level employees and 64 years for executive level employees;
- annual increase in salary: 2.50%.

✓ End-of-career payments and financing of the health insurance plan

AFD pays its employees compensation at the end of their careers (IFC). It also contributes to the cost of its retired employees' health insurance plans.

The assumptions used for the valuations are as follows:
- discount rate: 3.50%;
- annual increase in salary: 2.50%;
- retirement age: 62 for non-executive level employees and 64 years for executive level employees;
- life tables: TGH 05/TGF 05.

In accordance with IAS 19, these commitments (end-of-career payouts and financing of health insurance plans and pensions) undergo actuarial valuations that factor in demographic and financial assumptions. The amount of the commitments provisioned is determined using the projected unit credit method.

At each closing, the retirement commitments borne by AFD are revalued and compared with the value of the insurance policies.

AFD applied revised international standard IAS 19, published 5 June 2012, for the first time in 2013. The main change included in the revision of this standard relates to dropping the mechanisms for deferring changes in provisions for post-employment benefit plans. In other words, the corridor method, applied through 31 December 2012, and the creation of a stock of unrecognised past service costs are no longer permitted in the consolidated financial statements of AFD. Furthermore, actuarial gains and losses are now recognised as Other items of comprehensive income (OCI).

Therefore, equalisation provisions recognised on 31 December 2013:
- in the income statement amount to €4.4M and are booked as staff costs; they represent the sum of the cost of services rendered plus the interest cost for 2013 less benefits paid by the employer over the period;
- in the balance sheet as items that may not be recycled to the income statement represent (i) a loss of €4.2M as the stock of actuarial gains and losses on 31 December 2012 and (ii) an actuarial gain of €3.5M resulting from the measurement of commitments as at 31 December 2013 and are booked as equity.

➤ ***Other long-term benefits***

AFD awards its employees with bonuses for long-time service. An additional provision was recognised on 31 December 2013 in the amount of €186,000.

The aggregate impacts on the 2012 and 2013 reporting years are set out in the table below:

In thousands of euros	31/12/2012	IAS 19R	31/12/2012 *Proforma*	Change in the impact on equity	Change in the impact on income	31/12/2013
Provisions for employee benefits	66,307	4,241	70,548	-3,540	4,633	71,641

The changes in commitments over 2013 are shown in the table below:

In thousands of euros	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand Total
Change in the present value of the commitment						
Fair value of the commitment at 1 January	**99,279**	**59,155**	**12,199**	**170,632**	**556**	**171,189**
Financial cost	3,504	2,154	448	6,106	20	6,126
Cost of services rendered over the year	841	2,383	928	4,153	65	4,218
Reductions/Liquidations	0	0	0	0	0	0
Services paid	-7,458	-1,654	-635	-9,747	-53	-9,800
Actuarial gains (losses)	-2,422	-15	-157	-2,594	155	-2,439
Present value of the commitment at 31 December	**93,745**	**62,024**	**12,782**	**168,551**	**743**	**169,293**

The table continues on page 83

In thousands of euros	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand Total
Change in the fair value of retirement plan assets						
Fair value of assets at 1 January	**100,640**			**100,640**		**100,640**
Expected return on assets	3,522					
Services paid	-7,458					
Actuarial gains (losses)	947					
Liquidations	0					
Fair value of assets at 31 December	**97,652**			**97,652**		**97,652**
Corridor limits						
Actuarial gains (losses) not recognised at 1 January	4,825	-9,159	93	-4,241	0	-4,241
Corridor limits at 1 January	10,064	5,916	1,220		56	
Actuarial gains (losses) generated over the year	3,369	15	157	3,541	-155	3,386
Actuarial gains (losses) recognised in profit or loss	0	0	0	0	155	155
Actuarial gains (losses) recognised in equity in the previous period	-4,825	9,159	-93	4,241	0	4,241
Actuarial gains (losses) recognised in equity this period	-3,369	-15	-157	-3,540	0	-3,540
Actuarial gains (losses) not recognised at 31 December	**0**	**0**	**0**	**0**	**0**	**0**
Amounts recognised on the Balance Sheet at 31/12						
Present value of the funded obligation	**93,745**					
Present value of the unfunded obligation		**62,024**	**12,782**	**74,806**	**743**	**75,549**
Unrecognised actuarial gains (losses)	0	0	0		0	
Net position						
Balance sheet provision	**-3,908**	**62,024**	**12,782**	**70,899**	**743**	**71,641**
Amounts recognised on the income statement at 31 December						
Cost of services rendered in 2013	841	2,383	928	4,153	65	4,218
Financial cost in 2013	3,504	2,154	448	6,106	20	6,126
Recognised actuarial gains (losses)	0	0	0	0	155	155
Expected return on retirement plan assets	-3,522			-3,522		-3,522
Cost of services rendered						
Impact of reductions/liquidations						
Expenses booked	**823**	**4,537**	**1,376**	**6,736**	**239**	**6,976**
Reconciliation of opening and closing net liability						
Liability at 1 January	**3,463**	**49,996**	**12,292**	**65,751**	**556**	**66,307**
Expenses booked	823	4,537	1,376	6,736	239	6,976
Contributions paid	0			0		0
Employer contributions	0	-1,654	-635	-2,289	-53	-2,342
Net liabilities at 31 December	-8,193	9,144	-250	701	0	701
Net liabilities at 31 December	**-3,908**	**62,024**	**12,782**	**70,899**	**743**	**71,641**
Change in net liabilities	**-7,370**	**12,027**	**491**	**5,148**	**186**	**5,334**

The commitments forecast at 31 December 2013 are as follows:

Actuarial debt at 31 December 2013	**93,745**	**62,024**	**12,782**	**168,551**	**743**	**169,293**
Cost of services rendered in 2014	617	2,378	833	3,827	78	3,905
Financial cost in 2014	2,831	2,254	425	5,510	27	5,537
Services payable in 2014/transfer of capital upon departures in 2014	-30,040	-1,630	-1,683	-33,353	-77	-33,430
Estimated debt at 31 December 2014	**67,152**	**65,026**	**12,357**	**144,535**	**771**	**145,306**

Writedowns of loans and receivables

Writedowns of loans and receivables are recognised when there is clear evidence that a loan or receivable, or a portfolio of loans, has been impaired.

✓ Individual writedowns

Loans for which the rating system indicates that there is a proven risk (even if the loan is not in arrears) are analysed on a case-by-case basis, in order to calculate an individual impairment. The writedown is equal to the difference between the book value of the loan (outstanding principal plus unpaid or unaccrued interest) and the sum of projected future cash flows discounted at the effective interest rate at loan origination. The recovery rate of future instalments is determined by the Risk Committee, and any guarantees are automatically booked alongside the final instalment. Guarantees include mortgages on land and buildings, deposits, endorsements and liens.

✓ Collective writedowns

Loans written down on a collective basis consist of all of the Group's non-sovereign loans in foreign countries that are not written down on an individual basis.

AFD writes down "homogeneous portfolios" for the private and public financial sectors and the water-electricity and transport sectors, whose amounts and any changes are determined based on qualitative and quantitative analyses *(see page 79)*. Over the course of this reporting year, a new portfolio was created, within homogeneous portfolios, for local communities (€17.5M in provisions for 2013).

Note that PROPARCO has only one financial portfolio and four "corporate" portfolios (telecoms, energy, transport and agro-industry). Residual outstandings were written down based on past losses, for whatever reason, for asset classes by borrower class and type of country.

In light of the events at the end of 2010, AFD and PROPARCO booked specific collective writedowns and provisions due to political instability in the Mediterranean Basin. On 31 December 3012 these provisions were fully reversed in AFD's financial statements while in PROPARCO's financial statements they still stand at €2.1M compared to €4.6M at the end of 2012.

Furthermore, a provision for liabilities was recognised due to the economic crisis and events in Côte d'Ivoire. This provision stood at €9.2M at 31 December 2013 compared to €8.7M at the end of 2012, i.e. a provision of €0.5M for 2013.

Subordinated debt

In 1998, an agreement was reached with the French State whereby part of AFD's debt towards 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 borrowings after 1 January 1998 recognised as subordinated debt (with a repayment period scheduled over 30 years and a 10-year grace period).

At 31 December 2012, subordinated debt amounted to €3.2bn, of which €2.4bn is towards the Treasury.

Deferred taxes

To produce the consolidated financial statements, deferred tax was calculated on a per-company basis, respecting 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.

Segment reporting

In application of IFRS 8 *Operating segments*, AFD has identified and reported on only one operating segment for its lending and subsidy activity, based on the information given internally to the Chief Executive Officer, who is AFD's main operating decision-maker.

As part of its public service mission of financing development aid, AFD Group's main activity consists of lending and providing subsidies.

Cash flow statement principles

The cash flow statement analyses changes in the cash position resulting from operating, investment and financing transactions from one year to the next.

AFD's cash flow statement complies with CNC Recommendation 2013-R-03 relating to the format of the summary documents of companies that report to the Comité de réglementation bancaire et financière.
It is prepared using the indirect method, with annual income restated for non-monetary items that include provisions for the depreciation of property, plant and equipment and the amortisation of intangible assets, net allocations to provisions and other transfers not involving cash outflows, such as accrued liabilities and income.

Cash flows arising from operating, investment and financing transactions are calculated as the difference between items in the annual accounts for the preceding and current financial years.
Cash flow includes cash funds and demand deposits held at the Banque de France and with credit institutions.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013

A – Notes to the Balance Sheet

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

In thousands of euros	31/12/2013 IFRS			31/12/2012 IFRS		
	Assets	Liabilities	Notional/ outstanding	Assets	Liabilities	Notional/ outstanding
Interest rate derivatives	391	18,133	1,603,982	1,794	32,600	1,866,219
Foreign exchange derivatives	112,115	22,199	2,817,420	29,288	81,948	2,229,164
Assets/liabilities at fair value on option	20,627		25,000	21,216		25,000
Securities at fair value through P&L	14,711		11,051	13,975		13,837
CVA/DVA		7,604				
TOTAL	**147,844**	**47,936**		**66,272**	**114,548**	

Note 2 – Financial hedging derivatives

In thousands of euros	31/12/2013 IFRS			31/12/2012 IFRS		
	Assets	Liabilities	Notional	Assets	Liabilities	Notional
Fair value hedging						
Interest rate derivatives	648,783	335,879	16,285,850	857,694	459,722	11,745,122
Interest rate and foreign exchange derivatives (cross-currency swaps)	440,946	191,470	6,556,464	460,014	294,948	6,870,784
TOTAL	**1,089,729**	**527,349**		**1,317,708**	**754,670**	

Note 3 – Financial investments

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Available-for-sale financial assets		
Government paper and equivalent	117,430	698,793
Bonds and other fixed-income securities	10,320	10,332
Equity stakes in affiliated companies		
Equity stakes and other long-term securities	838,479	794,989
Of which UCITS	*45,145*	*43,346*
Subtotal	**966,228**	**1,504,114**
Impairment	-22,117	-26,883
Total available-for-sale financial assets	**944,112**	**1,477,231**
Held-to-maturity financial assets		
Government paper and equivalent	583,569	577,619
Bonds and other fixed-income securities	105,813	114,132
Subtotal	**689,382**	**691,751**
Impairment		
Total held-to-maturity financial assets	**689,382**	**691,751**
TOTAL FINANCIAL INVESTMENTS	**1,633,494**	**2,168,982**

Note 4 – Receivables due from credit institutions and customers

In thousands of euros	31/12/2013 IFRS		31/12/2012 IFRS	
	Demand	Term	Demand	Term
Loans to credit institutions		**4,343,010**		**4,044,550**
Performing outstanding		4,339,289		4,043,608
Impaired outstanding		3,721		942
Depreciation/amortisation		**-65,987**		**-54,557**
Impairment of individual receivables		*-446*		*-487*
Impairment of groups of homogeneous assets		*-65,542*		*-54,070*
Related receivables		***24,476***		***21,069***
Valuation adjustments of loans hedged by financial futures		**-5,141**		**40,235**
Subtotal		**4,296,358**		**4,051,297**
Loans to customers		**16,297,663**		**14,687,238**
Performing outstanding		15,783,424		14,163,392
Impaired outstanding		514,239		523,846
Depreciation/amortisation		**-535,164**		**-476,635**
Impairment of individual receivables		*-291,356*		*-304,261*
Impairment of groups of homogeneous assets		*-243,808*		*-172,374*
Related receivables		***55,974***		***49,050***
Valuation adjustments of loans hedged by financial futures		**165,493**		**515,629**
Subtotal		**15,983,966**		**14,775,282**
TOTAL LOANS		**20,280,324**		**18,826,579**
Other receivables				
Deposits (free cash) at credit institutions	1,016,163	1,036,656	342,626	100,000
Related receivables	2,260	299	512	
TOTAL OTHER RECEIVABLES	**1,018,423**	**1,036,955**	**343,138**	**100,000**
TOTAL LOANS AND OTHER RECEIVABLES	**1,018,423**	**21,317,279**	**343,138**	**18,926,579**

The fair value of guarantees used to calculate individual writedowns totalled €13.7M (€18.5M at 31 December 2012).

Note 5 – Accruals and miscellaneous assets

In thousands of euros	31/12/2013 IFRS		31/12/2012 IFRS	
	Assets	Liabilities	Assets	Liabilities
French Treasury		210,826		258,076
Allocated public funds		243,843		246,617
Other assets and liabilities	63,620	1,162,754	43,976	1,105,515
Account payable, French State		314,170		319,655
TOTAL ACCRUALS AND MISCELLANEOUS ASSETS/ LIABILITIES	**63,620**	**1,931,593**	**43,976**	**1,929,863**

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 and development	Fixed assets – Property, plant and equipment – Other	Fixed assets – Intangible	31/12/2013 IFRS	31/12/2012 IFRS
Gross value						
At 1 January 2013	86,998	178,592	51,276	68,673	385,539	353,844
Acquisitions	351	13,649	5,286	6,665	25,951	33,308
Disposals/retirements	-14	-1,342	-1,772	-21,840	-24,968	-1,609
Other items	-74	-797	871	0	0	-4
Change in scope					0	0
At 31 December 2013	**87,261**	**190,102**	**55,661**	**53,498**	**386,522**	**385,539**
Depreciation/amortisation						
At 1 January 2013	2,204	86,956	38,439	53,462	181,061	168,379
Provisions	48	6,201	4,670	4,424	15,343	14,138
Reversals	-7	-1,332	-1,673	-20,918	-23,930	-1,456
Other items		0	0	0	0	0
Change in scope					0	0
At 31 December 2013	**2,245**	**91,825**	**41,436**	**36,968**	**172,474**	**181,061**
NET VALUE	**85,016**	**98,277**	**14,225**	**16,530**	**214,048**	**204,478**

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

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Debts to credit institutions		
Demand debts	8,896	2,903
Term debts	722	8,843
Related debts	9	218
Total debts to credit institutions	**9,627**	**11,964**
Debts to customers		
Accounts payable, customers	1,540	2,782
Related debts	1	1
Total debt to customers	**1,541**	**2,783**
Debt securities in issue		
Interbank market securities	693,718	300,000
Bonds	15,149,589	12,726,268
Related debts	235,619	210,085
Adjustments in the value of derivative-hedged debt securities	343,648	756,795
Total debt securities in issue	**16,422,574**	**13,993,148**
Subordinated debt		
Subordinated loans from the French Treasury	2,415,574	2,288,309
Other subordinated debt	799,780	799,691
Related debts	21,001	20,897
Valuation adjustments of debt securities in issue hedged by derivatives	50,146	81,289
Total subordinated debt	**3,286,501**	**3,190,186**

In thousands of euros	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31/12/2013 IFRS
Maturity of debt securities in issue					
Bonds		1,441,188	7,728,021	6,559,401	15,728,610
Interbank market securities	673,962	20,001			693,963
TOTAL	**673,962**	**1,461,189**	**7,728,021**	**6,559,401**	**16,422,574**

In thousands of euros	EUR	USD	JPY	CHF	THB	CFA	31/12/2013 IFRS
Debt securities in issue							
Bonds	11,430,663	3,273,093	615,779	336,646	40,844	31,586	15,728,610
Interbank market securities	693,963						693,963
TOTAL	**12,124,626**	**3,273,093**	**615,779**	**336,646**	**40,844**	**31,586**	**16,422,574**

Note 8 – Financial assets and liabilities valued at amortised cost

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.

The elements shown as Level 3 of this note should be interpreted with caution. In particular, special attention should be paid to the fact that the loans granted by AFD Group are not quoted on a reference market. Furthermore, AFD's assigns characteristics to its loans (bonus point system) and specific credit risk (geographical location, counterparty type and creditworthiness). As a result, the fair value of these loans was measured by discounting future cash flows and incorporates non-observable data (such as counterparty credit risk) measured via estimates and based on AFD's judgement.

	31/12/2013 IFRS					31/12/2012 IFRS	
In thousands of euros	Book value	Fair value	Level 1	Level 2	Level 3	Book value	Fair value
Assets/Liabilities							
Loans and receivables	22,335,702	22,591,635			22,591,635	19,269,717	19,506,220
Held-to-maturity investments	689,382	745,064	745,064			691,751	691,751
Financial liabilities valued at amortised cost	19,931,069	20,596,906	15,423,181	5,173,725		17,456,157	16,188,292

Note 9 – Financial assets and liabilities measured at fair value

	31/12/2013 IFRS				31/12/2012 IFRS			
In thousands of euros	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		147,844		147,844		66,272		66,272
Hedging derivatives (assets)		1,089,729		1,089,729		1,317,708		1,317,708
Available-for-sale financial assets	178,374	765,738		944,112	558,246	918,985		1,477,231
Financial liabilities at fair value through profit and loss		47,936		47,936		114,548		114,548
Hedging derivatives (liabilities)		527,349		527,349		754,670		754,670

Note 10 – Provisions and writedowns

Provisions	31/12/2012	Provisions	Reversals available	Translation adjustment	31/12/2013
Included in the cost of risk					
French Overseas Depts subsidiary risks	32,362		1,974		30,388
Other provisions for risk[1]	41,027	5,737	10,293	-777	35,694
Subtotal	*73,389*	*5,737*	*12,267*	*-777*	*66,082*
Excluded from the cost of risk					
Provision for expenses - sovereign loans	450,510	46,977			497,487
Staff costs	72,926	5,474	928		77,472
Provision for risks and expenses	15,091	841	47		15,885
TOTAL	**611,916**	**59,029**	**13,242**	**-777**	**656,926**

1. Includes provisions for guarantees given.

Asset impairment	31/12/2012	Provisions	Reversals available	Translation adjustment	31/12/2013
Credit institutions	487	18	59		446
Credit to customers	304,261	34,523	46,508	-921	291,355
Of which cost of risk		*26,190*	*40,930*		
Other receivables	1,453				1,453
Group of homogeneous assets	226,444	94,380	11,474		309,350
Of which cost of risk		*94,380*	*11,474*		
Available-for-sale financial assets	26,884	1	4,768		22,117
TOTAL	**559,529**	**128,922**	**62,809**	**-921**	**624,721**

Note 11 – 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 2011 to 31 December 2013.

B – Notes to the Income Statement

Note 12 – Income and expenses by accounting category

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Interest income	**1,139,674**	**1,101,634**
Cash and demand accounts with central banks	4,433	4,386
Available-for-sale financial assets	26,877	29,007
Loans and receivables	542,061	504,661
Held-to-maturity investments	12,204	18,739
Derivatives	554,099	544,841
Interest expenses	**918,792**	**933,889**
Central bank deposits	2,666	3,389
Financial liabilities valued at amortised cost	392,409	388,986
Derivatives	523,717	541,514
Dividend income (on available-for-sale assets)	**12,401**	**6,108**
Fee and commission income	**62,629**	**59,399**
Fee and commission expenses	**2,556**	**2,285**
Net profit (loss) on financial assets and liabilities not measured at fair value through profit and loss	**11,917**	**11,117**
Available-for-sale financial assets (net income on disposal)	11,917	11,117
Net profit (loss) on financial assets and liabilities measured at fair value through profit and loss	**16,557**	**45,775**
Net profit (loss) resulting from hedge accounting	**28,901**	**1,347**
Translation adjustment	**-10,700**	**-63,802**
Net profit (loss) on retirement of assets not available for sale	**990**	**81**
Cost of risk	**-65,870**	**-22,261**
Other operating income	**217,450**	**211,555**
Other operating expenses	**11,074**	**12,135**
Total financial and operating income and expenses	**481,527**	**402,644**
Administrative expenses[1]	287,139	263,885
Depreciation/amortisation	15,341	14,138
Share of earnings from companies accounted for by the equity method	4,843	4,459
Pre-tax income	**183,890**	**129,080**

1. Administrative expenses were impacted by €8.79M as a result of an external fraud to which AFD fell victim in August 2013.

Note 13 – Gains and losses on financial instruments at fair value through profit and loss

	31/12/2013 IFRS			31/12/2012 IFRS
In thousands of euros	Gains and losses on financial instruments at fair value through profit and loss	Foreign currency impact on derivatives	Gains and losses on financial instruments at fair value through profit and loss net of foreign currency	Gains and losses on financial instruments at fair value through profit and loss
Financial assets and liabilities at fair value through profit and loss	-4,083	4,672	589	874
Instruments at fair value on option	2,507		2,507	367
Income resulting from hedge accounting	28,901		28,901	1,347
Natural hedging	145,772	-124,705	21,067	44,534
CVA/DVA	-7,605		-7,605	
TOTAL	**165,492**	**-120,033**	**45,459**	**47,122**

For improved relevance of the financial disclosures of 2013, gains or losses on financial instruments measured by fair value through profit or loss are now shown net of the impact of the associated change. Therefore, the net impact of this change is €7.6M at 31 December 2012.

Note 14 – Net gains or losses on available-for-sale financial assets

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Income on securities	12,401	6,108
Capital gains	13,282	11,018
Capital losses	-6,133	-351
Provisions for depreciation/amortisation	-4,046	-3,508
Reversal of provisions for depreciation/amortisation	8,813	3,608
TOTAL	**24,317**	**16,875**

Note 15 – Income from other activities

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Subsidies	202,875	200,812
Other income	14,575	10,743
TOTAL	**217,450**	**211,555**

Subsidies on loans and borrowings are paid by the State to reduce the financing cost to the guaranteed rate or to reduce lending costs for borrowers.

Note 16 –Overhead – Staff

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Staff costs		
Wages and bonuses	122,879	118,285
Social security expenses	51,988	49,535
Profit sharing	8,660	3,942
Taxes and similar payments on compensation	12,304	10,406
Miscellaneous	3,848	3,282
Rebilling bank staff	-15,022	-15,183
TOTAL	**184,658**	**170,267**

Note 17 – Cost of risk

	31/12/2013 IFRS			31/12/2012 IFRS		
In thousands of euros	Provisions	Reversals	TOTAL	Provisions	Reversals	Total
Collective provisions and depreciation	100,117	23,740	-76,376	34,162	17,784	-16,378
Individual depreciation of non-sovereign loans	26,190	40,930	14,740	28,612	24,930	-3,681
Losses on principal of bad loans	6,806	2,572	-4,233	2,295	93	-2,202
TOTAL	**133,112**	**67,242**	**-65,869**	**65,069**	**42,808**	**-22,261**

Note 18 – Equity-accounted companies

In thousands of euros	31/12/2013 IFRS		31/12/2012 IFRS	
Impact	Balance Sheet	Income	Balance Sheet	Income
SIC	54,038	472	56,210	741
Simar	15,565	1,831	13,734	1,791
Socredo	91,284	2,540	88,743	1,927
TOTAL	**160,887**	**4,843**	**158,687**	**4,459**

Note 19 – Corporate tax

Only income from property and from representing mainland credit institutions in the French Overseas Departments and the French Pacific Collectivities is subject to corporate taxation at AFD. PROPARCO is subject to the standard tax regime. Corporation tax only applies to a portion of Soderag's activity.

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Corporate tax	**-15,653**	**-17,093**
Taxes due	-17,087	-17,983
Deferred tax	1,434	890

Deferred taxation

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Net income	**168,238**	**111,987**
Corporate tax	-15,653	-17,093
Pre-tax income	**183,890**	**129,080**
Total theoretical tax expense 34.43% (A)	**-61,605**	**-42,023**
Total matching items (B)	**45,953**	**24,930**
Net recorded tax expenses (A) + (B)	**-15,653**	**-17,093**

C – Informations about risks

The Executive Risk Department (DXR) was created on 3 December 2010. Its main task is to provide the executive and decision-making bodies with transparent and relevant information about the Group's risk position, with the goal of ensuring completion of its programme of activities. This department combines:

- ✓ the Second Opinion unit;
- ✓ the Permanent Control and Compliance Department (CPC);
- ✓ the Group Risk Management Department (DRG);
- ✓ the Legal Department (JUR).

Credit risk

AFD Group's credit risk monitoring system is the responsibility of the Group Risk Management Department (DRG) within the Executive Risk Department. Its role is to:

- ✓ monitor the Group's major sovereign and non-sovereign risks;
- ✓ set and monitor counterparty limits for non-sovereign risks;
- ✓ set and monitor geographic limits for sovereign and non-sovereign risks;
- ✓ set and monitor risk indicators for sovereign risks;
- ✓ rate non-sovereign risks (businesses, credit institutions, local authorities, etc.) and specific provisioning;
- ✓ monitor risk coverage (guarantees, writedowns);
- ✓ produce a system for classifying Group country risk and determining the collective provisions made for performing homogeneous portfolios;
- ✓ monitor arrears and act on non-performing loans.

Risks in foreign countries

The Group's credit risk in foreign countries is borne by AFD and its subsidiary PROPARCO. Their monitoring focuses on:

- ✓ an initial counterparty rating during project analysis by AFD's Risk Department and PROPARCO's Risk Management Division (RIS);
- ✓ the monitoring and rating of counterparties by the operating departments, reviewed by the Risk Management Division.

Some loans on AFD's own behalf are not included in the Group's risk. These are:

- ✓ remitted loans (remission of debts decided on by the French State: 1979 Cnuced, 1989 Dakar 1, 1994 Dakar 2);
- ✓ loans guaranteed by the French State: mainly General Budget Support.

Within aid at the Group's risk there is a distinction between:

- ✓ sovereign loans issued to, or guaranteed by, a foreign country. This type of funding may be eligible for debt restructuring as decided by the Paris Club;
- ✓ non-sovereign loans granted to financial institutions or private or public companies with no guarantee from a foreign country. This aid is theoretically ineligible for the Paris Club's initiatives.

AFD's risk management process depends on the nature of the risks:

- ✓ for **sovereign loans,** the steady flow of projects creates a situation whereby a government takes out new loans at the same time as it repays old loans. AFD has introduced a penalty system for missed payments;
- ✓ for **non-sovereign loans,** the Group can suspend commitments and payments if the borrower fails to meet its contractual obligations. Previous obligations must be met and the borrower's financial position must be assessed before further lending is approved. Limits on the level of risk allowed per beneficiary for non-sovereign loans are set by systems of operational limits. In addition, financial institutions and companies with which AFD Group maintains or plans to establish financial relations are subject to a general assessment of the level of risk that they present. A centralised and permanent system, whose methods and tools were updated in 2007, also helps to measure and monitor the Group's non-sovereign credit risks.

This system also assists with decision-making when determining **individual writedowns** of loans. Counterparties for whom the rating system indicates significant risks are downgraded to doubtful loans and their outstandings are subject to a partial or total writedown at a rate set by the Risk Committee. Any undisbursed aid is examined on an individual basis and, where appropriate, may be subject to the same impairment rate. Impaired receivables also include those classed as doubtful under banking regulations (arrears of more than three, six or nine months, depending on the nature of the debt).

In accordance with banking regulations, AFD Group also assesses the risk exposure of its performing outstandings, by applying its own rules:

- ✓ for **sovereign loans,** the provisioning rates adopted are determined based on agreements signed with the French State, the terms of which have been reviewed as of 1 July 2009;
- ✓ for **non-sovereign loans,** since 2008 the system has been based on booking provisions for defined "homogenous portfolios" ("public financial" and "private financial" as well as water-electricity, transport and local governments for AFD and "financial", "telecoms", "energy", "transport" and "agro-industry" for PROPARCO), of which the amount and any changes are determined based on quantitative and qualitative analyses. For residual outstandings, provisions are based on a matrix of discounted rates resulting from the analysis of past losses by segmenting homogenous portfolios according to country- and borrower-class risk. These rates are applied to outstanding loans as well as to the guarantees provided. To this end, the Risk Committee reviews the country-risk classification before each half-yearly impairment review. In 2013, additional provisions recognised due to the special set of circumstances recently seen in the Mediterranean were completely reversed in AFD's financial statements. Nevertheless, it was decided to maintain a provision in the accounts of PROPARCO to cover any potential deterioration linked to instability in this region that has not yet entirely manifested in the PROPARCO portfolio.

Risks in the French Overseas Departments and Collectivities

The parent company and its subsidiaries bear the Group's credit risk in the French Overseas Departments and Collectivities:

- ✓ AFD grants loans directly to the public sector (local authorities, public institutions and semi-public companies throughout the French Overseas Departments and Collectivities). It also provides financing to companies through banking intermediation;
- ✓ AFD's risks mainly relate to Socredo, a 35%-owned subsidiary (French Polynesia), and Sogefom, a guarantee fund operating in the French Pacific Collectivities that was acquired in 2003 and in which AFD has a 58.69% stake;
- ✓ PROPARCO operates in the French Overseas Departments and Collectivities by taking equity stakes, granting participating loans and providing bank refinancing and direct financing.

Risk monitoring

Risks in these areas are monitored by each of the Group's entities, the Risk Committee and the Risk Monitoring Division (DSR) of the Group Risk Management Department (DRG) being responsible for monitoring the Group's consolidated risks:

- ✓ the parent company's risks are monitored by the Risk Committee and are given a rating, which can potentially lead to asset impairments;
- ✓ banking subsidiaries have their own credit risk monitoring tools, which comply with banking regulations. In particular, they have a Risk Committee;
- ✓ operational entities provide first-level monitoring of the activities of guarantee funds (Ariz, French Overseas Department Fund) and investment funds (Fisea). The economic model of Ariz and the French Overseas Department Fund was reviewed. Fisea has its own risk management committee, which meets quarterly;
- ✓ risks linked to the acquisition of Soderag (recovery of loans transferred to the Antilles-French Guiana subsidiaries, hedging of Soderag's net position, ongoing legal proceedings) are covered by provisions whose amount is regularly assessed;
- ✓ AFD manages Sogefom within the framework of a regulated agreement and therefore monitors its risks.

In total, the gross value of consolidated outstandings at the Group's risk amounted to €19.5bn in 2013 (versus €17.8bn in 2012), including €15.6bn in foreign countries and €3.9bn in French Overseas Departments and Collectivities. The parent company bears most of the Group's credit risk (€16.6bn, i.e. 85% of outstandings).

AFD Group's doubtful outstandings totalled €511M at 31 December 2013 (versus €518M in 2012), including €82M in doubtful sovereign and €429M in doubtful non-sovereign outstandings.

Doubtful non-sovereign outstandings are covered by writedowns and provisions in the amount of €216M, equal to a coverage ratio of 50%.

✓ Breakdown of unimpaired loans by rating (excluding loans reimbursed and guaranteed by the State)

In millions of euros	31/12/2013 IFRS	31/12/2012 IFRS
Sovereign loans	**8,103**	**7,423**
Non-sovereign loans	**10,611**	**9,206**
Rated A (very good risk)	686	818
Rated B (good to average risk)	4,659	4,444
Rated C+ (passable risk)	3,606	2,551
Rated C- (significant risk)	1,506	1,272
Not rated	155	122

Risks involved:
- consolidated AFD and PROPARCO after excluding AFD loans to PROPARCO;
- outstanding loans excluding residual income and guarantees given.

✓ Maximum exposure to credit risk

The book value of financial assets is the maximum exposure to credit risk. Maximum exposure to credit risk at year-end is as follows:

	31/12/2013 IFRS	31/12/2012 IFRS
In thousands of euros	Book value	Book value
Financial assets at fair value through profit and loss	147,844	66,272
Hedging derivatives	1,089,729	1,317,708
Available-for-sale financial assets	944,112	1,477,231
Loans and receivables	22,335,702	19,269,717
Held-to-maturity financial assets	689,382	691,751
Other financial assets		
Firm lending commitments	7,753,853	8,633,071
Financial guarantees	822,247	1,087,920
TOTAL	**33,782,869**	**32,543,670**

✓ Age of arrears

The age of arrears on loans and receivables at the closing date may be analysed as follows:

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Less than 90 days	34,173	39,226
More than 90 days and less than 180 days	1,288	3,243
More than 180 days and less than 1 year	9,450	18,719
More than 1 year	231,048	237,830

Liquidity risk

The notion of liquidity refers to a company's ability to finance new assets and meet obligations as they mature. This risk is monitored as part of asset and liability management, for AFD, PROPARCO and its banking subsidiary.

AFD has a Euro Medium Term Notes (EMTN) programme amounting to €25bn enabling it to complete financing transactions with fewer financial information requirements.

Short-term liquidity risk prevention depends on a certificates of deposit programme for €2bn. The portfolio of long-term investment securities (€0.7bn) also recognises a liquidity reserve that can be mobilised through market repurchase agreements, of which more than 95% is eligible for ECB repurchase agreements.

Operating cash flow is maintained at all times at a level equivalent to three months of activity. This new target was approved by the Board of Directors in April 2013.

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.

The following table shows the maturity of AFD's financial liabilities at 31 December 2013, analysed based on undiscounted contractual cash flows.

In thousands of euros

Contractual term to maturity	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total cash flow	Book value
Liabilities						
Financial liabilities at fair value through profit and loss	757	5,878	28,235	13,066	**47,936**	**47,936**
Hedging derivatives (liabilities)	12,356	100,102	367,478	47,413	**527,349**	**527,349**
Financial liabilities valued at amortised cost	128,707	1,619,787	7,860,068	10,322,507	**19,931,069**	**19,931,069**

Interest rate risk

Interest rate risk reflects the sensitivity of current or future earnings and of the net economic value of the balance sheet to changes in interest rates on financial markets. This sensitivity may result from differences between lending and borrowing structures (maturity spreads), the conditions of use of equity (short-term investments, loan financing or investments), and off-balance sheet commitments.

As AFD's funding mainly relies on floating-rate resources (market borrowings swapped on issuance), disbursements of fixed-rate loans are covered by a micro-hedge consisting of a fixed-for-floating swap that protects the net interest margin.

AFD's total interest-rate risk is monitored using asset liability management and modified duration gap matching. Based on the figures at 31 December 2013, the impact of a 100 bp rise in interest rates on projected 2014 earnings was estimated at €+15.8M (€ 15.8M for a 100 bp decrease).

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.

Because AFD does not hold speculative positions, market risk is limited to foreign-exchange risk, which is below the threshold set by CRBF Regulation 95-02 on capital adequacy with regard to the market.

The foreign exchange risk may be measured by analysing modified duration, e.g. if foreign currencies appreciate against the euro by 10%, this has an impact on earnings estimated at €3.5M (€3.5M for a 10% decline), the sensitivity of exchange rates being mainly attributable to the US dollar.

Note that AFD Group adheres to an internal limit approved by the Board of Directors on 25 April 2013: exposure per currency may not exceed 1% of the three-month average of regulatory capital, with the understanding that overall exposure must remain below 2% of this same amount of capital. This internal policy keeps foreign exchange risk to a minimum (excluding ownership interests, provisions and past due amounts).

Counterparty risks

Counterparty risk is the threat of a counterparty defaulting on interest-rate and currency swaps agreed as part of debt and cash flow (pensions) management, or on short-term or portfolio investments.

The counterparty risk exposure of financial instruments is managed through counterparty indicators and regularly updated limits.

The highest authorised risk exposure to a counterparty is 10% of AFD's consolidated equity, i.e. €466M for 2013 on the basis of last year's equity. Specific rules also govern the operation of the various portfolios. These limits were respected with throughout 2013.

Compliance with regulatory ratios

The Group was in compliance with all of the regulatory ratios at 31 December 2013.

D – Additional Informations

Commitments

In thousands of euros	31/12/2013 IFRS	31/12/2012 IFRS
Commitments received		
Guarantee commitments received from the French State on loans	1,512,120	2,075,134
Guarantee commitments received from credit institutions	471,390	141,334
As part of the Group's lending activity	*471,390*	*141,334*
Commitments given		
Financing commitments made to credit institutions	915,888	1,086,113
Financing commitments made to customers	6,837,965	7,546,958
Guarantee commitments made to credit institutions	725,151	744,073
Of which DOM Fund activity	*265,752*	*263,407*
Guarantee commitments made to customers	97,095	343,847

Commitments received exclude transactions on behalf of the French State.

Financing commitments given are the amounts to be disbursed under lending agreements with customers or credit institutions.

Equity stakes in managed funds

AFD holds, in 26 companies, stakes in managed funds (Cidom, FAC, Fides and Fidom) and funds provided by the State. These holdings, recorded at cost, do not appear on the balance sheet. Subscribed to on behalf of the French State with public funds made available to AFD, these holdings are not included in ownership or control percentages and are therefore not consolidated in the financial statements.

Fund source	Number of investments	Purchase price
Caisse d'investissement des DOM (Cidom)	2	2,867
Fonds d'investissement & de développement économique et social (Fides)	5	642
Fonds d'investissement des DOM (Fidom)	12	2,810
Other Government resources	7	10,406
TOTAL	**26**	**16,725**

IMF balance sheet

Transactions on behalf of the State, as part of its contribution to the IMF, restated for IFRS

In thousands of euros	31/12/2013	31/12/2012
Assets		
Loans and receivables due from credit institutions	1,802,283	1,804,150
Demand	*88,130*	*219,152*
Term	*1,714,153*	*1,584,998*
Accruals	55,951	56,020
TOTAL ASSETS	**1,858,234**	**1,860,170**
Liabilities		
Debt securities in issue	1,850,077	1,847,739
Bonds	*1,801,450*	*1,801,450*
Of which accrued interest	*48,627*	*46,289*
Accruals and other miscellaneous liabilities	8,157	12,432
TOTAL LIABILITIES	**1,858,234**	**1,860,170**

Transactions between related parties

	31/12/2013		31/12/2012	
In thousands of euros	AFD Group	Equity-accounted companies	AFD Group	Equity-accounted companies
Credits	442,699		381,974	
Other financial assets				
Other assets				
TOTAL ASSETS WITH RELATED ENTITIES	**442,699**	**0**	**381,974**	**0**
Debt		442,699		381,974
Other financial liabilities				
Other liabilities				
TOTAL LIABILITIES WITH RELATED ENTITIES	**0**	**442,699**	**0**	**381,974**
Related interest, income and expenses	14,385	-14,385	13,154	-13,154
Commissions				
Net income on financial transactions				
Net income on other activities				
TOTAL NBI GENERATED WITH RELATED ENTITIES	**14,385**	**-14,385**	**13,154**	**-13,154**

Disclosure on non-cooperating States and territories

Article L.511-45 of the French Monetary and Financial Code (as amended by Law 2009-1674 of 30 December 2009) requires that credit institutions publish an appendix to their annual financial statements presenting information about their offices in States or territories that have not signed an administrative assistance agreement aimed at combating fraud and tax evasion with France.
Act 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 jurisdictions.

At 31 December 2013 AFD Group did not have any offices in non-cooperative States or territories.

Statutory auditors' fees at 31 December 2013

In accordance with Decree 2008-1487 of 30 December 2008, the table below shows the fees paid to the statutory auditors of AFD and its fully consolidated subsidiaries for 2013. The fees are based on those stated in their engagement letters. These fees are invoiced for statutory auditing services.

	Fees excluding tax – 2013 financial year
AFD	266,000
PROPARCO	104,000
Soderag	15,000
Sogefom	25,000
Fisea	10,500
Propasia	4,020

The amount of fees invoiced for due diligence directly related to the statutory audit assignment totalled €115,000 for AFD in 2013.

Significant events since 31 December 2013

No significant events occurred after 31 December that have not been taken into account in the preparation of the financial statements at this date.

5.6 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Reporting year ended 31 December 2013

Dear Sir or Madam,

In compliance with the assignment entrusted to us by your Board of Directors, we hereby report to you, for the year ended 31 December 2013, on:

- the audit of the accompanying consolidated financial statements of Agence Française de Développement;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Chief Executive Officer. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We certify that the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and all of its entities included in the consolidation scope as at 31 December 2013 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.

Without casting doubt on the opinion expressed above, we call your attention to Note 3 to the Financial Statements, "Standards applicable as at 31 December 2013", which discusses changes in methods resulting from new standards and interpretations applicable as from 1 January 2013.

2. Justification of our assessments

In application of Article L.823-9 of the French Commercial Code governing the justification of our assessments, we would like to bring the following to your attention:

- Note 2.2.3 to the consolidated financial statements describes the accounting methods used to value financial assets and liabilities. Our work consisted in assessing the data and assumptions on which these estimates are based, reviewing the calculations made by Agence Française de Développement and examining the company's processes for the approval of these estimates by the management;
- Provisions for credit risk constitutes a field of significant accounting estimation in any banking activity: Agence Française de Développement recognises provisions for losses on loans to credit institutions and customers to cover the credit risk inherent in its activities, as described in Notes 2.2.7, 3.1 and 4. As part of our assessment of these accounting estimates, we examined the credit risk review process, the assessment of irrecoverability risks and the adequacy of allowances for these loan losses on an individual or collective basis;

- Agence Française de Développement records other provisions as described in Notes 2.2.6 and 3.1-Note 10 to the consolidated financial statements. Based on the information available at this time, our assessment of these provisions is founded on an analysis of Agence Française de Développement's process for identifying and quantifying risks, and their coverage by the necessary provisions.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law, we also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

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

The Statutory Auditors

Paris La Défense and Courbevoie, 15 April 2014

KPMG Audit
A department of KPMG SA
Arnaud Bourdeille
Partner

Mazars

Max Dongar
Partner

5.7 AFD'S ANNUAL FINANCIAL STATEMENTS

Balance sheet at 31 December 2013

In thousands of euros

ASSETS	Notes	31/12/13	31/12/12
Cash, Central Bank		**15,250**	**11,518**
Government paper and similar	**1 and 2**	**670,927**	**841,296**
Receivables due from credit institutions	**3**	**9,025,125**	**8,160,037**
Demand		1,177,373	1,048,022
Term		7,847,752	7,112,015
Transactions with customers	**4**	**14,798,753**	**13,214,835**
Other loans to customers		14,798,753	13,214,835
Bonds and other fixed-income securities	**1 and 2**	**805,915**	**114,132**
Shares and other variable-income securities	**1 and 2**	**39,033**	**39,033**
Equity stakes and other long-term securities	**5**	**125,032**	**127,955**
Shares in affiliated companies	**6**	**352,636**	**307,636**
Intangible fixed assets	**9**	**16,522**	**15,203**
Property, plant and equipment	**9**	**196,459**	**187,790**
Other assets	**10**	**22,864**	**9,999**
Accruals	**11**	**811,753**	**580,127**
TOTAL ASSETS		**26,880,269**	**23,609,561**
OFF-BALANCE SHEET: COMMITMENTS GIVEN			
Financing commitments		**8,218,958**	**9,275,724**
To credit institutions		1,765,211	2,065,610
To customers		6,453,747	7,210,114
Guarantee commitments	**32**	**1,697,268**	**1,685,247**
To credit institutions		798,462	866,921
To customers		898,806	818,326
Commitments on securities		**257,446**	**246,132**
Other commitments on securities	**32**	257,446	246,132

Balance sheet at 31 December 2013

In thousands of euros

LIABILITIES	Notes	31/12/13	31/12/12
Central Bank			
Debts to credit institutions	**12**	**202,408**	**223,103**
Demand		83,769	86,464
Term		118,639	136,639
Transactions with customers	**13**	**1,541**	**2,783**
Other demand debts		1,541	2,783
Other term debts			
Debt securities in issue	**14**	**18,138,399**	**15,298,523**
Interbank market and negotiable debt		693,963	300,028
Bonds		17,444,436	14,998,495
Other liabilities	**10**	**1,800,087**	**1,670,244**
Borrowing from French Treasury		210,826	258,076
Allocated public funds		260,007	263,225
Other liabilities		1,329,254	1,148,943
Accruals	**11**	**238,714**	**194,934**
Provisions	**15**	**910,581**	**780,958**
Subordinated debt	**16**	**3,236,355**	**3,108,896**
Reserve for General Banking Risk (RGBR)	**17**	**460,000**	**460,000**
Equity excluding RGBR	**18**	**1,892,184**	**1,870,120**
Provisions		400,000	400,000
Reserves		1,365,476	1,340,289
Subsidies		33,807	41,957
Income		92,901	87,874
TOTAL LIABILITIES		**26,880,269**	**23,609,561**
OFF-BALANCE SHEET: COMMITMENTS RECEIVED			
Financing commitments			
Received from credit institutions			
Received from the French State			
Guarantee commitments	**32**	**389,288**	**62,361**
Received from credit institutions		389,288	62,361
Commitments on securities			
Other commitments received on securities			
Other commitments	**32**	**3,406,811**	**3,862,286**
Guarantees received from the French State		3,406,811	3,862,286

2013 Income Statement

In thousands of euros

	Income and expenses on banking operations	Notes	December 2013	December 2012
+	**Interest and similar income**	**20**	**1,181,785**	**1,180,998**
	On transactions with credit institutions		313,464	338,993
	On transactions with customers		363,899	330,373
	On bonds and other fixed-income securities		36,595	46,131
	Other interest and similar income		467,827	465,501
-	**Interest and similar expenses**	**21**	**1,037,717**	**1,095,713**
	On transactions with credit institutions		394,093	349,791
	On transactions with customers		9,374	9,592
	On bonds and other fixed-income securities		456,630	474,208
	Other interest and similar expenses		177,620	262,122
+	**Income on variable-income securities**		**13,441**	**3,543**
+	**Commissions (income)**	**22**	**50,756**	**47,011**
-	**Commissions (expenses)**	**22**	**350**	**383**
+/-	**Gains or losses on investment portfolio operations and similar**	**23**	**9,786**	**4,335**
	Net profit or loss on transactions/securities held for sale		9,786	4,335
+	**Other income on banking operations**	**24**	**254,137**	**252,343**
-	**Other expenses on banking operations**	**25**	**31,183**	**29,257**
=	**NET BANKING INCOME**		**440,655**	**362,877**
	OTHER ORDINARY INCOME AND EXPENSES			
-	**Overhead**	**26**	**265,587**	**254,116**
	Staff costs		184,275	170,283
	Other administrative expenses		81,312	83,833
-	**Provisions for depreciation/amortisation of property, plant and equipment and intangible fixed assets**	**9**	**14,848**	**13,691**
=	**Gross operating income**		**160,220**	**95,070**
+/-	**Cost of risk**	**29**	**-60,356**	**-8,819**
=	**Operating income**		**99,864**	**86,251**
+/-	**Gains or losses on fixed assets**	**30**	**2,211**	**1,874**
=	**Pre-tax income from operations**		**102,075**	**88,125**
+/-	**Exceptional income**	**31**	**-9,174**	**-251**
-	**Corporation tax**			
+/-	**RGBR provisions or reversals**			
=	**NET INCOME**		**92,901**	**87,874**

APPENDIX

5.7.1 Highlights of the period

i.Growth of the balance sheet

At 31 December 2013, the total balance sheet stood at €26.8bn, up 14% relative to the previous year. This change mainly stems from the robust growth in activity, with an increase of 10% in outstanding loans on its own behalf over the period.

ii. Financing of the Group's activity

To finance the growth in its loan activity, in 2013 AFD made six bond issuances on its own behalf in the form of public or private issues with a total volume of €4.8bn.

iii. Subscription to the capital increase for the Investment and Support Fund for Businesses in Africa (Fisea)

The shareholders of Fisea unanimously adopted a resolution in a private document dated 18 December 2013 to increase the share capital of the Fund from €45M to €105M. This capital increase was fully subscribed by the ADF and fully paid up.

iv. Collective provision allocations

Collective provision allocations for performing non-sovereign loans to foreign countries impacted the cost of risk in the amount of €78.1M. This level of provision takes account of the increase in the performing loans in question (+31%) and their risk quality. At 31 December 2013, the provisioning rate for these outstandings was 5%.

5.7.2 Accounting principles and assessment methods

General comments

The annual financial statements of Agence Française de Développement are presented in compliance with the accounting principles for credit institutions prevailing in France.

The annual financial statements include the balance sheet, income statement and notes to the financial statements completing the information provided in the first two documents.
These have been prepared in accordance with the principles of prudence, going concern, matching and consistency of methods.

In accordance with current standards, AFD has, since 1 January 2006, been applying French CRC Regulation No. 2005-03 relative to accounting practice for credit risk.

Conversion of foreign currencies

Amounts receivable, amounts payable and off-balance sheet commitments denominated in foreign currencies are based on the exchange rates on the closing date of the financial year.

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 investments denominated in foreign currencies but financed in euros;
- ✓ balance 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. With regard to AFD borrowings used to finance the International Monetary Fund's PRGF[23] programme, it should be noted that foreign exchange gains and losses on interest are offset by subsidies, and therefore have no impact 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.

Loans to credit institutions and customers

These are shown in the balance sheet as an amount (including related credits) after impairment is booked to account for 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 commissions are recognised under banking income on an accruals basis, whether due or not due, and are calculated *prorata*.

In accordance with banking regulations, loans are downgraded to doubtful debts where instalments due have been unpaid for three, six, or nine months, depending on the type of debt.

By agreement with the French Prudential Supervision and Resolution Authority, the following exceptions are allowed: debts guaranteed by the French State, which are not downgraded, and sovereign debts for which the allowed period of arrears has been extended to eighteen months.
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 writedown for the outstanding capital (impairment for specific risks).

Litigated debt obligations are included in doubtful debts.

Non-performing loans are doubtful loans for which the prospect of repayment is greatly reduced and for which reclassification to the rank of performing outstanding loan is unlikely. Loans rated doubtful for more than 12 consecutive months and credit agreements beyond their term are always classified in this category.

23. PRGF: the Poverty Reduction and Growth Facility.

AFD has recorded depreciations to cover the discounted value of all projected losses on doubtful loans and non-performing 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 interest rate effective at the start of an outstanding debt for fixed-rate loans and at the last effective interest rate for variable-rate loans.

Unpaid interest due and interest accrued on doubtful debts are fully depreciated.

Loans restructured on non-commercial terms must be identified as performing outstandings. AFD has not listed any outstanding debt as restructured on non-commercial terms for the year 2013.

Short-term and long-term investments

Depending on the purpose of the transaction, the following rules apply:

✓ short-term investment securities intended to be held for 6 months or more are recorded at the date of their acquisition, at the purchasing price, excluding accrued interests.
Premiums or discounts are actuarially amortised. At each monthly account closing, the coupon accrued since the last period is reported as income.
Depreciation for unrealised losses, determined as the difference between book value and market price, is made monthly on a line-by-line basis, without offsetting unrealised gains. Unrealised gains are not shown in the accounts;

✓ long-term investment securities (mainly bonds), purchased with the intention of holding them for a long time, in principle until maturity, are recorded at the date of their acquisition, at the purchase price, excluding accrued interest.
They may be subject to depreciation in case of counterparty risk.
Premiums or discounts (the difference between purchase price and redemption price) are spread on an actuarial basis over the residual life of the investment.
At each monthly account closing, the coupon accrued since the last period is reported as income.
AFD has secured resources allocated to funding its long-term securities investments.

Shares in related businesses, equity stakes and long-term investments

✓ Shares in related businesses
Shares in related businesses are those held in exclusively controlled companies that can be consolidated by overall integration.

✓ Equity stakes
These are securities, the long-term retention of which is deemed useful to the company's activities, particularly because it enables influence or control to be exercised over the issuing company.

This relates especially to interests that meet the following criteria:

- interests in proportionately consolidated companies or 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.

✓ Other long-term investments
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. Depreciation is recorded 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 valuation, as the case may be, is lower than the acquisition cost;
✓ a 100% provision for foreign exchange loss is made in the case of conversion differentials if the currency concerned is devalued;
✓ 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 are recorded under "gains or losses on fixed assets".

AFD also holds interests in 26 companies, either through managed funds (Cidom, FAC, Fides, and Fidom) or through State funds. These holdings, recorded at cost, do not appear on the 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.

Bonded debt

Call premiums (the difference between the redemption price and par value of securities) and positive or negative share premiums (the difference between the issue price and par value of securities) are spread over the maturity of the borrowings using the actuarial method.

Subsidies

The "Subsidies" item records the subsidies to loans for general budget support and investment subsidies on mixed loans, which are paid by the State on 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.

Fixed assets

Fixed assets appearing on AFD's balance sheet include property, plant and equipment and intangible assets used for operations. Intangible fixed 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 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 packages, layout and fittings	15 years
5.	Various fittings	10 years

Other tangible assets are depreciated using the straight-line depreciation 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 five or 10 years;
- ✓ equipment and vehicles over 2 to 5 years.

Regarding intangible assets, software is depreciated according to its type: no more than 5 years for management packages and 2 years for office tools.

Impairment testing is conducted on depreciable assets when signs of impairment are identified at the end of the financial year. In case of impairment, depreciation is recorded under "Provisions for the depreciation of property, plant and equipment and the amortisation of intangible assets" and may be reversed if there is a change in the conditions that led to it being recognised. This impairment reduces the depreciable amount of the asset and thus also affects its future depreciation schedule. At 31 December 2013, no depreciation was recognised.

Capital gains or losses from the sale of assets used in operations are recorded under "Net gains or losses on fixed assets".

Financial futures instruments

Off-balance sheet outstandings for financial instruments are entirely consistent with outright transactions – interest-rate swaps and cross-currency swaps – made over-the-counter.

These instruments are managed primarily as part of transactions for micro-hedging debt and loans.

In accordance with CRBF 90-15 amended by CRBF 92-04, 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.

Provisions (See Note No. 15)

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 recording provisions for sovereign loans[24] granted by AFD on its own behalf" was signed on 30 December 2010 between AFD and the French State for an indefinite period. This agreement provides for shared provisions to be made, for which the amount is topped up by the State.

24. In other words granted to States or with their approval.

These provisions are not based on an individual credit risk analysis but reflect AFD's commitment to pay the State an amount equivalent to these provisions as a result of debt transactions. Net reversals of provisions and payments to the State are recorded in Net Banking Income.

Collective provisions of non-sovereign outstandings

The portfolio of loans written down on a collective basis consists of all non-sovereign loans in foreign countries that are not written down on an individual basis. Provisions for homogeneous portfolios are recognised based on quantitative and qualitative analyses of the public financial, private financial, water-electricity and transport sectors and, since the first quarter of 2013, the local government sector. Residual outstandings are provisioned based on past losses, for whatever reason, for asset classes by sector and type of country. Based on the same principle, guarantees granted are also provisioned on a collective basis.

AFD may also recognise an additional provision for specific events impacting its area of operations. As at 31 December 2013, specific collective provision allocations stood at €9.1M due to the economic crisis and the political instability in Côte d'Ivoire.

Provisions for subsidiary risk

This item is intended to cover the cost to AFD of the takeover and liquidation of Soderag, which was decided in 1998, and to cover AFD's risk of loss on loans issued to Sodema, Sodega and Sofideg to buy Soderag's portfolio. These loans were transferred to Sofiag.

Provisions for miscellaneous risk

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 exchange rate differences (assets) on interests in foreign currencies.

Provisions for employee commitments

➢ *Defined benefit plans*

✓ Retirement and early retirement commitments

Immediate retirement and early retirement commitments are all outsourced to an 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%;
– retirement age: 62 for non-executive level employees and 64 years for executive level employees;
– annual increase in salary: 2.50%.

✓ Commitments for end-of-career payments and financing of the health insurance plan

AFD pays its employees compensation at the end of their careers (IFC). It also contributes to the cost of its retired employees' health insurance plans.

The assumptions used for the valuations are as follows:

– discount rate: 3.50%;
– annual increase in salary: 2.50%;
– retirement age: 62 for non-executive level employees and 64 years for executive level employees;
– life tables: TGH 05/TGF 05.

These commitments (end-of-career payouts and financing of health insurance plans and pensions) undergo actuarial valuations that factor in demographic and financial assumptions. The amount of the commitments provisioned is determined using the projected unit credit method. At each closing, the retirement commitments borne by AFD are revalued and compared with the value of the insurance policies. AFD has opted for the corridor method, applicable to post-employment plans. Actuarial differences are subject to deferred amortisation and are not immediately recognised in profit and loss. The provision is recognised in *Staff costs*.

As of 31 December 2013, the amount of the provision was increased by €4.65M.

New policies: for 2013, AFD waived the option of early application of the Accounting Standards Authority's new guidance of 7 November 2013, which supersedes the Authority's previous guidance of 1 April 2003. This new guidance modifies the rules applicable to measuring benefit fund assets; they therefore concern only retirement commitments. This change in policy will be applied for the first time in 2014.

➢ *Other long-term benefits*

AFD awards its employees with bonuses for long-time service. An additional provision was recognised on 31 December 2013 in the amount of €186,000.
The changes in commitments over 2013 are shown in the following table:

AFD's employee benefit commitments at 31 December 2013

In thousands of euros	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand Total
Change in the present value of the commitment						
Fair value of the commitment at 1 January	**99,279**	**59,155**	**12,199**	**170,632**	**556**	**171,189**
Financial cost	3,504	2,154	448	6,106	20	6,126
Cost of services rendered over the year	841	2,383	928	4,153	65	4,218
Reductions/liquidations	0	0	0	0	0	0
Services paid	-7,458	-1,654	-635	-9,747	-53	-9,800
Actuarial gains (losses)	-2,422	-15	-157	-2,594	155	-2,439
Present value of the commitment at 31 December	**93,745**	**62,024**	**12,782**	**168,551**	**743**	**169,293**
Change in the fair value of retirement plan assets						
Fair value of assets at 1 January	**100,640**			**100,640**		**100,640**
Expected return on assets	3,522					
Services paid	-7,458					
Actuarial gains (losses)	947					
Liquidations	0					
Fair value of assets at 31 December	**97,652**			**97,652**		**195,305**
Corridor limits						
Actuarial gains (losses) not recognised at 1 January	4,825	-9,159	93	-4,241	0	-4,241
Corridor limits at 1 January	10,064	5,916	1,220		56	
Actuarial gains (losses) generated over the year	3,369	15	157	3,541	-155	3,386
Actuarial gains (losses) recognised in profit or loss	0	0	0	0	155	155
Actuarial gains (losses) recognised in equity in the previous period	-4,825	9,159	-93	4,241	0	4,241
Actuarial gains (losses) recognised in equity this period	-3,369	-15	-157	-3,540	0	-3,540
Actuarial gains (losses) not recognised at 31 December	**0**	**0**	**0**	**0**	**0**	**0**
Amounts recognised on the Balance Sheet at 31/12						**155**
Present value of the funded obligation	**93,745**					
Present value of the unfunded obligation		**62,024**	**12,782**	**74,806**	**743**	**75,549**
Net position	**-3,908**			**-3,908**		**-3,908**
Unrecognised actuarial gains (losses)	0	0	0		0	
Balance sheet provision	**-3,908**	**62,024**	**12,782**	**70,899**	**743**	**71,641**
Amounts recognised on the income statement at 31 December						**75,549**
Cost of services rendered in 2013	841	2,383	928	4,153	65	4,218
Financial cost in 2013	3,504	2,154	448	6,106	20	6,126
Recognised actuarial gains (losses)	0	0	0	0	155	155
Expected return on plan assets	-3,522			-3,522		-3,522
Cost of services rendered						
Impact of reductions/liquidations						
Expenses booked	**823**	**4,537**	**1,376**	**6,736**	**239**	**6,976**
Reconciliation of opening and closing net liability						
Liability at 1 January	**3,463**	**49,996**	**12,292**	**65,751**	**556**	**66,307**
Expenses booked	823	4,537	1,376	6,736	239	6,976
Contributions paid	0			0		0
Employer contributions	0	-1,654	-635	-2,289	-53	-2,342
Items that will not be subsequently recycled to profit or loss	-8,193	9,144	-250	701	0	701
Net liabilities at 31 December	**-3,908**	**62,024**	**12,782**	**70,899**	**743**	**71,641**
Change in net liabilities	**-7,370**	**12,027**	**491**	**5,148**	**186**	**5,334**
Actuarial debt at 31 December 2013	**93,745**	**62,024**	**12,782**	**168,551**	**743**	**169,293**
Cost of services rendered in 2014	617	2,378	833		78	
Financial cost in 2014	2,831	2,254	425		27	
Services payable in 2014/transfer of capital upon departures in 2014	-30,040	-1,630	-1,683		-77	
Estimated debt at 31 December 2014	**67,152**	**65,026**	**12,357**	**144,535**	**771**	**145,306**

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.

Subordinated debt

In 1998, an agreement was reached with the French State whereby part of AFD's debt towards 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 borrowings after 1 January 1998 recognised as subordinated debt (with a repayment period scheduled over 30 years and a 10-year grace period).

At 31 December 2013, subordinated debt amounted to €3.2bn, of which €2.4bn is towards the Treasury.

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 amounts to be disbursed, 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's new share issue, namely €145M at 31 December 2013 (€105M having already been subscribed).

Guarantee commitments

Guarantee commitments given to credit institutions 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 Sofiag;
- ✓ 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 Areas of Operation, in Sub-Saharan Africa and in Mediterranean countries). These guarantees are intended to encourage the creation and development of local businesses;
- ✓ the guarantee granted to PROPARCO as part of a country-risk hedging agreement;
- ✓ sub-participation guarantees granted to PROPARCO;
- ✓ the counter-guarantee provided to Oséo Garantie (Bpifrance Financement as of July 2013) covering 100% of the risk of loss under the guarantees issued by Bpifrance (formerly Oséo) as part of French Overseas Department Fund activity.

Commitments given for guarantees to clients include, in particular:

- ✓ loan repayment guarantees distributed by Crédit Foncier de France (CFF) and Oséo;
- ✓ the guarantee granted to Sofiag 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 guarantee for bonds issued by Iffim as part of managing the French contribution to the Solidarity Fund for Development (FSD) on behalf of the French State.

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 increase undertaken in May 2008. These buyback options are exercisable for a period of 5 years following a lock-in period of 5 years.

Disclosure on Non-Cooperating States and Territories

Article L.511-45 of the French Monetary and Financial Code (as amended by Law 2009-1674 of 30 December 2009) requires that credit institutions publish an appendix to their annual financial statements presenting information about their offices in States or territories that have not signed an administrative assistance agreement aimed at combating fraud and tax evasion with France.

Act 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 jurisdictions.

At 31 December 2013, AFD did not have any offices in non-cooperative States or territories.

Individual right to training (DIF)

The number of hours of rights acquired by AFD's employees under the DIF at 31 December 2013 was 110,353.
The number of hours of training that were not requested was 107,034.

Other information related to consolidation

AFD's financial statements are fully reflected in AFD Group's consolidated financial statements using the full consolidation method.

Post-closing events

No significant events occurred after 31 December that have not been taken into account in the preparation of the financial statements at this date.

5.7.3 Additional information on financial statement line items

In thousands of euros

Note 1 – Short-term investments[1]

	December 2013			December 2012		
	Listed securities	Unlisted securities	Total	Listed securities	Unlisted securities	Total
Government paper and equivalent	85,521		85,521	257,121		257,121
Related receivables	1,889		1,889	6,608		6,608
Writedowns	-52		-52	-52		-52
Net total	87,358		87,358	263,677		263,677
Bonds and other fixed-income securities		699,803	**699,803**			
Related receivables		299	299			
Writedowns						
Net total		700,102	700,102			
Shares and other variable-income securities	39,033		39,033	39,033		39,033
Writedowns						
Net total	39,033		39,033	39,033		39,033
TOTAL NET VALUE	**126,391**	**700,102**	**826,493**	**302,710**	**0**	**302,710**

	Fixed income	Variable income	Total	Fixed income	Variable income	Total
Unrealised capital gains	525	6,112	6,637	16,262	4,313	20,575

	Less than 3 months	3 months to 1 yea	1 to 5 years	More than 5 years	2013 Total
Maturity of bonds and other fixed-income securities	399,803	300,000			**699,803**

Note 2 – Long-term investments[1]

	December 2013			December 2012		
	Listed securities	Unlisted securities	Total	Listed securities	Unlisted securitie	Total
Government paper and equivalent	571,914		571,914	565,619		565,619
Related receivables	11,656		11,656	12,000		12,000
Net total	583,570		583,570	577,619		577,619
Bonds and other fixed-income securities	102,658		**102,658**	110,698		**110,698**
Related receivables	3,154		3,154	3,434		3,434
Net total	105,812		105,812	114,132		114,132
TOTAL NET VALUE	**689,382**		**689,382**	**691,751**		**691,751**
Difference between purchase price and redemption price	55,948		55,948	53,099		53,099

During the fiscal year, no long-term investment was sold before maturity for the needs of managing counterparty risk.

	Less than 3 months	3 months to 1 yea	1 to 5 years	More than 5 years	2013 Total
Maturity of bonds and other fixed-income securities			35,572	67,086	**102,658**

1.Total balance sheet items: Government papers and equivalent, bonds and other fixed-income securities, equity and other variable-income securities total €1.515bn at 31 December 2013.

Note 3 – Receivables from credit institutions

	December 2013			December 2012		
	Demand	Term	Total	Demand	Term	Total
Regular accounts	94,195		94,195	103,096		103,096
Loans to credit institutions		**7,926,776**	7,926,776		**7,193,766**	7,193,766
- Interbank investment[1]	1,080,901	425,000	1,505,901	944,401	101,806	1,046,207
- Loan activity		7,501,776	7,501,776		7,091,960	7,091,960
- Structured swaps			0			0
Related receivables	2,277	35,804	38,081	525	33,093	33,618
Writedowns		-114,828	-114,828		-114,844	-114,844
TOTAL	**1,177,373**	**7,847,752**	**9,025,125**	**1,048,022**	**7,112,015**	**8,160,037**

The amount of outstandings at the State's risk is €1.87bn.
1. This item includes money-market UCITS.

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	2013 Total
Maturity of loans to credit institutions	365,459	549,285	3,461,301	3,550,731	**7,926,776**

Total impaired outstanding loans (€110.068M) are included in "Less than 3 months".

	December 2013		December 2012	
Details of impaired term loans	Gross	Writedowns	Gross	Writedowns
Impaired outstandings (excluding related receivables)	110,068	106,973	107,288	106,983
- Sovereign impaired outstandings[2]				
- Non-sovereign impaired outstandings	106,983	106,973	106,983	106,983

2. Granted to governments or with their endorsement. Provisions are recognised only on the outstanding principal of these loans.

Note 4 – Transactions with customers

	December 2013	December 2012
Credit to customers	**15,014,154**	**13,455,360**
Related receivables	77,772	66,904
Writedowns	-293,173	-307,429
TOTAL	**14,798,753**	**13,214,835**

Outstanding credit at the State's risk is €1.295bn at 31 December 2013.
Outstandings for loans on behalf of the State and for governmental loans stand at €37.290M.

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	2013 Total
Maturity of loans to customers	569,007	742,178	4,465,155	9,237,814	**15,014,154**

Total arrears on ordinary receivables (€20.156M) and total impaired loans (€456.734M) are included in "Less than 3 months".

	December 2013		December 2012	
Details of impaired term loans	Gross	Impairments	Gross	Impairments
Impaired outstandings (excluding related receivables)	456,735	292,519	476,457	311,352
- Sovereign impaired outstandings[3]	80,860		77,480	
- Non-sovereign impaired outstandings	183,651	172,083	199,976	189,928

3. Granted to governments or with their endorsement. Only the outstanding principal of these loans is the object of provisions for liabilities.

Note 5 – Equity stakes and other long-term investments

	31/12/2013	31/12/2012
Long-term investments	**138,875**	**144,930**
Gross value[(1)(2)]	135,105	141,951
Translation differences	3,770	2,979
Equity stakes	**1,324**	**1,324**
Gross value	1,324	1,324
Related receivables		
Writedowns	15,167	18,299
NET TOTAL	**125,032**	**127,955**

1. The gross amount of listed shares totalled €11.125M in 2013.
2. Total disposals for 2013 stand are 2013 stand are €3.45M. No acquisitions were made.

Note 6 – Shares in affiliated companies

	December 2013	December 2012
Gross value [(3)]	358,616	313,616
Writedowns	5,980	5,980
NET TOTAL	**352,636**	**307,636**

3. AFD acquired Fisea shares for €45M in 2013.

Note 7 – Transactions with affiliated companies

	December 2013	December 2012
Assets		
Receivables due from credit institutions	2,969,568	2,741,918
Liabilities		
Term debts to credit institutions	118,049	201,937
Off-balance sheet		
Financing commitments given	900,766	832,118
Guarantee commitments given	744,817	685,600

Note 8 – List of subsidiaries and equity stakes

Subsidiaries held at more than 50%	PROPARCO	Soderag
Head office	151, rue Saint Honoré – 75001 Paris	Rue F. Éboué – BP 64 – 97110 Pointe-à-Pitre
Equity	420,048	5,577
Equity holdings	57.43%	100%
Shareholders' equity	688,339	-118,949
Income after tax	*39,399*	*-41*
Gross book value	242,622	5,980
Net book value	242,622	0
	Sogefom	**Fisea**
Head office	5, rue Roland Barthes – 75012 Paris	5, rue Roland Barthes – 75012 Paris
Equity	1,067	105,000
Equity holdings	58.69%	100%
Shareholders' equity	15,788	63,753
Income after tax	*-366*	*-6,800*
Gross book value	5,015	105,000
Net book value	5,015	105,000

Equity stakes of between 10% and 50%

Gross value	35,676
Net value	31,075

Note 9 – Fixed assets and depreciation/amortisation

	31/12/2012	Purchases	Sales	Transfers	31/12/2013
Gross value					
Land and development	86,997	351	13	-74	87,261
Buildings and development	178,592	13,648	1,342	-797	190,101
Other property, plant and equipment	48,199	5,210	1,772	871	52,508
Intangible assets	68,455	6,665	21,839		53,281
GROSS AMOUNT	**382,243**	**25,874**	**24,966**	**0**	**383,151**
	31/12/2012	**Provisions**	**Reversals**	**Miscellaneous**	**31/12/2013**
Depreciation/amortisation					
Land and development	2,203	48	7		2,244
Buildings and development	86,947	6,201	1,332		91,816
Other property, plant and equipment	36,848	4,177	1,673		39,352
Intangible assets	53,251	4,425	20,918		36,758
Amount of depreciation/amortisation writedowns	**179,249**	**14,851**	**23,930**	**0**	**170,170**
NET AMOUNT	**202,994**				**212,981**

Note 10 – Other assets and liabilities

	December 2013		December 2012	
	Assets	Liabilities	Assets	Liabilities
Accounts payable, French State		314,170		319,652
Borrowing from French Treasury		210,826		258,076
Allocated public funds		68,127		73,330
Guarantee funds in the French Overseas Departments[1]		233,603		221,297
Other	22,864	973,361	9,999	797,889
TOTAL	**22,864**	**1,800,087**	**9,999**	**1,670,244**

1. Of which €210.623M in the French Overseas Department Fund at 31 December 2013.

Note 11 – Accruals

	December 2013		December 2012	
	Assets	Liabilities	Assets	Liabilities
Adjustment accounts for off-balance sheet foreign-exchange positions	388,670		204,307	
Income and expenses resulting from swaps	340,125	126,266	299,171	117,091
Shared income and expenses	56,986	62,077	44,745	53,660
Other accruals	25,972	50,371	31,904	24,183
TOTAL	**811,753**	**238,714**	**580,127**	**194,934**

Note 12 – Debts to credit institution

	December 2013		December 2012	
	Demand	Term	Demand	Term
Debts to credit institutions	83,771	**116,153**	86,448	**133,894**
Related debts	-2	2,486	17	2,745
TOTAL	**83,769**	**118,639**	**86,465**	**136,639**

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	2013 Total
Maturity of loans due to credit institutions		115,750		403	**116,153**

Note 13 – Transactions with customers

	December 2013		December 2012	
	Demand	Term	Demand	Term
Accounts payable, customers	1,540	-	2,782	-
Related debts	1	-	1	-
TOTAL	**1,541**	**-**	**2,783**	**-**

Note 14 – Debt securities in issue

	December 2013	December 2012
Negotiable debt securities	693,718	300,000
Bonds	**17,160,435**	**14,742,149**
Related debts	284,246	256,374
TOTAL	**18,138,399**	**15,298,523**

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	2013 Total
Maturity of debt securities in issue		1,407,881	7,359,073	8,393,481	**17,160,435**

Note 15 – Provisions

	December 2012	Provisions	Reversals	Translation adjustment	December 2013
Sovereign loans(1)	450,514	46,977			497,491
Performing non-sovereign loans	177,473	80,827	2,300		256,000
Undisbursed balance on non-performing receivables	0				0
Country risk - AFD/PROPARCO agreement	0				0
Guarantees given	25,003	10,425	6,304	-727	28,397
French Overseas Department subsidiary risks	36,037		1,974		34,063
Other risks	10,908		27	-7	10,874
Foreign exchange losses(1)	7,460	812	1,545		6,727
Administrative expenses(1)	636				636
Staff costs(1)	72,925	4,391	925		76,391
TOTAL	**780,956**	**143,432**	**13,075**	**-734**	**910,579**

1. These provisions are not recorded in “Cost of risk”.

Note 16 – Subordinated debts

	December 2013	December 2012
Subordinated debt	2,415,574	2,288,308
Lowest-ranked subordinated debts	799,780	799,691
Related debts	21,001	20,897
TOTAL	**3,236,355**	**3,108,896**

Note 17 – Reserve for General Banking Risk (RGBR)

	December 2012	Provisions	Reversals	December 2013
Reserve for General Banking Risk	**460,000**			**460,000**

Note 18 – Equity excluding FGBR

	December 2013	December 2012
Funding	400,000	400,000
Reserves	1,365,476	1,340,289
Subsidies	33,807	41,957
Unallocated income[1]	92,901	87,874
TOTAL	**1,892,184**	**1,870,120**

1. Dividends distributed to the French State in 2013 totalled €62.687M.

Note 19 – Assets and liabilities in foreign currencies[2]

	December 2013	December 2012
Amount of assets denominated in foreign currencies[3]	5,413,596	4,436,588
Amount of liabilities denominated in foreign currencies[3]	4,352,493	5,030,450

2. Excluding IMF transactions and off-balance sheet hedging transactions, these transactions offset balance sheet positions.
3. In principle, these foreign-currency positions are offset by financial futures instruments recorded off-balance sheet.

Note 20 – Interest and related income

	December 2013	December 2012
Interest and income on transactions with credit institutions	**313,464**	**338,993**
Interest on loans	148,206	143,870
Interest on short-term investments	4,440	4,394
Income from financial futures instruments	160,818	190,729
Interest and income on transactions with customers	**363,899**	**330,373**
Interest and income on bonds and other fixed-income securities	**36,595**	**46,131**
Short-term investments	9,718	17,125
Long-term investments	26,877	29,006
Other interest and similar income	**467,827**	**465,501**
Income from financial futures instruments	467,827	465,501
TOTAL	**1,181,785**	**1,180,998**

The amount of net reversals of provisions for interest on doubtful loans, adjusted for losses on interest on bad loans, is €5.253M at 31 December 2013 compared to -€9.755M at 31 December 2012.

	French Overseas Departments	French Pacific Collectivities	Foreign countries
Breakdown of revenue by geographic area	66,273	46,536	436,009

Note 21 – Interest and related expenses

	December 2013	December 2012
Interest and expenses on transactions with credit institutions	**394,093**	**349,791**
Interest on accounts payable	3,903	4,856
Expenses on financial futures instruments	390,179	344,918
Interest on borrowings	11	17
Interest and expenses on transactions with customers	**9,374**	**9,592**
Interest on subordinated debts	9,372	9,586
Other interest and expenses on transactions with customers	2	6
Interest and expenses on bonds and other fixed-income securities	**456,630**	**474,208**
Interest on interbank market securities and negotiable debt securities	697	495
Interest on bonds	418,965	436,693
Interest on lowest-ranked subordinated debts	36,968	37,020
Other interest and similar income	**177,620**	**262,122**
Expenses on financial futures instruments	175,168	259,188
Interest on allocated public funds	2,452	2,934
TOTAL	**1,037,717**	**1,095,713**

Note 22 – Commission income and expenses

	December 2013	December 2012
Commission income	**50,756**	**47,011**
From subsidies	35,700	30,595
From processing	11,085	12,458
Other	3,971	3,958
Commission expense	**350**	**383**

Note 23 – Gains or losses on investment portfolio transactions

	December 2013	December 2012
Balance of investment portfolio transactions	**9,786**	**4,335**
Capital gains on disposals	12,232	4,209
Capital losses on disposals	2,446	
Reversals of provisions for depreciation	3,143	285
Provisions for depreciation	3,143	159

Note 24 – Other income on banking operations

	December 2013	December 2012
Other income on banking operations	**254,137**	**252,343**
Subsidies	202,875	200,812
Other banking income	51,262	51,531

Note 25 – Other expenses on banking operations

	December 2013	December 2012
Other expenses on banking operations	**31,183**	**29,257**
Other operating expenses	26,237	25,140
Net foreign currency losses	4,946	4,117

Note 26 – General operating expenses – Staff costs

	December 2013	December 2012
Wages and bonuses	122,879	118,287
Social security expenses	51,988	49,535
Profit sharing	8,660	3,943
Taxes and similar payments on remuneration	12,304	10,406
Provisions/reversal of provisions	3,466	3,281
Rebilling banks' staff	-15,022	-15,169
TOTAL	**184,275**	**170,283**

Note 27 – Average workforce

	Executives	Supervisors	Skilled employees	Service staff	Stationary staff	2013 Total
Head office and branches (excluding institutions)	1,001	136	26	2	502	1,667

Note 28 – Asset writedowns

	December 2013				December 2012
	Provisions	Reversals	Translation adjustment	Total	
Unpaid interest on loans (Notes 3 and 4)	11,432	6,298	2	162,855	157,719
Individualised risk on loans (Notes 3 and 4)	9,995	29,401		245,145	264,551
Depreciation of equity stakes (Notes 5 and 6)	174	3,306		21,147	24,279
Depreciation of the titles of investment (Note 23)	3,143	3,143		52	52
TOTAL	**24,744**	**42,148**	**2**	**429,199**	**446,601**

Note 29 – Cost of risk[1]

	December 2013			December 2012
	Provisions	Reversals	Total	
Provisions (Note 15)[1]	91,252	10,605	-80,647	-12,081
Depreciation of principal of impaired loans (Note 28)	9,995	29,401	19,406	5,237
Losses on principal of bad loans	1,679	2,564	885	-1,976
TOTAL	**102,926**	**42,570**	**-60,356**	**-8,820**

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

	December 2013	December 2012
Gains or losses on financial fixed assets	**1,455**	**1,794**
Capital gains and losses	-3,222	750
Provisions/reversals for depreciation	4,677	1,044
Gains or losses on other fixed assets	**756**	**81**
TOTAL	**2,211**	**1,875**

Note 31 – Exceptional income

	December 2013	December 2012
Exceptional gains	314	538
Exceptional losses	9,488	789
NET TOTAL	**-9,174**	**-251**

Exceptional transactions were impacted in the amount of €8.788M as the result of an external fraud to which AFD fell victim in August 2013.

Note 32 – Other off-balance sheet commitments

	December 2013	December 2012
Guarantee commitments received from the French State on loans	3,406,811	3,862,286
Guarantee commitments received from credit institutions	389,288	62,361
Guarantee commitments given to credit institutions	798,462	866,921
Guarantee commitments given on securities	257,446	246,132
Guarantee commitments given to customers	898,806	818,326

Note 33 – Commitments on financial futures excluding IMF transactions[1]

	December 2013		December 2012	
	Notional	Valuation[2]	Notional	Valuation[2]
Outright transactions				
Interest rate swaps (hedging transactions)[3]	-17,762,649	130,964	-13,214,741	234,863
Currency swaps (hedging transactions)	19,058,058	332,990	17,912,565	101,454
Commitments received[3]	*9,700,573*		*9,070,456*	
Commitments given	*9,357,485*		*8,842,109*	
Other instruments (hedging transactions)				
Options[3]	-290,183	676	-304,600	438

1. This information does not appear in the publishable off-balance sheet.
2. These financial instruments are valued with reference to market value.
3. The notional on hedging instruments stood at €27.753M at 31 December 2013.

	Less than 1 year	1 to 5 years	More than 5 years	Total 2013
Outright, micro-hedge and OTC market transactions				
Interest rate swaps	923,629	5,257,863	11,581,157	17,762,649
Currency swaps	2,012,266	7,043,593	10,002,199	19,058,058
Commitments received	*1,021,035*	*3,496,614*	*5,182,924*	*9,700,573*
Commitments given	*991,231*	*3,546,979*	*4,819,275*	*9,357,485*
Options	20,000	-81,250	-228,933	-290,183

Note 34 – Valuation by issuer rating on financial futures instruments excluding IMF transactions[4]

Banking counterparty rating	31/12/2013 Valuation[5]	31/12/2012 Valuation[5]
AAA	2,785	9,127
AA	-1,476	-1,954
A	597,485	438,009
BBB	18,081	37,908
TOTAL	**616,875**	**483,090**

4. Counterparty risk on derivatives relating to financing IMF transactions is hedged by the overall guarantee granted to AFD by the French State for this purpose.
5. 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[6]

Fund source	Number of investments	Purchase price
Caisse d'investissement des DOM (Cidom)	2	2,8 $67
Fonds d'investissement et de développement économique et social (Fides)	5	642
Fonds d'investissement des DOM (Fidom)	12	2,810
Other Government resources	7	10,406
TOTAL	**26**	**16,725**

6. This information does not appear in the publishable off-balance sheet.

Note 36 – Compensation of executive officers

Gross annual compensation allocated to executive officers is €368,263.

Note 37 – Corporation tax

Only income from property and from representing mainland credit institutions in the French Overseas Departments is subject to corporate taxation.

Note 38 – Risk exposure

AFD operates on its own behalf in financial futures markets as part of its own activities and those delegated to it by the French State.

These transactions are undertaken within limits authorised by the Chief Executive Officer with the agreement of the Board of Directors.

5.8 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Reporting year ended 31 December 2013

Dear Sir or Madam,

In compliance with the assignment entrusted to us by your Board of Directors, we hereby report to you, for the year ended 31 December 2013, on:

- the audit of the accompanying financial statements of Agence Française de Développement;
- the justification of our assessments;
- specific information and verification required by law.

These annual financial statements have been approved by the Chief Executive Officer. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 31 December 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In application of Article L.823-9 of the French Commercial Code governing the justification of our assessments, we would like to bring the following to your attention:

- provisions for credit risk constitutes a field of significant accounting estimation in any banking activity: Agence Française de Développement recognises provisions for losses on loans to credit institutions and customers to cover the credit risk inherent in its activities, as described in Notes 2.3, 2.10, III-3, III-4 and III-15 of the Annex. As part of our assessment of these accounting estimates, we examined the process of credit risk review and non-recovery risk assessment and coverage through write-downs or provisions on an individual or collective basis;
- Agence Française de Développement records writedowns and provisions on shares in related businesses, equity securities and long-term securities, as described in Notes 2.5, III-5 and III-6. Based on the information available at this time, our assessment of the reasonableness of accounting estimates made is founded on an analysis of Agence Française de Développement's process for identifying and quantifying risks, as well as on the examination of information presented by Agence Française de Développement, to evaluate these writedowns and book these provisions;
- Agence Française de Développement records others provisions as described in Notes 2.10 and III-15 to the financial statements. Based on the information available at this time, our assessment of these provisions is founded on an analysis of Agence Française de Développement's process for identifying and quantifying risks, and their coverage by the necessary provisions.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific information and verification

We have also performed, in accordance with professional standards applicable in France, the specific verification required by French law.

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 documents addressed to shareholders with respect to the financial position and the financial statements.

Paris La Défense, 15 April 2014

KPMG Audit
A department of KPMG SA
Arnaud Bourdeille
Partner

Courbevoie, 15 April 2014

Mazars
Max Dongar
Partner

5.9 AFD'S FINANCIAL RESULTS OVER THE LAST FIVE YEARS (PARENT COMPANY BASIS)

In millions of euros	2013	2012	2011	2010	2009
Funding + reserves + income (€M)	**1,858**	**1,828**	**1,795**	**1,793**	**1,909**
Net banking income (€M)	441	363	361	383	466
Net income (€M)	92.9	87.9	73.5	103.7	246.5
Net income/funding + reserves + income	5%	4.81%	4.09%	5.78%	12.91%
Net income/balance sheet total	0.35%	0.37%	0.36%	0.59%	1.63%
Personnel					
Number of employees (average)	1,667	1,656	1,607	1,523	1,427
Total payroll costs (€M)	184.3	170.3	166.5	155.5	140.1
Of which social and cultural initiatives (€M)	15.5	10.7	15.6	11.8	10.7

5.10 STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Statutory auditors' report on regulated agreements and commitments

Dear Sir or Madam,

In our capacity as statutory auditors of Agence Française de Développement, we hereby present our report on your regulated agreements and commitments.

On the basis of the information provided to us, we are required to inform you of the terms and conditions of the agreements and commitments of which we have been informed or that we discovered during our assignment. It is not our role to determine whether they are beneficial or appropriate or to look for the existence of other agreements. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code, to evaluate the benefits arising from these agreements prior to their approval.

Where applicable, we are also responsible for presenting you with the information provided for in Article R.225-31 of the French Commercial Code relating to the execution, during the year elapsed, of the 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.

Agreements and commitments submitted to the board of directors for its approval

In accordance with Article L.225-40 of the French Commercial Code applicable to your establishment in compliance with Article L.511-39 of the French Monetary and Financial Code, we were informed of the following agreements and commitments that were subject to the prior authorisation of your Board of Directors.

A. AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FINANCIAL YEAR ELAPSED

1. Agreement on the Funding of the Trade Capacity Building Program (PRCC)

Contracting counterparty: the French State

Purpose and conditions: on 8 July 2013, AFD and the French State signed an agreement that sets out:

- the framework and the implementation procedure for the PRCC's operations by defining the respective responsibilities of the French Directorate of the Treasury and AFD and,
- the resources allocated as well as the rules for administering the resources received by AFD from the State.

The purpose of the PRCC is to help developing countries, especially the Least Developed Countries (LDCs), build trade and consequently promote their integration into the world trade system. In this context, the PRCC offers support measures for implementing the Economic Partnership Agreements (EPAs) and for regional integration.

The commitments budget set by the State for implementing the PRCC for 2013-2015 stands at €15M.

This agreement received prior authorisation from your Board of Directors on 28 March 2013.

In 2013, AFD was paid a fixed-rate fee of €455,000.

2. Agreement with the State on the grant of a subsidy to the Republic of Mali on behalf and at the risk of the French State

Contracting counterparty: the French State

Purpose and conditions: on 21 November 2013, AFD and the French State signed an agreement aimed at defining the rules under which AFD grants, on behalf and at the risk of the French State, a Subsidy to the Republic of Mali. This subsidy is intended to engage and support the capacity for solidarity and entrepreneurship among the Malian diaspora to help Mali develop through:

- support for local development projects;
- aid to diaspora business investment.

The Subsidy granted by AFD to the Republic of Mali totals €2.18M, disbursed in two tranches, the first in the amount of €1M payable on or before 30 November 2013, with the balance disbursed on or before 31 December 2014.

This agreement received prior authorisation from your Board of Directors on 19 September 2013.

In 2013, AFD was paid a fixed-rate fee of €109,000.

3. Regulated Agreement with Coordination Sud

Contracting counterparty: Association Coordination Sud

People involved: Jean-Louis Vielajus, President of Coordination Sud and member of the AFD Board of Directors

Purpose and conditions: on 7 June 2013, AFD and Coordination Sud signed an agreement aimed at granting the association a subsidy of €1.2M to finance its activities, particularly supporting professional training for French NGOs and representing their positions to public and private institutions in France, Europe and worldwide.

This agreement received prior authorisation from your Board of Directors on 28 March 2013.

No payment was made under this agreement for 2013.

B. AGREEMENTS AND COMMITMENTS AUTHORISED SINCE THE END OF THE FINANCIAL YEAR ELAPSED

None.

Agreements and commitments not approved in advance

In accordance with Article L.225-42 of the French Commercial Code, please note that the following agreement did not receive the prior authorisation of your Board of Directors.

We are duty-bound to inform you of the reasons why the authorisation procedure was not followed.

1. Agreement between Minefi and AFD on collaboration between their networks in foreign countries

Contracting counterparty: the French State

Purpose and conditions: on 11 January 2013, AFD and Minefi (French Ministry of the Economy and Finance) entered into an agreement

on cooperation between their networks in foreign countries. This agreement establishes the procedures for cooperation between the Ministry and AFD in the countries and geographic areas defined by the agreement.
The French Directorate of the Treasury has tasked AFD with supporting economic services in countries where the French Directorate of the Treasury does not have an office. What is more, the agreement provides for support to economic services by the Directorate of the Treasury in regions where AFD does not have offices.
This agreement is in line with the goal of optimising operating resources.
No payment was made under this agreement for 2013.

Circumstance surrounding non-approval
AFD's bylaws state that the Board of Directors may delegate some of its powers to the CEO, in particular for the representation of other French or foreign credit institutions in the context of any agreements entered into with them. In the case at hand, this agreement was approved without being presented to the Board.

Agreements and commitments already approved by the Board of Directors

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the execution of the following agreements, already approved by the Board of Directors in previous years, continued last year.

1. Agreement relating to the management of the facility for financing non-governmental organisation (NGO) initiatives

Contracting counterparty: the French State
Purpose and conditions: AFD and the MAEE (Ministry of Foreign Affairs) concluded an agreement governing the management of the facility for financing non-governmental organisation initiatives on 16 February 2009 for a five-year term. The conditions under which AFD would implement, on the behalf and at the risk of the French State, the financing of NGO initiatives and the analysis and technical and operational monitoring of the related financing applications, were defined within this framework.
Under the amendment to the agreement concluded on 2 April 2009, some provisions according to which AFD implements, on behalf and at the risk of the French State, the financing of NGO initiatives and the analysis and technical and operational monitoring of the related financing applications were supplemented.
AFD received no remuneration under this agreement in 2013.

2. Framework agreement between AFD and the MIIINDS

Contracting counterparty: the French State
Purpose and conditions: AFD and the MIIINDS (Ministry of Immigration, Integration, National Identity and Solidarity-Based Development) concluded a framework agreement on 10 October 2008 intended to set the conditions under which AFD may manage solidarity-based development operations on behalf and at the risk of the French State.
AFD receives a flat-rate fee equivalent to 10% of the operation's total amount, from which the net investment income from the investment of the funds received by AFD is deducted.

AFD paid out €1.78M under this agreement in 2013.
AFD was paid a fee of €382,000 under this agreement in 2013.

3. Implementation of the additional bilateral debt reduction initiative for heavily indebted poor countries (HIPC)

Contracting counterparty: the French State
Purpose and conditions: on 29 December 2003, AFD and the French State signed an agreement that entrusts AFD with implementing the additional bilateral component of the debt reduction initiative for beneficiary countries in the Priority Solidarity Zone (PSZ), according to the terms set out by this agreement.
AFD was paid a fee of €5.23M in 2013 under this agreement.

4. Agreement relating to the Mayotte Guarantee Fund (FGM) - Takeover and management of the fund

Contracting counterparty: the French State
Purpose and conditions: by agreement signed on 19 December 2000, AFD took over in its own name and assumed legal and financial responsibility for the Mayotte Guarantee Fund, both for existing and future guarantee operations, effective as of 1 January 2001.
On 20 December 2006, Amendment No. 1 to the agreement was signed. It lays down the procedures for administration and intervention of the Mayotte Guarantee Fund under the division, "Social housing".
On 5 November 2008, Amendment No. 2 cancelled and replaced Amendment No. 1, notably applying to the "Social housing – LATS" division, by:

- defining the terms of the Mayotte Guarantee Fund's management and intervention within this division;
- noting the setting of a maximum guarantee quota;
- enabling AFD to use the services of a social interface;
- recording the membership of the French Overseas Department of Mayotte as a financial backer and, accordingly, additional funding for this division in the form of a €250,000 grant.

On 23 December 2008, the "Strategic Sectors" division was created under Amendment No. 3 so that the French Overseas Department of Mayotte could pay a €450,000 subsidy into the Mayotte Guarantee Fund.

As part of the implementation of the French economic stimulus plan in Mayotte, on 22 October 2009, Amendment No. 4 enacted the creation within the Mayotte Guarantee Fund of eight new divisions formalising the implementation of a "Cash reinforcement" facility and a "Confirmed short-term credit line" facility.

AFD, the French Overseas Department of Mayotte and the French State concluded amendment No. 5 to the agreement governing the Mayotte Guarantee Fund on 24 June 2010. It clarifies a number of provisions of the agreement of 19 December 2000 and notably:

- Sofider's participation in loan arrangement and collection and any enforcement of the Mayotte Guarantee Fund's guarantee;
- the allocation of State aid for the construction of housing for heavily subsidised (LATS) and subsidised (LAS) home purchases.

On 30 September 2010, AFD, the French Overseas Department of Mayotte and the French State concluded Amendment No. 6 to the agreement governing the Mayotte Guarantee Fund, which supersedes Amendment No. 4, effective as of 31 December 2010. The option of implementing a "Cash reinforcement" facility and a "Confirmed short-term credit line" facility was extended within this framework.

On 7 September 2011, the French Overseas Department of Mayotte and the French State concluded Amendment No. 7 to the agreement governing the Mayotte Guarantee Fund, in which the State grants €350,000 to the Mayotte Guarantee Fund's "General Economy" division in order to maintain the Fund's ability to make commitments in 2011. The Department of Mayotte also authorised the reallocation of a €450,000 grant initially intended for the "Strategic Sectors" division to the "General Economy" division. The facility applies to guarantees granted until 31 December 2012.
AFD was paid a fee of €481,000 in 2013 under this agreement.

5. Protocol agreement relating to the Saint Pierre and Miquelon Interbank Guarantee Fund - Takeover and management of the fund

Contracting counterparty: the French State
Purpose and conditions: by agreement signed on 22 December 2000 by AFD and the French State, AFD took over in its own name and assumed legal and financial responsibility for the Saint Pierre and Miquelon Interbank Guarantee Fund. This agreement affects existing and future guarantee operations, effective as of 1 January 2001. AFD also manages this fund, in exchange for a fee.
On 2 September 2010, AFD and the French State concluded Amendment No. 2 to the agreement governing the Saint Pierre and Miquelon Interbank Guarantee Fund, which cancels and replaces Amendment No. 1, for guarantees granted until 31 December 2010. The option of implementing a "Cash reinforcement" facility and a "Confirmed short-term credit line" facility was extended within this framework.
AFD was paid a fee of €13,000 in 2013 under this agreement.

6. Takeover of the Aria guarantee fund as part of the Ariz facility

Contracting counterparty: the French State
Purpose and conditions: on 28 December 2000, AFD and the French State signed an agreement in which AFD took over in its own name and assumed legal and financial responsibility for the Aria guarantee fund. This agreement affects existing and future guarantee operations under the Ariz framework, effective as of 1 January 2001.
AFD receives a fee equal to 50% of the guarantee commissions received and 10% of the financial income received from the investment of cash.
AFD received €70,000 in fees in 2013.

7. Agreement relating to the French mesofinance subsidy

Contracting counterparty: the French State
Purpose and conditions: AFD and the French State signed an agreement governing the French subsidy for mesofinance dated 4 September 2007. The French State, which has undertaken to contribute financially to the development of the mesofinance sector in certain African countries by setting up mechanisms to make up the shortfall in the financing available to small businesses, has tasked AFD with implementing this contribution.
Under this agreement, the French State paid AFD €3M in 2007.
AFD and the French State signed an agreement governing the French subsidy for the development of mesofinance in Africa dated 19 June 2009. The purpose of this agreement was to set up additional financing of €7M for the implementation of a mechanism to support the development of the mesofinance sector in Africa.
AFD was paid a €58,000 fee in 2013. AFD disbursed €1.16M in 2013.

8. Agreement relating to the provisioning of sovereign loans granted by AFD on its own behalf

Contracting counterparty: the French State
Purpose and conditions: AFD and the French State concluded an agreement relating to the provisioning of the sovereign loans granted by AFD on its own behalf dated 30 December 2010, with retroactive effective on 1 July 2009.

The following were defined within this framework:

- the conditions according to which AFD makes provisions against the French State's resources for sovereign loan defaults and the conditions for using the provisions made;
- that the total provisions for risks and expenses related to sovereign loans made in AFD's books amounted to €326.112M at 30 June 2009.

This provision amounted to €497.490M at 31 December 2013.

9. Agreement relating to the French subsidy to the UEMOA (West African Economic and Monetary Union)

Contracting counterparty: the French State
Purpose and conditions: on 20 July 2010, AFD and the French State signed an agreement for granting the UEMOA Commission an annual subsidy of €20M for 2010, on behalf and at the risk of the French State.

The following were defined within this framework:

- the terms for managing the financial contribution to improving the regional integration of the UEOMA's member States;
- the terms governing AFD's fee, which is set at a flat rate of 1.5% of the amount of the funds allocated to the subsidy.

On 9 December 2011, AFD and the French State signed an agreement setting AFD's operating conditions for granting the UEMOA Commission an annual subsidy of €20M for 2011, on behalf and at the risk of the French State.

On 3 December 2012, AFD and the French State signed an agreement defining the operating conditions under which AFD grants UEMOA's bodies and institutions a multi-year subsidy for 2012-2013 in the amount of €40M, of which €20M was disbursed in 2012 and €20M in 2013.
This agreement, which was signed on behalf of and at the risk of the French State, is intended to contribute to better integrating member states with their surrounding region.

AFD's fee for implementing this agreement was set at a fixed rate of 1.5% of the funds allocated to the subsidy.

AFD was paid a €300,000 fee in 2013 under this agreement.

10. Agreement relating to the French subsidy to the Cemac (Central African Economic and Monetary Community)

Contracting counterparty: the French State
Purpose and conditions: on 1 October 2010, AFD and the French State signed an agreement governing the French subsidy to the Cemac in the amount of €30M for 2007-2008.

The following were defined within this framework:

- the terms according to which AFD manages the "budgetary aid" subsidy on behalf and at the risk of the French State;
- the terms governing AFD's fee, which is set at a flat rate of 1.5% of the amount of the funds allocated to the subsidy.

On 9 December 2011, AFD and the French State signed an agreement setting AFD's operating conditions for granting the Cemac a multi-year subsidy for 2011-2013 in the amount of €60M, of which €20M is for 2011, on behalf and at the risk of the French State.
AFD received no remuneration under this agreement in 2013.

11. Framework agreement between the State and AFD relating to the payment of €10M to Siguy (Société immobilière de Guyane)

Contracting counterparty: the French State
Purpose and conditions: AFD and the French State signed a framework agreement relating to a partner current account advance of €10M on 13 August 2003. This advance paid to Siguy is intended for the purchase of land, with a view to the creation of a land reserve and the pre-financing of housing construction.
AFD and the French State concluded Amendment No. 1 to the framework agreement governing the payment of this advance dated 31 December 2010, which amends the initial date for repayment of the funds by postponing it from 2010 to 2011.
On 19 December 2011, AFD and the French State signed Amendment No. 2 to the framework agreement governing the payment of this advance. It provides for repayment in five instalments staggered over five years, as well as a 2.06% fee for this advance, effective as of the date the amendment was signed.

A €2M payment was made in 2013.
AFD received no remuneration under this agreement in 2013.

12. Management agreement relating to the guarantee Fund for the agricultural, fishing, timber and aquaculture sectors (Fogap)

Contracting counterparty: the French State
Purpose and conditions: AFD and the French State concluded a management agreement governing the guarantee fund for the agricultural, fishing, timber and aquaculture sectors dated 9 December 2010.

The following were defined within this framework:

- that AFD keeps an annual commission equal to 1% of the amount of the Guarantee's outstandings and 100% of the income from investment of the Fund's cash;
- that the amount of the funding received in 2010 reaches €10M.

Amendment No. 1 to the Agreement, which was not approved by the Board of Directors, was signed on 12 August 2013. This Amendment established the following rules:

- the Guarantee cap is set at €300,000 per Beneficiary and €600,000 per grouping of Beneficiaries;
- for Beneficiaries carrying out their activities in Saint Pierre and Miquelon, the cap for guarantees was raised to €600,000 per Beneficiary and €1M per grouping of Beneficiaries;
- for each Guarantee issued, AFD receives, for the account of the Fund, an annual commission of 0.6% on the Guarantee's total outstandings per the terms and conditions set out under the General Terms and Conditions of the Guarantee, for an 80% cover.

AFD received no remuneration under this agreement in 2013.

13. Management agreement relating to the French Overseas Department Fund

Contracting counterparties: Bpifrance Financement (formerly Oséo SA) and the French State
Purpose and conditions: AFD, Bpifrance Financement (formerly Oséo SA) and the French State concluded a management agreement governing the French Overseas Departments Fund on 22 December 2009.

The terms under which the State assigns legal and financial responsibility for the French Overseas Department Fund to AFD were defined within this framework:

- responsibility for the activities and risks relating to the Fund's business and its bookkeeping are entrusted to AFD;
- Oséo Garantie benefits from AFD's counter-guarantee totalling 100% of its risk exposure to the guarantees. AFD subtracts losses on Guarantees from the Fund and assumes the risk of the Fund's exhaustion;
- all appropriations received or to be received for the French Overseas Department Fund are transferred to AFD, including all associated rights, starting 1 October 1999.

Under Amendment No. 1 to the management agreement relating to the French Overseas Department Fund dated 22 December 2009, concluded on this same date, a "French Overseas Department – Cash reinforcement" facility was created within the French Overseas Department Fund, consisting of four sub-funds named "French Overseas Departments – SME cash reinforcement guarantee", "French Overseas Departments – Intermediate-Size Business (ETI) cash reinforcement guarantee", "French Overseas Departments – SME cash reinforcement over-guarantee", and "French Overseas Departments – Intermediate-Size Business (ETI) cash reinforcement over-guarantee", for which AFD may make priority use of funding, totalling €3.9M, to cover on a shared basis the guarantees issued in relation to these sub-funds for all of the French Overseas Departments covered by the French Overseas Department Fund.

On 11 June 2010, AFD, the French State and Oséo Garantie concluded Amendment No. 2 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. The amount of the additional funding disbursed by the French State to AFD to meet the needs of the French Overseas Department Fund for 2009, i.e. €5M, was defined within this framework. AFD received all of the funding in 2010.
On 10 September 2010, AFD, the French State and Oséo Garantie concluded Amendment No. 3 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. In this connection, it was decided to proceed with the financial and legal closure of the Chikungunya virus control programme run by AFD, the Region of Réunion and the French State.
On 10 September 2010, AFD, the French State and Oséo Garantie concluded Amendment No. 4 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. The conditions for extending the short-term bank loan

consolidation facility, which forms part of the French economic stimulus plan rolled out in the French Overseas Departments, Saint-Martin and Saint-Barthélemy, were defined within this framework.
On 13 September 2010, AFD, the French State and Oséo Garantie concluded Amendment No. 5 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. The new terms of the French Overseas Department Fund's operations were set out within this framework to allow the creation of two new Saint-Martin and Saint-Barthélemy sub-funds.
On 30 May 2011, AFD, the French State and Oséo Garantie concluded Amendment No. 6 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. The redeployment of €4.5M in funding for the French Overseas Department Fund for 2010 was defined within this framework.
On 20 June 2011, AFD, the French State and Oséo Garantie concluded Amendment No. 7 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. The French State's disbursement of a €4.5M budget allocation to meet the needs of the French Overseas Department Fund for 2011 was allowed within this framework.
On 27 March 2012, AFD, the French State and Oséo Garantie concluded Amendment No. 8 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. Under this framework, the terms were defined for repaying the State €2M in funds allocated to the short-term bank loan consolidation facility, which is part of the French economic stimulus plan rolled out in the French Overseas Departments, Saint-Martin and Saint-Barthélemy through the French Overseas Department Fund.
On 25 June 2012, AFD, the French State and Oséo Garantie concluded Amendment No. 9 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. The French State's disbursement of a €4.2M budget allocation to meet the needs of the French Overseas Department Fund for 2012 was allowed within this framework.
On 2 December 2013, AFD, the French State and Bpifrance Financement concluded Amendment No. 10 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009. The French State's disbursement of a €4.36M budget allocation to meet the needs of the French Overseas Department Fund for 2013 was allowed within this framework.
On 29 November 2013, AFD, the French State and Bpifrance Financement concluded Amendment No. 15 to the agreement governing the management of the French Overseas Department Fund dated 22 December 2009 in order to set out the terms for refunding the remaining cash balance under the Chikungunya virus control programme, namely, €603,000.

AFD was paid a fee of €1.52M in 2013 under this agreement.

14. Agreement relating to the Confirmed Short-Term Credit Line Guarantee Fund for the French Overseas Departments (LCCTC-DOM)

Contracting counterparties: Bpifrance Financement. (formerly Oséo Garantie) and the French State
Purpose and conditions: on 26 May 2009, AFD, Bpifrance Financement (formerly Oséo Garantie) and the French State concluded an agreement governing the Confirmed Short-term Credit Line Guarantee Fund for the French Overseas Departments (LCCTC-DOM), for a one-year term that may be prolonged by tacit renewal.

Within this framework:

- the LCCTC-DOM Guarantee Fund was created at AFD, which assumed legal and financial responsibility for the fund and receives the funding from the French State provided for this purpose. The risk of the Fund's exhaustion is fully covered by AFD;
- the issue of guarantees and their administrative management have been entrusted to Oséo Garantie;
- four sub-funds were created named "French Overseas Departments – SME confirmed credit line guarantee", "French Overseas Departments – Intermediate-Size Business (ETI) confirmed credit line guarantee", "French Overseas Departments – SME confirmed credit line over-guarantee", and "French Overseas Departments – Intermediate-Size Business (ETI) confirmed credit line over-guarantee", for which AFD may use funding totalling €15.8M to cover on a shared basis the guarantees issued in relation to these sub-funds for all of the French Overseas Departments and the Overseas Territories of Saint-Martin and Saint-Barthélemy covered by the LCCTC-DOM Guarantee Fund.

On 13 September 2010, AFD, Oséo Garantie and the French State concluded an amendment to the agreement of 26 May 2009 defining the conditions under which the stimulus plan facility was to be extended to 31 December 2010.

Under this agreement, AFD received the following remuneration for each loan guaranteed:

- 0.2% of the commission calculated according to the authorised amount of the confirmed credit line, in accordance with the provisions relating to the cost of the guarantee;
- 5% of the net income from the investment of the LCCTC-DOM Guarantee Fund's cash.

AFD was paid a fee of €100 in 2013 under this agreement.

15. Creation and management of the Fasep-Garantie fund and counter-guarantee given to Sofaris covering up to 50% of the fund's depletion risk

Contracting counterparties: Bpifrance Financement (formally Sofaris), the French State
Purpose and conditions: under this agreement, a guarantee fund named Fasep-Garantie was created at Fasep.
This fund is primarily intended to help establish and develop French small and medium-sized enterprises abroad. AFD and Oséo SA (formerly Sofaris) were entrusted with the management of this fund. AFD and Sofaris also cover an equal share of the fund's exhaustion risk and, under the agreement, AFD is bound to provide a 50% counter-guarantee to Sofaris.

AFD's fee for managing this fund amounted to €82,000 in 2013.

16. Service Agreement

Contracting counterparty: Société de gestion des fonds de garantie d'Outre-mer (Sogefom)
Purpose and conditions: on 15 March 2004, AFD and Sogefom signed a service agreement with retroactive effect to 28 August 2003. This agreement enables AFD to provide management, representation and technical support services to Sogefom.

AFD was paid a fee of €1.13M under this agreement in 2013.

17. Cessation of interest on advances to shareholder current accounts

Contracting counterparty: Société de développement régional Antilles-Guyane (Soderag)
Purpose and conditions: for the financial years ended 1997, 1998 and 1999, AFD granted Soderag interest-bearing current account advances in the amount of €47M. These advances were intended to reinforce Soderag's capital.
Because of Soderag's irremediably compromised position since it went into voluntary liquidation in 1998 and given its status of sole shareholder, on 5 July 2001 AFD's Supervisory Board authorised the cessation of interest on all of its shareholder current account advances.

18. Provision of non-interest bearing shareholder advances to Soderag

Contracting counterparty: Société de développement régional Antilles-Guyane (Soderag)
Purpose and conditions: between 1999 and 2005, AFD, as sole shareholder, provided additional non-interest-bearing current account advances to Soderag so that its liquidation could continue. Agreements were signed before the current account advances were granted.
At 31 December 2013, AFD's receivables from agreements signed between 1997 and 2005 totalled €106.35M excluding interest.

19. Agreement relating to the refinancing and guaranteeing of the customer loan portfolios taken over from Soderag by the three SDCs (departmental credit companies)

Contracting counterparties: Société de crédit pour le développement de la Martinique (Sodema), Société de crédit pour le développement de la Guadeloupe (Sodega) and Société financière pour le développement économique de la Guyane (Sofideg)
Purpose and conditions: under the terms of the protocol agreements signed in October and November 1998 between AFD, Soderag and the three SDCs, the latter 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 of Soderag's management of the loan portfolio.
At 31 December 2013, outstanding loans granted to each of the three SDCs amounted to €10.96M for Sodema, €19.78M for Sodega and €1.26M for Sofideg.
These loans are remunerated as follows: 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 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 2013, AFD was paid fees and interest for these loans that amounted to €101,000 from Sodema, €97,000 from Sofideg and €395,000 from Sodega.
In 2013, up to €27.87M 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 in 2013 of €1.95M.

20. Lending agreements

Contracting counterparties: the Fondation pour les études et recherches sur le développement international (Ferdi) and the Fondation de recherche pour le développement durable et les relations internationales (Fonddri)
Purpose and conditions: under two agreements signed with the Ferdi and the Fonddri, respectively, AFD undertook to grant an interest-free loan of €12.5M, repayable in one instalment after 15 years.
Loan outstandings amounted to €25M at 31 December 2013.
AFD received no remuneration under this agreement in 2013.

21. Agreement on the conversion of Mali's debt to France

Contracting counterparty: the French State
Purpose and conditions: AFD and the French State signed an agreement setting the terms and conditions for allocating funds as part of the debt conversion agreement between the Republic of Mali and the French State dated 27 July 2011.
AFD disbursed €7.2M in 2011.
On 4 September 2013, Amendment No. 1 to the Agreement on the conversion of Mali's debt to France was signed. It provides for changes in the allocation of these funds.
No fees or interest were paid to AFD under this agreement for 2013.

22. Agreement on managing the FCR (Martinique)

Contracting counterparty: the French State
Purpose and conditions: on 24 October 2011, AFD and the French State signed an agreement setting conditions for AFD's management of Martinique's Fonds de coopération régionale, in exchange for a fee paid to AFD equivalent to 2% of payments made. In 2011, AFD received a subsidy of €163,000.
On 6 December 2011, AFD and the French State signed Amendment No. 1 with the purpose of determining an additional grant of €238,000 on behalf of the French State for managing the FCR.
On 20 December 2012, AFD and the French State signed Amendment No. 1 with the purpose of determining an additional grant of €238,000 on behalf of the French State for managing the FCR.
AFD received no remuneration under this agreement in 2013.

23. Agreement and amendment related to the French Alliance for Cities and Territorial Development (PFVT)

Contracting counterparty: the French State
Purpose and conditions: on 4 November 2011, AFD and the French State signed an agreement for coordinating the technical secretariat of the French Alliance for Cities and Territorial Development (PFVT).
Amendment No. 1, also signed on 4 November 2011, specifies the allocation of loans granted by the State. In 2011, the annual instalment related to the first disbursement recorded by AFD was €553,000, of which €47,000 was for expenses and €506,000 was for implementing the PFVT's programme.
On 23 November 2012, AFD and the French State signed Amendment No. 2, which sets the amount and allocation of funds for the State's 2012 financial year. The amount of commitments that will be made available to AFD for financing the PFVT's action agenda is €80,000 for 2012.
No payment was made under this agreement for 2013.

24. Service Agreement

Contracting counterparty: IEOM
Purpose and conditions: AFD and IEOM signed a service provision agreement on 21 July 2011 (with retroactive effect as from 1 January 2011). Within this framework, AFD will provide services for collectively or individually managing locally-hired employees with institutional status on IEOM's behalf.

The income booked by AFD under this agreement for the period from 1 January 2013 to 31 December 2013 totalled €2.19M.

25. Agreement on the Solidarity Fund for Development (FSD)

Contracting counterparty: the French State

Purpose and conditions: on 13 February 2012, AFD and the French State signed an agreement defining the terms of AFD's management of the Solidarity Fund for Development.

AFD is responsible for managing the Solidarity Fund for Development on behalf and at the risk of the State. This fund is financed by the surtax on airplane tickets enacted by the 2005 amending finance bill. As part of its management of the Solidarity Fund for Development, AFD also has the following responsibilities:

- managing France's contribution to the International Drug Purchase Facility ("Unitaid");
- managing France's contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria ("Global Fund").

This agreement revokes and replaces the agreement on the French contribution to the International Finance Facility for Immunisation and the Solidarity Fund for Development dated 28 September 2006, as well as Amendment No. 1 dated 17 December 2009 following the modification of Decree No. 2006-1139 dated 12 September 2006 by Decree No. 2011-1237 dated 4 October 2011, which essentially introduced a new fund beneficiary.

On 24 January 2013, Amendment No. 2 to the agreement on the French contribution to the International Finance Facility for Immunisation was signed. This Amendment aims at recognising the changes that have occurred inside the project partners' organisations as well as modifications to the clause making provision for the transfer of funds.

In 2013, AFD was paid a fixed-rate fee of €80,000.

26. Agreement on Managing FFEM (French Global Environment Facility) and the bilateral share of the Multilateral Fund for the Implementation of the Montreal Protocol

Contracting counterparty: the French State

Purpose and conditions: on 14 May 2012, AFD and the French State signed an agreement that sets out the respective responsibilities of AFD and the French Global Environment Facility (FFEM) secretariat, the resources allocated to them under this framework, as well as the procedures for managing funds entrusted to AFD by, on behalf and at the risk of the State. The expenses borne by AFD to execute this agreement are deducted from the funds paid by the State according to the procedures set by the agreement.

No payment was made under this agreement for 2013.

27. Agreement relating to AFD's coverage of PROPARCO's country risk

Contracting counterparty: PROPARCO

Purpose and conditions: the agreement signed by AFD and PROPARCO on 17 December 1998 defined the nature of PROPARCO's country risk exposure and the terms of its coverage by AFD. Under these terms, AFD received no remuneration for covering the country risks to which PROPARCO is exposed through the loans that it refinances.

On 6 November 2004, AFD and PROPARCO signed Amendment No. 1 to the Agreement relating to AFD's coverage of PROPARCO's country risk.

On 25 October 2005, AFD and PROPARCO signed Amendment No. 2 to the Agreement relating to AFD's coverage of PROPARCO's country risk.

On 23 October 2006, Amendment No. 3 to the Agreement repudiated these two Amendments.

On 23 November 2007, AFD and PROPARCO signed Amendment No. 4 to this agreement, defining the limits of country risk coverage, to the loans financed within the refinancing limits up until 31 December 2004 and to the guarantees signed up until 31 December 2006. This Amendment repudiated Amendment No. 3 signed earlier.

In 2013, AFD made no reimbursements to PROPARCO.

28. Service Agreement

Contracting counterparty: PROPARCO

Purpose and conditions: on 23 December 2009, AFD signed a service provision agreement with its subsidiary PROPARCO. This agreement, which took effect on 1 March 2009, redefines the contractual relationship between AFD and its subsidiary by itemising the services rendered to PROPARCO by AFD's various departments, at head office and throughout the network, along with the corresponding billing terms.

On 29 December 2011, AFD and its subsidiary PROPARCO signed Amendment No. 1 to the service provision agreement.

On 13 August 2012, AFD and its subsidiary, PROPARCO, signed Amendment No. 2 to the service agreement. It amends some articles and appendices to the initial agreement signed on 23 December 2009. Amendment No. 2 cancels and replaces Amendment No. 1 signed on 23 December 2011.

It primarily redefines:

- the purpose and extent of AFD/PROPARCO services;
- the invoicing and payment procedures for agents governed by AFD's bylaws and made available;
- ongoing control, compliance and security services for activities;
- periodic controls.

The income booked by AFD under this agreement for the period from 1 January 2013 to 31 December 2013 totalled €25.88M.

Paris La Défense and Courbevoie, 15 April 2014

The Statutory Auditors

KPMG Audit	**Mazars**
Arnaud Bourdeille	Max Dongar

5.11 FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORK

	MAZARS				KPMG AUDIT			
	Total		%		Total		%	
In thousands of euros	2013	2012	2013	2012	2013	2012	2013	2012
Audit								
Statutory Auditors and Certification of the annual and consolidated financial statements of the AFD Group	189	186	100%	89%	211	207	65%	90%
Parent company (AFD)	*133*	*131*	*70%*	*63%*	*133*	*131*	*41%*	*57%*
Fully consolidated subsidiaries	*56*	*55*	*30%*	*27%*	*78*	*77*	*24%*	*33%*
Side tasks	0	23	0%	11%	115	23	35%	10%
Parent company (AFD)	*0*	*23*	*0%*	*11%*	*115*	*23*	*35%*	*10%*
Fully consolidated subsidiaries	*0*	*0*	*0%*	*0%*	*0*	*0*	*0%*	*0%*
Subtotal	**189**	**208**	**100%**	**100%**	**326**	**230**	**100%**	**100%**
Other services								
Legal, tax, benefits			*0%*	*0%*			*0%*	*0%*
Other			*0%*	*0%*			*0%*	*0%*
Subtotal	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
TOTAL FEES BEFORE TAX	**189**	**208**	**100%**	**100%**	**326**	**230**	**100%**	**100%**

6 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

6.1 NAME AND POSITION

Anne Paugam: Chief Executive Officer

6.2 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I certify that I have taken all reasonable steps to ensure that the information contained in this 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.

The historical financial information about the consolidated financial statements for the financial year ended 31 December 2012, presented in the 2012 Registration Document incorporated by reference in this document, is covered in a report by the statutory auditors, which includes an observation on page 121.

The historical financial information about the consolidated financial statements for the financial year ended 31 December 2013, presented in this 2013 Registration Document, is covered in a report by the statutory auditors, which includes an observation on page 98.

I have obtained a letter from the statutory auditors stating that they have completed their assignment, which included verifying the information relating to the financial position and the financial statements provided in this document as well as reading the entire registration document.

Signed in Paris, on 30 April 2014

Chief Executive Officer
Anne Paugam

6.3 NAME, ADDRESS AND QUALIFICATION OF THE FINANCIAL STATEMENTS' STATUTORY AUDITORS

	For 2011		For 2012		For 2013	
Name	Mazars	KPMG Audit	Mazars	KPMG Audit	Mazars	KPMG Audit
Represented by	Max Dongar	Arnaud Bourdeille	Max Dongar	Arnaud Bourdeille	Max Dongar	Arnaud Bourdeille
Adress	61, rue Henri Regnault 92075 Paris-La Défense Cedex	1, cours Valmy 92923 Paris-La Défense Cedex	61, rue Henri Regnault 92075 Paris-La Défense Cedex	1, cours Valmy 92923 Paris-La Défense Cedex	61, rue Henri Regnault 92075 Paris-La Défense Cedex	1, cours Valmy 92923 Paris-La Défense Cedex
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

Date of first appointment	25 April 2002
End of statutory auditors' mandate	The close of the Meeting of the Board of Directors to approve the financial statements for the financial year 2013

6.4 INFORMATION POLICY

Mr Philippe Bauduin
Head of the Finance and Accounting Department
Tel: +33 (0)1 53 44 41 56

7 ADDITIONAL INFORMATION

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7.2 INCORPORATE BY REFERENCE

In accordance with Article 28 of European Commission (EC) Regulation 809/2004 of 29 April 2004, the parent company and consolidated financial statements for the year ended 31 December 2012, the related statutory auditors' reports and the Group's management report appear in the Registration Document submitted to the AMF on 29 April 2013 under Number D.13-0468.

7.3 CROSS-REFERENCE TABLE

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Appendix 1 – AFD's operating scope

I/ List of priority poor countries

Benin, Burkina Faso, Burundi, Djibouti, Comoros, Ghana, Guinea, Madagascar, Mali, Mauritania, Niger, Central African Republic, Democratic Republic of the Congo, Chad, Togo, Senegal.

II/ Initiatives in PSZ countries

West Africa	Benin	**East Africa**	Djibouti
	Burkina Faso		Eritrea
	Cape Verde		Ethiopia
	Côte d'Ivoire		Kenya
	Gambia		Sudan
	Ghana		Tanzania
	Guinea		Uganda
	Guinea-Bissau	**Southern Africa**	Angola
	Liberia		Mozambique
	Mali		Namibia
	Mauritania		South Africa
	Niger		Zimbabwe
	Nigeria	**Indian Ocean**	Comoros
	Senegal		Madagascar
	Sierra Leone	**North Africa**	Algeria
	Togo		Morocco
Central Africa	Burundi		Tunisia
	Cameroon	**Near and Middle East**	Afghanistan[1]
	Central African Republic		Lebanon
	Chad		Palestinian Autonomous Territories
	Congo		Yemen
	Dem. Rep. of the Congo	**Indo-Chinese Peninsula**	Cambodia
	Equatorial Guinea		Laos
	Gabon		Vietnam
	Rwanda	**Caribbean and Central America**	Cuba
	São Tomé and Principe		Haiti
			Dominican Republic
			Suriname
		Pacific	Vanuatu

1. Afghanistan is temporarily included in the list of PSZ countries according to the 29 January 2004 letter from the regulators.

The PSZ therefore includes 55 countries (of which Cuba is only eligible for the FSP).

III/ Activities outside the PSZ where AFD is approved to operate

Southern Africa	Botswana	**Cicid meeting of 19 June 2006** (Opening up of AFD loans to all of the countries of Sub-Saharan Africa)	
	Malawi		
	Zambia		
North Africa	Egypt	MAE/Minefi letter of 12 December 2003	
South America	Brazil	Cicid meeting of 19 June 2006 (experimental basis)	
	Colombia	Cicid meeting of 5 June 2009 followed by the MAE/ Minefi letter of 2 April 2012	
	Peru	MAE/Minefi letter of 5 March 2013	
Asia	Bangladesh	Cicid meeting of 5 June 2009 followed by the MAE/ Minefi letter of 2 April 2012	
	Burma (for a four-year period)	MAE/Minefi letter of 2 April 2012	
	China	MAE/Minefi letter of 12 December 2003	
	India	Cicid meeting of 19 June 2006 (experimental basis)	
	Indonesia	MAE/Minefi letter of February 2005 (in the wake of the tsunami), followed by the Cicid meeting of 19 June 2006	
	Malaysia	Cicid meeting of 5 June 2009: AFD authorised to study the possibility of operating in these two countries	
	Mongolia		
	Pakistan	Joint MAE/Minefi decree of 25 January 2006 (post-earthquake for 3 years) followed by the Cicid meeting of 19 June 2006	
	Philippines	Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012	
	Sri Lanka	MAE/Minefi letter of February 2005 (in the wake of the tsunami), followed by the Cicid meeting of 5 June 2005 and then by the MAE/Minefi letter of 2 April 2012	
	Thailand	MAE/Minefi letter of 12 December 2003	
Central Asia	Kazakhstan	Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012	
	Uzbekistan		
Central America and Caribbean	Amapa (Brazil)	Cicid meeting of 28 January 1999 and 14 February 2002	Only on a case by case basis for projects of benefit to French Overseas Departments and Collectivities in terms of regional cooperation (except for Mexico)
	Antigua and Barbuda	Cicid meeting of 14 February 2002	
	Bahamas	Cicid meeting of 28 January 1999 and 14 February 2002	
	Barbados		
	Dominica	Cicid meeting of 14 February 2002	
	Grenada		
	Guyana	Cicid meeting of 28 January 1999 and 14 February 2002	
	Jamaica		
	Mexico	Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012	
	Saint Kitts and Nevis	Cicid meeting of 14 February 2002	
	Saint Lucia		
	Saint Vincent and the Grenadines		
	Trinidad and Tobago	Cicid meeting of 28 January 1999 and 14 February 2002	
Caucasus	Armenia	MAE/Minefi letter of 2 April 2012	
	Azerbaijan		
	Georgia		
Near/Middle East	Iraq	MAE/Minefi letter of 6 August 2010	
	Jordan	MAE/Minefi letter of 12 December 2003	
	Libya	MAE/Minefi letter of 2 April 2012	
	Syria	MAE/Minefi letter of 12 December 2003	
	Turkey		

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Oceania	American Samoa	Cicid meeting of 28 January 1999 and 14 February 2002	Only on a case by case basis for projects of benefit to French Overseas Departments and Collectivities in terms of regional cooperation
	Cook Islands		
	Fiji		
	Kiribati		
	Marshall Islands		
	Micronesia		
	Nauru		
	Niue		
	Palau		
	Papua New Guinea		
	Samoa		
	Solomon Islands		
	Tokelau		
	Tonga		
	Tuvalu		
Indian Ocean	Mauritius	Cicid meeting of 14 February 2002	
	Seychelles		

Appendix 2 – AFD corporate balance sheet using French standards (simplified)

In millions of euros

ASSETS	2013	2012	CHANGE	LIABILITIES	2013	2012	CHANGE
(Net outstanding) loans	**20,553**	**18,617**	**1,936**	**Market borrowings**	**17,109**	**14,271**	**2,837**
Of which net loans on AFD's own behalf	20,312	18,377	1,935				
Gross outstandings	**20,848**	**18,941**	**1,907**				
Of which loans on AFD's own behalf	*20,607*	*18,701*	*1,907*				
Of which loans on behalf of the State	*241*	*240*	*1*				
(-) Individual writedowns	408	422	-14	**Loans from the French Treasury**	**2,630**	**2,548**	**82**
(+) Accrued interest	113	98	14	**Current accounts**	**201**	**223**	**-22**
IMF-PRGF transactions	**1,859**	**1,861**	**-2**	**IMF-PRGF transactions**	**1,858**	**1,860**	**-2**
Investment portfolio	**689**	**692**	**-2**	**Funds under management and advances from the State**	**640**	**646**	**-6**
Short term cash	**2,356**	**1,228**	**1,128**	**Accruals and other liabilities**	**1,214**	**992**	**222**
Equity stakes	**478**	**436**	**42**	**Provisions**	**911**	**781**	**130**
Fixed assets	**213**	**203**	**10**	**Funding and related retained earnings**	**2,225**	**2,200**	**25**
Accruals and other assets	**732**	**573**	**159**	**Income for the period**	**93**	**88**	**5**
TOTAL	**26,880**	**23,610**	**3,271**	**TOTAL**	**26,880**	**23,610**	**3,271**

Appendix 3 – AFD income statement using French standards (simplified)

In millions of euros

EXPENSES	2013	2012	CHA.
Expenses on borrowings	**942**	**952.4**	**-10.3**
- Interest on borrowings	401.3	398.2	3.1
- Expenses on swaps	535.1	549.9	-14.8
- Net balance from foreign exchange transactions	5.7	4.3	1.4
Various financial expenses	**29.8**	**30.2**	**-0.4**
Expenses on IMF-PRGF transaction	**14.9**	**37.1**	**-22.2**
Total banking operating expenses	**986.7**	**1,019.7**	**-32.9**
Excluding expenses on ESAF-IMF transactions	*971.9*	*982.6*	*-10.7*
Net banking income	**440.7**	**362.9**	**77.8**
Overhead	**265.6**	**254.1**	**11.5**
- Staff costs	184.3	170.3	14
- Wages and bonuses	122.9	166.9	-44
- Social security contributions and expenses	52		52
- Profit sharing	8.7		8.7
- Taxes and similar payments on compensation	12.3	3.4	8.9
- Provisions for retirement-employee commitments	4.3		4.3
- Rebilling bank staff	-15		-15
- Other	-0.8		-0.8
- Taxes and similar payments	5	4.7	0.3
- Other general costs	76.3	79.1	-2.8
Provisions for the depreciation of property. plant and equipment and intangible assets (net)	**14.8**	**13.7**	**1.2**
Total non-banking operating expenses	**280.4**	**267.8**	**12.6**
GROSS OPERATING INCOME	**160.2**	**95.1**	**65.1**
Cost of risk	**-60.4**	**-8.8**	**-51.5**
Net appropriations for deduction of assets in interests	19.4	5.2	14.2
Net appropriations for risk and expenses	-80.6	-12.1	-68.6
Loss of capital to bad debts	0.9	-2	2.9
Operating income	**99.9**	**86.3**	**13.6**
Gains or losses on fixed assets	2.2	1.9	0.3
Income from operations	**102.1**	**88.1**	**13.9**
Net exceptional transactions	-9.2	-0.3	-8.9
Income tax	0	0	0
NET INCOME	**92.9**	**87.9**	**5**

INCOME	2013	2012	CHA.
Income of loans and guarantees	**1,074.4**	**1,027.9**	**46.5**
- Interest and commissions on loans and guarantees	569.3	528.2	41.1
- Income from swaps	548.4	539.7	8.8
- Net appropriations for deduction of assets in interests	-5.1	-7.1	2
- Interest written off	-0.2	0	-0.2
- Net appropriations for sovereign outstandings	-47	-42.1	-4.9
- Writeback of the PAS subsidy fund and mixed loan-grants	9	9.2	-0.3
Subsidies	**190**	**184.6**	**5.4**
Investment income	**51.9**	**54.5**	**-2.6**
Income from equity stakes	**13.4**	**3.5**	**9.9**
Agency commissions	**43.2**	**36.6**	**6.6**
. AFD compensation, donations, SAS, PAS, HIPC	33.3	28.6	4.7
. Other commissions	9.9	8	1.9
Additional and misc. income	**38.6**	**37.4**	**1.2**
Income from IMF-PRGF transactions	**15.9**	**38**	**-22.2**
Total banking operating income	**1,427.4**	**1,382.5**	**44.9**
Excluding income from PRGF-IMF transactions	*1,411.5*	*1,344.5*	*67*

Appendix 4 – Key ratios and indicators

The following data are from AFD's financial statements.

In thousands of euros		2013	2012
Net banking income		440,655	362,877
	Staff costs / Net banking income	41.8%	46.9%
Cost-to-income ratio	General expenses / Net banking income	63.6%	73.8%
Benefit-cost ratio	Net earnings / Funding + reserves[1]	5.3%	5%
Efficiency ratio	Net earnings / Balance sheet total	0.3%	0.4%
Staff	Number of employees (average)	1,667	1,656
	Total payroll costs	184.3	170.3
	Of which social and cultural activities	15.5	10.7
Net income		**92,901**	**87,874**
DISTRIBUTED INCOME		**62,687**	**55,118**

1. Funding and reserves exclude the Reserve for General Banking Risk (€460M).

Appendix 5 – Results of operating activities for the last five reporting years (parent company)

	2013	2012	2011	2010	2009
Funding + reserves + income (€M)	**1,858**	**1,828**	**1,795**	**1,793**	**1,909**
Net banking income (€M)	441	363	361	383	466
Net income (€M)	92.9	87.9	73.5	103.7	246.5
Net income/funding + reserves + income	5%	4.81%	4.09%	5.78%	12.91%
Net income/balance sheet total	0.35%	0.37%	0.36%	0.59%	1.63%
Staff					
Number of employees (average)	1,667	1,656	1,607	1,523	1,427
Total payroll costs (€M)	184.3	170.3	166.5	155.5	140.1
Of which social and cultural initiatives (€M)	15.5	10.7	15.6	11.8	10.7

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Design and layout
Front cover: Pepper Only – 105, avenue Maurice Thorez – 94200 Ivry-sur-Seine – www.pepperonly.com – Tel: 01 75 43 50 20
Inside pages: Scripto Sensu – 28, rue Sainte-Foy – 75002 Paris – www.scriptosensu.com – Tel: 01 48 05 14 59

English translation
CPW Group, Paris

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