AGENCE FRANÇAISE DE DÉVELOPPEMENT

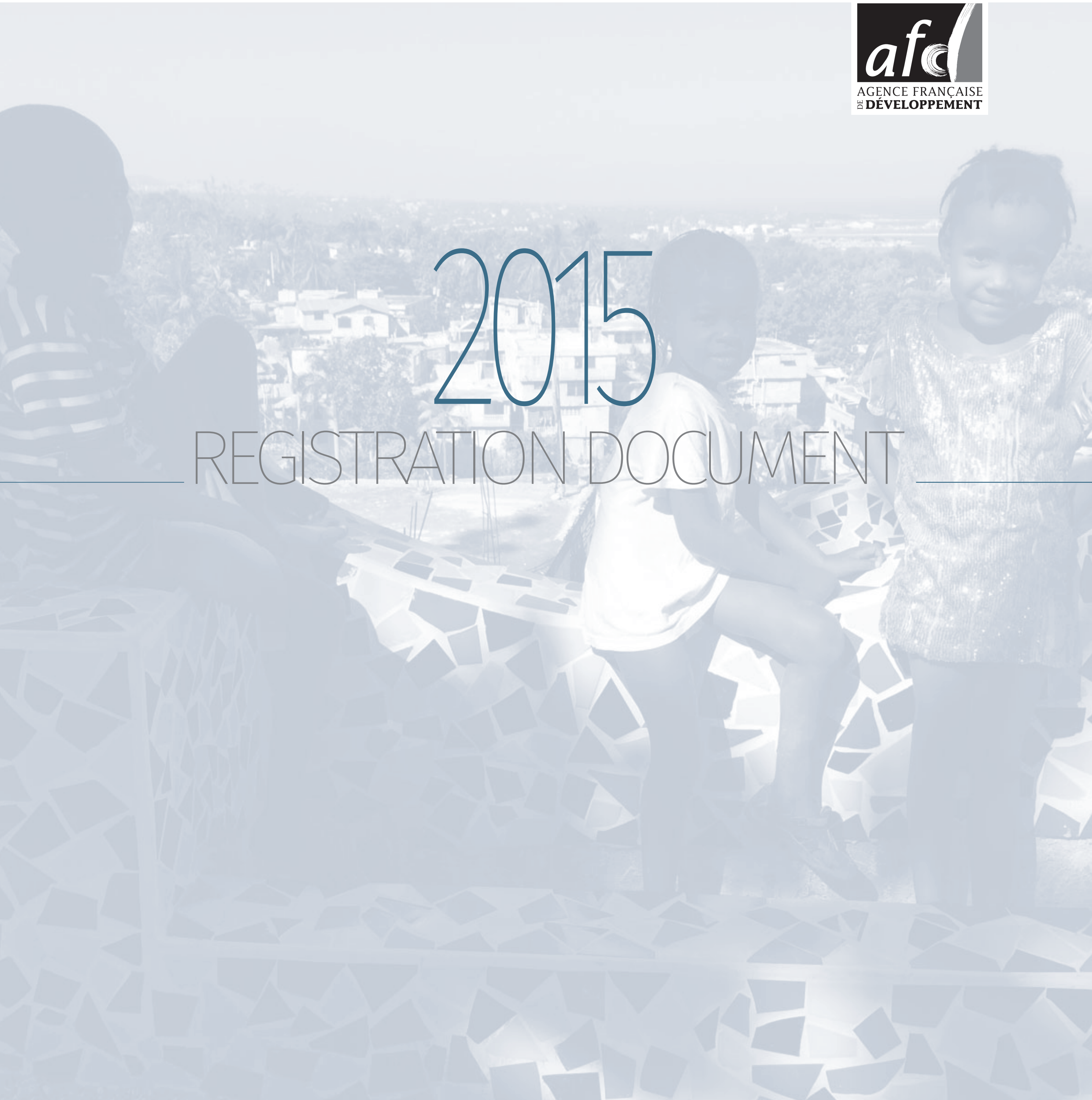
2015

Registration document

afd AGENCE FRANÇAISE DE DÉVELOPPEMENT

Shaping sustainable futures

CONTENTS



2015
REGISTRATION DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS

This Registration Document was filed with the French Financial Markets Authority (AMF) on 26 April 2015 in accordance with Article 212-13 of its general regulation. It may be used in support of a financial transaction if it is accompanied by a Transaction Memorandum duly approved by the AMF. This document was prepared by the issuer, whose authorised signatories assume responsibility for its content.

METHODOLOGY AND GLOSSARY

FIGURES

Due to rounding, the tables' column totals may differ slightly from the sum of the lines composing them.

The abbreviation €K signifies thousands of euros, €M signifies millions of euros and €bn signifies billions of euros.

Commitments are presented net of cancellations during the year.

For loans and subsidies, data in foreign currencies have been converted into euros for payments at the end of the month of disbursement, using the exchange rate at the date when the commitment was approved and the closing price (31 December) for outstandings. For borrowings, the year's issues were converted to the closing exchange rate.

SCOPE

Except for the table on page 8, which 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

AT:	Technical assistance
GBS:	General budget support
AFD:	Agence Française de Développement
ODA:	Official Development Assistance
ARIZ:	Support for the Risk of Financing Private Investment in AFD's Areas of Operation
BPI:	Public Investment Bank
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
SSC:	Strategic Steering Committee
CPC:	Permanent Control and Compliance Department
DFC:	Finance and Accounting Department
DFID:	Department for International Development
DOM:	French Overseas Department
DXR:	Executive Risk Department
Épic:	Industrial and commercial public undertaking
ESF:	Exogenous Shocks Facility
FEXTE:	Fund for Technical Expertise and Experience Transfers
FFEM:	French Global Environment Facility
Fisea:	Investment and Support Fund for Businesses in Africa
FOGAP:	Guarantee Fund for the Agricultural, Fishing and Timber sectors
PRGF:	Poverty Reduction and Growth Facility
FSD:	Solidarity Fund for Development
FSP:	Priority Solidarity Fund
MAE/MAEDI:	French Ministry of Foreign Affairs and International Development
Minefi:	French Ministry of the Economy and Finance
MOOC:	Massive Online Course
ODD:	Sustainable development objectives
NGO:	Non-Governmental Organisation
Oséo:	Development Bank for Small and Medium-sized Enterprises
DC:	Developing country
LDC:	Least developed countries
HIPC:	Heavily-indebted poor countries
MIC:	Middle-income countries
RCS:	Resources with special conditions
PSZ:	Priority Solidarity Zone

1 PRESENTATION OF 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 "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 with an ongoing role that serves the public interest. The most recent material amendment to AFD's bylaws was 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. Its bylaws are defined in Articles R.513-22 to R.513-42 of the CMF (Decree No. 2014-1315 of 3 November 2014).

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.513-23, AFD's role 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 development operations and may conduct other activities and services linked to its role. In particular, AFD is responsible for directly or indirectly providing technical expertise to its beneficiaries.

Trade and companies registration

RCS Paris B 775 665 599

Consultation of legal documents

At the 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 of association, amending decrees and bylaws;

b) any reports, correspondence and other documents, historical financial information, appraisals and declarations prepared by an expert 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.

Hard copies of the aforementioned documents may be consulted at AFD's Head Office or on its website, **www.afd.fr**.

1.2 GENERAL INFORMATION ABOUT AFD'S CAPITAL

AFD's funding

AFD funding amounts to €400M. This may be increased through the capitalisation 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 may be paid to the French State.

1.6 ACTIVITIES OF AGENCE FRANÇAISE DE DÉVELOPPEMENT GROUP IN 2015

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

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

The Group's global activity in foreign countries and the French Overseas Departments and Collectivities in 2015 may be summarised as follows:

In millions of euros	Total approved in 2015	Total approved in 2014	Change 2015-2014
AFD foreign countries			
Ongoing operations	**4,992**	**4,996**	**0%**
Subsidies	210	207	1%
Sovereign concessional loans	3,194	2,897	10%
Non-sovereign concessional loans	830	672	24%
Non-sovereign non-concessional loans	566	1,001	-43%
of which AFD sub-participations granted to Proparco	172	278	-38%
Solidarity and Health Initiative for the Sahel	0	17	-100%
FEXTE	7	6	13%
Funding for NGOs	65	58	12%
Equity investments	0	11	-100%
Guarantees	121	126	-4%
Mandate-specific operations	**677**	**469**	**44%**
TOTAL AFD FOREIGN COUNTRIES	**5,669**	**5,465**	**4%**
AFD French Overseas Departments and Collectivities			
Ongoing operations	**1,022**	**1,024**	**0%**
Loans	945	1,004	-6%
Guarantees granted to the public sector	30	0	0%
Guarantees granted to the private sector	27	19	40%
Equity stakes	20	0	0%
Mandate-specific operations and representation	**547**	**517**	**6%**
Assigned funds delegated by MAE (Pacific Fund)	0	0	-50%
Oséo/BPI funding	516	480	7%
Managed funds	32	36	-13%
TOTAL AFD FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES	**1,570**	**1,541**	**2%**
Proparco foreign countries			
Loans	910	926	-2%
of which AFD sub-participation loans to Proparco	172	278	-38%
Equity stakes	124	114	9%
Fisea	43	39	10%
Guarantees	20	20	-2%
TOTAL PROPARCO FOREIGN COUNTRIES	**1,097**	**1,098**	**0%**
Proparco French Overseas Departments and Collectivities			
Loans	0	0	0%
Other investments	0	7	-100%
Guarantees	0	0	0
TOTAL PROPARCO FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES	**0**	**7**	**-100%**
AFD – Specific activities using resources from other backers			
Loans delegated by other backers – foreign countries	153	245	-38%
Assigned funds delegated by MAE (Pacific Fund)	0	0	0
Loans delegated by other backers – foreign countries	0	0	0
TOTAL AFD – SPECIFIC ACTIVITIES USING RESOURCES FROM OTHER BACKERS	**153**	**245**	**-38%**
Proparco – Specific activities using resources from other backers			
Loans	0	0	0
Equity stakes	0	0	0
TOTAL PROPARCO – SPECIFIC ACTIVITIES USING RESOURCES FROM OTHER BACKERS	**0**	**0**	**0%**
of which AFD sub-participations granted to Proparco for one-time deduction	-172	-278	-38%
TOTAL GROUP APPROVALS	**8,316**	**8,078**	**3%**

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 the 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 2015

Country	Method(1)	Percentage of ownership 31/12/2015	Group 31/12/2014	Percentage of control 31/12/2015	Group 31/12/2014
France					
Mainland France					
Proparco France	*FC*	64	64	64	64
Sogefom France	*FC*	60	60	60	60
Fisea France	*FC*	100	100	100	100
Simar France	*EQ*	22	22	22	22
French Overseas					
Soderag France – Martinique	*FC*	100	100	100	100
SIC France – New Caledonia	*EQ*	50	50	50	50
Socredo France – Polynesia	*EQ*	35	35	35	35
Asia					
Propasia Hong-Kong	*FC*	64	64	100	64

(1) FC: Full Consolidation – EQ: Equity method.

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(*)

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.

Situation at 31 December 2015 of AFD's and Proparco's loans in foreign countries:

	Disbursements		Outstandings		Balances payable	
In thousands of euros	**AFD**	**Proparco**	**AFD**	**Proparco**	**AFD**	**Proparco**
AFGHANISTAN	-	-	-	-	-	-
SOUTH AFRICA	185,450	627	781,541	65,662	376,556	998
ALGERIA	-	-	105,414	-	-	-
ARGENTINA	-	3,944	-	20,642	-	-
ARMENIA	-	-	2,756	12,718	84,890	-
AZERBAIJAN	-	7,842	-	15,715	112,500	-
BANGLADESH	-4,458	28,474	274	53,297	352,000	3,674
BENIN	-	-	8,442	5,923	46,000	-
BURMA	-	-	-	1	40,000	18,674
BOLIVIA	-	9,185	-	9,185	-	-
BRAZIL	251,413	56,741	1,163,224	197,665	318,341	52,593
BURKINA FASO	33,075	-	118,891	-	163,025	-
CAMBODIA	47,446	13,778	98,803	37,235	137,431	-
CAMEROON	109,930	20,000	395,992	35,857	660,792	-
CAPE VERDE	6,272	-	21,162	-	42,429	-
CENTRAL AFRICAN REPUBLIC	-	-	1,317	-	-	-
CHILE	-	-	-	12,512	-	18,134
CHINA	39,932	-	734,194	18,720	263,144	-
COLOMBIA	461,433	-	1,638,891	-	-	-
COMOROS	-	-	34	727	-	-
CONGO	-	-	24,653	-	132,000	-
COOK ISLANDS	-	-	1,139	-	-	-
COSTA RICA	-	14,492	-	44,223	-	20,872
CÔTE D'IVOIRE	1,617	28,237	344,879	102,675	-	8,371
DJIBOUTI	22,773	-	42,598	7,299	13,796	-
DOMINICAN REPUBLIC	165,299	27,556	429,115	76,670	122,825	14,696
EGYPT	83,083	9,185	217,486	18,895	889,190	22,963
ECUADOR	49,903	3,001	49,014	31,549	135,215	-
ETHIOPIA	45,235	-	125,890	-	239,503	-
FRANCE	-	-	25,000	-	-	-
GABON	57,461	-	210,857	-	453,723	-
GAMBIA	-	-	836	-	-	-
GEORGIA	-	9,185	-	22,307	20,000	-
GHANA	43,329	19,326	315,631	102,486	254,569	12,770
GRENADA	-	-	1,952	-	-	-
GUATEMALA	-	-	-	-	-	-
GUINEA	-	-	53,984	-	-	-
HAITI	-	-	-	1,112	-	-
HONDURAS	-	4,339	-	35,766	-	38,356
DOMINICA	1,945	-	28,640	-	-	-
INDIA	56,126	1,939	347,003	135,709	971,283	3,211

(*) Not restated for IFRS adjustments, outstandings remitted, convertible bonds and Proparco outstandings on behalf of third parties.

In thousands of euros	Disbursements		Outstandings		Balances payable	
	AFD	Proparco	AFD	Proparco	AFD	Proparco
INDONESIA	153,450	-	1,004,244	30,358	493,396	-
IRAQ	-	-	-	20,093	-	8,382
JAMAICA	-	-	-	40,876	-	-
JORDAN	82,520	18,078	324,103	64,878	350,072	4,780
KENYA	95,276	16,899	692,172	132,934	794,198	73,052
LAOS	-	-	16,114	34,571	-	-
LEBANON	-152	9,185	292,330	54,635	139,483	-
LIBERIA	-	-	-	5,787	-	-
MADAGASCAR	40,000	-	44,509	-	24,000	5,000
MALDIVES	4,486	-	14,201	-	799	-
MALI	21,881	-	74,623	-	175,403	12,400
MOROCCO	173,702	10,000	1,951,490	79,282	537,319	-
MAURITIUS	39,887	-	336,149	20,008	50,659	-
MAURITANIA	5,059	-	171,276	-	35,969	-
MEXICO	-	10,132	945,317	38,843	178,007	4,451
MONGOLIA	-	-	-	16,896	-	-
MONTENEGRO	-	13,705	-	13,705	-	3,295
MOZAMBIQUE	56,481	-	193,673	5,740	72,982	-
MULTI-COUNTRY	535,913	36,654	1,212,972	330,569	723,771	102,376
NAMIBIA	-	-	17,139	2,359	-	-
NICARAGUA	-	9,185	-	54,775	-	-
NIGER	6,754	-	46,754	-	145,646	-
NIGERIA	22,666	34,962	146,584	121,802	612,441	72,965
UGANDA	9,924	9,965	37,520	60,722	237,428,	1,123
UZBEKISTAN	-	-	-	-	29,600	-
PAKISTAN	4,373	6,089	77,213	26,447	224,498	10,613
PANAMA	-	1,491	-	85,399	18,371	-
PARAGUAY	-	-	-	22,188	-	-
PERU	40,000	24,779	40,012	77,917	250,500	1,676
PHILIPPINES	-	-	250,270	-	100,894	-
DR CONGO	-	-	71,497	7,515	-	3,094
RWANDA	-	-	12,630	-	-	-
SAINT LUCIA	-	-	5,207	966	-	-
SENEGAL	33,204	-	557,958	17,742	247,022	-
SEYCHELLES	-	-	2,298	-	30,665	-
SOMALIA	-	-	86,222	-	-	-
SRI LANKA	4,605	50,519	92,477	73,636	239,704	9,185
ST-VINCENT-GREN	-	-	2,405	-	-	-
SURINAME	1,619	-	38,306	-	15,094	-
TAJIKISTAN	-	2,985	-	5,970	-	-
TANZANIA	23,050	20,208	74,093	35,839	273,198	-
CHAD	-	-	-	11,538	-	-
PALES. AUTON. AREAS	1,000	-	2,000	-	500	-

	Disbursements		Outstandings		Balances payable	
In thousands of euros	AFD	Proparco	AFD	Proparco	AFD	Proparco
THAILAND	-	-	0	-	20,000	-
TOGO	-	3,381	-	23,616	-	-
TUNISIA	40,380	10,000	907,378	29,176	490,443	20,000
TURKEY	29,000	60,653	890,219	256,931	324,450	26,178
URUGUAY	-	-	-	31,490	-	-
VANUATU	-	-	2,076	-	-	-
VIETNAM	97,992	-	908,281	40,763	398,644	-
YEMEN	-	-	1,343	-	36,500	-
ZAMBIA	25,982	10,174	45,525	27,554	129,212	32,797
ZIMBABWE	-	-	-	18,746	-	-
TOTAL	**3,206,243**	**616,896**	**18,878,189**	**2,986,818**	**13,230,082**	**606,678**
AGGREGATE TOTAL	**3,823,139**		**21,865,007**		**13,836,760**	

1.6.3 AFD's activities

1.6.3.1 General comments

AFD is an industrial and commercial public undertaking (Épic) 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.513-22 to R.513-42 of the French Monetary and Financial Code (CMF). It is a specialised financial institution with an ongoing role that serves the public interest, as defined by Article L.511-104 of the CMF, and conducts banking operations related to this role.

AFD is managed by a Chief Executive Officer who is appointed by decree for a three-year term (Article R.513-33 of the CMF) and a Board of Directors (Articles R.513-34 to 36 of the CMF).

It 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.513-23 of the CMF). This technical assistance may be provided either as part of its projects and programmes or to certain organisations, 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 financing companies, other French or international credit institutions, the European Union, governments or international organisations and institutions (Article R.513-30 of the CMF). It can also manage activities funded by the European Union, international institutions and organisations and foreign governments, as well as by local authorities, credit institutions and other development banks or public or private institutions (Article 10 of Act 2014-773 of 7 July *2014 Guidance and planning related to development and international solidarity policy*).

As such, until 2013 in the French Overseas Departments and Collectivities, 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. Since 1 January 2014, AFD has represented Bpifrance Financement 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 behalf and at the risk of the latter (Article R.513-29 of the CMF).

One of the most recent material amendments to AFD bylaws was on 5 June 2009 (Decree 2009-618). It involved the creation of a Strategic Steering Committee (SSC), a State entity headed by the Minister for Development. This committee is responsible for strengthening the alignment between policy on official development assistance (ODA) set out by 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 Climate, the Private Sector, Infrastructure and Urban Development and, lastly, Governance.

For example, 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;
- distributes Bpifrance Financement products in French Overseas Departments, under the terms of a service provision agreement;
- 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.

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 the French Overseas Departments and Collectivities in which it is active.

AFD's operating scope (see Appendix I)

According to Article R.513-26 of the CMF, AFD's financial aid is allocated to countries in the priority solidarity zone (PSZ) determined by 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, the Ministry responsible for the Economy and Finance and, in the first two cases below, the Ministry responsible for the French Overseas Departments and Collectivities:

- in countries that are members of regional cooperation agreements for the French Overseas Departments and Collectivities;
- in the 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 54 foreign countries, of which 43 are in the Africa and Indian Ocean region, three in the Caribbean and Central America, one in Oceania, four in the Near and Middle East and three in Asia.

On 19 June 2006, 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-subsidised or only slightly subsidised loans. It also opened up AFD loans to all of the countries of Sub-Saharan Africa.

Moreover, under the framework established by 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-subsidised or only slightly subsidised 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 contracting authorities in defining and implementing public policies;
- 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, it was decided that AFD would carry out operations for a four-year period under the "post-crisis countries" mandate by mobilising subsidies. The letter of 25 September 2014 specified that AFD was no longer restricted to operating under this agreement and is now also authorised to undertake loan activities under a green, solidarity-based growth mandate.

Letters dated 25 September 2014 and 5 December 2014, signed by the French Minister of Foreign Affairs and International Development, the Minister of Finance and Public Accounts and the Minister of State for Development and Francophonie, authorised AFD to operate in Ecuador and Bolivia in order to quickly begin funding activity as part of a specific mandate aimed at promoting green, solidarity-based growth while encouraging economic partnerships.

At its meeting of 31 July 2013, Cicid decided to re-define the geographical priorities of development assistance. Henceforth, aid will be allocated on the basis of differentiated partnerships according to 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 the public subsidies and two-thirds of the grants that AFD implements.

Contractual targets and resources for 2014-2016

The French Government and AFD signed a contractual targets and resources contract (COM) to define objectives and schedule resources for AFD activities covering the period from 1 January 2014 to 31 December 2016.

This COM covers all of AFD Group's activities, and sets the guidelines for them, in foreign countries and the French Overseas Departments and Collectivities, while considering goals and characteristics unique to each type of intervention. It also covers the coordination of intellectual output, communication, support and advisory activities for the State and the policy for AFD partners. These guidelines are monitored using 31 indicators, which AFD reports to the State on an annual basis.

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. Grants 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 subsidised 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 subsidisation.
  - **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 the Ariz I mechanisms, managed on behalf of the French State; Ariz II for sub-Saharan Africa (created in 2008); and Ariz Med, for the countries of the Mediterranean basin (created in 2009). A portfolio guarantee product (risk sub-participation) allows for a guarantee to be provided that covers 50% of the individual loans, subject to a limit, granted by a bank while leaving the bank with the decision-making and management authority for each guarantee.
  - **Equity investment**

    AFD holds equity investments 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, 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 related to the following areas:

- **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-subsidised 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-subisdised loans via direct lending and refinancing of the banking sector.
  - AFD also supports the development of microcredit institutions in the French Overseas Departments and Collectivities by contributing to their refinancing.
- **Guarantees**
  - AFD conducts significant activity guaranteeing medium- and long-term bank loans that support innovation, creation and growth 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 on behalf of third parties: the guarantee funds for housing in French Overseas Departments (on behalf of Oséo and now 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 is running off Crédit Foncier de France's operations in French Overseas Departments and represents Caisse des Dépôts et Consignations for certain activities in the French Pacific Collectivities and Saint Pierre and Miquelon (in the investment business). Since 1 January 2014, AFD has represented Bpifrance Financement in all its activities in the French Overseas Departments, New Caledonia and French Polynesia.
  - AFD also promotes housing development in the French Overseas Departments and Collectivities through stakes in seven real estate companies held on its own behalf or on behalf of the State.
  - 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

For 2015, the approvals by AFD in foreign countries, in the form of loans, subsidies, participations and guarantees given, reached an amount of €5.003bn(*), of which €4.590bn in the form of loans, €293M in the form of subsidies (project subsidies, NGO financing and general budgetary assistance), and €121M in the form of guarantees given as part of the Ariz mechanism.

AFD's activity over the past two years was divided between the four types of financing as follows:

			Variance 2015/2014	
In millions of euros	**2015**	**2014**	**(in €M)**	**(as %)**
Loans(1)				
Approvals	4,590	4,570	20	0.4%
Disbursements	2,965	2,962	3	0.1%
Undisbursed balance at 31 December	13,231	11,958	1,273	11%
Outstandings at 31 December	19,781	17,109	2,672	16%
Subsidies				
Approvals	293	307	-14	-5%
Disbursements	276	290	-14	-5%
Undisbursed balance at 31 December	976	968	8	1%
Outstandings at 31 December	17	18	-1	-4%
Guarantees				
Approvals	121	126	-5	-4%
Outstandings	170	313	-143	-46%
Equity stakes				
Approvals	0	11	-11	-100%
Disbursements	16	14	3	19%

(1) Information about loans does not include the status of AFD loans to PROPARCPO.

At €5,003M, total approvals in foreign countries in 2015 decreased by €11M, *i.e.,* -0.2% compared with approvals in 2014. This change is mainly explained by a reduction in subsidies (project subsidies, financing for NGOs and general budget support) of €14M.

The payments are slightly down in comparison with the previous year. During 2015, they fell by 0.3% in comparison with 2014, or -€8M; this year they amounted to €3,258M compared with €3,266M in 2014. This change is explained by the fall in payments on subsidies (-5%).

Loan outstandings rose on the previous year (up €2.672bn, *i.e.* 16%). This growth is mainly linked to the €1.491bn increase over the year in sovereign loan outstandings and the €612M increase in non-sovereign, non-subsidised loan outstandings.

(*) The data in the management report are recalculated to account for transactions on behalf of third parties under specific mandates, in line with the financial statements. Accordingly, approvals in the comprehensive table on page 6 in the amount of €5.669M in foreign countries are reduced by €666M, representing mandate-specific operations, excluding GBS (€11M in 2015).

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:

	Approvals			Disbursements		
In millions of euros	2015	2014	% of total in 2015	2015	2014	% of total in 2015
1- Ongoing operations	**4,992**	**4,996**	**100%**	**3,230**	**3,240**	**99%**
Loans	**4,590**	**4,570**	**92%**	**2,965**	**2,962**	**91%**
Sovereign concessional loans	3,194	2,897	64%	1,814	1,968	56%
Of which loans with direct concessionality	*1,661*	*1,692*	*33%*	*812*	*1,155*	*25%*
Of which loans with indirect concessionality	*1,533*	*1,205*	*31%*	*1,003*	*813*	*31%*
Non-sovereign loans	1,396	1,673	28%	1,151	994	35%
Of which concessional loans	*830*	*672*	*17%*	*476*	*392*	*15%*
Of which non-concessional loans	*566*	*1,001*	*11%*	*675*	*603*	*21%*
Of which sub-participations granted to Proparco	*172*	*278*	*3%*	*189*	*155*	*6%*
Ongoing subsidies	**282**	**289**	**6%**	**249**	**264**	**8%**
Project subsidies	217	231	4%	198	216	6%
Funding for NGOs	65	58	1%	50	49	2%
Guarantees	**121**	**126**	**2%**	**0**	**0**	**0%**
Equity stakes	**0**	**11**	**0%**	**16**	**14**	**1%**
2- Mandate-specific operations	**11**	**18**	**0%**	**27**	**26**	**1%**
General budget support (GBS) subsidies	11	18	0%	27	24	1%
Mesofinance actions	0	0	0%	0	1	0%
TOTAL FOR FOREIGN COUNTRIES	**5,003**	**5,014**	**100%**	**3,257**	**3,266**	**100%**

Disbursements

2015 was marked by the growth in payments in the non-sovereign loan activities of AFD with an increase of €156M, or +16% and by a reduction in payments on sovereign products of €154M (-8%).

As a reminder, 2014 was marked by significant payments on emblematic sovereign and development operations in the Philippines (€110M), environmental and natural resources in Turkey (€150M), on health policy in Colombia (€240M) and water and drainage in Mexico (€100M).

Approvals for ongoing operations

Ongoing loan and subsidy operations (excluding guarantees and equity investments) rose between 2014 and 2015, increasing from €4.859bn in 2014 to €4.872bn in 2015. In 2015, as in 2014, these operations accounted for 97% of all approvals in foreign countries.

The change in ongoing operations in 2015 is characterised by:

- a 0.4% increase in approvals in the form of loans (€4.59bn in 2015 compared with €4.57bn in 2014) with a 10% increase in sovereign loans (up €297M) and a 17% decrease in non-sovereign loans (down €277M). These approvals represent 92% of the total commitments of AFD in foreign countries;
- a 2% decrease in approvals in the form of subsidies, including funding for NGOs. Ongoing funding activity decreased from €289M in 2014 to €282M in 2015. In 2015, as in 2014, these accounted for 6% of AFD's approvals in foreign countries;
- a 4% decrease in the total volume of guarantee approvals (€121M in 2015 *versus* €126M in 2014). Ongoing guarantee operations accounted for 2% of AFD's approvals in foreign countries. At the end of 2015, outstanding guarantees granted to foreign countries totalled €170M;
- an absence of equity investments in 2015. As a reminder, the amount of equity investments in 2014 included an investment of €11M in the African Guarantee Fund to assist the banks to satisfy the investment needs of African SMEs.

Approvals for 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 2015, budget support approvals consisted of subsidies amounting to €11M *versus* €18M in 2014.

GEOGRAPHIC BREAKDOWN OF AFD APPROVALS

2014 and 2015 approvals, presented by beneficiary country, break down as follows:

	General Budget Support		Loans, subsidies and equity stakes – ongoing operations		Guarantees granted		General	
In millions of euros	2015	2014	2015	2014	2015	2014	2015	2014
SOUTH AFRICA			270.9	120.0			270.9	120.0
BENIN			26.0	42.4	5.1	3.8	31.1	46.1
BURKINA FASO			39.7	37.0	0.6	5.7	40.3	42.7
BURUNDI				0.3			0.0	0.3
CAMEROON			156.4	110.0	25.0	17.8	181.4	127.8
CAPE VERDE				26.0			0.0	26.0
CENTRAL AFRICAN REPUBLIC	8.0	4.0	6.8	9.0			14.8	13.0
COMOROS			8.7	3.0			8.7	3.0
CONGO				134.3	0.6		0.6	134.3
CÔTE D'IVOIRE		0.4	0.6	0.5	25.0	18.6	25.6	19.5
DJIBOUTI			9.3	34.4		2.0	9.3	36.4
ETHIOPIA			65.0	120.0			65.0	120.0
GABON			118.0	204.0	1.7	12.3	119.7	216.3
GHANA			1.5	0.3	1.9		3.4	0.3
GUINEA			10.7	4.0	2.6	7.5	13.3	11.5
KENYA			170.4	209.6			170.4	209.6
MADAGASCAR			42.5	47.9	11.0	7.9	53.5	55.8
MALI		4.0	88.1	92.9	11.5	4.3	99.6	101.2
MAURITIUS				27.5			0.0	27.5
MAURITANIA			7.8	80.8		1.5	7.8	82.2
MOZAMBIQUE			22.7	20.5		2.0	22.7	22.5
NAMIBIA							0.0	0.0
NIGER	3.0	10.0	73.2	62.9	0.0	0.7	76.2	73.5
NIGERIA			169.4	245.1		13.9	169.4	259.0
UGANDA			72.6	87.9			72.6	87.9
DR CONGO			2.0	6.0		0.5	2.0	6.5
SAO TOME				0.5			0.0	0.5
SENEGAL			93.9	103.8	15.4	5.9	109.3	109.7
SIERRA LEONE			0.7				0.7	
SEYCHELLES			22.7				22.7	
TANZANIA			77.3	54.0			77.3	54.0
CHAD			17.7	17.5		3.1	17.7	20.6
TOGO			8.0	1.5	2.0	1.3	10.0	2.8
ZAMBIA			40.5		0.2	0.3	40.7	0.3
MULTI-COUNTRY			201.4	121.7			201.4	121.7
TOTAL SUB-SAHARAN AFRICA	**11.0**	**18.4**	**1,824.5**	**2,025.3**	**102.6**	**109.0**	**1,938.1**	**2,152.7**
BOLIVIA			1.0	258.1			1.0	258.1
BRAZIL			27.2	258.1			27.2	258.1
CHILE							0.0	0.0
COLOMBIA			275.5				275.5	0.0
COSTA RICA				20.8			0.0	20.8
DOMINICAN REPUBLIC			30.0	207.4			30.0	207.4
ECUADOR			183.3				183.3	
GUATEMALA				0.3			0.0	0.3
HAITI			9.2	7.4	1.4	0.3	10.6	7.7
HONDURAS				18.3			0.0	18.3
MEXICO			80.5	100.0			80.5	100.0

In millions of euros	General Budget Support		Loans, subsidies and equity stakes – ongoing operations		Guarantees granted		General	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
PANAMA			18.3				18.3	
PERU			50.8	240.5			50.8	240.5
SAINT LUCIA							0.0	0.0
SURINAME				12.5			0.0	12.5
MULTI-COUNTRY			181.3	105.5			181.3	105.5
TOTAL LATIN AMERICA AND THE CARIBBEAN	**0.0**	**0.0**	**857.0**	**970.9**	**1.4**	**0.3**	**858.4**	**971.1**
AFGHANISTAN				6.9			0.0	6.9
ARMENIA			75.0				75.0	0.0
AZERBAIJAN			112.5				112.5	
BANGLADESH			174.2	100.5			174.2	100.5
BURMA			41.3	3.0			41.3	3.0
CAMBODIA			77.9	76.5	4.9	5.8	82.8	82.4
CHINA			65.0	80.2			65.0	80.2
GEORGIA			20.0	0.2			20.0	0.2
INDIA			245.0	250.8			245.0	250.8
INDONESIA			140.4	172.6			140.4	172.6
LAOS			4.5	1.7	1.4	0.2	5.9	1.9
UZBEKISTAN			29.6				29.6	
PAKISTAN			50.2	41.5			50.2	41.5
PHILIPPINES			51.5	46.9			51.5	46.9
SRI LANKA			52.5	167.9			52.5	167.9
THAILAND			0.3				0.3	
VIETNAM			54.2	91.0			54.2	91.0
MULTI-COUNTRY			7.6	5.7			7.6	5.7
TOTAL ASIA PACIFIC	**0.0**	**0.0**	**1,201.6**	**1,045.4**	**6.3**	**6.0**	**1,207.9**	**1,051.4**
ALGERIA							0.0	0.0
EGYPT			161.6	260.3			161.6	260.3
JORDAN			235.1	76.1			235.1	76.1
LEBANON			0.3	3.5	3.1		3.4	3.5
MOROCCO			197.9	158.4			197.9	158.4
SYRIAN REP.				3.0			0.0	3.0
PALES. AUTON. AREAS			12.5	13.4	7.4	8.3	19.9	21.7
TUNISIA			209.9	188.8		2.1	209.9	190.9
TURKEY			151.0	90.5			151.0	90.5
MULTI-COUNTRY			7.1	4.1			7.1	4.1
TOTAL MEDITERRANEAN/MIDDLE EAST	**0.0**	**0.0**	**975.3**	**798.0**	**10.5**	**10.4**	**985.8**	**808.4**
INTER STATES	0.0	0.0	13.1	30.6	0.0	0.2	13.1	30.8
GRAND TOTAL	**11.0**	**18.4**	**4,871.6**	**4,870.2**	**120.8**	**125.8**	**5,003.4**	**5,014.4**

Sub-Saharan Africa remained in 2015 the priority zone for intervention by the Agency. It accounted for more than one third of the total AFD approvals. The region accounts for 100% of budget support, 37% of loans and subsidies and 85% of guarantees given by the Agency. Total aid for Sub-Saharan Africa reached a volume of €1.938bn in 2015, down by €215M compared with 2014.

Subsidies in this region remain focused on the priority poor countries[(1)]: 96% of total subsidies granted (including NGOs, budget support and the Solidarity and Health Initiative for the Sahel) in 2015 were in these countries, compared with 86% in 2014.

In 2015, free-trade zone countries benefited from 16% of all ongoing loan and approved subsidy operations (including NGOs and the Solidarity and Health Initiative for the Sahel), compared with 18% in 2014 and 2013.

Operations in the **Mediterranean and Middle East region,** for their part, increased from €808M in 2014 to €986M in 2015, an increase of 22%. This change resulted from the significant increase in activity in Jordan (€235M in 2015 compared with €76M in 2014), in Turkey (€151M in 2015 compared with €91M in 2014) and in Morocco (€198M in 2015). In contrast, approvals decreased for

(1) *List of 14 countries identified by Cicid in June 2009 and expanded during the inter-ministerial meeting of January 2012 to include Burundi, Djibouti and Rwanda. In 2014, Rwanda was removed from the list of PPPs, i.e. 16 countries for 2014 and 2015.*

Egypt, falling from €260M in 2014 to €162M in 2015. This region's share of the Agency's financing is increasing. It represents 20% of the total approvals in 2015, compared with 16% in 2014.

Approvals in the **Asia Pacific** region increased from €1.051bn in 2014 to €1.208bn, or an increase of 15%. This change is mainly explained by the widening of AFD's scope of intervention in the Caucasus region (Azerbaijan €113M and Uzbekistan €30M). The Asia-Pacific region represented 24% of the Agency's commitments in 2015, compared with 21% in 2014.

Approvals in **Latin America and the Caribbean** decreased by 12%. Loans totalled €858M in this region in 2015 *versus* €971M in 2014. There was a sharp reduction in activity in Brazil (€27M in 2015, compared with €258M in 2014), Bolivia (€1M in 2015, compared with €258M in 2014) and Peru (€51M in 2015 compared with €241M in 2014). Conversely we note an increase in activity in 2015 in Colombia (€276M) and in Ecuador (€183M in 2015). This region accounted for 17% of financings in 2015.

The volume of aid in the form of loans and subsidies in 2015 grew by 8% compared to 2014 for the least developed (LDC) and low-income countries, with €1.369bn in 2015 *versus* €1.273bn in 2014. For the intermediate income countries (lower and higher brackets), there was a slight reduction (-3%): €3.288M in 2015 compared with €3.386M in 2014.

BREAKDOWN OF AFD'S APPROVALS BY SECTOR OF ACTIVITIES:

The 2014 and 2015 approvals including budgetary aid, guarantees given, loans, subsidies and investments in ongoing operations are shown as follows, by sector of activities:

In millions of euros	2015	2014	% of the 2015 total	% of the 2014 total
Agriculture and Food Safety	289	142	6%	3%
Water and Drainage	678	442	14%	9%
Education and Occupational Training	216	338	4%	7%
Environment and Natural Resources	677	192	14%	4%
Infrastructure and Urban Development	2,352	2,873	47%	57%
Of which Transport	*515*	*592*	*10%*	*12%*
Of which Energy	*1,533*	*1,394*	*31%*	*28%*
Of which Development and Urban Management	*122*	*681*	*2%*	*14%*
Of which Infrastructure and miscellaneous Social Services	*182*	*129*	*4%*	*3%*
Of which other	*0*	*77*	*0%*	*2%*
Healthcare and AIDS Prevention	188	181	4%	4%
Business, Industry and Trade	504	650	10%	13%
Other and multiple sectors	100	197	2%	4%
TOTAL	**5,003**	**5,014**	**100%**	**100%**

The breakdown of the approval volume by sector of activities changed significantly in 2015. There was a reduction in approvals in the Infrastructure and Urban Development sector of €521M, mainly in the Development and Urban Management subsector (-€559M). The share of the Infrastructure and Urban Development sector represents 47% of the total approvals in 2015, compared with 57% in 2014.

Conversely, there was an increase in activity in the Environment and Natural Resources sector of €484M, which is explained by the financing of environmental policy (€276M) and forestry policy (€150M) projects. This sector represents 14% of the financing in 2015, compared with 4% in 2014.

Approvals in the Water and Drainage sector were up by €236M, with an increasing share of the total financing (14% in 2015 compared with 9% in 2014). Activity in the Agriculture and Food Safety sector also increased (+€146M).

Financing in the Education and Occupational Training sector was down by €122M; its share of the total volume of activity fell from 7% in 2014 to 4% in 2015. Approvals in the Business, Industry and Trade sector were also down (-€146M).

1.6.3.2.2 Activities in the French Overseas Departments and Collectivities

Lending activity in the French Overseas Departments and Collectivities amounted to €945M in 2015, falling by €59M compared to 2014. Disbursements increased on the previous year (up €293M, *i.e.* 44%).

AFD's outstandings in the French Overseas Departments and Collectivities increased compared to the end of 2014 (€4.519bn in 2015, *i.e.* up 15%).

TOTAL VOLUME OF LOAN ACTIVITY APPROVALS, DISBURSEMENTS, BALANCES TO BE DISBURSED AND OUTSTANDINGS IN THE FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES

In millions of euros	2015	2014	Variance 2015/2014 (in €M)	Variance 2015/2014 (as %)
Approvals	**945**	**1,004**	**-59**	**-6%**
• French Overseas Depts and Collectivity of Saint Pierre and Miquelon	587	793	-206	-26%
• French Pacific Collectivities	358	211	147	69%
Disbursements	**1,000**	**665**	**335**	**50%**
• French Overseas Depts and Collectivity of Saint Pierre and Miquelon	672	474	197	42%
• French Pacific Collectivities	329	191	95	72%
Undisbursed balance at 31 December	**1,033**	**1,164**	**-130**	**-11%**
• French Overseas Depts and Collectivity of Saint Pierre and Miquelon	821	939	-118	-13%
• French Pacific Collectivities	212	224	-13	-6%
Outstandings at 31 December	**4,519**	**3,941**	**578**	**15%**
• French Overseas Depts and Collectivity of Saint Pierre and Miquelon	2,896	2,474	422	17%
• French Pacific Collectivities	1,623	1,467	156	11%

Follow-up on approvals

The volume of AFD approvals in the French Overseas Departments and Collectivities, excluding guarantees, totalled €0.945bn in 2015 *versus* €1.004bn in 2014. Activities in French Pacific Collectivities increased by 69% compared with 2015 while activities in French Overseas Departments and Saint Pierre and Miquelon decreased by 26%. Most of the aid (62%, i.e. €587M) was granted in French Overseas Departments and the collectivity of Saint Pierre and Miquelon.

Financing of the public sector was down in 2015 (by 15%) due to the decrease in non-subsidised loans (€163M in 2015 compared with €419M in 2014). The reduction was offset by the increase in loans to the collectivities (€621M in 2015 compared with €500M in 2014) and which now constitute 66% of the lending activity.

Financing of private-sector investment increased by 87% in 2015. Direct loans granted to companies increased from €41M in 2014 to €71M in 2015. Banking sector financing also increased, from €45M in 2014 to €90M in 2015.

As part of its management and representation responsibilities in French Overseas Collectivities, AFD is managing a portfolio on behalf of Crédit Foncier de France. It totalled €32M at the end of 2015, compared to €36M in 2014. As Bpifrance's representative, AFD granted €516M in 2015 (of which €330M in guarantees), compared to €480M in 2014, *i.e.* an increase of 8%.

BREAKDOWN BY REGION

In millions of euros	Approvals 2015	2014	Variance 2015/2014 (in €M)	Variance 2015/2014 (as %)
French Overseas Depts and Collectivity of Saint Pierre and Miquelon	**587**	**793**	**-206**	**-26%**
Guadeloupe	142	198	-56	-28%
French Guiana	39	47	-8	-17%
Martinique	179	137	42	31%
Réunion	204	382	-178	-47%
Mayotte	24	22	2	10%
Saint Pierre and Miquelon	0	0	0	
Multiple countries French Overseas Departments	0	8	-8	-100%
French Pacific Collectivities	**358**	**211**	**147**	**69%**
New Caledonia	143	132	11	8%
French Polynesia	143	76	67	88%
French southern and Antarctic territories	50	0	50	
Wallis & Futuna	22	3	18	592%
TOTAL	**945**	**1,004**	**-59**	**-6%**

LOANS, EQUITY STAKES AND GUARANTEES GRANTED ON ITS OWN BEHALF, BY PRODUCT

	Approvals		Variance 2015/2014	
In millions of euros	2015	2014	(in €M)	(as %)
Ongoing operations	**996**	**1,005**	**-8**	**-1%**
Loans	**945**	**1,004**	**-59**	**-6%**
Public sector	*784*	*919*	*-134*	*-15%*
Loans to local authorities	*621*	*500*	*121*	*24%*
Non-concessional loans	*163*	*419*	*-256*	*-61%*
Private sector	*161*	*86*	*75*	*87%*
Direct financing	*71*	*41*	*30*	*74%*
Banks	*90*	*45*	*45*	*100%*
Guarantees(1)	**31**	**0**	**31**	
Guarantees granted to the public sector	*0*	*0*	*0*	
Guarantees granted to the banking sector	*30*	*0*	*30*	
French Overseas Department Fund	*1*	*0*	*1*	
SPM and Mayotte guarantee funds	*0*	*0*	*0*	*-26%*
Equity stakes	**20**	**0**	**20**	

(1) The guarantees presented above do not include Sogefom approvals (€24.5M in 2015) and FOGAP approvals (€1.8M in 2015).

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 project subsidy and NGO activities.
- **Loans from the State (RCS)**

  AFD contracts loans with the State for a period of thirty years, including ten years deferred at 0.25%. Apart from the liquidity which they provide, these resources contribute to subsidising the outstandings that justify the use of State rates: the financial advantage in comparison with market resources is thus measured and injected into operations making use of subsidies.
- **Market borrowings**

  AFD's bond issues totalled €5,128.18M in 2015.

  During the year, AFD made six bond issuances in the form of public issues on the euro and US dollar markets:
  - $1bn for five years (equivalent to €849M; maturity January 2020);
  - $500M for three years in floating rate note form (FRN) (equivalent to €442M; maturity February 2018);
  - $500M for three years (equivalent to €454M; maturity August 2018);
  - €1bn for 16 years (maturity May 2031);
  - €1bn for seven years (maturity October 2022);
  - £250M for two years (equivalent to €340M; maturity March 2017).

  In addition, AFD also completed six tap issues on the euro and US dollar markets and issued a private placement on the Australian dollar market:
  - $250M for five years (equivalent to €228M; maturity February 2020);
  - €500M for six years (maturity February 2021);
  - €65M for six years (maturity February 2021);
  - €20M for six years (maturity February 2021);
  - €100M for five years (maturity April 2020);
  - €100M for five years (maturity April 2020);
  - AUD 50M maturing for 10 years (equivalent to €32M; maturity September 2025).

1.6.3.3 Other activities

1.6.3.3.1 Intellectual output

AFD's intellectual output consists of research, training 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:

- action research/forecasting 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.

2015 was a year of transition and reinforcement of intellectual output for AFD, with in particular the growing importance of the Studies, Research and Knowledge Department (created in September 2014) and the arrival of a new Chief Economist, Gaël Giraud (June 2015).

- The studies of research and prospects covered themes involving the major challenges for development and studies already underway at AFD (i) Resources, climate, energy, (ii) Populations, human development, inequalities, (iii) Institutions, companies, growth, (iv) Cities, territories, trade, (v) Innovations, participants, financing and (vi) Data, indicators, accountability. Approximately 75 studies were funded in 2015.
- In addition to supervising localised project assessments, evaluation work centred on 15 evaluative studies, as well as five portfolio reviews that made it possible to learn from financed development projects and leverage AFD's experience.
- 14 country-risk analyses were produced, in addition to the macroeconomic and financial monitoring reports for countries in which AFD operates, and a half yearly analysis of the international economic environment.
- 85 publications were produced this year. A significant effort was made to rationalise the study and research collections. Five of them were merged into a single publication: *"Les études de l'AFD"* (The AFD Studies). A new collection (in digital format) was created: "The research papers", which provides a provisional version of the research results. The rationalisation effort also covered the dissemination of paper publications, which was down by 70% in comparison with the previous year.

CEFEB: AFD's corporate university

Based in Marseille, the purpose of the CEFEB is to implement actions for the reinforcement of capacities, training cycles and seminars for the benefit of the three categories of players who contribute to the development projects run by AFD: the Group's partners in the countries in which it is involved, the French development players and the AFD staff at the head office and in the network, for which the CEFEB constitutes a favoured instrument for internal 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 2015, CEFEB provided extended training for approximately 75 young professionals (Master degree programme in project management through a partnership with the University of Auvergne) and capacity building for nearly 1,850 executives (mainly from Sub-Saharan Africa, North Africa and Southeast Asia) from ministries, public service institutions, financial institutions, businesses and NGOs or agents of AFD.

2015 also saw the start of two large-scale projects:

- the certifying Lead Campus Programme lasting five months and intended for leaders and future leaders from the private sector and civil society from the African continent. Under the aegis of the Africa France Foundation, the programme is co-constructed with renowned academic partners: Sciences Po Paris, Cape Town University in South Africa and the Higher Institute of Management in Dakar. This programme, of which the first session begins in April 2016, will be renewed for three years;
- the examination of a "Climate and Energy Transition in the emerging countries and the South" MOOC which is scheduled to be online during 2016. This MOOC will be supported by AFD in collaboration with a renowned academic partner.

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.513-29 of the CMF, AFD manages the specific operations financed by the French State's budget on the State's behalf and at its risk. The terms of these operations are set out in agreements with the appropriate ministries.

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

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 and informal settlements in Port-au-Prince;
- the agreement of 25 September 2014 related to the French investment in the European Trust Fund for the Central African Republic, also called the "Bêkou Trust Fund".

Furthermore, pursuant to Article 10 of Act 2014-773 of 7 July 2014 on Guidance and planning related to development and international solidarity policy, AFD is authorised to carry out activities on behalf of third parties such as the European Union, international institutions and organisations, foreign governments, any public authority, credit institutions and other development banks or public or private institutions. 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 €693M. AFD holds a 64% stake, while the remaining 36% is held by other private shareholders, including 22% by French financial organisations, 12% by international financial organisations, 2% 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 Co-operation and Development's (OECD's) Development Assistance Committee (DAC) and covers a geographic area extending from the major emerging countries to the poorest countries, especially in Africa, 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 €871.3M in 2015 (compared with €778.3M in 2014) and break down as follows:

- lending in the amount of €727.5M[1] (€637.7M in 2014);
- equity investments in the amount of €124.2M (€113.7M in 2014).

Africa remains the priority zone for Proparco, accounting for 61% of its net approvals on its own behalf for the year. Asia represents 18% of the net approvals on its own behalf, 14% of the approvals are in Latin America and 7% is shared between the Middle East, multiple countries in Europe.

Proparco has adopted a strategic plan for the period 2014-2019, with two major objectives: the promotion of low-carbon growth and support for growth models benefiting the greatest number.

Strategic priorities include strengthening the client approach, supporting borrowers with better ESG (environment, social and governance) practices, developing Proparco's proprietary activity, reaffirming Africa as a priority region, explicitly aiming for LDCs to represent 27% of credit activity, and supporting French companies.

NET APPROVALS EXCLUDING OTHER SUB-PARTICIPATIONS ON BEHALF OF AFD AND OTHER THIRD PARTIES:

	Own lending		Capital		Other investments		Guarantees	
In millions of euros	2015	2014	2015	2014	2015	2014	2015	2014
BENIN	15.0							
CÔTE D'IVOIRE	25.0							
GHANA		39.5						
MALI	12.4							
BURKINA FASO	15.0							
NIGERIA	30.0	56.2						
NIGER		12.5						
MULTIPLE COUNTRIES WEST AFRICA			2.3	15.0			9.7	
West Africa	**97.4**	**108.2**	**2.3**	**15.0**	**0.0**	**0.0**	**9.7**	**0.0**
CAMEROON	50.0							
GABON	25.0							
KENYA	42.5	29.7						
UGANDA	31.6	14.6						
DRC				0.5				
ETHIOPIA	13.7							
TANZANIA	25.4							
CHAD		12.5						
MULTIPLE COUNTRIES CENTRAL AND EAST AFRICA				5.1				
Central and East Africa	**188.2**	**56.8**	**0.0**	**5.6**	**0.0**	**0.0**	**0.0**	**0.0**
ZAMBIA	17.9	14.7						
MOZAMBIQUE	22.7			1.9				
MULTIPLE COUNTRIES SOUTHERN AFRICA		14.6						
Southern Africa	**40.6**	**29.3**	**0.0**	**1.9**	**0.0**	**0.0**	**0.0**	**0.0**
Multiple countries Sub-Saharan Africa	**0.0**	**26.5**	**9.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

(1) *Corresponding to Proparco loans apart from AFD sub-holdings and third-party holdings, in foreign countries, approved at 31 December 2015 (€182.4M in total).*

In millions of euros	Own lending		Capital		Other investments		Guarantees	
	2015	2014	2015	2014	2015	2014	2015	2014
MADAGASCAR	5.0							
MAURITIUS	10.0		9.7	7.9				
MULTI-COUNTRY	25.0		13.8					
Indian Ocean	**40.0**	**0.0**	**23.5**	**7.9**	**0.0**	**0.0**	**0.0**	**0.0**
EGYPT	32.7		13.3					
MOROCCO	10.0						10.0	
TUNISIA	39.3		0.8	1.0				
TURKEY	35.0	35.0						
MULTIPLE COUNTRIES NORTH AFRICA	13.5			55.7				
IRAQ		5.9						
JORDAN		19.2						
North Africa and Mediterranean	**130.5**	**60.1**	**14.1**	**56.7**	**0.0**	**0.0**	**10.0**	**0.0**
BURMA	18.0							
AZERBAIJAN		11.5						
BANGLADESH	37.9	14.5						
CAMBODIA	26.3							
CHINA		8.0						20.0
INDIA			33.4					
GEORGIA	8.8							
MULTIPLE COUNTRIES ASIA			18.7					
PAKISTAN		16.1						
SRI LANKA	9.4	47.4						
TAJIKISTAN		4.9						
Asia	**100.4**	**102.4**	**52.2**	**0.0**	**0.0**	**0.0**	**0.0**	**20.0**
BOLIVIA		14.9						
BRAZIL	27.2	35.8						
CHILE	20.3	0.0						
COSTA RICA	10.0	20.8						
ECUADOR		7.3						
HONDURAS		36.6						
MEXICO		16.0						
PANAMA	41.3	27.0						
PERU		21.3						
DOMINICAN REP.	14.0	21.9						
URUGUAY		12.7						
MULTIPLE COUNTRIES LATIN AMERICA		14.9	12.5	11.0				
Latin America Caribbean	**112.8**	**229.1**	**12.5**	**11.0**	**0.0**	**0.0**	**0.0**	**0.0**
RÉUNION						5.0		
MULTIPLE COUNTRIES FRENCH OVERSEAS DEPARTMENTS						2.0		
French Overseas Collectivities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**7.0**	**0.0**	**0.0**
MONTENEGRO	10.0							
Europe	**10.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
MULTI-COUNTRY	7.6	25.3	10.5	15.5	0.0		0.0	
Multi-country	**7.6**	**25.3**	**10.5**	**15.5**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL	**727.5**	**637.7**	**124.2**	**113.6**	**0.0**	**7.0**	**19.7**	**20.0**

Loan approvals (excluding multiple countries) for its own account concerned 31 countries, in the leading ranks of which appeared Cameroon, Kenya, Panama, Tunisia, Bangladesh, Turkey, Egypt, Uganda and Nigeria.

Out of this lending activity on its own behalf, loans to banking and financial institutions accounted for 56% of total net approvals for the year. Through its financing, Proparco supports the growth of national banking players, the expansion of major regional groups, and the invigoration of financial markets and exchanges, particularly in Sub-Saharan Africa. Net direct loans granted to companies in the industrial, commercial and service sectors (education and healthcare) accounted for 16% of approvals for 2015. Loans to the infrastructure and mining sectors represented 28% of net approvals for the year.

As for equity investment activity, 75% of approvals were for investment funds and 25% for direct investments, particularly in industrial companies, service sector companies (healthcare) and banks.

1.6.4.2 Activities of TR Propasia, a Proparco subsidiary

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.

The TR Propasia portfolio, whose investment period ended on 15 April 2011, had a total amount of USD 4.7M invested in three funds.

1.6.5 Activities of the other AFD subsidiaries

Fisea

The Investment and Support Fund for Businesses in Africa (Fisea) was created in April 2009. It is managed by Proparco within the framework of a regulated agreement.

In 2015, Fisea's net approvals amounted to €42.8M in 2015 (excluding TA). They include five investments in funds and one direct investment. Numerous sectors are targeted: agribusiness, hotels, energy, micro-finance. Subscriptions totalled €39.5M in 2015.

Total approvals (excluding TA) since the company was established amount to €86.4M. Investment funds represent 73% of assets (in terms of amounts) and direct investment represents 27%.

Banque Socredo

Banque Socredo is a full-service bank established in French Polynesia in 1959. It has 27 permanent offices. It also organises regular 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 (Groupe BPCE), with nearly 47% of the lending market and nearly 40% of the deposit market at 31 December 2015.

In addition to its banking activities, Banque Socredo has five main 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 2015, Banque Socredo directly employed a workforce of nearly 490 people. Its balance sheet total amounted to €2.2bn, mainly comprising customer receivables (€1.7bn). The bank generated net banking income (NBI) of €76.8M and net income of €11.0M, compared with €76.6M and €9.6M in 2014.

In 2015, AFD received dividends of €4.78M (or 50% of the 2014 net income).

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 craftspeople 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.

The Sogefom is recording an increase in new production (in amounts, Short Term Product – PCT – and Strengthening of the cash position for growth, competitiveness and employment – RTCCE – included) with disparities between geographical regions:

- in New Caledonia, guarantees granted in 2015 by the Sogefom increased slightly in amount on a sliding year basis, and fell in number (+7.8% and -13.8% respectively). It should be noted that on a constant scope basis (excluding PCT), a fall of around 20% in number and 2% in amount was recorded. The implementation of the short term product (PCT) enabled the branch to maintain its volume of business in value terms with nine approvals for an amount of €763K. This product represents 10% of the commitments for the year in value terms;

- in French Polynesia, over the same period, approvals increased sharply in number and in value (+69.5% in number and +118.2% in amount). This confirms the trend for 2014, with the success encountered from the implementation of the delegation of approval to the banks and the rush for the Short Term Product, which was long awaited by the banks (81 approvals in 2015 for €1.67M, or 12% of the commitments for the year in value terms and 34% in number). On an equivalent scope basis (excluding PCT), approvals grew in number (+26%) and in value (+95%).

Total new production by the Sogefom was therefore up by 61.8% in value terms and 32.7% in number at the end of 2015, on a sliding year basis. Business activity saw a significant recovery without however achieving its highest historical level recorded in 2009 (€24.5M at the end of 2015, compared with €25.9M at the end of 2009).

The gross outstanding guarantees at 31 December 2015 (€66.3M) increased by 12.7% in comparison with 31 December 2014 (€58.8M).

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 d'Outre-Mer, or Sidoms) that aim to build and manage social and intermediate rental housing, as well as implementing urban development operations. At end-2015, the Sidoms manage more than 79,000 housing units, representing approximately half of the social housing in the French Overseas Departments and Collectivities;
- by granting direct loans to public and private operators in housing and development. In 2015, the amount of these outstandings was €89M, spread over a dozen projects in the five French Overseas Departments and Collectivities and in New Caledonia.

Two of the Sidoms are consolidated using the equity method:

- Société Immobilière de Nouvelle-Calédonie (SIC), in which AFD holds a 50% stake, managed close to 10,500 housing units as at 31 December 2015 and delivered around 300 new housing units in 2015;
- Société Immobilière de la Martinique (Simar), in which AFD holds a 22.27% stake, managed more than 11,000 housing units as at 31 December 2015 and delivered around 270 housing units in 2015.

1.6.6 Information about subsidiaries

1.6.6.1 Key data about subsidiaries that are fully consolidated in AFD's financial statements

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

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

Purpose: To promote development projects, acquire equity 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

Equity: €693,079,200

AFD's stake: 64.17%

Other shareholders: French financial institutions (21.69%), private investors (1.86%), international financial institutions (11.79%) as well as ethical foundations and funds (0.72%)

Balance sheet: €5,095.1M

Total net equity: €849.2M

Equity stakes: €554.9M

Loans outstanding: €4,028.1M

Net banking income: €110M

Sogefom (Société de gestion des fonds de garantie d'Outre-Mer)

Purpose: To provide a partial guarantee for financing operations undertaken by credit institutions with operations in the French Pacific Collectivities that have subscribed to a portion of its capital

Legal form: Public limited company

Head office: 5, rue Roland-Barthes – 75012 Paris

Equity: €1,102,208

AFD 's stake: 60% (of which 1.32% through Socredo)

Co-shareholders: nine financial institutions (40.00%) including Banque de Nouvelle-Calédonie (7.51%) and Banque de Polynésie (7.51%)

Balance sheet: €42.1M

Total net equity: €14.9M

Loan portfolio: NS

Net banking income: €2.0M

Soderag (Société de développement régional Antilles-Guyane)

Purpose: To grant loans and acquire equity stakes in order to promote development in the Antilles – French Guiana region

Legal form: Public limited company in liquidation (SDR)

Head office: Pointe-à-Pitre (Guadeloupe)

Equity: €5,576,859

AFD's stake: 100.00%

Other shareholders: none

Balance sheet: €7.1M

Total net equity: -€116.1M

Loan portfolio: NS

Net banking income: €0.02M

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

Head office: 5, rue Roland-Barthes – 75012 Paris

Equity: €160,000,000

AFD's stake: 100.00% (except for one share)

Other shareholders: Proparco holds one share in Fisea

Balance sheet: €112.9M

Total net equity: €112.6M

Loan portfolio: NS

Equity stakes: €77.6M

Net income: -€8.2M

TR Propasia (Partenariat stratégique pour une plateforme d'investissement Asiatique)

Purpose: To create a regional investment platform

Legal form: Public limited company

Head office: Hong Kong

Equity: €7,075,013

AFD's stake: 64.17%

Other shareholders: Propasia is a wholly-owned subsidiary of Proparco

Balance sheet: €8.2M

Total net equity: €8.2M

Loan portfolio: NS

Equity stakes: €4.5M

Net income: €0.2M

1.6.6.2 Information on offices and activities at 31 December 2015

Article L.511-45 of the French Monetary and Financial Code (as amended by Law 2014-158 of 20 February 2014) requires that credit institutions publish information about the offices and activities included in their consolidation scope in each State or territory.

The required information is given below.

NET BANKING INCOME, REVENUE AND EMPLOYEES BY COUNTRY FOR SUBSIDIARIES THAT ARE FULLY CONSOLIDATED AND EQUITY-ACCOUNTED IN AFD'S FINANCIAL STATEMENTS

The table below presents the NBI, revenue and number of AFD employees of fully consolidated and equity-accounted companies.

	2015							At 31/12/2015
	Net Banking Income (in millions of euros)(1)	Sales revenues (in millions of euros)(1)	Net income or loss before taxes(1)	Corporation tax amount(2)			Public subsidies received	FTE headcount
				Total	Of which current	Of which deferred		
European Union member states								
France	718	122	256	16	*15*	*1*	57	2,477
Asia								
Hong Kong	0	0	0	0	*0*	*0*	0	9
TOTAL	**718**	**122**	**256**	**16**	***15***	***1***	**57**	**2,486**

(1) Data from the individual company financial statements of the entities concerned.
(2) Data from the consolidated financial statements.

ENTITIES' OFFICES BY COUNTRY

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

Offices by country	Activities
France	
AFD – Agence Française de Développement	Financial institution
Fisea – Fonds d'Investissement et de Soutien aux Entreprises en Afrique (Investment and Support Fund for Businesses in Africa)	Investment fund
Proparco – Société de Promotion et de Participation pour la Coopération Économique	Financial institution
Simar – Société Immobilière de la Martinique	Real estate company
Soderag – Société de Développement Régional Antilles-Guyane	Guarantee fund
Sogefom – Société de Gestion des Fonds de Garantie d'Outre-Mer	Guarantee fund
Hong Kong	
TR Propasia Ltd	Investment fund
New Caledonia	
SIC NC – Société Immobilière de Nouvelle-Calédonie	Real estate company
French Polynesia	
Banque Socredo	Bank

1.6.7 Global economy

The year 2015 was marked by strong volatility in the financial markets. Its causes are to be sought in the decoupling of the macroeconomic situations of the United States and Europe which pushed the central banks to implement very different monetary policies. On the one hand, increasingly positive signs in the USA led the United States Federal Reserve to consider raising these key interest rates. On the other, having almost exhausted its capacities to lower rates (without entering into negative territory), the European Central Bank started an asset purchase programme, as the Fed had done before it. The volatility was also linked to the extremely tense geopolitical context in the Middle East, and to the concerns at the end of the year about the relatively weak growth in China.

1.6.7.1 Global Economy

In the United States, the positive signs of economic recovery multiplied at the start of the year, but some indicators were less well directed at the end of the year. Growth was up by 2.5%, and although job creation lagged at the end of summer, the unemployment rate, which was down, stabilised at 5%. Conversely, the appreciation in the US dollar and the slowdown of the global economy had an adverse effect on the manufacturing sector. In this mixed context, the Fed preferred to act preventively, arguing that some flexibility was required in case of another crisis. Thus, after seven years of falling rates, the American central bank finally gave the signal that the markets were waiting for, announcing a rise in its key interest rate from 0.25% to 0.50% on 16 December 2015. The very moderate nature of US growth after years of accommodating policy encourages prudence. The scale and duration of the rising interest rate cycle will be closely tied to the economic indicators in 2016.

In the Euro zone, the Economic and Monetary Union faced a chequered year. At the start of 2015, observers were welcoming the potentially very favourable circumstances for acceleration in activity: the fall in the euro, falling oil prices, the launch of the ECB's Quantitative Easing at the end of March. The situation in Greece until the summer constituted the first obstacle. Then, despite growth of +1.5% in the rest of the euro zone (the highest for four years), the slowdown in global activity, the real appreciation in the euro during the year and the lack of prospects of an upturn in inflation pushed the ECB to modify its action at the beginning of December. It announced the stepping up of its asset purchase programme by extending its duration until the end of March 2017 (initially September 2016) and expanding the list of eligible assets. In addition, the ECB lowered its deposit facility rate from -0.20% to -0.30%. On the other hand, the key interest rate remained unchanged at 0.05%. This policy package nevertheless disappointed the markets but left some flexibility if required in 2016. Indeed, while the sustained fall in oil prices favours consumption, it is clear that the low growth in the emerging economies will be detrimental to exports.

1.6.7.2 Interest rate environment

In 2015, there was greater volatility in euro rates than in dollar rates. This phenomenon is the result of the non-parallel trajectories of the European and the United States economies, even if the recovery in the United States remains to be confirmed. In the United States, long-term rates at the start and the end of the year varied relatively little – the 10-year government bond rate increased by only 10 basis points to 2.29% at 31 December 2015. In the short-term segment, rates oscillated as the Fed postponed raising its main key interest rate. In the last quarter, the operators gradually took on board an increasingly strong probability of a rise in rates by the central bank, which took the form of a rise of 0.50% between 15 October 2015 and 31 December 2015. Over the year, the trend was more limited, with, for example, a 2-year swap rate of 0.88% at 31 December 2014 *versus* 1.18% at 31 December 2015.

In Europe, the unconventional monetary policy carried out by the Central Bank had an impact in two phases. First, the market widely anticipated the coming purchases by the ECB, which resulted in a very significant fall in rates across the entire curve. Long-term rates thus reached their historic low: –0.33% for the French Government 10-year rate in mid-April. Then, as soon as the ECB purchase programme started, long-term returns suddenly went up sharply again -1.34% for the French Government 10-year rate at the end of the first half-year – before stabilising at the end of the year at around 1.00%. Short-term rates, which are more responsive to inflation prospects and the general macroeconomic climate, and which were very slightly positive at the start of the year, gradually moved into negative territory – the French Government 2-year rate was -0.03% at 31 December 2015; the overnight rate was -0.13% at 31 December 2015. Throughout the year, therefore, a steepening of the rate curve around the 5-year mark was seen. Despite these substantial movements, all the euro rates remained at historically very low levels.

1.6.7.3 Foreign exchange

The exchange rate of the euro against the dollar throughout 2015 only reflected the opposing economic situations of the two great world zones. Hence, the dollar appreciated over the year, going from 1.21 to 1.08 against the euro. This trend became more marked at the end of the year when the ECB Governing Council decided to extend its accommodating policy, whereas the Fed was starting to lift its key interest rate.

The signals that Chinese growth was slowing accumulated throughout 2015. Other Asian countries were not spared by this deceleration, except for India. Brazil and Russia entered into recession. South Africa also faced a difficult macroeconomic situation. Only the countries of Central Europe came out well. Globally, the emerging economies suffered significant capital flight, leading their currencies to worrying low points. The main consequence was that the dollar strongly appreciated, as shown by the examples of the rouble, the Brazilian real and the rand. Thus, the exchange rate of the dollar against the Brazilian real appreciated by almost 48%, while its rate against the South African rand increased by 25% during the same period.

CORPORATE SOCIAL RESPONSIBILITY

Since 2005, AFD has been developing and implementing a social responsibility (SR) policy covering both its internal operations and funding activities.

To report on this approach and its results, and to improve communication with its stakeholders on the subject, AFD publishes an annual social responsibility report.

This report falls under the technical frameworks of the Global Reporting Initiative (GRI4), ISO 26000, the Global Compact and the French Act concerning transparency requirements for companies regarding corporate social and environmental responsibility.

It is disseminated *via* various media: on the pages of the AFD website (http://www.afd.fr/home/AFD/developpement-durable) on the one hand, and *via* the management report, in accordance with the above-mentioned law, on the other hand.

SR reporting methods within AFD Group

Reporting period

The data collected covers the period from 1 January to 31 December of year N. The data is collected 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.

Indicator scope and reporting

Scopes vary depending on each corporate, social or environmental indicator, according to need, and the suitability 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 French Overseas reserve banks (100% of the Group's headcount)

AFD: AFD head office and local offices (90% of the Group's headcount)

Head office: AFD and Proparco head offices (59% of the Group's headcount)

AFD head office: AFD head office only, including CEFEB and excluding Proparco (51% of the Group's headcount)

AFD Paris head office: AFD head office excluding CEFEB: Barthes and Mistral buildings (50% of the Group's headcount).

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

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 asked one of its statutory auditors to prepare a report for 2015 certifying the inclusion of certain information relating to corporate social responsibility, as required in the management report, 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.	Group
New hires	Number of employees recruited under indefinite-term and fixed-term employment agreements between 1 January 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.	Group
Dismissals	Number of employees leaving the Group between 1 January and 31 December of year N at the Group's initiative (economic grounds, grave misconduct, other).	Group
Average salary	The average salary is calculated on the basis of all head office and local office employees. 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.	Group
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.	France
Absenteeism rate	Number of business days absent due to illness relative to the number of scheduled work days, factoring in paid vacation.	France
Hours of training	Number of deductible hours of training taken by employees between 1 January and 31 December of year N. This indicator 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.	France

Information	Description	Scope
Percentage of supervisory positions held by women	The positions counted as supervisory positions are: • Directors of local offices • Director of Technical Assistance • Deputy to the Executive Director • Departmental Director • Director of the General Inspection Department • Director Delegated to General Management • Executive Director • Deputy Chief Executive Officer • Chief Executive Officer (CEO) of Proparco • Deputy Chief Executive Officer • Deputy Chief Executive Officer of Proparco • Director of reserve banks • Corporate Secretary • Head of Division • Deputy Departmental Director • Assistant Deputy Chief Executive Officer of Proparco • Deputy division manager	France
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
Commitments for the climate (attenuation + adaptation)	Total amount of financing commitments backing climate issues.	Group
Estimated annual emissions of equivalent tonnes of CO_2 avoided or reduced by mitigation projects	Estimated annual emissions of equivalent tonnes of CO_2 (Teq CO_2) avoided or reduced by mitigation projects of financing commitments backing climate issues calculated according to the carbon footprint estimation method developed by AFD, approved by our Board of Directors and available on our website (compatible with international standards on the subject).	Group
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 assignments given to consultants.	Head office
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.	Head office

Information	Description	Scope
Paper consumption/employee	Reported paper consumption includes: ● consumption of reams of paper (blank paper); ● consumption of paper supplies (e.g. 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).	Head office
Social indicators		
Number of training hours dedicated to human rights	Number of training hours dedicated to human rights The training courses concerned are: ● gender and development; ● child labour; ● conflict sensitivity programming; ● psycho-social programs, vectors for development; ● control of E&S risks.	Head office
Share of sovereign financing > €100,000 underway which has been the subject of a publication	Volume in euros of the data published relating to current sovereign projects of an amount greater than €100,000 in IATI format, in comparison with the total volume in euros of sovereign financing for amounts greater than €100,000, in the Africa and Mediterranean zone.	Group
Amount of project aid allocated to the healthcare, social protection and nutrition sectors in Priority Poor Countries (PPP).	Amount in euros. The aid project corresponds to the subsidies of the 209 programme (including NGOs, micro-finance – subsidies, loans and equity stakes – and PRCC) allocated to the healthcare, social protection and nutrition sectors in the PPPs (appendix 1).	AFD, excluding loans to Proparco, but including sub-participations (activities on its own behalf)
Breakdown of the commitments by sector	The amount in euros of AFD's financing approvals in foreign countries and in the French Overseas Territories and Collectivities is broken down based on the activity sectors within the meaning of the OECD CAD.	AFD, excluding loans to Proparco, but including sub-participations (activities on its own behalf)
Types and amounts of loans	Amount in euros of AFD's financing approvals (loans) in foreign countries (sovereign/non-sovereign) and in the French Overseas Territories and Collectivities (public/private).	AFD, excluding loans to Proparco, but including sub-participations (activities on its own behalf)

These scopes are defined on page 28.

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 the 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 2015:

Employees	End-2014	End-2015
Mainland France(1)	1,041	1,088
Foreign and representation offices in the countries of operation	151	146
Technical assistance	3	3
Temporary assignments	24	25
Group head office(1)	**1,219**	**1,262**
French Overseas Collectivities	109	111
Foreign countries(2)	459	464
Group staff recruited locally(2)	**568**	**575**
AFD GROUP TOTAL	**1,787**	**1,837**
Overseas reserve bank head office(1)	98	95
Overseas reserve bank local hires	257	253
OVERSEAS RESERVE BANK TOTAL	**355**	**348**
TOTAL STAFF MANAGED BY THE GROUP	**2,142**	**2,185**
AFD Group VI/VCAT	100	108
Overseas reserve bank VI/VCAT	6	7
INTERNATIONAL VOLUNTEER (VI/VCAT) TOTAL	**106**	**115**

(1) Excluding apprenticeships and professionalisation contracts.
(2) Since 2007, these figures have included employees hired locally according to the provisions of the labour regulations in each country, along with staff equivalent to employees, in other words, service providers in various foreign countries.

At present, AFD has 2,185 employees worldwide, representing an increase of 43 employees relative to 2014.

The 1,357 head office employees recruited in Paris (40 more than in 2014) break down as follows:

- 1,262 AFD Group head office employees;
- 95 head office employees seconded to French Overseas reserve banks.

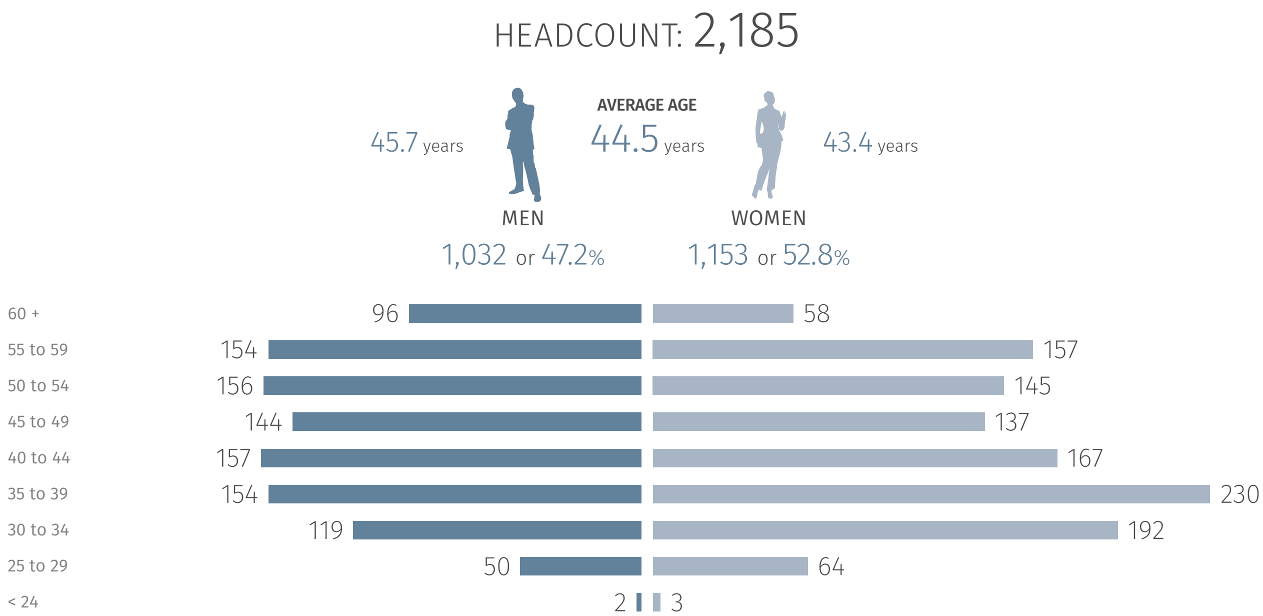
The 828 employees recruited locally (three more than in 2014) include:

- 575 AFD Group employees recruited locally;
- 253 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**

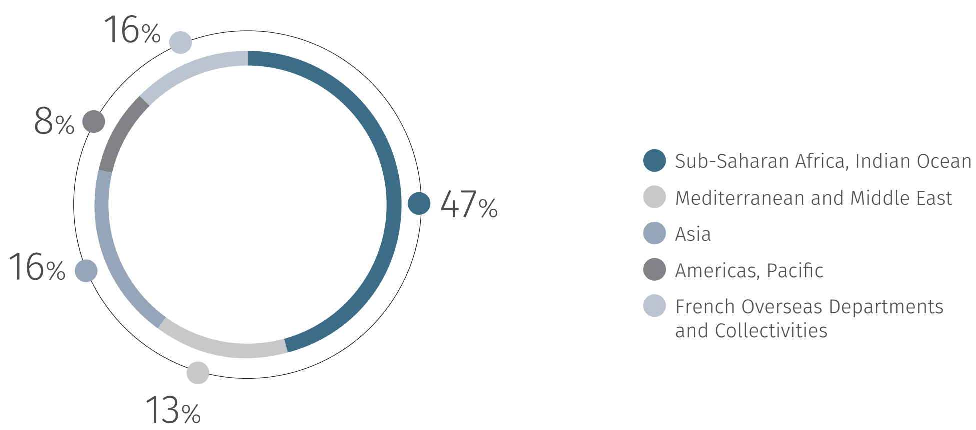
EMPLOYEE BREAKDOWN BY GENDER AND AGE

Total staff managed by the Group broken down according to gender and age in 2015 (at 31 December 2015)



At the end of 2015, 52.8% of employees managed by AFD Group are women. Their average age is 43.4 *versus* 45.7 for men. **Group**

EMPLOYEE BREAKDOWN BY REGION



2.1.1.2 New hires and dismissals

External recruitment by the Group on permanent contracts

The profiles that are primarily sought remain closely associated with our core activities of technical and financial engineering, knowledge creation (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 2015, the total number of new hires on a global scale was 136 new employees (82 head office employees and 54 employed locally). **Group**

Recruitment	Head office employees	Locally hired employees	Total
TOTAL	**82**	**54**	**136**
of which French Overseas reserve banks	4	5	9

Departures outside the Group for employees on permanent contracts

In 2015, the total number of permanent departures worldwide totalled 101 (50 head office employees and 51 employed locally) **Group**

Reasons for departure	Head office employees	Locally hired employees	Total departures	Turnover rate
Retirement	21	14	35	1.6%
Voluntary redundancy	6	0	6	0.3%
Resignation	12	15	27	1.3%
End of civil servant secondment Fonctionnaire	4	0	4	0.2%
End of definite-term contract		19	19	0.9%
End of trial period	2	0	2	0.1%
Dismissals	4	2	6	0.3%
Death	1	1	2	0.1%
TOTAL	**50**	**51**	**101**	**4.7%**
of which French Overseas reserve banks	5	9	14	

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

Dismissals

In 2015, six dismissals, of which four head office employees and two local foreign country staff (in 2014, four dismissals, of which three head office staff and one local foreign country employee). **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).

COMPENSATION FOR EMPLOYEES MANAGED BY AFD GROUP

Indicators *(in millions of euros)*	2015	2014
Average gross annual salary	68.9	68.2

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 2015 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. An agreement dated 23 December 2008 extended the ways in which time savings could be held and used.

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 2015, employees worked 2,575 days from home. For the sake of comparison, in 2014 employees worked 1,568.5 days from home, reflecting an increase of 64% over a period of two years.

In addition, in order to improve work-life balance, employees may take advantage, at their request, of a part-time work arrangement. 6.2% of employees worked part time in 2015. 94% of them are women. 62% of the part-time employees opted for the 80% formula and 23% for the 90% formula. **France**

2.1.2.2 Absenteeism

In mainland France, 11,044 days were lost to illness in 2015, equivalent to a 3.1% 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 of 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 4 April 2014.

2.1.3.2 Collective agreement evaluation

Agreements signed during 2015:

26/05/2015	Memorandum of understanding on the AFD Employee Mortgage Programme
26/05/2015	Amendment to the memorandum of understanding on AFD employee mortgage restructuring
29/05/2015	Amendment to employee savings plan regulation (contribution matching)
16/06/2015	Statutory profit-sharing agreement
29/06/2015	Amendment for the revision of the agreement relating to professional equality between men and women
26/10/2015	Agreement on the employment of handicapped people

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 2015.

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

There were 19 work- or travel-related accidents requiring time off in 2015 (nine in 2014), with 370 days lost to accidents over the year (154 in 2014). **France**

That translates into a frequency rate of accidents at work of 10.70 (5.27 in 2014) and a severity rate of 0.21 (0.09 in 2014).

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 2015, three groups of employees were able to gain an operational overview of the various forms of aid by making visits to projects in Vietnam, Saint Domingue and Gabon. **Group**

2.1.5.2 The total number of training hours

Activity in terms of training remained strong in 2015: 27,721 hours of training were logged (29,942 in 2014), representing an investment of 3.9% of total payroll compared with the 1.6% required under French law[1].

Support staff hired locally were included in the overall training effort led by the Human Resources Department (39,660 hours in 2015). In fact, in 2015, 191 local employees received training organised by the Human Resources Department (at the head offices or regionally), which represents a total of 5,905 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 July 2014, a third agreement was signed to confirm and update this commitment for the 2014-2016 period. In June 2015, an amendment for the revision of the agreement relating to professional equality between men and women was signed.

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.

Ambitious goals were set for 31 December 2016 to establish balanced representation by men and women at all levels of the business:

- percentage of executives who are female: 50% (achieved by end-2015: 48%);
- percentage of supervisory positions held by women (excluding section heads): 35% (achieved by end-2015: 31%);
- percentage of women in the network: 33% (achieved by end-2015: 30%);
- rate of promotion for women and men that corresponds to their representation at each level of employment.

In 2015, 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.

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 30 disabled employees at 31 December 2015.

In addition, the department and the unions signed a "Handicap" agreement in October 2015. Having won approval from the Regional Directorate for Businesses, Competition Policy, Consumer Affairs, Labour and Employment (Direccte) in November 2015, this agreement covers the following four areas for the 2016-2018 period:

- hiring and integration of new employees with disabilities, and collaboration with the sheltered and adapted employment sector (ESAT/EA);
- retention of disabled employees;
- training;
- awareness-raising and communications.

Specific targets include a direct employment rate of 3% by the time the agreement expires. **France**

2.1.6.3 The 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 2015, AFD's workforce included 17 employees working under professional training contracts as well as 11 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 Respect for the freedom of association and the right to collective negotiation

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:

- a **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.);

(1) *Figures from Declaration 2483 FR.*

- **preparation:** through its employee dialogue, AFD tries to respond to medium-term employee concerns, particularly regarding social change.

Paragraph 2.1.3.1 covers the structure of employee dialogue at AFD.

2.1.7.2 Discrimination (Employment and Occupation)

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

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

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

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

Sustainable development is at the core of AFD Group's activity. Action priorities are a response to environmental concerns: supporting sustainable urban development in Sub-Saharan Africa, limiting the environmental impact of rapid growth in Asia, reconciling development and the fight against climate change, especially in emerging countries. These concerns have been developed in cross-disciplinary, sectoral and regional action strategies.

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(1). Meanwhile, as any development activity could harm the environment and/or local communities, AFD Group 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.

As for the Group's environmental policy for its own operations, it falls under a national, European and international framework of regulations and incentives. It is based around the following priorities: assessing the direct environmental footprint, implementing measures for mitigating, adapting and offsetting this impact, and raising awareness of these issues among employees.

2.2.1.2 Environmental protection training and education initiatives for employees

Training is essential for adopting the environmental approach. This requires dedicated thematic training (management of environmental and social risks related to operations, climate and biodiversity) and ensuring that key messages are considered in the basic training (orientation programme in particular) or sector-based training.

To address environmental issues related to its operations, actions to raise awareness and promote initiatives are showcased through a dedicated Intranet space, internal news articles and statements, exhibitions, conferences, and by organising events on important international dates (Sustainable Development Week, European Week for Waste Reduction, etc.).

2.2.1.3 Resources dedicated to the prevention of environmental risk and pollution

AFD does not incur any 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 2.2.4.2, 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.

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

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 internal environmental responsibility (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.

The second phase 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, and the AFD head office, with support from Confidentialys, companies with expertise in recycling public and confidential corporate documents, recycle 18 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;
- recycling plastic cups by Versoo.

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 PRODUCTION

Scope: Head office excluding service providers.

Waste	Indicator	2015	2014	2015/2014 change (as a %)
Total volume	tonnes/year	175	218	-20%
of which household and related waste	tonnes/year	102	143	-29%
Waste production/employee	kg of waste/employee	162	184	-12%

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

AFD is continuing its commitment with the Paris City Hall to a "voluntary institutional partnership" in order to receive support in implementing its initiatives to reduce the production of waste and in preparing best practice sheets for distribution to all public institutions and companies in the same business sector.

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 or any other specific type of pollution.

2.2.3 Sustainable use of resources

2.2.3.1 Water consumption and water supply depending on local constraints

WATER CONSUMPTION

Scope: AFD Paris head office excluding service providers, CEFEB and Proparco.

Water	Indicator	2015	2014	2015/2014 change (as a %)
Water consumption/employee	m^3/employee/year	10.44	9.71	8%
Total water consumption	m^3/year	11,313	11,530	-2%

AFD's head offices are not located in a water-stressed area. Due to its activity, AFD's water consumption does not call for specific measures. However, AFD has enhanced its water consumption monitoring system.

2.2.3.2 Commodities consumption and measures taken to improve efficiency

COMMODITIES CONSUMPTION

Scope: Head office excluding service providers.

Paper	Indicator	2015	2014	2015/2014 change (as a %)
Total consumption[1]	tonnes/year	64	78	-12%
Paper consumption/employee[2]	kg/employee/year	47.9	45	6%

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

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).

Rolling out the green copy project has helped us intelligently manage paper consumption by ensuring printers are configured to print double-sided and in black-and-white by default.

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

ENERGY CONSUMPTION

Scope: Head office excluding data centre.

Note that data centre consumption is included in the AFD Head Office Bilan Carbone®

AFD (Head office and Proparco) net floor area = 39,177 m².

Energy	Indicator	2015[2]	2014	2015/2014 change (as a %)
Total energy consumption/m²	kWh/m²/year (net floor area)[1]	152	153	-1%
Total energy consumption	MWh/year	6,173	5,901	5%
Total electricity consumption	MWh/year	4,513	4,256	6%
Total steam consumption	MWh/year	1,384	1,366	1%
Total cooling energy consumption	MWh/year	276	279	-1%
Total solar production	kWh/year	18,911	19,221	-2%

(1) Net floor area (excluding equipment rooms).
(2) Proparco consumption was estimated based on the 2014 data. This represented 4% of electricity consumption and 7% of steam consumption.

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.). ADF is committed to promoting renewable energy and helps finance research on solar panels.

AFD is working toward reducing its consumption of energy. As an example, energy consumption at the Rue Roland Barthes office fell 26.8% between 2007 and 2015. This is mainly attributable to the introduction in 2010 of a building management system (BMS).

In order to improve its energy efficiency, AFD regularly renovates its property in France and abroad (hygro-thermal 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 branches and 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. An example is the N'Djamena branch in Chad, which enlarged its energy mix in 2014 to include solar energy, by equipping itself with a 132 m² solar generator, allowing the branch to reduce its energy dependence on the N'Djamena power grid.

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.

At the same time as these studies and projects, the Group conducts internal awareness campaigns for its staff, as mentioned above.

AFD installed solar arrays that generate electricity at its head offices: they produced 18,911 kWh in 2015.

The Le Mistral building received HQE certification, achieving "Very Efficient" performance for five criteria and "Efficient" performance for five more. 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 AFD Group activity for prevention of climate change in developing countries

AFD committed itself to its 2012-2016 climate-development action plan concerning:

i. an objective of long-term financial commitment in favour of the climate, representing 50% of AFD approvals in developing countries and 30% of approvals by its Proparco subsidiary in favour of the private sector;
ii. systematic measurement of the carbon footprint of the projects financed, in accordance with a robust and transparent methodology;
iii. a policy of selectivity for the projects with regard to their impact on the climate, taking account of the development level of the countries concerned.

In 2015, AFD Group committed €2.9bn in "climate" financing, corresponding to participation in 82 development projects with joint benefits in terms of the prevention of climate change and its effects. This level of commitment raises the total financing by AFD Group to almost €21bn since 2005 which has a "climate" joint benefit.

With almost €2.6bn in "climate" financing approvals granted in developing countries in 2015, AFD (excluding Proparco) achieved a level of 55% (compared with 53% in 2014) of "climate" approvals and, for the second time, exceeded its annual objective of 50% set out in its climate-development strategy. With €290M of "climate" financing approvals, Proparco achieved a 26% level of activity with a "climate" joint benefit, or a level close to its objective of 30%.

AFD was accredited as a financial intermediary for the implementation of financings for the Green Climate Fund (GCF) in July 2015. Alongside 12 other entities, including the World Bank and the European Bank for Reconstruction and Development, AFD joined the seven leading accredited entities in March 2015.

In 2014, AFD issued its first climate issue with a 10 year maturity date for an amount of €1bn. In order to participate in the development of common standards, the approach was built around the Green Bond Principles. It is based on four main principles: justification of the utilisation of the funds, monitoring of the cash flows, an external opinion and lastly a robust reporting system:

- the utilisation of the funds: the projects backed by the bond are projects for attenuation or sequestration, existing or future, for which there exists a calculation of the carbon footprint *exante* and of which the level of reduction is equal to at least 10 kteq of CO_2/year. Only projects for which the first payment occurred from 2011 onwards have been selected;
- the monitoring of the cash flows: the system adopted by AFD consists of endorsing a portfolio of eligible assets, the value of which is greater than that of the loan at all times. Up until the maturity date of the bond, AFD will endorse new eligible projects in order that the amount of their outstandings is greater than the amount of the borrowing at all times;
- an external opinion: AFD has mandated Vigéo, which participated in the development of the project selection methodology. At the end of its assignment, the ratings agency delivered an opinion on our methods, which is available on AFD's institutional website;
- a robust reporting system: AFD has undertaken to report annually on the situation of the portfolio. This information gives rise to an attestation from one of our statutory auditors.

At 31 December 2015, 31 projects representing total outstandings of €1.2bn, for a net total commitment of €2.1bn, provide backing for this first climate issue. The potential amount of greenhouse gas emissions thereby avoided or reduced on attenuation projects in teq CO_2 over the projects' lifespan is estimated at 5,068,487 teq CO_2 per year.

AFD has furthermore contributed actively to the preparation and the success of the 21st Conference of parties to the United Nations framework agreement on climate change (COP21), held in France from 30 November to 12 December 2015.

The Paris agreement will constitute an element of the major framework for future interventions by AFD with a view to assisting countries in their energy and ecological transition, supporting the economic development of environmental services provided by forestry and agriculture and reducing the vulnerability of countries to the effects of climate change. AFD will provide €5bn of financing per year between now and 2020 for the fight against climate change and its consequences, namely an increase of €2bn, in accordance with the commitment by the French president.

2.2.4.2 Carbon footprint assessment of AFD's structure

Since 2006, AFD has assessed the *Bilan Carbone* (carbon footprint) for® its head office. Starting in 2009, all of its agencies and local offices have been included(1).

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.

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

"Scope 3" corresponds to the factors taken into account in the Bilan Carbone® methodology (including emissions related to the purchase of products and services, capital property, the transport of goods and business travel).

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 (70 sites in Africa, Latin America, Asia and the French Overseas Departments and Collectivities).

Head office Bilan Carbone®

The 2015 Bilan Carbone® covers the period from 1 January to 31 December 2015.

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) account for 19,425 tCO_2eq, or 17.9 tCO_2eq per employee (excluding service providers).

The margin of error for the Bilan Carbone® is approximately 9%.

The reduction in greenhouse gas emissions between 2014 (20,157 teq CO_2) and 2015 (teq CO_2) is more than 3.6%.

For the Head office Bilan Carbone®, this change mainly stems from travel and energy. As for business travel, the method used is to consider annual GHG emissions taken from the Amex database.

The building management system developed provides for reductions in electricity consumption and equipment renewals which consume less energy. In addition, following the use of low energy light-bulbs, the relamping solution selected for the dining room was LEDs. Or approximately 310 light points contributing to further reduce our energy consumption.

Moreover, the EDF *"Équilibre +"* 100% renewable energy contract promotes a very low-carbon power supply.

EMPLOYEE AND CONSULTANT BUSINESS TRAVEL (AIR AND RAIL)

Scope: Head office.

Carbon and business travel	Indicator	2015	2014	2015/2014 change (as a %)
Total emissions	Teq CO_2/year	10,036	11,135	-9.87%
Total distance travelled	Thousands of km	30,666	32,522	-5.71%

The factors that produced the most emissions are travel, inputs and fixed assets. The largest item – business travel – represents 51.6% of the total head office emissions.

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

Nonetheless, to properly assess the emissions related to travel, AFD has implemented reduction solutions such as video conferencing and telecommuting. The provisions of the new transportation policy should result in economic gains as well as progress in terms of our environmental impact.

Group Bilan Carbone®

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.

As of the writing of this report, the Group's 2015 Bilan Carbone® was not yet consolidated. The data below refers to 2014.

Total AFD Group emissions in 2014 stood at 28,756 tCO_2eq (tonnes of CO_2 equivalent), an aggregate of:

- 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 20,156 tCO_2eq, or 16.98 tCO_2eq per employee (excluding service providers);
- greenhouse gas emissions from our international network: 8,600 equivalent tonnes of CO_2 (teq CO_2) emitted in total, or on average, 150 teq CO_2 per office or 12 teq CO_2 per employee of the network (or 7.5 teq CO_2 excluding business travel).

The factors that produce the most emissions are travel/freight and inputs for our offices in mainland France, and travel/freight and energy for our international network of offices. Travel, the biggest factor, accounts for 66% of the Group's total emissions and 54% of the total emissions of the network worldwide. These results are explained by AFD's core business: because it is responsible for technical implementation of French official development assistance, field assignments are crucial for monitoring projects.

AFD is committed to controlling its greenhouse gas (GHG) emissions by acting both to reduce emissions and offset them since 2007.

From 2008 to 2013, two initial carbon purchase transactions allowed for the offset of emissions from the head office (Barthes, CEFEB and Proparco).

In 2014, AFD adopted the objective of becoming "carbon neutral", by offsetting the entirety of the Group's greenhouse gas emissions *via* an improved stoves project known as "Sewa" carried out by a consortium of Malian entrepreneurs.

In 2015, AFD offset its carbon footprint by adopting the multi-project offer from Ecoact:

- a community water filtering project in Kenya, focusing the impact of the carbon credits on healthcare for the local population and the reduction of consumption of wood;

- a project for the avoidance of deforestation in Peru, focusing on the preservation of the biodiversity and the social impacts for the local communities.

2.2.4.3 Protecting biodiversity

The regions where AFD operates, including the French Overseas Departments and Collectivities, are home to remarkable biodiversity that is significant locally, regionally and also globally. Through its cross-disciplinary framework initiative on biodiversity for 2013-2016, AFD plans to increase the amount of its initiatives in this sector: the average annual volume of AFD's weighted financial commitments will be increased to a minimum of €160M, in order to protect, restore, manage and enhance ecosystems, include biodiversity in development policies and strengthen partnerships between France and developing countries with regard to biodiversity.

The question of enforcing international standards in the area of biodiversity is posed and incorporated into the implementation of the projects financed. In addition to the implementation of environmental work, AFD Group is prohibited from financing "trade in animals, vegetables or any natural products which do not comply with the provisions of the Convention on International Trade in species of wild fauna and flora threatened with extinction" and, furthermore, "any operation leading to or requiring the destruction of a critical habitat or any forestry project which does not implement a plan for improvement and sustainable management".

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 the catering service takes great care to offer products that respect ecological balance: no protected fish species are consumed, a range of organic and fair-trade products are offered, etc.

2.3 INFORMATION ON COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

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

The territorial, economic and social impact of AFD's activities in foreign countries and in the French Overseas Territories and Collectivities can be assessed as a whole via the sector-based breakdown of its commitments and by their typology. The amount in euros of AFD's financing approvals in foreign countries and in the French Overseas Territories and Collectivities as well as their typology is broken down based on the activity sectors within the meaning of the OECD CAD in Appendix 6.

2.3.1.1 Employment and regional development

The mandate conferred on AFD is to contribute to the economic and social development of the regions where it operates by financing and supporting development projects and programmes.

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 expectations: Education, Health, Social Protection, Employment;
- the requirements of service to populations and infrastructure: water and drainage, energy, transport, urban development;
- the banking and financial sector.

By way of example, in 2015, AFD donations in favour of the sectors of healthcare, social protection and nutrition in Priority Poor Countries amounted to €39M (compared with €69M in 2014).

In 2015, AFD had this role of financing sustainable development reaffirmed. Its objectives are now based around the Sustainable Development Objectives fixed by the United Nations, the Addis Ababa declaration of July 2015 and, lastly, the Paris climate conference which set ambitious objectives for the prevention of climate change.

The extension of its competencies to "governance" on 1 January 2016 will reinforce its actions, enabling it to act over the whole scope of sustainable development objectives and to reinforce the durability of the policies and programmes which it finances. The scope of this governance covers the following themes: the management of public finances, reforms to the public sector, decentralisation and territorial governance, justice and human rights, property governance, the prevention of corruption, the management of the economy and regulation of the market. From 2016 onwards, AFD is forecasting a volume of activity of €150M in this area.

2.3.1.2 On local communities

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. Meanwhile, as any development activity could harm local communities, AFD Group ensures its partners commit to mitigating these risks and impacts.

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

When investigating and implementing its projects, AFD ensures, through clauses and support, that the project owner consults with the various project stakeholders (local residents, in particular). Their interests and perspectives are also included in project assessments.

The effectiveness of the Group's action depends on its ability to work in networks and in partnership with all development stakeholders (other backers, the European Union, companies, local authorities, NGOs, etc.).

Strategic intervention frameworks[(1)] (SIF), which structure AFD's action priorities, are consistently discussed with stakeholders. In 2015, formal discussions were organised around the strategies and frameworks for intervention (Proparco strategy, Health and Social Protection SIF, Mediterranean CIR, Sahel action plans) or as part of more targeted dialogue (report on the Food safety SIF, report on the implementation of the Water and Drainage SIF). Furthermore, the Agency presented for the first time its annual report to civil society.

2.3.2.2 Partnership or sponsorship initiatives

In 2014, the AFD Board of Directors adopted a partnership strategy document for 2014-2016. This document sets out priorities for AFD partnerships with other institutions to (i) improve its operations to benefit counterparties in the Global South, particularly based on AFD's various mandates, (ii) take part in the discussion on the international development agenda, particularly in 2014 and 2015, based on post-2015 targets and the goals established at the 2015 United Nations Climate Change Conference, and (iii) spread its influence by acting as a catalyst for French experiences that are useful in terms of development for our counterparties in the Global South.

These partnerships both cover the full spectrum of AFD's operations and develop relationships with French and international partners that can help AFD fulfil its mandate.

In 2015, the budget dedicated by AFD to NGO initiatives amounted to €65M. AFD thereby participated in the financing of 72 projects introduced by 62 civil society organisations (OSC). In parallel, significant dialogue, carried out to the satisfaction of all the stakeholders, resulted in the adoption of measures such as the improvement in the transparency and accountability between AFD and the OSC and the significant reduction in the procedures for examination and monitoring, whilst preserving the quality and exhaustive nature of the data.

2.3.2.3 Transparency

To build a relationship of trust and high-quality dialogue with these stakeholders, AFD is committed to enhancing transparency in its activities.

The project data is published on the website of the IATI initiative (http://iatiregistry.org/publisher/afd), on the French government website (www.data.gouv.fr) as well as on the Open Data website of AFD (http://opendata.afd.fr/page/accueil/). For example, for sovereign financings of more than €100,000 in progress financed in the "Mediterranean" and "Africa" regions, this information is available for 88% of the projects. In 2015, these efforts at publication enabled AFD to move from the poor category to fair in the classification established by the NGO Publish What You Fund (PWYF).

Lastly, AFD communicates actively on the challenges of development and international cooperation. In 2015, AFD made the preparation for Paris Climate 2015 (COP21) its priority in this area. As part of the cycle of ID4D conferences, 18 conferences were thereby organised, including three in the South and three as part of the COP21. The COP21 also gave rise to several initiatives on the part of agencies associated with civil society: in October 2015, the N'Djaména branch organised "The COP21 for young Chadians", the Kinshasa branch participated in the march for the Climate organised by the environmental NGOs in the country and a drawing competition was organised by the Mexico branch, in partnership with the Mario Molina centre in 10 schools in Mexico City, on the theme: "How do I imagine the world in 2025?".

2.3.3 Subcontractors and suppliers

2.3.3.1 Consideration of social and environmental issues in our purchasing policy

Note: The scope for indicators used throughout this section is AFD head office. Purchasing and subcontracting in local offices and Proparco are not taken into account.

AFD acknowledges that its responsibility is not only legal and contractual but that, in accordance with the referentials and standards related to societal responsibility of organisations, it extends to the impacts of its suppliers and subcontractors.

In order to raise awareness amongst all its agents of the widened responsibility of AFD and the challenges of responsible procurement, the Procurement unit managed a cross functional workshop in 2015, which resulted in a document on responsible procurement for AFD Group. This document completes the "Responsible Procurement" sheets put in place in 2014 relating to the categories with a high CSR impact (cleaning, security, IT equipment, recourse to the protected sector).

Moreover and for high stakes bids, the existence of a general approach to social and environmental responsibility (CSR) by the winner of the contract is a prerequisite even for the examination of its bid.

Lastly, the "Solidarity Procurement" action, linking micro-finance and purchasing (a part of the savings achieved by AFD thanks to its purchases is paid over to micro-entrepreneurs in the countries in which AFD is involved, thanks to micro-credit) was pursued in 2015 and the result thereof is €131,294 of financing spread over 208 projects in 10 countries.

This project is presented on the website www.achatsafdmicro-finance.fr.

(1) afd.fr/home/AFD/redevabilite-dialogues/dialogues/Dialogue-autour-de-nos-cadres-d-intervention-strategiques.

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

The diversity of the countries in which AFD is involved, their singularities and the specificity of the services requested makes it normal to make use of subcontracting during the course of performance of the services by our suppliers.

In order to extend its CSR work to subcontractors and suppliers, the Procurement unit has provided, in its contractual documents, for a commitment on the part of bidders to comply with and to ensure compliance with by all their subcontractors, in compliance with the laws and regulations applicable in the country where the project is being carried out, the environmental and social standards recognised by the international community, in which are included the fundamental agreements of the International Labour Organization and the international conventions for the protection of the environment.

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, at the time of the examination, and then throughout the life of the projects, the Group provides its employees with a filtering tool(1) based on the criteria for financial and commercial sanctions adopted by France, the European Union, the United States, the United Kingdom and the UN. 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 imposed exclusion criteria(2) on the Project Owner, in addition to those covered by local legislation, 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 provisions that impose commitments on counterparties in terms of combating corruption, fraud, cartels, money laundering and terrorist financing. These provisions 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, AFD 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 in terms of the fight against money laundering, terrorist financing and corruption.

These training courses are provided both in e-learning mode and in classroom mode.

Two AML/CFT/Corruption training modules in e-learning mode have been provided to employees of AFD Group since the end of 2013. In 2015, 80 employees of AFD Group took this training course.

121 AFD employees also received classroom training on the AML/CFT/Corruption system. In 2015, the AML/CFT/Corruption classroom training materials specific to the activities of each group of employees have also been prepared to provide targeted training sessions ("new hires", "skills development", "change of position", "case studies", etc.). In addition, the CPC (Permanent Control and Compliance) Department conducted special training aimed at local office personnel (*e.g.* video-conference training or on-site training in some local offices).

Furthermore, in 2015 the Group acquired a market tool dedicated to financial security. This tool has been deployed since 14 October 2015. At 31 December 2015, 93 employees were trained in its use.

In addition, in order to raise awareness and to train staff about the risk of internal and external fraud of which AFD Group could be a victim, a dedicated training session was organised in 2015: 31 employees participated in this training course. This training

(1) Available on the Group intranet.

(2) See the Guidelines for Procurement of AFD-Financed Contracts in Foreign Countries – April 2014.

session was facilitated, in part, by a representative of the Serious Financial Crime Office of the French Judicial Police (OCRGDF).

Lastly, AFD Group reinforced its training actions specifically in the area of the prevention of fraud and corruption both as part of and external to projects which are the subject of its financings. A dedicated training course was created for new recruits. Two training sessions were organised in 2015: in total, 50 employees were trained at that time. These training courses were led in part by a representative of the Central Office for the prevention of corruption and financial/tax crimes (OCCLIFF).

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 those who receive 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.

2.3.5 Initiatives to promote human rights

The question of enforcing international standards in the area of human rights is asked and included in 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 labour[1] or child labour[2]". As for the obligatory work in the field of operations, they take into account all the risks which arise from respect for the fundamental rights of man, and which are referred to in the recognised international standards, texts and conventions: human trafficking, sex tourism, population movements, forced labour, child labour, working conditions, equity for disadvantaged or excluded social groups (particularly women) and non-compliance with cultural diversity. These risks are formally set out in financing agreements signed with partners and recipients that must also mention adherence to the fundamental principles of the ILO.

In order to ensure respect for human rights in the implementation of operations, raise awareness amongst employees and more generally reinforce internal capacities, a range of training courses are offered at the head office and in the local offices. In this way, 1,359 hours of training dedicated to human rights were provided at the head office in 2015.

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.).

(1) "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.

(2) Employees must be at least 14 years of age as defined in the ILO's Declaration on the Fundamental Principles and Rights at Work (C138 – Minimum Age Convention, Article 2), unless local laws require compulsory school attendance or a minimum working age. In such circumstances, the highest age requirement must be used.

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 2015

To the Shareholders,

In our capacity as statutory auditor of the company Agence Française de Développement, designated as the independent third-party body, accredited by the COFRAC under the number 3-1049(1), we submit to you our report on the consolidated labour, environmental and social data ("CSR Information") included in the management report for the year ended 31 December 2015 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 standards chosen by the company (the "Standards"), a summary of which is included in the management report and is available on demand 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.

Responsibility of the statutory auditors

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 leveraged the skills of a five-person team and was carried out between February and April 2016. 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(2).

1. Certificate of inclusion of CSR Information

Nature and scope of work

Based on interviews with the heads of the departments concerned, we have verified 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.

Conclusion

Based on this work and taking into consideration the limits referred to above – in particular the limits of the scope of quantitiative environmental data which covers a scope of between 50% and 59% of the workforce – we certify that the management report includes the required CSR Information.

(1) For which the scope is available at www.cofrac.fr.
(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

2. Reasoned opinion on the reliability of CSR Information

Nature and scope of work

We held five meetings with the persons tasked with preparing the CSR Information in the departments responsible for the information collection process and, when 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 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 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[(1)]:

- 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 a representative sampling of offices selected[(2)] based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify any omissions. We also 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 29% and 100% of the quantitative environmental data and 100% of the quantitative corporate data presented.

For other consolidated CSR Information, we assessed its consistency with 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, have 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, 8 April 2016

KPMG SA

Anne Garans	Pascal Brouard
Partner	*Partner*
Department for Climate Change & Sustainable Development	

(1) Social Indicators: Total headcount and employee breakdown by gender, age and region; External recruitment by the Group on permanent contracts; Number of dismissals (collective and individual); Percentage of supervisory positions held by women; Absenteeism; Total number of training hours; Average annual salary.
Environmental indicators: Total consumption of paper; Energy consumption; Emissions of greenhouse gases associated with employees' business travel by air and by train.
Social indicators: Sector-based breakdown of approvals by AFD (loans in foreign countries); Typology of AFD's approvals (loans); Amount of project aid allocated to the healthcare, social protection and nutrition sectors in priority poor countries (PPP). Estimated annual emissions of equivalent tonnes of CO2 avoided or reduced by mitigation projects; Share of sovereign financing > €100,000 underway which has been the subject of a publication on the AFD website; Net total commitment to projects built on climate emissions as at 31 December 2015; Number of training hours dedicated to human rights.
Qualitative information: Occupational health and safety conditions; Corporate organisation taking account of environmental concerns, and, where relevant, assessment and certification procedures with respect to the environment; Actions carried out to prevent corruption; Other initiatives to promote human rights.

(2) Headquarters of Agence Française de Développement.

CORPORATE GOVERNANCE

3.1 COMPOSITION AND OPERATION OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

3.1.1 Composition and operation of 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 Agency. 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 2015, General Management[(1)] is as follows:

	AFD position *APPOINTMENT*	Other mandates and positions
Anne Paugam	Chief Executive Officer *Three-year term, decree published on 31 May 2013*	Directors, 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 *Indefinite term, memorandum of instruction AFD/DGL 31 of 3 June 2013*	Proparco: Director, Vice-Chair of the Board of Directors Chair of the Advisory Investment Committee Fisea: permanent AFD representative Chair of the Board SIC (Société immobilière de Nouvelle-Calédonie): Director

Board of Directors

In accordance with Article R.513-34 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. 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.

Members of the Board of Directors have a three-year term. However, the term on the Board of Directors of members of Parliament ends when they cease to be members of the assemblies to which they were elected. Members of the Board of Directors are not paid. However, the 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 French Overseas Departments and Collectivities.

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

At 31 December 2015, 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** Special representative for COP21 Ambassador for Climate Change Negotiations
Representatives of the French State (6)			
Guillaume Chabert	Permanent 11 April 2015	French 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)
Cyril Rousseau	Alternate 12 Dec 2015	Ministry of the Economy and Finance – DGT – 139, rue de Bercy – 75572 Paris Cedex 12	**Assistant Head of Multilateral Financial Affairs and Development** • Director of the Central Bank of West African States • Member of the Board of the Green Climate Fund
Alexandre Koutchouk	Permanent 28 June 2013	Ministry of Finance and Public Accounts – 139, rue de Bercy – 75572 Paris Cedex 12	**Assistant Head of 7th sub-department – Budget Department** Permanent director representing the Ministry of the Budget to: • the Agency for French Teaching Abroad (AEFE); • Institut Français; • National Forests Office; • French Office for the Protection of Refugees and Stateless Persons (OFPRA).
Thomas Kurkdjian	Alternate 22 June 2014	Ministry of Finance and Public Accounts – Budget Department – 139, rue de Bercy – 75572 Paris Cedex 12	**Head of the Office of Foreign Affairs and Development Assistance (7 BAED) Budget Department** No other office or function
Anne-Marie Descôtes	Permanent 18 Sep 2013	Ministry of Foreign Affairs and International Development – Directorate General of Global Affairs, Culture, Education and International Development (DGM) – 27, rue de la Convention CS 91533 – 75732 Paris Cedex 15	**Chief Executive Officer of Global Affairs, Culture, Education and International Development** 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: • Agency for French Teaching Abroad (AEFE); • Expertise France – FEI; • Alliance Française; • Institut Français; • Institut de Recherche et Développement (IRD), Campus France; • Cité Internationale Universitaire de Paris – CIUP.
Frédéric Bontems	Alternate 29 Nov 2014	Ministry of Foreign Affairs and International Development – 37, quai d'Orsay – 75700 Paris	**Head of Development and Global Public Goods** Director of Expertise France for the Ministry of Foreign Affairs
Marc Bouteiller	Permanent 28 Oct 2015	Ministry of Foreign Affairs and International Development – 37, quai d'Orsay – 75700 Paris	**Deputy Head, Africa and the Indian Ocean** No other office or function
Ludovic Pouille	Alternate 11 Feb 2015	Ministry of Foreign Affairs and International Development – 37, quai d'Orsay – 75700 Paris	**Deputy Head, North Africa and the Middle East** No other office or function
Alain Rousseau	Permanent 20 May 2015	Ministry of the French Overseas Departments and Collectivities – 27 rue Oudinot – 75007 Paris	**Director-General of the French Overseas Departments and Collectivities, Prefect** Member ex officio of the Board of Directors of the French Office for the Protection of Refugees and Stateless Persons (OFPRA) Member ex officio of the Board of Directors of the Office of Agricultural Economy Development of French Overseas Departments and Collectivities Member of the Supervisory Board of French Overseas reserve banks

Director	Term on the Board appointment	Address	Current position Other mandates
Stanislas Cazelles	Alternate 30 Sep 2015	Ministry of the French Overseas Departments and Collectivities – 27 rue Oudinot – 75007 Paris	**Assistant Head of Public Policy at DGOM** Member of the Board of Directors for the following institutions: • French Overseas reserve banks; • Agence Nationale des Fréquences; • Institut de Formation aux Carrières Administratives, Sanitaires et Sociales (institute for career training in administration, healthcare, and social work); • Government Commissioner at the Institut Calédonien de Participation.
Pierre-Antoine Molina	Permanent 29 Oct 2015	Ministère de l'Intérieur – DGEF 18, rue des Pyrénées – 75020 Paris	**Director-General for Foreign Nationals in France** Director of Adoma (a semi-public company)
Marie Masdupuy	Alternate 22 May 2014	Ministère de l'Intérieur – DGEF 18, rue des Pyrénées – 75020 Paris	**Head of European and International Affairs at the Directorate-General for Foreign Nationals in France** No other office or function
Persons appointed because of their expertise in economic and financial matters (4)			
Omar Kabbaj	Permanent 15 Nov 2013	57 Oulladia III – Rabat Souissi Kingdom of Morocco	**Advisor to His Majesty the King of Morocco** No other office or function
Jean-Louis Mattei	Alternate 15 Nov 2013	Keystone 11, rue Jean Mermoz – 75008 Paris	**Chair of the Board of Directors:** • SG Calédonienne de Banque, Nouméa Director: • Mauritius Commercial Bank, MCB • SG de Banques au Sénégal, Senegal • SG de Banques en Côte d'Ivoire SGBCI, Côte d'Ivoire • SG de Banque au Liban S.A.L., Lebanon
Sylviane Jeanneney Guillaumont	Permanent 15 Nov 2013	La Gagère – 63190 Bort l'Étang	**Emeritus professor at the University of Auvergne** No other office or function
Guy Dupont	Alternate 15 Nov 2013	11, rue Cronstadt – 75075 Paris	**Honorary Chair of FEDOM** Chair of: GVS SAS, ASR SAS, STANA EURL, SCI ORION Director of: CBO Territoria SA, ART SA, SAPMER SA, J. CAILLER SA Head of: Log One SARL, Log sud SAS, Orion SAS, Ink OI SAS, Quali-Sane SAS
Adeline Lescanne-Gautier	Permanent 18 June 2014	Nutriset – Hameau du Bois Ricard CS 80035 – 76770 Malaunay	**CEO of Nutriset** • Deputy CEO of Onyx Développement, • Chair of Tywyn • Co-founder and Board member of Edesia (non-profit) • Qualified person on BPI's Regional Orientation Committee
Christine Heuraux	Alternate 18 June 2014	EDF – International Development Department 22-30 Avenue de Wagram – 75008 Paris	**Director of Training Support, EDF's International Development Department** No other office or function
Philippe Jahshan	Permanent 27 March 2015	Coordination Sud 14, passage Dubail – 75010 Paris	**Chair of Coordination Sud** Delegate of external relations CNSL – Comité National de Solidarité Laïque (National Secular Solidarity Committee)
Cécile Renouard	Alternate 18 June 2014	Irene Avenue Bernard Hirsch – BP 50105 – 95201 Cergy Pontoise Cedex	**Head of CODEV programme at ESSEC** • Professor of philosophy at the Centre Sèvres – Faculté Jésuite de Paris • Instructor at the École des Mines de Paris • Member of the Scientific Council of the Fondation Nicolas Hulot and the Fondation de l'Écologie Politique • Member of the Congrégation Catholique des Religieuses de l'Assomption

Director	Term on the Board appointment	Address	Current position Other mandates
Person appointed because of his knowledge of ecological and sustainable development issues (1)			
Pierre Radanne	Permanent 24 Nov 2013	57, rue Alexandre Dumas – 75011 Paris	Manager 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 24 Nov 2013	2, rue Huysmans – 75006 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); Director (alternate) for the UN's "Western European and Others Group" known as "WEOG" of the Adaptation Fund
Members of Parliament (4)			
Michel Destot	Permanent 25 Sep 2012	Assemblée Nationale – Rue de l'Université – 75007 Paris	**Deputy for the Isère Department** No other office or function
Stéphane Demilly	Alternate 25 Sep 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
Cécile Duflot	Permanent 24 Nov 2015	Assemblée Nationale – Rue de l'Université – 75007 Paris	**Deputy for the 6th district of Paris** No other office or function
Jean-Marie Tetart	Alternate 19 Feb 2015	Assemblée Nationale – Rue de l'Université – 75007 Paris	**Deputy for the Yvelines Department** • Mayor of Houdan • Chair of the Public Interest Group "Yvelines Coopération et Développement"
Henri de Raincourt	Permanent 13 Dec 2014	Sénat – Rue Vaugirard – 75006 Paris	**Senator for the Yonne Department** • Chair of the community of municipalities of Gâtinais • Chair of the Pôle d'Équilibre Territorial et Rural (PETR) du Nord de l'Yonne
Sylvie Goy-Chavent	Alternate 4 Sep 2015	Sénat – Rue Vaugirard – 75006 Paris	**Senator for the Ain Department** • Mayor of Cerdon • Community Councillor, Pays du Cerdon department • Regional Councillor, Rhône-Alpes department
Yvon Collin	Permanent 19 Dec 2014	Sénat – Rue Vaugirard – 75006 Paris	**Senator for the Tarn-et-Garonne Department** No other office or function
Fabienne Keller	Alternate 19 Dec 2014	Sénat – Rue Vaugirard – 75006 Paris	**Senator for the Bas-Rhin Department** • Eurometropolitan Councillor 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, Investissements d'Avenir
AFD employee representatives (2)			
Jérémie Daussin-Charpantier	Permanent 12 Dec 2013	AFD Agence de TUNISIE Immeuble Melika – Rue du Lac-Windermere – 1053 Les Berges du Lac – Tunis	**AFD employee** No other office or function
Anne Laure Ullmann	Alternate 12 Dec 2013	AFD – 5, rue Roland-Barthes – 75012 Paris	**AFD employee** No other office or function
Hatem Chakroun	Permanent 12 Dec 2013	CEFEB – Université d'entreprise du groupe AFD – Les Docks Atrium 10.3 – 10, place de la Joliette – BP 33401 – 13567 Marseille Cedex 02	**AFD employee** Elected Director of IGRS (supplementary pension scheme)
François Pacquement	Alternate 12 Dec 2013	AFD – 5, rue Roland-Barthes – 75012 Paris	**AFD employee** • Member of the Writing and Editorial Committee of the *Revue Tiers-Monde*

3.1.2 Operation of administrative, management and supervisory bodies

Pursuant to Article R.513-35 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.513-29; financial aid as mentioned in Articles R.513-26, R.513-27 and R.513-28 and the rules provided for by this last Article; agreements reached pursuant to the second, third, fourth and fifth paragraphs of Article R.513-30; 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.513-36 II of the French Monetary and Financial Code. The internal regulations 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, 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 she 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 and a Group Risk Committee, composed of three to five qualified financial and risk analysts. The Audit Committee provides the Board of Directors with an opinion on the financial statements, as often as required and at least once a year. The Risk Committee advises the Board of Directors on AFD Group's overall strategy and risk appetite.

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

Article R.513-36 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 2015, the Board of Directors and its specialised committees met 33 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 2015 is outlined below:

Total gross compensation *(in euros)*

Anne Paugam, Chief Executive Officer:.. 204,345

Jean-Jacques Moineville, Deputy Chief Executive Officer: 173,201

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.

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;
- the risks specific to market transactions: foreign exchange, counterparty and basis risks, particularly linked to the differences between foreign currency use and resources. AFD does not hold speculative instruments;
- the global interest rate and liquidity risks 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:

- 8 years after the international financial crisis, the economies of the advanced nations continue to be engaged in a dynamic of low growth and low inflation, whilst the levels of private and public indebtedness remain significant. This situation exposes the advanced countries to new financial turbulence which, if it materialised, would have repercussions on the countries in which AFD operates;
- since 2013, the majority of the emerging countries have been engaged in a dynamic of economic slowdown whilst the gradual normalisation of the monetary policy of the US Federal Reserve has been reflected in net capital flight. The volatility of the exchange rates for the emerging economy currencies associated with these phenomena could continue due to the effect of increasing aversion to emerging market risk by international market operators;
- the significant fall in the price of oil which has occurred since mid-2014, and which was accentuated at the end of 2015, will make the economic fundamentals of the exporting countries very fragile and could lead certain of them to suffer extensive macroeconomic tensions in the short term. The countries which are dependent on other commodities for which the prices are also sharply down (copper, nickel and iron particularly) are also at risk of being weakened by the negative impact of trading conditions;
- the difficulties encountered by the Chinese economy in its process of rebalancing its growth model in favour of consumption and the period of financial turbulence suffered since the summer of 2015 (fall of the stock markets, capital flight, exchange-rate policy which lacks visibility for international investors) are liable to have negative impacts on countries which are strongly dependent on the Chinese market for their exports (Asian countries, but also several Latin American countries);
- the political situation in the south and east of the Mediterranean continues to be unstable and is reflected by the increasing population movements. This situation is weighing on the economic fundamentals of several countries in the region.

4.2 BASEL III PILLAR 3

4.2.1 General principles

The objective of Pillar 3 of the Basel III framework is to improve financial transparency by publishing quantitative and qualitative disclosures of different types of risk, risk evaluation procedures and the capital adequacy of companies.

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 on "*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 paragraphs 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 2015 stands at €5.593bn. CET1 capital stands at €2,910M, the Tier 1 total at €3,152M and the Tier 2 at €2,441M.

T2 capital breaks down as follows: (i) €2,194bn in resources with special conditions (RCS) and (ii) €299M in subordinated loans. Furthermore, AFD deducted €108M from its regulatory capital for equity investments 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 2015

In millions of euros

CET1 capital before deductions	2,928
CET1 deductions	18
CET1 CAPITAL AFTER DEDUCTIONS	**2,910**
T1 capital before deductions	3,190
T1 deductions	38
T1 CAPITAL AFTER DEDUCTIONS	**3,152**
T2 capital before deductions	2,493
T2 deductions	52
T2 CAPITAL AFTER DEDUCTIONS	**2,441**
TOTAL CAPITAL	5,593

When itemised, the capital breaks down as follows:

CONSOLIDATED CAPITAL

In millions of euros	31/12/2015
Equity	400
Consolidated reserves	1,563
Earnings	173
Projected distribution (20% company income statement)	-36
FRBG	460
Equity method diff.	148
Unrealised capital gains and losses	163
Minority interests	177
Intangible assets	-21
Exclusion of unrealised gains entered in KP	-98
Prudent valuation	-1
CET1 capital	2,928
CET1 deductions	18
CET1 CAPITAL AFTER DEDUCTIONS	**2,910**
T1 subordinated securities	280
T1 capital	3,190
T1 deductions	38
T1 CAPITAL AFTER DEDUCTIONS	**3,152**
Subordinated loans, Art 4d	2,194
Subordinated loans, Art 4c	300
T2 capital	2,493
T2 deductions	52
T2 CAPITAL AFTER DEDUCTIONS	**2,441**
TOTAL CONSOLIDATED CAPITAL	**5,593**

4.2.3.2 Capital adequacy

AFD easily meets the minimum capital requirements set out in Pillar 1, with a capital adequacy ratio of 16.72% at 31 December 2015, compared with 19.05% at 31 December 2014 (after the ECB review as part of the Comprehensive Assessment). This drop is mainly due to strong growth during the financial year at both AFD and Proparco and the resulting 17% increase in credit risk-weighted exposure. Simultaneously, regulatory capital has increased by €109M.

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 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		**5,593**
CET1 capital	**2,910**	
Tier 1 capital	**3,152**	
Tier 2 capital	**2,441**	
Eligible capital		**2,677**
Credit risk	**2,591**	
Governments and central banks	940	
Banks	683	
Corporates	824	
Equities	144	
Market risk	**0**	
Foreign currency net position < 2% of capital	-	
Operational risk	**86**	
Standard approach to operational risk	86	
Capital surplus or deficit		**2,916**
Solvency ratio		**16.72%**

4.2.4 Risk exposure and evaluation procedures

4.2.4.1 Credit risk

4.2.4.1.1 General information

Exposure to credit risk includes balance sheet risk, notably exposure to loans, equity investments, financial instruments and derivatives, as well as off-balance sheet exposures (financing commitments and guarantees given).

Regarding risk stemming from loans, exposures that are in arrears, *i.e.* primarily loan risk, are monitored in the information system and are automatically downgraded as doubtful loans, in accordance with arrears rules defined by the regulations, and impairments are recorded. The approaches adopted for specific and general provisions and impairments are presented in Paragraph 5.5 of the financial statements: *"Provisions"* and *"Impairments of loans and receivables"* in the Notes to the consolidated financial statements. Ratings are reviewed on a periodic basis to ensure 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:

ASSETS *In thousands of euros*	31/12/2015 IFRS	31/12/2014 IFRS
Cash, due from central banks	30,448	48,069
Financial assets measured at fair value through profit and loss (excluding derivatives)	38,240	41,423
Available-for-sale financial assets	1,919,997	1,148,100
Loans and receivables due from credit institutions	7,482,931	6,850,872
Demand	*1,227,365*	*1,183,078*
Term	*6,255,566*	*5,667,794*
Loans and receivables due from customers	21,859,010	19,446,296
Commercial receivables	-	*3,177*
Other loans to customers	*21,859,010*	*19,443,119*
Overdrafts	-	-
Finance lease	-	-
TOTAL LOANS AND RECEIVABLES	**29,341,941**	**26,297,168**
Held-to-maturity financial assets	781,617	714,541
Equity stakes in companies accounted for by the equity method	160,139	166,578
Financial assets at fair value through profit and loss (Derivatives)	203,474	101,139
Hedging derivatives	2,491,885	2,163,265
Derivatives	*2,695,359*	*2,264,404*
BALANCE SHEET TOTAL	**34,967,741**	**30,680,283**
Off-balance sheet		
Firm lending commitments	10,111,056	8,714,603
Financial guarantees	625,985	621,275
OFF-BALANCE SHEET TOTAL	**10,737,041**	**9,335,878**
GRAND TOTAL	**45,704,782**	**40,016,161**

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"* (page 71).

The different types of financial assets are detailed in Note 3 to the consolidated financial statements – *"Financial investments"*.

As for equity investments, the relevant consolidated balance sheet headings are presented in the table below:

EQUITY STAKES

	31/12/2015 IFRS			31/12/2014 IFRS		
In thousands of euros	Listed	Unlisted	Total	Listed	Unlisted	Total
Equity stakes at fair value through profit and loss		14,396	14,396		17,721	17,721
Equity stakes included in available-for-sale financial assets	6,037	1,025,435	1,031,472	24,258	850,557	874,815
Companies accounted for by the equity method		160,139	160,139		166,578	166,578
TOTAL	**6,037**	**1,199,971**	**1,206,007**	**24,258**	**1,034,856**	**1,059,114**

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	31/12/2015 IFRS Assets	31/12/2014 IFRS Assets
Fair value hedging		
Interest rate derivatives	1,373,243	1,515,828
Interest rate and foreign exchange derivatives (cross-currency swaps)	1,118,642	647,437
TOTAL 1	**2,491,885**	**2,163,265**
Financial assets at fair value		
Interest rate derivatives	5,172	4,873
Foreign exchange derivatives	198,275	95,999
CVA/DVA	28	267
TOTAL 2	**203,474**	**101,139**
TOTAL DERIVATIVES	**2,695,360**	**2,264,404**

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	31/12/2015 IFRS	31/12/2014 IFRS
COMMITMENTS GIVEN	**10,732,589**	**9,335,878**
Financing commitments made to credit institutions	1,573,073	1,188,339
Financing commitments made to customers	8,537,983	7,526,264
SUBTOTAL LOAN COMMITMENTS	**10,111,056**	**8,714,603**
Guarantee commitments made to credit institutions	58,172	28,177
of which DOM Fund activity	-	-
Guarantee commitments made to customers	563,360	593,098
SUBTOTAL GUARANTEE COMMITMENTS	**621,532**	**621,275**

LOAN COMMITMENTS – GEOGRAPHIC SPREAD AND BREAKDOWN BY TYPE OF ACTIVITY

	2015		2014	
In millions of euros	Total	%	Total	%
LOAN COMMITMENTS AT THE GROUP'S RISK	**10,041**	**99%**	**8,595**	**99%**
of which foreign Countries	9,621	95%	7,888	91%
Sovereign	*6,353*	*63%*	*5,264*	*60%*
Non-sovereign	*3,268*	*32%*	*2,624*	*30%*
of which French Overseas Collectivities	420	4%	706	8%
LOAN COMMITMENTS AT THE STATE'S RISK	**70**	**1%**	**120**	**1%**
Loans guaranteed by the State	70	1%	120	1%
TOTAL GROUP LOAN COMMITMENTS	**10,111**		**8,715**	

GUARANTEE COMMITMENTS – GEOGRAPHIC SPREAD

	2015			2014		
In millions of euros	Foreign Countries	French Overseas Departments and Collectivities	Total	Foreign Countries	French Overseas Departments and Collectivities	Total
Guarantee commitments given – credit institutions	58	-	58	28	-	28
Guarantee commitments given – customers	492	71	563	529	64	593
GUARANTEE COMMITMENTS	**551**	**71**	**622**	**557**	**64**	**621**

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	Less than three months	Three months to one year	One year to five years	More than five years	Undetermined	Total
1 Financial assets at fair value through profit and loss	95,406	11,343	62,116	72,849		241,714
2 Derivatives used for hedging purposes (assets)		202,279	777,632	1,511,974		2,491,885
3 Available-for-sale financial assets					1,919,997	1,919,997
4 Loans and receivables (including lease financing contracts)	2,057,102	1,981,029	10,150,389	15,153,420		29,341,941
5 Held-to-maturity investments		66,174	257,236	458,207		781,617
SUBTOTAL	**2,152,508**	**2,260,826**	**11,247,373**	**17,196,451**	**1,919,997**	**34,777,154**
Cash, due from central banks	30,448					30,448
Equity stakes in companies accounted for by the equity method					160,139	160,139
TOTAL	**2,182,956**	**2,260,826**	**11,247,373**	**17,196,451**	**2,080,136**	**34,967,741**

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

Impaired loans and impairments 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	Impairments	Outstandings net of impairments
Foreign Countries			
Sovereign	11,716	74	11,642
of which doubtful	*101*	*73*	*28*
Non-sovereign	10,066	631	9,435
of which doubtful	*476*	*257*	*219*
French Overseas Departments and Collectivities			
Non-sovereign	4,586	38	4,548
of which doubtful	*77*	*38*	*39*
Other outstanding loans	**75**		**75**
TOTAL	**26,443**	**743**	**25,700**
of which doubtful	*653*	*367*	*286*

4.2.4.1.1.5 Reconciling of changes in provisions for impaired receivables

Note 10 "Provisions and Impairments", in the notes to the financial statements, outlines the changes for each category of provisions and Impairments.

4.2.4.1.2 Credit risk: Portfolios under the standard approach and regulatory weightings

AFD chose the standardised method to calculate the risks used to determine the capital adequacy ratio. The weightings applied depend on the ratings given to countries or entities by external bodies (Moody's, FITCH and S&P) and to the type of counterparty (third-party asset class).

The weightings applied by the Group for rated counterparties are as follows:

Weighting used to calculate risks

Rating Asset class	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	Lesser than or equal to CCC+	Not rated
Sovereign	0%	20%	50%	100%	100%	150%	100%
Banks	20%	50%	50%	100%	100%	150%	100%
Corporates	20%	50%	100%	100%	150%	150%	100%

The application of weightings to AFD's credit risk results in the following weighted exposures:

GROUP CREDIT RISK: PORTFOLIO SUBJECT TO THE STANDARDISED APPROACH, BY RISK SEGMENT

Weighted exposures (in millions of euros)

Risk weighting	Sovereigns and other institutions	Banks	Corporates	Equities	Total
0%					
20%	456	516			972
50%	2,491	2,058	76		4,625
100%	8,798	5,861	7,566	393	22,618
150%		105	2,660	718	3,483
250%				689	689
TOTAL	**11,745**	**8,539**	**10,302**	**1,800**	**32,387**

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, first 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 personal guarantees, which break down as follows:

- €3.134bn in guarantees on balance sheet items that mainly consist of loans guaranteed by the French State and foreign governments;
- €747M in off-balance sheet items consisting of undisbursed amounts guaranteed by the French State and foreign governments.

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 Foreign exchange and 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 for market risk.

The Group's overall net foreign-currency position subject to capital requirements at 31 December 2015 is €99M, primarily in dollars. It does not exceed the threshold of 2% of capital.

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 4.3.1 *"Internal control and risk monitoring"*.

The measurement and management of operational risk is incorporated in the permanent control system.

Operational risk assessment

When calculating its regulatory capital requirements for operational risk, AFD Group uses the basic method, which relies on the basic indicator as defined in Article 316 of the EU Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms. Under the basic method, capital requirements for operational risk are equal to 15% of the average of the basic indicator (net banking income, excluding provisions and impairments) smoothed over three years.

Capital requirements for operational risk

AFD's average NBI stood at €573.7M for the last three financial years including 2015, and capital requirements for operational risk totalled €86.1M at 31 December 2015.

4.2.4.4 Risk on equities and other financial instruments

The methods for valuing and recording equity investments held by the Group are presented in Paragraph 5.5 of the financial statements: *"Financial assets and liabilities at fair value through profit and loss"* and *"Available-for-sale financial assets"* (page 88). The accounting standards for equity-accounted equity investments are outlined in 5.5.2.1.2 *"Consolidation methods"* (page 86).

The summary table of equity investment exposure is provided in Paragraph 4.2.4.1.1.2 (page 61).

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"*.

Capital requirements for this category of risk equalled €144M based on a risk-weighted amount of €1.800bn.

4.2.4.5 Interest rate risk in the banking portfolio

The paragraph on *"Interest Rate Risk"* (page 107) describes this type of risk in detail.

4.3 RISK MANAGEMENT

4.3.1 Internal control and risk monitoring

AFD's internal control system is intended to provide General Management with reasonable assurance that the following three targets will be met: (i) completion and optimisation of transactions, (ii) reliability of financial information, and (iii) compliance with laws and regulations.

The internal control system includes the four targets set in the Order of 3 November 2014, namely, (i) the quality and reliability of accounting and financial information, (ii) the compliance of transactions, organisation, and internal procedures with legal and regulatory provisions, (iii) the quality of information systems, and (iv) the respect of decisions made by General Management.

At AFD, internal control is the purview of the Permanent Control and Compliance Department (CPC) and the General Inspection Department (IGE) for periodic control.

a) Permanent control system

AFD's permanent control is cross-functional, performed by all agents:

- the Control function of the Permanent Control and Compliance Department (CPC), exclusively dedicated to control tasks and responsible for the uniformity and efficiency of the Group's permanent control system;
- the Executive Departments and agents taking daily action in the Executive Departments and subsidiaries.

AFD's permanent control is exhaustive in scope, because its aim is to ensure that all risks that could impact the Group's activities are indeed under uniform, permanent control: credit risk, market and financial risks, legal risks, non-compliance risks, reputation risks, and operational risks.

b) Anti-money laundering and combating terrorist financing system (AML/CTF)

The Compliance function of the Permanent Control and Compliance Department (CPC) on behalf of the AFD Group, which is independent of operationals, is tasked with controlling compliance in all sectors, operations, geographic areas and regulatory contexts of the AFD Group. Its ultimate aim is to ensure that non-compliance risks and risks to the Group's reputation are monitored and managed.

The Compliance function's field of expertise enables it to (i) decide on the AFD Group's financial security policy, (ii) ensure that the financial institution follows the provisions on combating money laundering and terrorist financing, the provisions on conducting banking and financial activities, and the provisions ensuring protection of clients' personal data in relation with compliance issues.

c) Disbursement controls

The Disbursement Control Division (DCV) of the CPC Department performs a second-level control, after payment, of the supporting documentation that constitutes the payment record transmitted by the network's agencies or the head office: it is a specialised unit that, in accordance with Article 14 of the Decree of 3 November 2014, is independent of operational structures and is responsible for controlling disbursement requests.

d) Periodic control system

Given the rules governing the independence of the services that it provides, the General Inspection Department (IGE) reports to AFD's Chief Executive Officer. It is in charge of the periodic control of transaction compliance, the actual risk level incurred, the respect of procedures, and the efficiency and suitability of the permanent control systems set up by AFD. It serves AFD's internal audit function and has jurisdiction over all of the company's activities, including outsourced activities.

The Group's risk mitigation is governed through three main bodies: the Board of Directors, *via* the Risk Committee, the Audit Committee, and the Internal Control Committee.

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 of the Group report on the fulfilment of their roles to the executive officers, as stipulated in Article 10 of the Decree of 3 November 2014.

Risk Committee

Reporting to the Board of Directors, the Group Risk Committee, created in 2015 to meet the requirements of the Order of 3 November 2014, is tasked with (i) carrying out a regular review of strategies, policies, procedures, systems, tools, and limits, and the underlying assumptions, (ii) appraising all of the significant risks, risk management policies, and changes made to them, (iii) appraising the measures taken to ensure business continuity, (iv) and consulting the Board of Directors on the AFD Group's overall strategy and risk appetite.

The Audit Committee

Reporting to the Board of Directors, the Group Audit Committee, provided in the by-laws, has been, since the Risk Committee's creation, in charge of (i) checking the clarity of the information provided and the appraisal of the relevance of accounting methods, (ii) the appraisal of the internal control quality on the accounting and financial aspects, (iii) supervising the choice of the statutory auditors; Risk monitoring is ensured by the Group Risk Management Department (DRG) of the Executive Risk Department (DXR): by the Division of Counterparty risks (DRC) at the individual level of credit risks and the Risk Monitoring Division (DSR) at a consolidated level, both for credit risks and market transactions. This supervision is not exclusive 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 2015, this body carried out the annual review of the system.

4.3.3 Major risk ratio

At 31 December 2015, 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 III 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 16.72% at 31 December 2015 (19.05% at 31 December 2014 after the ECB review as part of the Comprehensive Assessment).

4.3.5 Other operational risks

4.3.5.1 Risk related to the settlement process

AFD has established a number of measures to make the organisation and controls of settlements more reliable:

- all settlements undergo second-level control before being signed off. Above €76K, payments must have a second signature, and therefore an additional control;
- settlement requests for projects are handled by the Back Office (DBO), which checks on credit availability relative to amounts and deadlines. Settlement requests from field offices come through the intranet, along with an authentication key.

Procedures have been revised, and special fraud awareness-raising has been done for at-risk employees in the Financial Department. In addition, payment processing has been further secured, and migration to electronic payment orders has advanced.

Second-level control is performed by the Disbursement Control Division (DCV) as described in § 4.3.1.

In terms of anti-money laundering measures, AFD uses commercial software that provides an automated system to cross-check settlement records against a list of 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 and Taxes).

The department provides legal support:

- in financing operations at all stages of the project cycle, including restructuring projects and disputes;
- in cross-disciplinary 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);
- in market transactions;
- in institutional matters (bylaws, governance, relationships with the government, agreements for various services);
- 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 AFD and/or the Group over the last 12 months.

4.3.5.3 Compliance risks

According to regulations, the Permanent Control and Compliance Department (CPC) is responsible for the prevention, detection, monitoring and management of compliance risk throughout AFD Group. CPC's management of compliance risk covers all sectors, operations, geographic areas and regulatory contexts of the AFD Group.

Compliance risk is defined as *"the risk of legal, administrative or disciplinary sanction, material financial loss or loss to reputation arising from failure to comply with the provisions governing banking and financial activities, whether they be directly applicable legal, regulatory, national or European provisions, or whether they are professional and ethical standards or the instructions given by executive officers, particularly in light of the guidelines from the supervisory body"* (Decree of 3 November 2014, Article 10p).

The CPC Department ensures the Group complies with (i) internal and external provisions related to preventing money laundering and terrorist financing (AML/CFT), (ii) those related to the fight against corruption and associated infractions as well as fraud and anti-competitive practices, (iii) those that govern the performance of banking and financing activities or (iv) those that ensure the protection of clients' personal data and private lives in relation to compliance issues.

The department is part of the Executive Risk Department (DXR). The Compliance function reports on its activities to the Internal Control Committee (COCINT) and to the New Products and New Activities Committee (COCONAP in Compliance training), as well as the Risk Committee.

The Compliance function covers all sectors, operations, geographic areas and regulatory contexts of the AFD Group. In addition to operational projects and activities, it also concerns the Group's new activities and products, in accordance with regulations.

Its ultimate aim is to ensure that non-compliance risks are appropriately evaluated in the interest of preventing and limiting the exposure of the AFD Group and its management to criminal and reputational risks, by coaching them if these risks should arise.

The following changes were made to the compliance risk-management system during 2015:

- reinforced training initiatives on combating internal and external fraud as well as combating corruption and embezzlement of project funds;
- under its regulatory watch coordination activity, the CPC Department published a "regulatory watch" newsletter in June and November 2015, which includes all of the legal and regulatory developments that affect the AFD Group. These newsletters have been published on the CPC Department's intranet site and have been covered in an article in the internal newsletter distributed to AFD agents;
- in 2015, to follow the regulatory watch in the specific area of Compliance, the CPC Department distributed four dedicated regulatory watches internally and, over time, published on its intranet site (under News) both the new laws and regulations impacting Compliance and the various reports of French and international regulators.

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 exhibition risks – works of art" policy, and a "directors and officers civil liability specific to supplementary pension scheme management (IGRS) risk" policy.

All of the network's agencies are covered by locally underwritten insurance policies (multi-risk residential and office, and civil liability for office activities).

These policies are accompanied by vehicle insurance covering head office (head office policy) and the network (local policies) plus "worldwide" "individual accident" insurance guaranteeing disbursement of capital in case of death or disability caused by an accident with a vehicle belonging to or rented by AFD.

4.3.5.5 IT-related risks

The Information Technology, Property Management and Logistics Department of AFD (DMI) combines all aspects of security within a dedicated unit (DMI/SEC). The head of DMI/SEC is the AFD Group's Head of Information Systems Security (RSSI).

The information system security policy (ISSP), which is compliant with ISO 27002, defines the 90 security rules needed to protect AFD's information systems. The application of each rule is stipulated by a set of internal security standards and procedures, in compliance with good practices in the field. This ISSP is accompanied by an IS user charter which has been enforceable for all users since its addition to AFD's rules and regulations in September 2015.

In the context of monitoring IS security, 75 permanent control points have been established. The results of these controls and the progress of correction plans are reported on each quarter to the Permanent Control and Compliance Department (CPC).

The AFD Group has a Business Continuity Plan intended to cover all of the AFD Group's business lines and activities, including its Proparco subsidiary. The continuity system covers the continuation of the Group's activities following the appearance of a loss that is unlikely but would have a critical impact.

Continuity procedures are grouped into "PCA kits" provided for every structure operating an essential activity. These procedures describe the actions required for implementing the plan, but also the manual operating modes to be used in case of any long-term unavailability of business premises or information tools. They were fully revised at end 2014 when the BCP was brought into ISO 22301 compliance.

The Information and Telecommunications Recovery Plan (PRIT), covering the risk of an extended outage, has an IT infrastructure that reactivates the AFD Group's applications and essential systems. The PRIT system covers all of the business lines' IT continuity requirements by duplicating 70% of the Group's Information System and 100% of data in production. This includes all systems essential to users' "core business" activity for the first month of loss. The remaining 30%, corresponding to non-essential systems, are re-established within three months.

The BCP trigger tests (business and IT sections) carried out in 2015 went according to regulations. The most critical business operations were re-established in three hours (four hours required) on the "user fallback" site. In addition, the backup platform was activated and made available to users in 14 hours (compared with the 24 hours required).

4.3.5.6 Tax risk

AFD was notified by the Administration at the end of December 2015 of an audit of all its tax returns for the 2013 and 2014 financial years. The audit began in January 2016.

4.3.5.7 Other operational risks

The AFD Group is exposed to seven Basel risk families, namely: internal fraud, external fraud, employment and workplace safety practices, clients/products and commercial practices, occasional damage to physical assets, business disruption and system malfunctions, fulfilment/delivery, and process management.

Risk mapping is the major tool for measuring and monitoring operational risks.

There is a system for reporting operational incidents, key controls, and action plans developed across the most significant risk zones that serves as the complementary base of risk monitoring. Specifically, incident identification is used to put corrective actions in place that are designed to avoid repeat incidents, and to further develop risk mapping and deploy new controls, where applicable.

Permanent Control carries out regular reporting during the AFD Group's Audit Committee meetings, Internal Control Committee meetings (COCINT), and Risk Committee meetings.

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 €8.2bn for the Group (excluding special operations drawing on funds from other backers) compared to €7.8bn in 2014.

Competence for bilateral cooperation in terms of governance was transferred from the Ministry of Foreign Affairs to AFD on 19 November 2015.

Governance

AFD's system of governance has not been changed.

5.1.2 Future prospects

The President of the republic announced in September 2015, at the time of the summit on Objectives for Sustainable Development, that he wanted AFD to become, between now and 2020, the leading European development bank. This means almost €12.5bn of annual activity for the Group between now and 2020, with growth of €4bn in loans in foreign countries. This increase is accompanied by specific objectives for growth in financing dedicated to the prevention of climate change and its consequences, these being likely to amount to €5bn a year by 2020, or an increase of €2bn in comparison with 2015.

Based on these new prospects, in December 2015 AFD produced an initial proposal for a strategic framework based around three priorities which are: (i) adaptation of the Agency's role to the challenges of the 21st century; (ii) enriched intellectual output to nourish the actions and influence of the Agency; (iii) the affirmation of a universal mandate throughout the developing world, in accordance with the sustainable development objectives, with geographical priorities adapted to France's geostrategic challenges. This strategic reflection will continue in 2016 with a view to the adoption of a future Strategic Orientation Plan and the negotiation of the next Contractual Targets and Resources (COM) for the period 2017-2020.

In operational terms, 2016 will mark the first step towards realising the commitment by the President of the republic which will have the effect of increasing AFD Group's activity from €8.3bn in 2015 to €12.5bn in 2020. AFD Group's business plan reflects this new ambition by raising the total volume of commitment approvals to €9bn in 2016, or an increase of 9% in comparison with the 2015 estimate and €500M in comparison with the initial objective in the COM for 2014-2016. This increase in activity, set out in the business plan for 2016, is based on an activity objective of €6.07bn for AFD in foreign countries, or an increase of 8% in comparison with the 2015 estimate and an increase in the activity of Proparco to €1.3bn, or an increase of 19%. The activity objectives in the French Overseas Departments and Collectivities is fixed at €1.63bn, up by 4%.

The year will also be marked by the extension of the competencies of AFD to "governance", with an activity volume objective of €150M with effect from 2016. AFD will make the struggle against vulnerabilities and the response to crises one of the strong priorities of its actions. Lastly, Proparco will continue to increase its equity and debt activities.

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

- in line with the announcements made by the President of the republic, the prospects for sub-Saharan Africa in 2016 lead to an increase of 6% in activity in comparison with 2015, with an overall volume of €2.64bn for AFD (excluding PROPARCO). With respect to the additional resources announced, the subsidies available should increase, enabling the Agency to meet increased needs from sub-Saharan African countries in terms of adaptation to climate change. AFD will also seek to pursue an increase in the level of non-sovereign and non-subsidised loans with, in parallel, a reduction in mandate-specific operations (C2D and global budget support). Delegated financings will be increased with increasing operations for mixing and cooperation delegated with European cooperation (European facilities), the Green Fund and other more targeted initiatives (forestry);
- the level of activity in the Mediterranean and in the Middle East should be slightly increased by 2% in 2016, with an activity forecast of €1.036bn. The political background is likely to remain very disturbed, with no recovery in activity forecast in Iraq, Syria and Yemen, and with strong uncertainties about the recovery of sovereign loans to the Lebanon, depending on changes in the institutional situation. Activity in 2016 will be aimed at meeting three major challenges in the region which are: (i) assistance to territories which are subject to significant demographic growth; (ii) assistance with energy transition and the promotion of better water resource management; (iii) taking into account, to a greater extent, of vulnerabilities as a result of crises;
- in 2016, AFD's activity level in Asia should continue to grow at a more moderate rate (6% in comparison with 2015), with an objective for financial commitments of almost €1.295bn over the year. AFD's activities will for the majority remain targeted at urban and climate issues. They will be based on the reinforcement of the synergies with the Asian Development Bank, AFD's strategic partner in the Asia-Pacific region;
- in 2016, the growth in activity will recover strongly with an expected level of commitments of €1.01bn in the Latin America region. Activity in the Andes region (Colombia, Peru, Ecuador and Bolivia[(1)]) will continue its development, thereby providing for a sustainable diversification in the portfolio during a period of slowdown in activity in Brazil, which has been reducing the rate of commitments by donors since 2015. The portfolio, geographically rebalanced due to the recent opening up of new countries for intervention, enables the positioning of AFD to be confirmed as the bilateral reference player in the whole subregion. In 2016, AFD should also begin financing projects in Cuba in the light of the debt renegotiation agreement recently signed with the Creditors Club of Cuba and in compliance with the presidential commitment.

(1) The extension of AFD's mandate to the Andes countries occurred in 2013 for Peru and 2014 for Ecuador and Bolivia.

5.1.3 Borrowings

On 18 November 2015, AFD's Board of Directors authorised AFD to borrow €6.5bn for its operations on its own behalf in 2016, in the form of bank loans or bonds, with or without a public offering. This ceiling includes a maximum loan of €340M 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 last audited financial statements of 31 December 2015.

5.1.5 Significant change in the issuer's financial position

There has been no significant change in the financial position of the issuer and its consolidated subsidiaries (considered as a whole) since the last audited financial statements of 31 December 2015.

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

ASSETS *In millions of euros*	**2015**	**2014**
(Net outstanding) loans	26,879	23,983
- Gross outstandings	27,504	24,570
- Individual impairments	-368	-325
- Collective impairments	-374	-349
- Interest accrued	118	88
Revaluation difference on interest rate hedged portfolio	18	28
Financial assets at fair value through profit and loss	242	142
Hedging derivatives	2,492	2,163
Available-for-sale securities	1,099	912
Companies accounted for by the equity method	160	167
Investment portfolio	782	715
Short-term cash assets	3,315	2,599
Fixed assets	216	215
Accruals and other assets	633	319
TOTAL	**35,834**	**31,243**

LIABILITIES *In millions of euros*	**2015**	**2014**
Market borrowings	25,142	21,127
Borrowings from French Treasury	2,856	2,792
Current accounts	5	11
Revaluation difference on interest rate hedged portfolio		
Financial liabilities at fair value through profit and loss	613	339
Hedging derivatives	1,425	1,089
Funds under management and advances from the State	75	409
Accruals and other liabilities	1,780	1,742
Provisions	737	725
Equity (Group Share)	2,906	2,725
of which Group income	*173*	*120*
Minority interests	295	284
TOTAL	**35,834**	**31,243**

Assets

Net outstanding **AFD Group loans** reached €26,879M at 31 December 2015 (75% of the balance sheet), up €2,895M or 12% compared with the previous year.

Gross outstandings stood at €27.504bn, up €2.934bn or 12% compared with 2014.

This rise in gross consolidated outstandings was due mainly to:

- the significant increase in loans at the Group's risk in the foreign country zone (up €2.478bn);
- an increase in outstanding loans in the French Overseas Departments and Collectivities (up €578M);
- partially offset by the decline in loans at the risk of the French State (down €128M).

	2015		2014	
In millions of euros	**Total**	**%**	**Total**	**%**
Loans at AFD Group's risk	**26,443**	**96%**	**23,402**	**95%**
Of which foreign Countries	*21,782*	*79%*	*19,325*	*79%*
Sovereign	*11,716*	*43%*	*10,000*	*41%*
Non-sovereign	*10,066*	*37%*	*9,325*	*38%*
Of which French Overseas Collectivities	*4,586*	*17%*	*4,009*	*16%*
Of which other loan outstandings	*75*	*0%*	*68*	*0%*
Loans at the State's risk	**1,061**	**4%**	**1,168**	**5%**
Loans guaranteed by the State	*930*	*3%*	*991*	*4%*
Loans granted by the State	*132*	*0%*	*177*	*1%*
TOTAL GROSS OUTSTANDINGS	**27,504**		**24,570**	

Outstanding loans at the Group's risk amounted to €26.443bn, of which €21.782bn for foreign countries and €4.586bn for the French Overseas Departments and Collectivities. This resulted in individual impairments and provisions totalling €1.307bn, providing a 5% coverage ratio (unchanged from 2014). Doubtful loans amount to €653M. They are covered by impairments and provisions totalling €395M (this amount includes €28M in shared sovereign provisions recognised in the balance sheet liabilities), that is, a coverage ratio of 60%.

SUMMARY OF OUTSTANDINGS AND PROVISIONS FOR DEPRECIATION

In millions of euros	**Outstandings**	**Impairments and provisions**
Foreign Countries		
Sovereign	11,716	639
Of which doubtful	*101*	*101*
Non-sovereign	10,066	631
Of which doubtful	*476*	*257*
French Overseas Departments and Collectivities		
Non-sovereign	4,586	38
Of which doubtful	*77*	*38*
Other outstanding loans	75	
TOTAL	**26,443**	**1,307**
Of which doubtful	*653*	*395*

Other assets rose to €8.955bn in 2015 *versus* €7.259bn in 2014 and represented 25% of total assets. They include the following items:

- €18M in interest rate-hedged portfolio revaluation differences, *versus* €28M in 2014;
- financial assets at fair value through profit or loss of €242M, *versus* €142M in 2014;
- financial hedging derivatives of €2.492bn, *versus* €2.163bn in 2014;
- financial assets held to maturity for €1.099bn (€912M in 2014);
- equity-accounted equity stakes of €160M, *versus* €167M in 2014;
- the investment portfolio of €782M (€715M in 2014);
- short-term cash of €3.315bn, *versus* €2.599bn in 2014;
- fixed assets, accruals and other assets of €849M, compared with €535M in 2014.

Liabilities

The **loans** of the AFD Group represent a total of €27.998bn in 2015. They are broken down as follows:

- outstanding **market borrowings** of €25.142bn at 31 December 2015, compared with €21.127bn at the end of 2014;
- outstanding **borrowings from the French Treasury** amounted to €2.856bn *versus* €2.792bn in 2014. They include €123M in senior debt and €2.733bn 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*	2015	2014	Change
AFD	2,660	2,503	158
Proparco	251	221	30
Socredo	97	94	2
Soderag	-122	-125	3
Other subsidiaries	21	33	-11
GROUP TOTAL	**2,906**	**2,725**	**181**

Minority interests totalled €295M at 31 December 2015, compared with €284M at 31 December 2014.

AFD paid €24.266M in dividends to the French government in 2015, compared with €37.16M in 2014 and €62.687M in 2013.

Other liabilities amounted to €4.634bn in 2015 (€4.314bn in 2014):

- funds under management and advances from the State of €75M (€409M in 2014);
- provisions of €737M (€725M in 2014);
- financial liabilities at fair value through profit or loss of €613M (€339M in 2014);
- hedging derivatives of €1.425bn (€1.089bn in 2014);
- current accounts and accruals and other liabilities of €1.785bn (€1.753bn in 2014). Other liabilities include €1.1M in supplier debts. In accordance with Article L.441-6 of the French Commercial Code, the due dates of the trade payables at 31 December 2015 are shown below: €0.5M on the due date, €0.5M from 0 to 30 days and €0.1M from 31 to 60 days (at 31 December 2014: €2.1M on the due date, €0.7M from 0 to 30 days and €0.1M from 31 to 60 days).

	31/12/2015					31/12/2014				
	Unmatured debt					Unmatured debt				
In millions of euros	One to 30 days	31 to 60 days	More than 60 days	Matured debt	Total	One to 30 days	31 to 60 days	More than 60 days	Matured debt	Total
Supplier debt	0.5	0.1	0	0.5	1.1	0.7	0.1	0	2.1	2.9

The **"regulatory" shareholders' equity"**[1] amounts to €5.593bn at 31 December 2015, compared with €5.484bn at the end of 2014. Tier 1 capital for 2015 stands at €3.152bn; Tier 2 capital stands at €2.441bn.

(1) *Shareholders' equity is calculated in compliance with EU Directive 2013/36/EU and Regulation No. 575/2013.*

5.3.2 Consolidated income statement

Expenses *In millions of euros*	2015	2014	**Income**	2015	2014
Financial expenses on borrowings	**1,151**	**1,057**	**Income on loans and guarantees**	**1,438**	**1,258**
• Financial expenses on borrowings	460	430	• Interest and commissions on loans and guarantees	807	677
• Expenses on *swaps*	678	625	• Income on *swaps*	662	624
• Net foreign exchange loss	13	1	• Net charges to provisions reserve account	-34	-50
			• Net provisions for unpaid interest	-6	-2
			• Recoveries on subsidies for budget support	9	9
Miscellaneous financial expenses	**9**	**11**	**Subsidies**	**198**	**187**
			Commissions	**53**	**53**
			Net gains on financial instruments at fair value through profit and loss	**-18**	**-12**
			Net gains on available-for-sale financial assets	**14**	**19**
			Investment income	**39**	**48**
			Ancillary income and miscellaneous	**30**	**22**
TOTAL EXPENSES	**1,160**	**1,068**	**TOTAL INCOME**	**1,754**	**1,576**
NET BANKING INCOME	**594**	**508**			
Overheads	**291**	**281**			
- Staff costs	193	185			
- Taxes and other general expenses	98	96			
Provisions for depreciation/amortisation on intangible assets and property, plant and equipment	**17**	**17**			
Total expenses on non-banking operations	**308**	**297**			
GROSS OPERATING INCOME	**286**	**210**			
Cost of risk	**-98**	**-69**			
- Collective provisions and impairments	-20	-40			
- Individual impairments of non-sovereign loans	-51	-29			
- Loss of principal on bad loans	-27	-1			
OPERATING INCOME	**188**	**141**			
Share of earnings from companies accounted for by the equity method	10	6			
Net gains or losses on other assets	1	-1			
Pre-tax income	**199**	**146**			
Corporate tax	-16	-13			
Net income	**183**	**132**			
Minority interests	-10	-12			
NET INCOME – GROUP SHARE	**173**	**120**			

Intermediate balances

The main intermediate balances changed as follows between 2014 and 2015:

In millions of euros	2015	2014	Change
NET BANKING INCOME	**593.9**	**507.5**	**86.3**
Gross operating income	285.6	210.1	75.5
Cost of risk	-97.6	-68.8	-28.8
OPERATING INCOME	**188.0**	**141.3**	**46.7**
NET INCOME	**183.1**	**132.4**	**50.7**
Minority interests	-10.2	-12.4	2.2
NET INCOME – GROUP SHARE	**172.9**	**120.0**	**52.8**

AFD Group's income for 2015 stood at €172.9M (Group share), up by €52.8M compared with 2014.

Net banking income

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

In millions of euros	2015	2014	Change
AFD	**484.9**	**400.4**	**84.5**
Proparco	115.2	111.8	3.4
Fisea	-8.5	-7.2	-1.3
Soderag	0.0	0.0	0.0
Sogefom	1.9	2.6	-0.6
Propasia	0.3	-0.1	0.3
GROUP TOTAL	**593.9**	**507.5**	**86.3**

Net banking income amounted to €593.9M in 2015, up by €86.3M compared with 2014 due to the aggregate effect of the items listed below:

In millions of euros	2015	2014	Change
BALANCE OF LOANS/BORROWINGS	**485.3**	**391.1**	**94.2**
Investment income	39.1	48.2	-9.2
Net interest provisions	-6.0	-2.2	-3.8
Commissions	52.9	52.9	0.0
Income on instruments at fair value net of currency effects	-18.4	-11.80	-6.6
Other financial income and expenses	41.0	29.3	11.7
NET BANKING INCOME	**593.9**	**507.5**	**86.3**

The change in net banking income was mainly due to:

- a significant increase in the balance of loans/borrowings net of subsidies (up €94.2M);
- an increase in the charges on sovereign and non-sovereign interests (+€3.8M);
- the decline in income from financial instruments at fair value through profit or loss, net of currency effects (down €6.6M);
- the increase in other financial income and expenses (up €11.7M).

Gross operating income

Operating income before tax totalled €285.6M in 2015 *versus* €210.1M in 2014. This increase of €75.5M is the combined result of the increase in the net banking income (+ €86.3M), coupled with the negative impact of an increase in non-banking operating expenses (+ €10.8M).

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

In millions of euros	2015	2014	Change
AFD	**220.6**	**143.8**	**76.8**
Proparco	72.9	72.5	0.4
Fisea	-8.5	-7.2	-1.3
Propasia	0.2	-0.1	0.3
Soderag	0.0	0.0	0.0
Sogefom	0.4	1.2	-0.8
TOTAL	**285.6**	**210.1**	**75.5**

Cost of risk

The cost of risk represented an expense of €97.6M compared with €68.8M in 2014 and is broken down as follows:

In millions of euros	2015	2014	Change
Collective provisions and impairment	-19.8	-39.6	19.8
Individual impairment of non-sovereign loans	-50.6	-28.6	-22.0
Losses on principal of bad loans	-27.2	-0.6	-26.6
TOTAL COST OF RISK	**-97.6**	**-68.8**	**-28.8**

The cost of risk, €28.8M higher in 2015 compared with the previous year, is mainly explained by (i) the increase in individual depreciation charges of €22M, offset by (ii) the reduction in collective depreciation charges of €19.8M together with (iii) the increase in write-offs -€26.6M.

Operating Income

Operating income amounted to €188.0M, up by €46.7M compared with 2014. This variation is comprised of the increase in the gross operating income (+€75.5M), less the increase in the cost of risk (-€28.8M) as detailed in the previous paragraphs.

Ordinary income before tax

Ordinary income before tax totalled €199.1M in 2015 *versus* €145.9M in 2014:

- the share of earnings from equity-accounted companies (€9.7M) was slightly higher than in 2014 (€5.8M);
- this year, gains and losses from other assets represented a gain of €1.5M *versus* a loss of €1.2M in 2014.

Net income

After factoring in corporate tax (€16.0M) and the stakes of minority shareholders in Proparco, Propasia and Sogefom (€10.2M), net profit in 2015 totalled €172.9M.

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

	2015		
In millions of euros	Group share	Minority interests	Total
AFD	**150.4**		**150.4**
Fully consolidated companies	**23.0**	**10.2**	**12.8**
Proparco	28.8	10.3	18.5
Sogefom	-0.4	-0.2	-0.2
Soderag	2.9		2.9
Propasia	0.2	0.1	0.1
Fisea	-8.5	0.0	-8.5
Equity-accounted companies	**9.7**		**9.7**
Socredo	3.9		3.9
SIC	3.5		3.5
Simar	2.3		2.3
GROUP TOTAL	**183.1**	**10.2**	**172.9**

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

5.4.1 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.

5.4.2 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 French Accounting Standards Authority (ANC) Recommendation 2013-04 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 accounting standards used in the preparation of AFD's financial statements at 31 December 2015 are described in Chapter 5.2.2.

These consolidated financial statements are presented in thousands of euros.

5.4.3 Standards applicable as at 31 December 2015

The standards and interpretations used in the financial statements as at 31 December 2015 were supplemented by the provisions of IFRS standards as adopted by the European Union that must be applied for the first time to this financial year:

- IFRIC 21 Interpretation on Levies Charged by Public Authorities.

  IFRIC 21 now requires recording expenses and liabilities for taxes deducted by the legal due date, with the need to record them in full at a given date, or over time, as appropriate. Consequently, certain taxes are no longer spread over the duration of the period (*e.g.* ACPR, property tax, C3S) and may be offset by one period (as is the case for the C3S).

  Its application as at 31 December 2015 involves a reduction of €140K in the AFD Group's overheads.

  As a comparison, in compliance with EU Regulation 634-2014 of 13 June 2014, the retrospective application of this text on AFD's financial statements at 31 December 2014 would have caused a €269K reduction in expenses;
- amendment made to IFRS 13 "Fair Value Measurement":

  This new amendment expands the scope of the IFRS 13 exception, which makes it possible to measure the fair value of a group of assets and liabilities whose provisions are offset in terms of market risks and credit risks, to include non-financial instruments.

  This amendment had no impact on AFD's financial statements at 31 December 2015.

5.4.4 Balance sheet at 31 December 2015

ASSETS *In thousands of euros*	*Notes*	31/12/2015 IFRS	31/12/2014 IFRS
Cash, due from central banks		30,448	48,069
Financial assets at fair value through profit and loss	1	241,714	142,562
Hedging derivatives	2	2,491,885	2,163,265
Available-for-sale financial assets	3	1,919,997	1,148,100
Loans and receivables due from credit institutions	4	7,482,931	6,850,872
Demand		*1,227,365*	*1,183,078*
Term		*6,255,566*	*5,667,794*
Loans and receivables due from customers	4	21,859,010	19,446,296
Commercial receivables		-	*3,177*
Other loans to customers		*21,859,010*	*19,443,119*
Overdrafts			
Finance lease			
Revaluation differences on interest rate-hedged portfolio		17,531	27,749
Held-to-maturity financial assets	3	781,617	714,541
Current tax assets			
Deferred tax assets		21,967	21,967
Accruals and other miscellaneous assets	5	610,811	297,506
Accruals		*30,633*	*48,866*
Other assets		*580,178*	*248,640*
Equity stakes in companies accounted for by the equity method	18	160,139	166,578
Property, plant and equipment	6	195,047	195,432
Intangible assets	6	21,147	19,596
TOTAL ASSETS		**35,834,244**	**31,242,533**

LIABILITIES *In thousands of euros*	*Notes*	**31/12/2015 IFRS**	**31/12/2014 IFRS**
Central banks		-	-
Financial assets at fair value through profit and loss	*1*	612,612	339,495
Hedging derivatives	*2*	1,425,392	1,088,502
Debts to credit institutions	*7*	1,327	8,074
Demand		*777*	*7,509*
Term		*550*	*565*
Debts to customers	*7*	1,954	1,535
Special savings accounts		-	-
Of which demand			
Other debts		*1,954*	*1,535*
Of which demand		*1,954*	*1,535*
Of which term			
Debt securities in issue	*7*	24,620,757	20,585,783
Short-term notes			
Interbank market securities		*941,948*	-
Bonds		*23,678,809*	*20,585,783*
Revaluation differences on interest rate-hedged portfolio			
Current tax liabilities			
Deferred tax liabilities		8,590	121
Accruals and other miscellaneous liabilities	*5*	1,968,963	2,315,883
Borrowing from French Treasury		*123,487*	*165,647*
Allocated public funds		*74,533*	*76,097*
Other liabilities		*1,770,943*	*2,074,139*
Provisions	*10*	736,626	724,599
Subordinated debt	*7*	3,256,324	3,169,496
Total debts		**32,632,545**	**28,233,488**
Equity – Group Share	***(Tab 1)***	**2,906,279**	**2,725,443**
Provisions and related retained earnings		860,000	860,000
Consolidated retained earnings and other		1,710,652	1,632,546
Gains and losses directly recognised in equity		162,753	112,872
Earnings for the period		172,874	120,025
Minority interests	***(Tab 1)***	**295,420**	**283,602**
TOTAL LIABILITIES		**35,834,244**	**31,242,533**

5.4.5 Income statement at 31 December 2015

In thousands of euros	*Notes*	31/12/2015 IFRS	31/12/2014 IFRS
Interest and similar income	*12.1*	**1,444,578**	**1,277,169**
Transactions with credit institutions		322,888	319,373
Transactions with customers		630,270	500,988
Bonds and other fixed-income securities		28,635	28,321
Other interest and similar income		462,785	428,487
Interest and similar expenses	*12.1*	**1,138,673**	**1,055,271**
Transactions with credit institutions		562,107	455,697
Transactions with customers		32,248	32,204
Bonds and other fixed-income securities		425,686	395,710
Other interest and similar expenses		118,632	171,660
Commissions (income)	*12.2*	**72,144**	**65,833**
Commissions (expenses)	*12.2*	**2,201**	**2,107**
Net gains or losses on financial instruments at fair value through profit or loss	*13*	**-18,412**	**-11,812**
Net gains or losses on available-for-sale financial assets	*14*	**15,451**	**22,188**
Income on other activities	*15*	**227,281**	**220,848**
Expenses on other activities		**6,311**	**9,300**
NET BANKING INCOME		**593,857**	**507,548**
Overheads		**291,049**	**280,889**
Staff costs	*16.1*	*192,812*	*184,769*
Other administrative expenses	*16.2*	*98,237*	*96,120*
Provisions for amortisation of intangible assets and depreciation of property, plant and equipment	*6*	**17,193**	**16,525**
GROSS OPERATING INCOME		**285,615**	**210,134**
Cost of risk	*17*	**-97,640**	**-68,843**
OPERATING INCOME		**187,975**	**141,291**
Share of earnings from companies accounted for by the equity method	*18*	**9,704**	**5,796**
Net gains or losses on other assets		**1,456**	**-1,190**
PRE-TAX INCOME		**199,135**	**145,897**
Corporate tax	*19*	**-16,044**	**-13,459**
Net income from discontinued or discontinuing activities			
NET INCOME		**183,091**	**132,438**
Minority interests		**-10,217**	**-12,413**
NET INCOME – GROUP SHARE		**172,874**	**120,025**

5.4.6 Net income and gains and losses booked directly as equity at 31 December 2015

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
NET INCOME	**183,091**	**132,438**
Items that will be subsequently recycled to profit or loss:		
Translation differences		
Revaluation of available-for-sale financial assets (net of tax)	61,381	54,610
Revaluation of hedging derivatives		
Items in the quota-share of gains and losses directly recognised in equity of share in earnings of equity-accounted companies		
Items that will not be subsequently recycled to profit or loss:		
Actuarial gains and losses on defined benefit liabilities	1,222	-14,581
TOTAL GAINS AND LOSSES BOOKED DIRECTLY AS EQUITY	**62,604**	**40,029**
NET INCOME AND GAINS AND LOSSES BOOKED DIRECTLY AS EQUITY	**245,695**	**172,467**
Of which Group share	222,755	147,849
Of which minority interests	22,940	24,618

5.4.7 Cash Flow Statement at 31 December 2015

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
PRE-TAX INCOME (A)	**188,918**	**133,484**
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	17,193	16,441
Impairment of goodwill and other fixed assets	0	85
Net allocations to provisions (including insurance technical reserves)	102,689	141,967
Share of earnings from companies accounted for by the equity method	-9,704	-5,796
Net gain/(net loss) on investment activities	-27,739	-33,199
Net gain/(net loss) on financing activities	61,505	988
Other items(1)	-9,627	12,091
TOTAL NON-CASH ITEMS INCLUDED IN NET PRE-TAX INCOME AND OTHER ITEMS (B)	**134,317**	**132,577**
Cash received from credit institutions and equivalent	327,696	-1,693,255
Cash received from customers	-2,947,835	-2,884,387
Cash flows from other operations affecting other financial assets or liabilities	2,793,955	4,454,711
Cash flows from operations affecting non-financial assets or liabilities	-381,516	161,547
Taxes paid	-14,971	-19,249
TOTAL NET INCREASE (DECREASE) IN CASH RELATED TO ASSETS AND LIABILITIES GENERATED BY OPERATING ACTIVITIES (C)	**-222,671**	**19,367**
Net cash flows from operating activities (A+B+C)	**100,564**	**285,428**
Cash flows from financial assets and equity stakes	-137,087	60,840
Cash flows from property, plant and equipment and intangible assets	-9,423	-14,827
Net cash flows from investment activities	**-146,510**	**46,013**
Cash flows to or from shareholders	-27,970	-42,300
Other net cash flows from financing activities	106,895	-90,331
Net cash flows from financing activities	**78,925**	**-132,631**
Net increase/(decrease) in cash and cash equivalents	**32,979**	**198,810**
Opening balance of cash and cash equivalents	**1,222,102**	**1,023,293**
Net balance of cash accounts and accounts with central banks	48,069	15,316
Net balance of term loans and deposits from credit institutions	1,174,034	1,007,977
Ending balance of cash and cash equivalents	**1,255,081**	**1,222,103**
Net balance of cash accounts and accounts with central banks	30,448	48,069
Net balance of term loans and deposits from credit institutions	1,224,634	1,174,034
Change in cash and cash equivalents	**32,979**	**198,810**

(1) Of which value adjustments to balance sheet items.

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

5.4.8 Statement of changes in shareholders' equity from 1 January 2014 to 31 December 2015

In thousands of euros	Provisions	Funding reserves	Consolidated reserves	Net income	Unrealised or deferred gains or losses	Equity – Group Share	Equity – Minority Interests	Total consolidated equity
EQUITY AT 1 JANUARY 2014 (IFRS STANDARDS)	**400,000**	**460,000**	**1,511,922**	**150,775**	**67,816**	**2,590,513**	**237,879**	**2,828,392**
Share of 2013 earnings retained in reserves			113,615	-113,615		0		0
Dividends paid				-37,160		-37,160	-4,359	-41,520
Other changes			7,010			7,010	29,974	36,984
Changes related to put options							-10,618)	-10,618)
Earnings in 2014				120,025		120,025	12,413	132,438
Gains or losses directly recorded in equity for 2014*					45,056	45,056	18,312	63,368
EQUITY AT 31 DECEMBER 2014 (IFRS STANDARDS)	**400,000**	**460,000**	**1,632,547**	**120,025**	**112,872**	**2,725,443**	**283,602**	**3,009,045**
Impact of changes in accounting policy or error correction			-14,435			-14,435		-14,435
EQUITY AT 1 JANUARY 2015 (IFRS STANDARDS)	**400,000**	**460,000**	**1,618,112**	**120,025**	**112,872**	**2,711,008**	**283,602**	**2,994,610**
Share of 2014 earnings retained in reserves			95,759	-95,759		0		0
Dividends paid				-24,266		-24,266	-5,126	-29,392
Other changes			-3,218			-3,218	-9,784	-13,002
Changes related to put options							3,788	3,788
Earnings in 2015				172,874		172,874	10,217	183,091
Gains or losses directly recorded in equity for 2015*					49,881	49,881	12,723	62,604
EQUITY AT 31 DECEMBER 2015 (IFRS STANDARDS)	**400,000**	**460,000**	**1,710,652**	**172,874**	**162,753**	**2,906,279**	**295,420**	**3,201,699**

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

5.4.9 Gains and losses directly recorded in equity in 2015

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Items that will be subsequently recycled to profit or loss	176,812	128,153
Items that will not be subsequently recycled to profit or loss	-14,059	-15,281
Of which actuarial gains and losses on defined benefit liabilities	*-14,059*	*-15,281*
TOTAL	**162,753**	**112,872**

5.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.5.1 Highlights

5.5.1.1 Growth of the balance sheet

At 31 December 2015, the total balance sheet stood at €35.8bn, up 14.7% relative to the previous year. This change mainly stems from robust growth in activity, with an increase of 12.4% in gross outstanding loans over the period.

5.5.1.2 Financing of the Group's activity

To finance the growth in loan activity on its own behalf, in 2015 AFD made six bond issues in the form of public issues and one private placement, as well as six tap issues, with a total volume of €5.1bn.

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

On 26 May 2014, the shareholders of Fisea carried out a capital increase for €55M, which was fully subscribed by AFD. €40M of the increase was paid up.

On 30 November 2015, the Chair of Fisea decided to call the balance of the capital increase all at once, for a total of €15M.

At 31 December 2015, the fund was wholly owned by AFD, with Proparco owning one share.

5.5.1.4 Implementation of reserve account

On 8 June 2015, AFD and the Minister of Finance and Public Accounts signed an agreement on the reserve account opened at AFD to (i) fund the provisions that AFD should recognise in case a sovereign counterparty defaults, (ii) serve normal unpaid interest, and (iii) more generally, help compensate AFD in the event of debt cancellation for sovereign loans.

This new agreement with the State is implemented in the financial statements at 31 December 2015.

5.5.1.5 Comprehensive Assessment of the European Central Bank (ECB)

With a balance sheet total that exceeded the €30.0bn threshold at the end of FY 2014, AFD has moved into the category of "Major" Banks according to the criteria set by the European regulatory authority.

Therefore, the Agency underwent a Comprehensive Assessment, and its Balance Sheet was fully assessed, in two phases: an Asset Quality Review and Stress Tests.

This assessment of the financial statements closed at 31 December 2014 began in April 2015 and ended with the publication of results by the ECB in mid-November 2015.

The results for this period show AFD has a capital shortfall in the adverse scenario by 2017 of €96M, of which the ECB acknowledge it is generously covered by the reserve account that stood at €547.4M at 31 December 2014.

5.5.1.6 Tax audit

In a letter dated 22 December 2015, the tax authority advised that it would conduct a comprehensive assessment of all of AFD's tax returns for the period from 1 January 2013 to 31 December 2014. An audit began on 13 January 2016.

5.5.2 Principles and methods applied to the financial statements at 31 December 2015

The consolidated financial statements for financial year 2015 were approved on 11 April 2016 by the Board of Directors.

5.5.2.1 Consolidation scope and consolidation methods

5.5.2.1.1 Consolidation scope

Agence Française de Développement's consolidated financial statements cover all fully-controlled enterprises, joint ventures and companies on which the Institution exerts a significant influence.

The following are not included in the consolidation scope:

- companies of no real significance;
- foreign companies in which AFD holds a minority interest and does not exercise significant influence due to the companies being either fully or partially state-owned.

Consolidation standards IFRS 10-11-12: Significant judgements and assumptions used in determining the scope of consolidation:

The elements used to draw a conclusion on whether AFD exercises control or influence over the entities in which it invests are many. Accordingly, the Group determines its ability to exercise influence over the management of another entity by taking due consideration of the entity's structure, shareholders, arrangements and the participation of AFD and its subsidiaries in decision-making bodies.

Moreover, materiality with regard to Group accounts is also subject to analysis.

The application of new standards and the work carried out in 2015 indicate that there is no impact on AFD Group's consolidation scope.

The list of companies in which AFD directly or indirectly holds an equity interest that exceeds 20% of the company's capital is presented on the following page.

In thousands of euros	Localisation	% control 2014	% control 2015	% interest 2015	Balance sheet total[(1)]	Total Net income	Contribution to earnings[(2)]
AFD					**35,410,538**		**150,408**
Fully consolidated companies							
Soderag	Antilles	100.00	100.00	100.00	7,107		2,918
Proparco	Paris	63.93	64.17	64.17	5,078,829		18,472
Sogefom – AFD Share	Paris	58.69	58.69	58.69	42,121		-252
Sogefom – Socredo Share	Paris	3.76	3.76	3.76			
Fisea	Paris	100.00	100.00	100.00	186,829		-8,504
Propasia	Hong Kong	100.00	100.00	64.17	8,203		128
Companies accounted for by the equity method							
Non-financial companies							
Société Immobilière de Nouvelle Calédonie	New Caledonia	50.00	50.00	50.00	42,447		3,491
Société Immobilière de la Martinique	Martinique	22.27	22.27	22.27	19,918		2,319
Financial companies							
Banque Socredo	Polynesia	35.00	35.00	35.00	96,464		3,894
Other equity stakes							
Foreign public or parapublic stakes							
Société Financière Algérienne et Européenne de Participation (Finalep)	Algeria	28.73	28.73	28.73	6,793	-198	
Banque Nationale de Développement Agricole	Mali	22.67	22.67	22.67	521,277	13,801	
Banque de Développement des Seychelles	Seychelles	20.41	20.41	20.41	39,298	1,268	
Société de Gestion et d'Exploitation de l'Aéroport de Conakry G'Bessia	Guinea	20.00	20.00	20.00	28,149	-285	
Proparco's foreign interests							
Tunisie Sicar	Tunisia	20.00	20.00	20.00	1,733	43	
Upline Technologies	Morocco	20.00	20.00	20.00	354	0	
BIMR	Djibouti	20.00	20.00	20.00	379,664	3,256	
Averroes Finance	Multi-country	34.25	34.25	34.25	7,384	29	
Averroes Finance II	Multi-country	50.00	50.00	50.00	13,903	-446	
I&M BANK (T) -CFUB	Central Africa	12.50	20.02	20.02	146,726	1,749	
Central Africa Growth Fund	Multi-country	24.47	24.47	24.47	11,352	757	
I & P Capital (Indian Ocean) Ltd	Multi-country	20.00	20.00	20.00	1,709	246	
FEGACE Asia sub fund	Multi-country	20.00	20.00	20.00	13,029	-2,693	
Wadi Holding	Egypt	35.29	35.29	35.29	11,034	1,316	
Attijari Bank	Mauritania	20.00	20.00	20.00	147,606	3,295	
Seaf India Agribusiness international Fund	India	33.36	33.36	33.36	11,726	-378	
TPS (D) Limited	Tanzania	20.50	20.50	20.50	37,678	-410	
Unimed	Tunisia	26.00	26.00	26.00	39,878	5,567	
ACON Latin America Opportunities Fund A	Multi-country	20.00	20.00	20.00	59,478	130	
ACON RENEWABLES BV (Hidrotenencias SA)	Panama	24.47	24.47	24.47	134,224	-237	
It worx (It holding)	Egypt	23.9	23.87	23.87	21,916	2,432	
Central American Mezzanine Infrastructure fund II LP	Caribbean	22.86	22.86	22.86	41,194	-2,644	

(1) The balance sheet total indicated corresponds to the balance sheet total before restatement of intra-Group entries.
(2) Before elimination of intragroup operations.

In thousands of euros	Localisation	% control 2014	% control 2015	% interest 2015	Balance sheet total[(1)]	Total Net income	Contribution to earnings[(2)]
French companies whose balance sheet total is not significant							
Retiro Participations – Proparco share	Paris	100.00	100.00	100.00	22	0	
Fisea's equity stakes in foreign countries							
Chain Hotel Conakry	West Africa	-	23.17	23.17	32,506	-62	
Duet Consumer West Africa Holding	West Africa	20.00	20.00	20.00	-	-	
Fanisi Venture Capital Fund	Multi-country	20.69	22.99	22.99	13,731	-778	
Fefisol	Multi-country	20.00	20.00	20.00	19,371	787	
I&P Développement 2	West Africa	-	20.97	20.97	-	-	
Meridiam Infrastructure Africa Parallel Fund	Multi-country	-	26.94	26.94	-	-	
Oxus RDC	Central Africa	20.00	20.00	20.00	5,989	-406	
GROUP SHARE							**172,874**

(1) The balance sheet total indicated corresponds to the balance sheet total before restatement of intra-Group entries.
(2) Before elimination of intragroup operations.

- Minority interests:

Non-controlling interests are immaterial with regard to the Group's financial statements, either separately or cumulatively.

	31/12/2015 IFRS			31/12/2014 IFRS		
In thousands of euros	% of control and vote held by minority interests	Share of net earnings	Share of equity	% of control and vote held by minority interests	Share of net earnings	Share of equity
Proparco	35.83	10,374	276,198	36.07	12,658	274,800
Other subsidiaries		-157	19,222		-245	8,802
TOTAL MINORITY SHARE		**10,217**	**295,420**		**12,413**	**283,602**
TOTAL GROUP SHARE		**172,874**	**2,906,279**		**120,025**	**2,725,443**

- AFD Group has no contractual obligation to provide assistance to structured entities Fisea and Propasia above and beyond the standard obligations arising from its interest in these entities and has no intention of providing support in the future.
- Interests in joint arrangements and associates have a negligible impact on the financial statements of AFD Group.

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 under the statutes in force.

  This consolidation method consists of including all accounts, line item by line item, both on and off AFD's balance sheet, while reporting the claims 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 2015, the company's capital totalled €693M and AFD's stake was 64.17%;
- 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 2015, the company's capital amounted to €5.6M. It is wholly owned by AFD;
- 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 2015, the company's capital amounted to €1.1M. It is 58.69% owned by AFD;

- the Investment and Support Fund for Businesses in Africa (Fisea) was created in April 2009. This simplified joint-stock company with registered capital of €160M is almost wholly owned by AFD, with Proparco owning one 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 $10M in capital. It is a wholly-owned subsidiary of Proparco. At 31 December 2015, 52% of its capital, *i.e.* $5.2M, 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 2015, 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: the Société Immobilière de Nouvelle Calédonie (SIC), the 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 holdings 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 under "Available-for-sale financial assets".

5.5.2.1.3 Restatement of transactions

Account balances on the balance sheet, 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 to the extent of the Group's interest in the entity. Losses are eliminated in the same manner but only when they do not represent an impairment loss.

5.5.2.1.3.1 Accounting principles and policies

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 2015 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 under "financial assets at fair value through profit and loss" and in equity if the asset is classified under "available-for-sale financial assets".

Use of estimates

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

This is particularly so in the case of:

- individual impairments on outstanding loans;
- collective impairments calculated on the basis of a homogeneous portfolio of counterparties determined by quantitative and qualitative analysis (looking at 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 plus transaction costs. In general, this 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.

- Asset restructuring

  Restructuring for the borrower's financial difficulties results in a change to the terms of the initial contract to allow the borrower to contend with the financial difficulties it is having. If, in view of the change in the borrowing terms, the present value of these new expected future flows at the original effective interest rate of the asset is lower than its book value, a discount must be booked to bring the book value back to the new present value.

For the AFD Group, no restructured outstanding debt has required a discount to be booked in the accounts at 31 December 2015.

- Financial assets and liabilities at fair value through profit and loss

This heading includes equity stakes in the private equity 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 designated at fair value through profit and loss 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 costs, then at their amortised cost using the effective interest rate method, which includes amortisation of premiums and discounts and may, if applicable, be subject to impairment when a downgrade in the credit rating of the issuer is likely to jeopardise their redemption at maturity. 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 quoted price of the security if traded on an active market or a share of the discounted underlying net assets if no active market exists. 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.

The existence of a durable impairment target of an available-for-sale financial asset is recognised in case of an unrealised capital loss over three consecutive years or a greater than 50% decline in the stock purchase price.

Pursuant to its procedures, AFD classifies its available-for-sale financial assets (AFS) using two primary criteria: Assets listed on a market and Unlisted assets.

Listed assets are divided into two subgroups, those listed on an "active" market, an attribute that is appraised according to objective criteria, or those listed on an inactive market. Assets listed on an "active" market are automatically classified as fair value level 1. Assets listed on an "inactive" market are classified as fair value Level 2 or 3, depending on the valuation method used. When there are direct or indirect observable data used for the valuation, the asset is classified as fair value level 2. When there are no such data or those data are not "observable" (isolated observation, without recurrence), the asset is classified as fair value level 3, just like the unlisted assets. All unlisted assets are classified as fair value level 3 and valuated primarily using two methods, the proportionate share of the revaluated net asset which applies to the majority of the AFS and the historic cost for AFD's real estate subsidiaries.

AFS valuations are reviewed every half-year. In the event of any changes to the parameters that could be cause for changes to the fair value classification level, the Group Risks Department decides to propose the change in classification that is subject to approval by the Risk Committee.

- 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 described in IAS 39. This involves a hedge of the exposure to changes in fair value of an asset or liability recognised on the balance sheet. Changes in the fair value stemming from the hedged risk are recorded in the income statement under "Net gains and losses on financial instruments at 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 effectiveness of the hedging relationship is proven and if the correlation between the effective changes in value of the item hedged and the hedging instrument is between 80% and 125%.

The revaluation of the hedged item is booked either in accordance with the classification of the hedged item, in the case of a hedging relationship covering an identified asset or liability, or under "revaluation differences on 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 made commitments to buy back the interests of the minority shareholders in Proparco, a fully-consolidated subsidiary. 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 €284M on 31 December 2015. The options may be exercised by minority shareholders for a period of five years (until 2018) following a lock-in period of five years, which ended in 2013.

Following the Proparco issue of share capital in June 2014, the Group made further commitments to buy back the interests of the minority shareholders in the amount of €43M, bringing the total present value of the commitment to €327M at 31 December 2015. The second window for minority shareholders to exercise their options will open for a period of five years beginning in 2019.

The strike price is defined contractually: the restated net asset value on the exercise date.

These optional buy-back commitments received the following accounting treatment in 2015:

- in application of IAS 32, the Group recorded a debt for put options awarded to shareholders. This liability of €89.8M was initially booked at the present value of the strike price estimated on the exercise date, classified in "Other liabilities";
- consequently, the corresponding entry for this liability is deducted from "minority interests" in the amount of €86.1M, *i.e.* a proportionate share of Proparco's underlying net assets valued at 31 December 2015, with the remainder deducted from "Consolidated reserves, Group share", *i.e.* €3.7M;
- if the buyback is carried out, the liability will be settled by cash payment linked to the acquisition of minority interests. However if the buyback has not occurred when the commitment reaches its term, the liability is offset 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 building services, fixtures and fittings	15 years
5.	Sundry fittings	10 years

Other property, plant and equipment are depreciated using the straight-line method:

- office buildings in the French Overseas Departments and Collectivities are depreciated over 15 years;
- residential buildings are depreciated over 15 years;
- fixtures, fittings and furnishings are depreciated over 5 or 10 years;
- equipment and vehicles over two to five years.

As for intangible assets, software is amortised according to its type: no more than five years for enterprise resource planning systems and two years for office automation tools.

Depreciation and amortisation are calculated using the straight-line method, according to the expected useful 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 an outflow of resources representative of economic benefits is necessary 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 "on the reserve account[1]" was signed on 8 June 2015 between AFD and the French State for an indefinite period. This agreement determines the mechanism for creating provisions for hedging the sovereign risk and the principles for using the provisions recognised thereby.

  This reserve account is intended to (i) fund the provisions that AFD would have to recognise in case a sovereign borrower defaults, (ii) serve normal unpaid interest and (iii) more generally, help compensate AFD in the event of debt cancellation for sovereign loans.

(1) *The signature of this agreement precludes the agreement "on recording provisions for sovereign loans granted by AFD on its own behalf" of 30 December 2010 between the State and AFD.*

The balance of this account cannot be less than the amount required by banking regulations applicable to collective provisions on performing or restructured loans. This lower regulatory limit is calculated using estimated losses expected across the sovereign loan portfolio (losses at one year, losses at termination, regulatory requirements on provisions or any other data available to AFD that can be used to anticipate the sovereign loan portfolio's risk profile).

Doubtful sovereign outstandings are provisioned. Furthermore, this impairment is neutralised by deduction from the reserve account.

Net provisions for reversals of provisions are recorded in Net banking income.

- 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.

- Provision for employee benefits

Post-employment benefits

Defined benefit plans

Retirement and early retirement commitments

Immediate retirement and early retirement commitments are all transferred to an external insurance company.

Deferred retirement and early retirement commitments are kept by AFD and covered by specific insurance policies. They are valued in accordance with the provisions of contracts signed by AFD and the insurer.

The assumptions used for the valuations are as follows:

- discount rate: 1.25%;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- annual increase in salary: 2.00%.

Retirement bonuses and the financing of the health insurance plan

AFD pays retirement bonuses ("IFC") to its employees. It also contributes to the cost of its retired employees' health insurance plans.

The assumptions used for the valuations are as follows:

- discount rate: 2.25%;
- annual increase in salary: 2.00%;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- actuarial tables: TGH 05 (men)/TGF 05 (women).

In accordance with IAS 19, these commitments (retirement bonuses and the financing of health insurance plans and pensions) undergo actuarial valuations that factor in demographic and financial assumptions. The amount of provisions for commitments is determined using the Projected Unit Credit Method.

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

In compliance with IAS 19 (Revised), actuarial gains and losses are recognised in other comprehensive income (OCI).

Therefore, equalisation provisions on 31 December 2015:

- amount to €4.7M in the income statement and are recognised as staff costs; they represent the sum of the cost of services rendered plus the interest cost for 2015 less benefits paid by the employer over the period;
- appear on the balance sheet as items that cannot be recycled to profit or loss and amount to a gain of €1.2M arising from the measurement of commitments as at 31 December 2015 and are recognised as equity.

Other long-term benefits

AFD gives its employees bonuses as long-service benefits. An additional provision was recognised on 31 December 2015 in the amount of €10,000.

The aggregate impacts on the 2014 and 2015 reporting years are set out in the table below:

In thousands of euros	At 31/12/2015	Change in the impact on income	Change in the impact on equity	At 31/12/2014	Change in the impact on income	Change in the impact on equity	At 01/01/2014
Provisions for employee benefits	**93,891**	**4,692**	**-1,222**	**90,421**	**4,199**	**14,581**	**71,641**
- Defined benefit plans	93,027	4,682	-1,222	89,567	4,087	14,581	70,899
- Other long-term benefits	864	10	0	854	112	0	742

The changes in commitments over 2015 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						
Present value of the commitment at 1 January	83,038	85,714	14,419	183,170	854	184,024
Financial cost	1,044	1,790	277		18	
Cost of services rendered over the year	459	3,793	1,012		96	
Reductions/Liquidations	0	0	0		0	
Services paid	-11,515	-1,845	-678		-32	
Actuarial gains (losses)	-3,064	-8,509	-976		-72	
Change in scope between AFD and IEDOM						
PRESENT VALUE OF THE COMMITMENT AT 31/12/2015	**69,962**	**80,943**	**14,054**	**164,958**	**864**	**165,822**
Change in the fair value of retirement plan assets						
Fair value of assets at 1 January	93,604			93,604		93,604
Expected return on assets	1,170					
Services paid	-11,515					
Actuarial gains (losses)	-11,327					
Liquidations	0					
Change in scope between AFD and IEDOM						
FAIR VALUE OF ASSETS AT 31/12/2015	**71,932**			**71,932**		**71,932**
Corridor limits						
Actuarial gains (losses) not recognised at 1 January	0	0	0	0	0	0
Corridor limits at 1 January						
Actuarial gains (losses) generated over the year	-8,263	8,509	976	1,222	72	1,294
Actuarial gains (losses) recognised in profit or loss	0	0	0	0	-72	-72
Actuarial gains (losses) N-1 recognised in equity	0	0	0	0	0	0
Actuarial gains (losses) recognised in equity this period	8,263	-8,509	-976	-1,222	0	-1,222
UNRECOGNISED ACTUARIAL GAINS (LOSSES) AT 31/12/2015	**0**	**0**	**0**	**0**	**0**	**0**
Amounts recognised on the balance sheet at 31/12/2015						
Present value of the funded commitment	69,962					
Fair value of financed assets	-71,932			-1,970		-1,970
Present value of unfunded commitment		80,943	14,054	94,996	864	95,861
NET POSITION	**-1,970**	**80,943**	**14,054**	**93,026**	**864**	**93,891**
Unrecognised actuarial gains (losses)	0	0	0	0	0	0
BALANCE SHEET PROVISION	**-1,970**	**80,943**	**14,054**	**93,026**	**864**	**93,891**
Amounts recognised on the income statement at 31 December						
Cost of services rendered over the period	459	3,793	1,012	5,264	96	5,360
Financial cost for the period	1,044	1,790	277	3,111	18	3,129
Recognised actuarial gains (losses)	0	0	0	0	-72	-72
Expected return on retirement plan assets	-1,170			-1,170		-1,170
Cost of services rendered						
Impact of reductions/liquidations						
EXPENSES BOOKED	**333**	**5,583**	**1,289**	**7,206**	**42**	**7,248**
Reconciliation of opening and closing net liability						
Liability at 1 January	-10,566	85,714	14,419	89,566	854	90,421
Expenses booked	333	5,583	1,289	7,206	42	7,248
Contributions paid	0			0		0
Employer contributions	0	-1,845	-678	-2,523	-32	-2,555
Items that will not be subsequently recycled to profit or loss	8,263	-8,509	-976	-1,222	0	-1,222
NET LIABILITIES AT 31/12/2015	**-1,970**	**80,943**	**14,054**	**93,026**	**864**	**93,891**
Change in net liabilities	**8,596**	**-4,771**	**-365**	**3,460**	**10**	**3,470**

Projected commitments at 31 December 2016 are as follows:

Actuarial debt at 31 December 2015	**69,962**	**80,943**	**14,054**	**164,958**	**864**	**165,822**
Cost of services rendered in 2016	339	3,447	987	4,773	95	4,869
Financial cost in 2016	879	1,899	315	3,092	20	3,112
Services payable in 2016/transfer of capital upon departures in 2016	-19,753	-1,733	-1,298	-22,784	-85	-22,869
Estimated debt at 31 December 2016	**51,426**	**84,555**	**14,058**	**150,039**	**895**	**150,934**

Impairments of loans and receivables

Impairments 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 impairments

  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 impairment is equal to the difference between the book value of the loan (outstanding principal plus unpaid interest and interest not yet due) 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 impairments

  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" whose amounts and any changes are determined based on qualitative and quantitative analyses (see Paragraph 2.2.2, *"Use of estimates"*). At 31 December 2015, the portfolio is presented with a segmentation based on three sectors: public goods and services, financial sector and private goods and services.

  Note that for Proparco, the portfolio is presented at 31 December 2015 with a different segmentation based on three sectors: public goods, financial sector and business, industry and trade. Residual outstandings were written down based on estimated residual loss for asset classes determined by borrower type and country category.

  Furthermore, a provision for liabilities was also recognised by AFD due to the economic crisis and political events in Côte d'Ivoire. This provision stood at €2.4M at 31 December 2015 compared to €4.4M at the end of 2014, *i.e.* a provision of €2.0M for 2015.

  Collective provision allocations for performing non-sovereign loans in foreign countries impacted the cost of risk in the amount of €32M. This level of provision takes into account the increase in these performing loans for AFD (+12%) and Proparco (+11%) and their risk quality. At 31 December 2015, total collective impairments stood at €374M and the loan loss reserve ratio for these outstandings was 4% overall (compared to 5% at 31 December 2014).

Subordinated debt

In 1998, an agreement was reached with the French State whereby part of AFD's debt to the French Treasury, corresponding to drawdowns between 1 January 1990 and 31 December 1997, was converted into subordinated debt. The agreement also provides for the general rescheduling of the debt's repayment period over 20 years with a 10-year grace period, with any new borrowings after 1 January 1998 recognised as subordinated debt (with a repayment period scheduled over 30 years and a 10-year grace period).

In March 2015, an amendment to the 1988 agreement allowed drawdowns from the 2015-2017 period to be qualified for up to €280M per year (*i.e.* a total of €840M) as Tier 1.

At 31 December 2015, subordinated debt amounted to €3.7bn, of which €2.9bn is towards the Treasury.

Deferred taxes

To produce the consolidated financial statements, deferred tax was calculated on a per-company basis while adhering to the rule of symmetry and using the comprehensive liability method. This method was applied to temporary differences between the carrying amount of assets and liabilities and their tax base.

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 provided internally to the Chief Executive Officer, who is AFD's chief operational decision-maker.

This lending and subsidy-granting activity is the Group's main activity, falling within the scope of its public service role of financing development assistance.

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 is presented in accordance with ANC Recommendation 2013-04 - respecting the format of summary statements for institutions in the banking sector drawn up in accordance with international accounting standards.

It is prepared using the indirect method, with net income restated for non-monetary items: provisions for the depreciation of property, plant and equipment and the amortisation of intangible assets, net allocations to provisions and other 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.

5.5.2.1.3.2 Notes to the financial statements at 31 December 2015

Contents

A – Notes to the Balance Sheet

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

	31/12/2015 IFRS			31/12/2014 IFRS		
In thousands of euros	**Assets**	**Liabilities**	**Notional/ Outstanding**	**Assets**	**Liabilities**	**Notional/ Outstanding**
Interest rate derivatives	5,172	20,813	1,184,730	4,873	26,938	1,475,937
Foreign exchange derivatives	198,275	583,193	4,765,141	95,999	305,925	3,913,404
Assets/liabilities designated at fair value through P&L	23,844		25,000	23,702		25,000
Securities at fair value through P&L	14,396		8,522	17,721		8,216
CVA/DVA	28	8,606		267	6,632	
TOTAL	**241,714**	**612,612**		**142,562**	**339,495**	

Note 2 Financial hedging derivatives

	31/12/2015 IFRS			31/12/2014 IFRS		
In thousands of euros	**Assets**	**Liabilities**	**Notional**	**Assets**	**Liabilities**	**Notional**
Fair value hedging						
Interest rate derivatives	1,373,243	670,014	22,806,048	1,515,828	663,630	19,629,179
Interest rate and foreign exchange derivatives (cross-currency swaps)	1,118,642	755,378	9,864,131	647,437	424,871	7,894,212
TOTAL	**2,491,885**	**1,425,392**		**2,163,265**	**1,088,502**	

Note 3 Financial investments

In thousands of euros	**Notes**	**31/12/2015 IFRS**	**31/12/2014 IFRS**
Available-for-sale financial assets			
Government paper and equivalent		833,408	214,627
Bonds and other fixed-income securities		7,348	10,318
Equity stakes in related businesses			
Equity stakes and other long-term securities	*3.1*	1,079,241	923,155
Of which UCITS		*47,770*	*48,339*
Of which impairment		*-55,034*	*-34,620*
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS		**1,919,997**	**1,148,100**
Held-to-maturity financial assets			
Government paper and equivalent		674,949	594,146
Bonds and other fixed-income securities		106,668	120,395
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS		**781,617**	**714,541**
TOTAL FINANCIAL INVESTMENTS		**2,701,614**	**1,862,641**

AFD Group's role is to encourage private investment in developing countries, mainly via its Proparco and Fisea (Investment and Support Fund for Businesses in Africa) subsidiaries. It acts primarily through investments in investment funds, as this activity enables it to increase the impact of its funding by supporting a large number of companies doing business in multiple sectors, thus promoting economic growth and the creation of job-creating businesses.

The funds in which AFD invests have varying characteristics: they may cover a single country or a larger region, they may be multi-sector or not, or may be dedicated to private equity, leveraged buyouts or growth capital.

This activity is described in detail in the following notes as information required by IFRS 12 on interests in unconsolidated structured entities. Interests refer to involvement that exposes the AFD Group to variability of returns from the performance of these other entities.

The amounts presented include approved financing as well as financing commitments that have not yet been disbursed.

Note 3.1 Equity stakes and other long-term investments

In thousands of euros	**Notes**	**31/12/2015 IFRS**	**Available-for-sale financial assets**	**Financial assets at fair value through profit and loss**
Equity stakes and other long-term securities				
UCITS		47,770	47,770	
Equity stakes		1,045,867	1,031,471	14,396
Direct investments		*457,609*	*457,964*	*-355*
Investment funds	*3.2/3.3*	*588,258*	*573,507*	*14,751*
NET TOTAL EQUITY STAKES AND OTHER LONG-TERM INVESTMENTS		**1,093,637**	**1,079,241**	**14,396**
Of which impairment		-55,034	-55,034	
TOTAL EQUITY STAKES AND OTHER LONG-TERM INVESTMENTS GROSS OF IMPAIRMENTS		**1,148,671**	**1,134,275**	**14,396**

Note 3.2 Investments in unconsolidated structured entities

Breakdown by activity portfolio:

Equity stakes held in Investment Funds *In thousands of euros*	***Notes***	**Number of investments**	**31/12/2015 IFRS**
Homogeneous activity portfolios			
Agribusiness		9	75,298
Energy		4	30,557
Infrastructure		3	34,162
Mining		3	2,997
Multi-sector SME-SMI		7	45,027
Healthcare		2	22,100
Financial services		13	109,397
Multi-sector		49	258,543
Full-service		1	5,444
Social Business		1	4,733
STRUCTURED UNCONSOLIDATED ENTITIES	***3.3***	**92**	**588,258**

Breakdown by operating region:

Equity stakes held in Investment Funds *In thousands of euros*	***Notes***	**Number of investments**	**31/12/2015 IFRS**
Operating region			
Southern Africa		6	9,639
East Africa		2	7,918
West Africa		4	15,722
North Africa		21	122,906
Asia		15	88,273
Caribbean and Central America		4	46,619
Multi-region		16	149,844
Multi-region Africa		20	145,234
Indian Ocean		4	2,103
STRUCTURED UNCONSOLIDATED ENTITIES	***3.3***	**92**	**588,258**

Note 3.3 Investments in unconsolidated structured entities – Risk exposure and dividends collected

In thousands of euros	*Notes*	31/12/2015 IFRS			
		Available-for-sale financial assets	Financial assets at fair value through profit and loss	Maximum exposure	Dividends received over the year
Homogeneous portfolios					
Agribusiness		75,298		75,298	
Energy		30,557		30,557	
Infrastructure		34,162		34,162	
Mining		2,967	31	2,997	
Multi-sector SME-SMI		45,027		45,027	
Healthcare		22,100		22,100	
Financial services		109,397		109,397	
Multi-sector		243,822	14,721	258,543	981
Full-service		5,444		5,444	
Social Business		4,733		4,733	
STRUCTURED UNCONSOLIDATED ENTITIES – INVESTMENT FUNDS	***3.1/3.2***	**573,507**	**14,751**	**588,258**	**981**
Classification of unconsolidated investment funds in the balance sheet					
Under Available-for-sale financial assets	*3.1*	573,507			
Other items		1,346,490			
BALANCE SHEET TOTAL – AVAILABLE-FOR-SALE FINANCIAL ASSETS	***3***	**1,919,997**			
Under Financial assets at fair value through profit and loss	*3.1*		14,751		
Other items			226,963		
BALANCE SHEET TOTAL – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	***1***		**241,714**		

Bearing in mind the type of interests, maximum exposure to loss is defined in this note as the fair value of the investment fund presented on the balance sheet as of the closing date. This amount includes financing commitments that have not yet been disbursed.

Furthermore, the Group has not and does not offer financial support or other assistance to an unconsolidated structured entity outside of contractual commitments.

AFD Group does not act as a sponsor for structured entities. Sponsorship is assumed when AFD does not have or no longer has an ownership interest in an entity yet still provides this entity with both operational and strategic support.

Note 4 Receivables due from credit institutions and customers

In thousands of euros	31/12/2015 IFRS Demand	31/12/2015 IFRS Term	31/12/2014 IFRS Demand	31/12/2014 IFRS Term
Loans to credit institutions		**5,106,868**		**4,598,119**
Performing loans		5,087,810		4,587,105
Doubtful outstandings		19,058		11,014
Impairments		**-103,275**		**-92,080**
Impairment of individual receivables		*-7,788*		*-6,962*
Impairment of groups of homogeneous assets		*-95,487*		*-85,118*
Related receivables		**31,595**		**27,466**
Valuation adjustments of loans hedged by forward financial instruments		**-15,399**		**3,569**
SUBTOTAL		**5,019,789**		**4,537,074**
Loans to customers		21,901,662		19,308,078
Performing loans		21,267,237		18,714,847
Doubtful outstandings		634,425		593,231
Impairments		**-639,394**		**-581,745**
Impairment of individual receivables		*-360,394*		*-317,896*
Impairment of groups of homogeneous assets		*-279,000*		*-263,849*
Related receivables		**86,018**		**60,071**
Valuation adjustments of loans hedged by forward financial instruments		**510,726**		**659,892**
SUBTOTAL		**21,859,012**		**19,446,296**
TOTAL LOANS		**26,878,801**		**23,983,370**
Other receivables				
Deposits (available cash) at credit institutions	1,227,265	1,235,677	1,179,748	1,130,701
Related receivables	100	98	3,330	19
TOTAL OTHER RECEIVABLES	**1,227,365**	**1,235,775**	**1,183,078**	**1,130,720**
TOTAL LOANS AND OTHER RECEIVABLES	**1,227,365**	**28,114,576**	**1,183,078**	**25,114,090**

The fair value of guarantees used to calculate individual impairments totalled €11.8M (€19.4M at 31 December 2014).

Note 5 Accruals and miscellaneous assets

In thousands of euros	31/12/2015 IFRS Assets	31/12/2015 IFRS Liabilities	31/12/2014 IFRS Assets	31/12/2014 IFRS Liabilities
French Treasury		123,487		165,647
Allocated public funds		74,533		76,097
Other assets and liabilities	610,811	1,519,915	297,506	1,785,682
Accounts payable, French State		251,028		288,457
TOTAL ACCRUALS AND MISCELLANEOUS ASSETS/LIABILITIES	**610,811**	**1,968,963**	**297,506**	**2,315,883**

Note 6 Property, plant and equipment and intangible assets

In thousands of euros	Fixed assets – Property, plant and equipment – Land and development	Fixed assets – Property, plant and equipment – Buildings and development	Fixed assets – Property, plant and equipment – Other	Fixed assets – Intangible	Total IFRS 31/12/2015	Total IFRS 31/12/2014
Gross value						
At 1 January 2015	87,718	195,612	55,045	53,918	392,293	386,522
Purchases	1,098	6,283	3,890	7,570	18,841	19,158
Disposals/retirements	-48	-781	-7,990	-1,473	-10,292	-13,387
Other items	-245	150	-489	47	-537	
Change in scope						
AT 31 DECEMBER 2015	**88,523**	**201,264**	**50,456**	**60,062**	**400,305**	**392,293**
Depreciation/amortisation						
At 1 January 2015	2,351	98,458	42,049	34,322	177,180	172,474
Provisions	101	7,073	3,968	6,051	17,193	16,440
Reversals						
Other items	-29	-857	-7,918	-1,458	-10,262	-11,734
Change in scope						
AT 31 DECEMBER 2015	**2,423**	**104,674**	**38,099**	**38,915**	**184,111**	**177,180**
Impairments						
At 1 January 2015			85		85	85
Provisions						
Reversals			-85		-85	
AT 31 DECEMBER 2015	**0**	**0**	**0**	**0**	**0**	**85**
NET VALUE	**86,100**	**96,590**	**12,357**	**21,147**	**216,194**	**215,028**

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

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Debts to credit institutions		
Demand debts	777	7,509
Term debts	548	543
Related debts	2	22
TOTAL DEBTS TO CREDIT INSTITUTIONS	**1,327**	**8,074**
Debts to customers		
Accounts payable, customers	1,954	1,534
Related debts		1
TOTAL DEBTS TO CUSTOMERS	**1,954**	**1,535**
Debt securities in issue		
Interbank market securities	941,948	0
Bonds	22,332,170	18,969,846
Related debts	304,702	273,400
Valuation adjustments of debt securities in issue hedged by derivatives	1,041,937	1,342,537
TOTAL DEBTS SECURITIES IN ISSUE	**24,620,757**	**20,585,783**
Subordinated debts		
Subordinated loans from the French Treasury	2,451,966	2,625,157
Other subordinated debts	779,951	499,866
Related debts	11,303	11,363
Valuation adjustments of debt securities in issue hedged by derivatives	13,104	33,110
TOTAL SUBORDINATED DEBTS	**3,256,324**	**3,169,496**

In thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	31/12/2015 IFRS
Maturity of debt securities in issue					
Bonds	742,775	1,290,458	10,359,992	11,285,584	23,678,809
Interbank market securities	476,928	465,020			941,948
TOTAL	**1,219,703**	**1,755,478**	**10,359,992**	**11,285,584**	**24,620,757**

In thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	31/12/2014 IFRS
Maturity of debt securities in issue					
Bonds	1,001,750	1,365,294	8,417,319	9,801,419	20,585,783
Interbank market securities					0
TOTAL	**1,001,750**	**1,365,294**	**8,417,319**	**9,801,419**	**20,585,783**

In thousands of euros	EUR	USD	GBP	JPY	CHF	THB	AUD	CFA	31/12/2015 IFRS
Debt securities in issue									
Bonds	17,190,773	5,489,062	341,806	172,823	372,803	45,905	33,875	31,762	23,678,809
Interbank market securities	941,948								941,948
TOTAL	**18,132,721**	**5,489,062**	**341,806**	**172,823**	**372,803**	**45,905**	**33,875**	**31,762**	**24,620,757**

In thousands of euros	EUR	USD	GBP	JPY	CHF	THB	AUD	CFA	31/12/2014 IFRS
Debt securities in issue									
Bonds	15,647,163	3,916,805		553,688	391,387	45,067		31,673	20,585,783
Interbank market securities									
TOTAL	**15,647,163**	**3,916,805**	**0**	**553,688**	**391,387**	**45,067**	**0**	**31,673**	**20,585,783**

Note 8 Financial assets and liabilities valued at amortised cost

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 assigns characteristics to its loans (bonus point system) and very 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 parameters measured via estimates and based on AFD's judgement.

	31/12/2015 IFRS					31/12/2014 IFRS				
In thousands of euros	Book value	Fair value	Level 1	Level 2	Level 3	Book value	Fair value	Level 1	Level 2	Level 3
Assets/Liabilities										
Loans and receivables	29,341,941	30,167,600			30,167,600	26,297,168	27,128,429			27,128,429
Held-to-maturity investments	781,617	865,119	865,119			714,541	813,377	813,377		
Financial liabilities valued at amortised cost	28,003,849	27,394,218	22,411,520	4,769,337	213,361	23,930,535	24,393,552	20,507,086	3,886,466	

Note 9 Financial assets and liabilities measured at fair value

In thousands of euros	31/12/2015 IFRS				31/12/2014 IFRS			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets/Liabilities								
Financial assets at fair value through profit and loss		237,402	4,312	241,714		141,647	915	142,562
Hedging derivatives (Assets)		2,491,885		2,491,885		2,163,265		2,163,265
Available-for-sale financial assets	850,405	39,936	1,029,657	1,919,997	151,372	42,696	954,032	1,148,100
Financial assets at fair value through profit and loss		611,032	1,580	612,612		338,377	1,118	339,495
Hedging derivatives (Liabilities)		1,425,392		1,425,392		1,088,502		1,088,502

Hedging instruments whose valuation is not based on observable market information are classified as Level 3.

Note 10 Provisions and impairments

Provisions	31/12/2014	Provisions	Reversals available	Translation adjustment	Reclass.	31/12/2015
Included in the cost of risk						
French Overseas Department subsidiary risks	29,616	124	1,439			28,301
Other provisions for risk	37,779	4,902	12,738	1	12,644	42,589
Subtotal	*67,396*	*5,026*	*14,177*	*1*	*12,644*	*70,890*
Excluded from the cost of risk						
Provision for expenses – Sovereign loans	547,406	53,889	36,650	-8		564,637
Staff costs	92,770	5,807	2,514			96,064
Provision for risks and expenses	17,027	1,969	1,316		-12,644	5,036
TOTAL	**724,599**	**66,691**	**54,657**	**-8**	**0**	**736,626**

Asset impairment	31/12/2014	Provisions	Reversals available	Translation adjustment	31/12/2015
Banks	6,962	3,544	1,424	-1,294	7,788
Credit to customers	317,896	117,609	80,036	4,924	360,393
Of which Cost of risk		*109,851*	*59,250*		
Other receivables	1,453	3,734	0		5,187
Group of homogeneous assets	348,967	61,063	35,543		374,487
Of which Cost of risk		*64,507*	*35,543*		
Available-for-sale financial assets	21,994	0	300		21,694
TOTAL	**697,271**	**185,950**	**117,302**	**3,630**	**769,550**

Note 11 Statement of Changes in Equity

Changes in equity are presented in the financial statements in the statement of changes in shareholders' equity from 1 January 2014 to 31 December 2015.

B – Notes to the Income Statement

Note 12.1 Income and expenses by accounting category

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Interest income	**1,444,578**	**1,277,169**
Cash and demand accounts with central banks	5,382	6,036
Available-for-sale financial assets	24,321	25,564
Loans and receivables	717,724	587,008
Held-to-maturity investments	8,495	14,084
Derivatives	688,656	644,477
Interest expenses	**1,138,673**	**1,055,271**
Financial liabilities valued at amortised cost	460,854	429,951
Derivatives	677,819	625,320
Dividend income (on available-for-sale assets)	**11,375**	**11,152**
Fee and commission income	**72,144**	**65,833**
Fee and commission expenses	**2,201**	**2,107**
Net profit (loss) on financial assets and liabilities not measured at fair value through profit and loss	**5,505**	**14,353**
Available-for-sale financial assets (net income on disposal)	5,505	14,353
Net profit (loss) on financial assets and liabilities measured at fair value through profit and loss	**-7,670**	**-24,156**
Net profit (loss) resulting from hedge accounting	**-10,742**	**12,345**
Translation adjustment	**-14,732**	**-1,928**
Net profit (loss) on retirement of assets not available for sale	**1,456**	**-1,190**
Cost of risk	**-97,640**	**-68,843**
Other operating income	**240,583**	**219,459**
Other operating expenses	**6,311**	**9,300**
TOTAL FINANCIAL AND OPERATING INCOME AND EXPENSES	**497,673**	**437,515**
Administrative expenses	291,049	280,889
Depreciation/amortisation	17,193	16,525
Share of earnings from companies accounted for by the equity method	9,704	5,796
PRE-TAX INCOME	**199,135**	**145,897**

Note 12.2 Net commissions

	31/12/2015			31/12/2014		
In thousands of euros	Income	Expenses	Net	Income	Expenses	Net
Net commissions						
Commissions on commitments	584		584	669		669
Monitoring and investment commissions	13,759	-1,818	11,941	14,071	-1,701	12,371
Analysis commissions	15,676		15,676	9,764		9,764
Commissions on gifts and subsidies	40,897		40,897	39,873		39,873
Miscellaneous commissions	1,228	-383	845	1,455	-406	1,048
TOTAL	**72,144**	**-2,201**	**69,943**	**65,833**	**-2,107**	**63,726**

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

In thousands of euros	31/12/2015 IFRS			31/12/2014 IFRS		
	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	Foreign currency impact on derivatives	Gains and losses on financial instruments at fair value through profit and loss net of foreign currency
Financial assets and liabilities at fair value through profit and loss	4,531	-3,820	712	-2,192	-4,912	-7,103
Instruments at fair value on option	-2,414		-2,414	2,293		2,293
Income resulting from hedge accounting	-9,364	-1,378	-10,742	12,345		12,345
Change in JV hedge	*-52,341*		*-52,341*	*518,619*		*518,619*
Change in hedged item	*42,977*	*-1,378*	*41,599*	*-506,275*		*-506,275*
Natural hedging	-175,372	171,618	-3,755	-298,266	277,682	-20,586
CVA/DVA	-2,213		-2,213	1,239		1,239
TOTAL	**-184,832**	**166,420**	**-18,412**	**-284,581**	**272,770**	**-11,812**

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

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Income on securities	11,375	11,152
Capital gains on disposals	29,375	34,631
Capital losses on disposals	-3,783	-6,566
Provisions for depreciation/amortisation	-25,557	-22,271
Reversal of provisions for depreciation/amortisation	4,040	5,242
TOTAL	**15,451**	**22,188**

Note 15 Income from other activities

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Subsidies	216,191	204,441
Other income	11,090	16,407
TOTAL	**227,281**	**220,848**

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 Overheads

Note 16.1 Staff costs

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Staff costs		
Wages and bonuses	129,319	126,426
Social security expenses	55,368	53,497
Profit sharing	5,273	6,604
Taxes and similar payments on remuneration	13,078	12,392
Provisions/reversal of provisions	4,519	718
Rebilling banks' staff	-4,745	-14,868
TOTAL	**192,812**	**184,769**

Note 16.2 Other administrative expenses

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS	31/12/2014 IFRS *Pro forma*
Other administrative expenses			
Taxes	2,379	7,729	7,460
of which contribution to FRU	*263*		
of which application of IFRIC 21	*-140*		*-269*
Outside services	96,445	89,475	89,475
Provisions/reversal of provisions	-3	-3	-3
Rebilled expenses	-584	-1,081	-1,081
TOTAL	**98,237**	**96,120**	**95,851**

Note 17 Cost of risk

	31/12/2015 IFRS			31/12/2014 IFRS		
In thousands of euros	Provisions	Reversals	Total	Provisions	Reversals	Total
Collective provisions and impairment	69,533	49,719	-19,814	72,731	33,101	-39,631
Individual impairment of non-sovereign loans	109,851	59,250	-50,601	47,211	18,586	-28,625
Losses on principal of bad loans	27,236	10	-27,225	598	10	-588
TOTAL	**206,620**	**108,980**	**-97,640**	**120,540**	**51,697**	**-68,843**

Note 18 Equity-accounted companies

IMPACT	31/12/2015 IFRS		31/12/2014 IFRS	
In thousands of euros	Balance Sheet	Income	Balance Sheet	Income
SIC	43,102	3,491	54,080	147
Simar	20,147	2,319	17,828	2,263
Socredo	96,890	3,894	94,670	3,386
TOTAL	**160,139**	**9,704**	**166,578**	**5,796**

Note 19 Corporate income tax

Only income from property, profits from representing mainland credit institutions in the French Overseas Collectivities, AFD's refinancing activity involving its Proparco subsidiary, and the shareholding of its Proparco subsidiary are subject to corporate income tax at AFD.

Proparco is subject to the standard tax regime. Corporate income tax applies only to a portion of Soderag's activity.

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Corporate tax	**-16,044**	**-13,459**
Taxes due	-14,971	-19,249
Deferred tax	-1,072	5,790

UNDERLYING TAX POSITION

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Net income	**183,091**	**132,438**
Corporate tax	-16,044	-13,459
Pre-tax income	**199,135**	**145,897**
Total theoretical tax expense 34.43% (A)	**-54,180**	**-48,225**
Total matching items (B)	**38,137**	**34,765**
Net recorded tax expenses (A) + (B)	**-16,044**	**-13,459**

C – Information about risks

The main task of the Executive Risk Department (DXR) 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 the 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).

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 and sector 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 and impairments);
- approve and monitor the classification of country risk for the Group and determine the collective provisions made for performing homogeneous portfolios;
- monitor investments on the watch list in coordination with the Operations Department and the Legal Department.

Risks in foreign countries

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

- an initial counterparty rating during project analysis by AFD and Proparco's Risk Department;
- the monitoring and rating of counterparties by the operating departments, reviewed by the Risk Department.

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

- cancelled loans (remission of debts decided on by the French State: 1979 CNUCED, 1989 Dakar 1, 1994 Dakar 2);
- loans guaranteed by the French State: these mostly involve Global Budget Support.

In the area of loans **exposing the Group to risk,** we distinguish:

- sovereign loans issued to, or guaranteed by, a foreign country. This type of loan 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 pose. A centralised, permanent system also helps to measure and monitor the Group's non-sovereign credit risks.

This system also assists with decision-making when determining **individual impairments** 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 impairments at a rate set by the Risk Committee. Impaired receivables also include those loans classified 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 methods for calculating provisions are determined based on agreements signed with the French State, the terms of which were reviewed in June 2015;
- for **non-sovereign loans,** the system is based on booking collective provisions for defined "homogeneous portfolios" identified based on sectoral criteria. Provisions are based on the estimated residual loss, which takes into account the credit rating and the country risk. If need be, it is supplemented by an expert geographical and or sectoral estimate. These rates are applied to outstanding loans as well as to the guarantees provided.

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 directly or through banking intermediation;
- AFD's risks are also linked 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 via equity investments, participatory loans, bank refinancing and direct funding.

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;
- the activities of guarantee funds (Ariz) and investment funds (Fisea) are subject to Level 1 monitoring by the operating entities. The business model of ARIZ and Sogeform 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 and ongoing legal proceedings) are covered by provisions whose amount is regularly readjusted;
- AFD manages Sogefom within the framework of a regulated agreement and therefore monitors its risks.

In total, the gross value of consolidated outstandings exposing the Group to risk amounted to €26.4bn in 2015 (*versus* €23.4bn in 2014), including €21.8bn in foreign countries and €4.6bn in the French Overseas Departments and Collectivities. The parent company bears most of the Group's credit risk (€22.5bn, *i.e.* 85% of outstandings).

AFD Group's doubtful outstandings totalled €654M at 31 December 2015 (*versus* €604M in 2014), including €101M in doubtful sovereign and €553M in doubtful non-sovereign outstandings.

Doubtful non-sovereign outstandings are covered by impairments and provisions in the amount of €294M, equal to a coverage ratio of 53%.

BREAKDOWN OF UNIMPAIRED LOANS BY RATING (EXCLUDING LOANS REIMBURSED AND GUARANTEED BY THE STATE)

In millions of euros	31/12/2015 IFRS	31/12/2014 IFRS
Sovereign loans	**11,615**	**9,942**
Non-sovereign loans	**13,519**	**12,065**
Rated A (very good risk)	964	948
Rated B (good to average risk)	4,920	4,824
Rated C+ (passable risk)	4,801	3,932
Rated C- (significant risk)	2,424	2,080
Not rated	409	282

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:

In thousands of euros	31/12/2015 IFRS Book value	31/12/2014 IFRS Book value
Financial assets at fair value through profit and loss	241,714	142,562
Hedging derivatives	2,491,885	2,163,265
Available-for-sale financial assets	1,919,997	1,148,100
Loans and receivables	29,341,941	26,297,168
Held-to-maturity financial assets	781,617	714,541
Other financial assets		
Firm lending commitments	10,111,056	8,714,603
Financial guarantees	621,532	621,275
TOTAL	**45,509,743**	**39,801,514**

AGE OF ARREARS

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

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Less than 90 days	699	19,780
More than 90 days and less than 180 days	15	188
More than 180 days and less than one year	12,059	2,631
More than 1 year	254,556	280,926

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 for not more than €30bn enabling it to complete financing transactions with fewer financial disclosure requirements.

Short-term liquidity risk prevention relies on a series of certificates of deposit amounting to €2bn. There is also an EMTN (Euro Medium Term Notes) programme amounting to €2bn.

The portfolio of long-term investment securities (€0.74bn in nominal) also recognises a liquidity reserve that can be mobilised through market repurchase agreements. Now this portfolio has a supplementary securities portfolio (€0.7bn in nominal) created in the context of an additional liquidity reserve to respect the LCR ratio. These securities may also be mobilised through repurchase agreements. In addition, all of these securities are eligible for repurchase agreements from the ECB.

Furthermore, operating cash flow is maintained at all times at a level equivalent to a minimum of three months of activity.

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 table below shows the maturity of AFD's financial liabilities at 31 December 2015, analysed based on undiscounted contractual cash flows.

Contractual term to maturity	Less than three months	three months to one year	one year to five years	More than five years	Total cash flow	Book value
Liabilities						
Financial assets at fair value through profit and loss	532	5,545	123,362	483,173	612,612	612,612
Hedging derivatives (liabilities)	1,225	5,891	120,928	1,297,348	1,425,392	1,425,392
Financial liabilities valued at amortised cost	1,222,438	2,317,128	10,719,635	13,744,649	28,003,849	28,003,849

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 the 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 2015, the impact of a 100 bp rise in interest rates on projected 2016 earnings was estimated at -€9.1M (+€9.2M 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: if foreign currencies appreciate against the euro by 10%, this has an impact on earnings estimated at €4.7M (-€4.7M 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 13 April 2015: 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 entered into as part of debt and cash flow management (repurchase agreements), or on short-term or portfolio investments.

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

For non-sovereign risks, the highest authorised exposure to a counterparty is 10% of AFD's benchmark consolidated equity, *i.e.* €510M based on benchmark equity of €5.10bn. Specific rules also govern the operation of the various portfolios.

Compliance with regulatory ratios

The Group was in compliance with all of the regulatory ratios at 31 December 2015.

D – Additional Information

COMMITMENTS

In thousands of euros	31/12/2015 IFRS	31/12/2014 IFRS
Commitments received		
Financing commitments received from the French State	560,000	
Guarantee commitments received from the French State on loans	978,002	1,313,528
Guarantee commitments received from credit institutions	553,083	463,119
as part of the Group's lending activity	*553,083*	*463,119*
Commitments given		
Financing commitments made to credit institutions	1,573,073	1,188,339
Financing commitments made to customers	8,537,983	7,526,264
Guarantee commitments made to credit institutions	58,172	28,177
Guarantee commitments made to customers	563,360	593,098

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

Investments in managed funds

AFD has interests in 28 companies via a number of managed funds (Cidom, FAC, Fides and Fidom) or via funds contributed by the French State. These holdings, recorded at cost, do not appear on the balance sheet. These holdings, which were subscribed to on behalf of the French State with public funds made available to AFD, are not included in ownership or control percentages and are therefore not consolidated in the financial statements.

Fund source	Number of investments	Purchase price
Caisse d'Investissement des DOM (Cidom)	4	1,494
Fonds d'Investissement & de Développement Économique et Social (Fides)	5	642
Fonds d'Investissement des DOM (Fidom)	12	2,810
Other Government resources	7	17,093
TOTAL	**28**	**22,039**

IMF BALANCE SHEET

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

In thousands of euros	31/12/2015	31/12/2014
Assets		
Loans and receivables due from credit institutions	1,561,174	1,802,194
Demand		*156,872*
Term	*1,561,174*	*1,645,322*
Accruals	26,948	56,201
TOTAL ASSETS	**1,588,122**	**1,858,395**
Liabilities		
Debt securities in issue	1,480,964	1,850,077
Bonds	*1,434,000*	*1,801,450*
Of which accrued interest	*46,964*	*48,627*
Accruals and other miscellaneous liabilities	107,158	8,318
TOTAL LIABILITIES	**1,588,122**	**1,858,395**

Loans granted to the International Monetary Fund (IMF) for the Poverty Reduction and Growth Facility (PRGF), financed by bonded debt issued by AFD and supplemented by hedging instruments concluded with different banking counterparties, are provided on behalf and at the risk of the French Government. With the exception of management fees totalling €1.0M, the IMF loans have no impact on AFD Group's financial position.

Transactions between related parties

In thousands of euros	31/12/2015		31/12/2014	
	AFD Group	Equity-accounted companies	AFD Group	Equity-accounted companies
Credits	492,267		475,530	
Other financial assets				
Other assets				
TOTAL ASSETS WITH RELATED ENTITIES	**492,267**	**0**	**475,530**	**0**
Debts		492,267		475,530
Other financial liabilities				
Other liabilities				
TOTAL LIABILITIES WITH RELATED ENTITIES	**0**	**492,267**	**0**	**475,530**
Related interest, income and expenses	16,783	-16,783	15,360	-15,360
Commissions				
Net income on financial transactions				
Net income on other activities				
TOTAL NBI GENERATED WITH RELATED ENTITIES	**16,783**	**-16,783**	**15,360**	**-15,360**

Disclosure on Non-Cooperating States and Territories

Article L.511-45 of the French Monetary and Financial Code (as amended by Article 3 of Order 2014-158 of 20 February 2014) requires credit institutions to publish an appendix to their annual financial statements presenting information about their offices in countries or territories that have not signed an administrative assistance agreement with France for the purpose of combating fraud and tax evasion.

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 2015 AFD Group did not have any offices in non-cooperative countries or territories.

Statutory auditors' fees at 31 December 2015

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 2015. The fees are based on those stated in their engagement letters.

These fees are invoiced for statutory auditing services:

	Fees excluding tax – 2015 financial year
AFD	€275,792
Proparco	€107,500
Soderag	€15,000
Sogefom	€25,500
Fisea	€12,000
Propasia	€5,689

The amount of other fees invoiced for due diligence directly related to the statutory audit totalled €387K for AFD in 2015.

Significant events since 31 December 2015

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

Year ended 31 December 2015.

To the Shareholders,

In compliance with the assignment entrusted to us by your Board of Directors, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying consolidated financial statements of Agence Française de Développement as appended to this report;
- the justification of our assessments;
- the special 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.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with the 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, the reasonableness of accounting estimates made and 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, in accordance with IFRS standards as adopted by the European Union, of the assets and liabilities, the financial position and the results of the Group and all of its entities included in the scope of consolidation.

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 2015”, which discusses changes in methods arising from new standards and interpretations applicable as from 1 January 2015.

II – 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 measure 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 procedures by which its management approves these estimates;
- Provisioning for credit risks 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 and 3.1 – Note 4 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 impairments or provisions on an individual or collective basis;
- Agence Française de Développement also records other provisions as described in Notes 2.2.6 and 3.1 – Note 10 of the Annex. Based on the information available at this time, we assessed the methods used by AFD and described in Note 10 to the consolidated financial statements, and used sampling to verify that these methods are properly applied.

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.

III – Special 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, 08 April 2016	Courbevoie, 08 April 2016
KPMG Audit	**Mazars**
A division of KPMG SA	
Pascal Brouard	*Max Dongar*
Associé	*Partner*

5.7 AFD'S ANNUAL FINANCIAL STATEMENTS

Balance sheet at 31 December 2015

ASSETS

In thousands of euros	Notes	December 2015	December 2014
Cash, Central Bank		**30,446**	**48,068**
Government paper and equivalent	*1 and 2*	**1,439,462**	**770,362**
Receivables due from credit institutions	*3*	**11,602,981**	**10,440,306**
Demand		1,512,654	1,189,532
Term		10,090,327	9,250,774
Transactions with customers	*4*	**19,968,111**	**17,493,734**
Other loans to customers		19,968,111	17,493,734
Bonds and other fixed-income securities	*1 and 2*	**186,766**	**170,379**
Shares and other variable-income securities	*1 and 2*	**39,033**	**39,033**
Equity stakes and other long-term securities	*5*	**131,698**	**125,322**
Shares in related businesses	*6*	**579,311**	**577,348**
Intangible assets	*9*	**21,143**	**19,592**
Property, plant and equipment	*9*	**194,184**	**194,642**
Other assets	*10*	**538,456**	**239,917**
Accruals	*11*	**568,611**	**513,837**
TOTAL ASSETS		**35,300,202**	**30,632,540**
Off-balance sheet: Commitments given			
Financing commitments		**10,750,609**	**9,257,339**
To credit institutions		2,651,421	2,182,646
To customers		8,099,188	7,074,693
Guarantee commitments	*32*	**1,667,231**	**1,619,801**
To credit institutions		19,486	83,972
To customers		1,647,745	1,535,829
Commitments on securities		**327,196**	**299,924**
Other commitments on securities	*32*	327,196	299,924

LIABILITIES

In thousands of euros	*Notes*	December 2015	December 2014
Central Bank			
Debts to credit institutions	*12*	**490,765**	**545,133**
Demand		186,522	403,500
Term		304,243	141,633
Transactions with customers	*13*	**1,954**	**1,535**
Other demand debts		1,954	1,535
Other term debts			
Debt securities in issue	*14*	**25,269,181**	**21,309,116**
Interbank market and negotiable debt		941,948	
Bonds		24,327,233	21,309,116
Other liabilities	*10*	**1,865,971**	**1,964,636**
Borrowing from French Treasury		123,487	165,648
Allocated public funds		80,487	83,027
Other liabilities		1,661,997	1,715,961
Accruals	*11*	**365,205**	**258,373**
Provisions	*15*	**1,058,611**	**990,006**
Subordinated debt	*16*	**3,673,220**	**3,136,386**
Reserve for general banking risk	*17*	**460,000**	**460,000**
Equity excluding RGBR	*18*	**2,115,295**	**1,967,355**
Provisions		400,000	400,000
Reserves		1,517,196	1,420,134
Subsidies		18,088	25,893
Income		180,011	121,328
TOTAL LIABILITIES		**35,300,202**	**30,632,540**
Off-balance sheet: Commitments received			
Financing commitments		**560,000**	
Received from credit institutions			
Received from the French State		560,000	
Guarantee commitments	*32*	**427,858**	**374,852**
Received from credit institutions		427,858	374,852
Commitments on securities			
Other commitments received on securities			
Other commitments	*32*	**2,910,803**	**3,200,388**
Guarantees received from the French State		2,910,803	3,200,388

2015 INCOME STATEMENT

	In thousands of euros	*Notes*	December 2015	December 2014
	INCOME AND EXPENSES ON BANKING OPERATIONS			
+	**Interest and similar income**	*20*	**1,508,426**	**1,328,751**
	On transactions with credit institutions		419,535	387,596
	On transactions with customers		499,575	409,870
	On bonds and other fixed-income securities		26,235	26,381
	Other interest and similar income		563,081	504,904
-	**Interest and similar expenses**	*21*	**1,272,288**	**1,169,289**
	On transactions with credit institutions		579,475	471,259
	On transactions with customers		9,116	9,047
	On bonds and other fixed-income securities		520,842	492,470
	Other interest and similar income		162,855	196,513
+	**Income on variable-income securities**		**12,857**	**10,192**
+	**Commissions (income)**	*22*	**58,248**	**51,626**
-	**Commissions (expenses)**	*22*	**383**	**406**
+/-	**Gains or losses on investment portfolio transactions and similar**	*23*	**-919**	**2,960**
	Net profit or loss on transactions/securities held for sale		-919	2,960
+	**Other income on banking operations**	*24*	**277,586**	**260,254**
-	**Other expenses on banking operations**	*25*	**50,454**	**35,582**
=	**NET BANKING INCOME**		**533,073**	**448,506**
	OTHER ORDINARY INCOME AND EXPENSES			
-	**Overheads**	*26*	**277,798**	**268,590**
	Staff costs		193,822	184,768
	Other administrative expenses		83,976	83,822
-	**Provisions for depreciation of property, plant and equipment and amortisation of intangible fixed assets**	*9*	**16,907**	**16,012**
=	**Gross operating income**		**238,368**	**163,904**
+/-	**Cost of risk**	*29*	**-66,089**	**-40,952**
=	**Operating income**		**172,279**	**122,952**
+/-	**Gains or losses on fixed assets**	*30*	**8,359**	**-1,583**
=	**Pre-tax income from operations**		**180,638**	**121,369**
+/-	**Exceptional income**	*31*	**-627**	**-41**
-	**Corporate tax**			
+/-	**RGBR provisions or reversals**			
	NET INCOME		**180,011**	**121,328**

APPENDIX

5.7.1 Highlights of the period

Growth of the balance sheet

At 31 December 2015, the total balance sheet stood at €35.3bn, up 15% relative to the previous year. This change mainly stems from the robust growth in activity, with an increase of 13% in outstanding loans on its own behalf over the period.

Financing of the Group's activity

To finance the growth in loan activity on its own behalf, in 2015 AFD made six bond issues in the form of public issues and one private placement, as well as six tap issues, with a total volume of €5.1bn.

Appropriation of 2014 earnings

By the ministerial decree dated 6 May 2015, the Minister of the Economy and Finance determined the 2014 dividend to be paid by AFD to the French State. The dividend amounted to €24.2M on 2014 earnings of €121.3M, or 20% of AFD's total income.

The income remaining after paying out the dividend, €97.1M, was appropriated to reserves.

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

On 26 May 2014, the shareholders of Fisea carried out a capital increase for €55M, which was fully subscribed by AFD. €40M of the increase was paid up.

On 30 November 2015, the Chair of Fisea decided to call the balance of the capital increase all at once, for a total of €15M.

At 31 December 2015, the fund was almost wholly owned by AFD, with Proparco owning one share.

Implementation of reserve account

On 8 June 2015, AFD and the Minister of Finance and Public Accounts signed an agreement on the reserve account opened at AFD to (i) fund the provisions that AFD should recognise in case a sovereign counterparty defaults, (ii) serve normal unpaid interest, and (iii) more generally, help compensate AFD in the event of debt cancellation for sovereign loans.

This new agreement with the State is implemented in the financial statements at 31 December 2015.

Comprehensive Assessment of the European Central Bank (ECB)

With a balance sheet total that exceeded the €30.0bn threshold at the end of FY 2014, AFD has moved into the category of "Major" Banks according to the criteria set by the European regulatory authority.

Therefore, the Agency underwent a Comprehensive Assessment[1], and its Balance Sheet was fully assessed, in two phases: an Asset Quality Review and Stress Tests.

This assessment of the financial statements closed at 31 December 2014 began in April 2015 and ended with the publication of results by the ECB in mid-November 2015.

The results for this period show AFD has a capital shortfall in the adverse scenario by 2017 of €96M, of which the ECB has acknowledged it is generously covered by the reserve account that stood at €547.4M at 31 December 2014

Tax audit

In a letter dated 22 December 2015, the tax authority conducted a comprehensive assessment of all of AFD's tax returns for the period from 1 January 2013 to 31 December 2014. An audit was begun on 13 January 2016.

5.7.2 Accounting principles and assessment methods

General comments

The annual financial statements of Agence Française de Développement are presented according to the accounting principles for credit institutions prevailing in France, in accordance with ANC Regulation 2014-07 of 26 November 2014.

The annual financial statements include the balance sheet, income statement and notes to the financial statements, which supplement the information provided in the first two documents.

These have been prepared in accordance with the principles of prudence, going concern, separation of accounting periods and consistency of methods.

In accordance with current standards, since 1 January 2006 AFD has applied

- French CRC Regulation No. 2005-03, which was repealed and replaced by ANC Regulation 2014-07 of 26 November 2014, relative to accounting practice for credit risk;
- as of 1 January 2014, AFD has applied ANC recommendation 2013-02 of 7 November 2013 on the assessment and accounting rules for retirement obligations and similar benefits, which supersedes CNC Recommendation 2003-R01 of 1 April 2003.

Conversion of foreign currencies

Amounts receivable, amounts payable and off-balance sheet commitments denominated in foreign currencies are evaluated 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 stakes denominated in foreign currencies but financed in euros;
- balance sheet and off-balance sheet items recorded in illiquid currencies.

Foreign currency income and expenditure on loans, borrowings, securities or off-balance sheet operations are recorded in the foreign currency, in profit and loss accounts kept for each of the currencies concerned, with conversions made on a monthly closing date.

(1) Decision (EU) 2015/839 of the European Central Bank.

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 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 fees 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 Supervisory 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 impairment for the outstanding capital (impairment for specific risks).

Litigated debt obligations are included in doubtful loans.

Non-performing outstanding 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.

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 original effective interest rate for fixed-rate loans and at the last effective interest rate for variable-rate loans.

An impairment loss is recorded for the full amount of unpaid interest due and interest accrued on doubtful debts.

Asset restructuring

Restructuring for the borrower's financial difficulties results in a change to the terms of the initial contract to allow the borrower to contend with the financial difficulties it is having. If, in view of the change in the borrowing terms, the present value of these new expected future flows at the original effective interest rate of the asset is lower than its book value, a discount must be booked to bring the book value back to the new present value.

No restructured outstanding debt has required a discount to be booked in the accounts at 31 December 2015.

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 six months or more are recorded at the date of their acquisition, at the purchasing price, excluding accrued interest.

  Premiums or discounts are amortised on an actuarial basis. At each monthly account closing, the coupon accrued since the last period is reported as income.

  Impairment for unrealised losses, calculated 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, until maturity, are recorded at the date of their acquisition, at the purchase price, excluding accrued interest.

  They may be subject to impairment in case of counterparty risk.

  Premiums or discounts (the difference between purchase price and redemption price) are spread on 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 fully consolidated.

Equity stakes

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

This relates 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. Impairment 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 28 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 on loans for general budget support and investment subsidies on mixed loans, which are paid by the State at the start of the loan and which enable the granting of concessional loans by lowering the average cost of the funding allocated in each of the loan categories concerned.

These grants and investment subsidies are amortised over the life of each of the loans they help to finance.

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 building services, fixtures and fittings	15 years
5.	Sundry fittings	10 years

Other property, plant and equipment are depreciated using the straight-line method:

- office buildings in the French Overseas Departments and Collectivities are depreciated over 15 years;
- residential buildings are depreciated over 15 years;
- fixtures, fittings and furnishings are depreciated over 5 or 10 years;
- equipment and vehicles over two to five years.

As for intangible assets, software is amortised according to its type: no more than five years for enterprise resource planning systems and two years for office automation tools.

Impairment testing is conducted on depreciable/amortisable assets when signs of loss of value are identified at the end of the financial year. If there is a loss of value, an impairment charge is recorded under "Provisions for the depreciation of property, plant and equipment and the amortisation of intangible assets", which may be reversed if there is a change in the conditions that led to it being recognised. This impairment reduces the depreciable/amortisable amount of the asset and thus also affects its future depreciation/amortisation schedule.

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

Forward financial instruments

Off-balance sheet assets for financial instruments result entirely from outright transactions – interest-rate swaps and cross-currency swaps – made over-the-counter.

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

In accordance with ANC Regulation 2014-07[1], the par value of these contracts is recorded off balance sheet, while symmetry in relation to the hedged item results in income or expenses recorded as interest and related income or expenses for hedged items. Such income and expenses are not offset.

Provisions

This item covers provisions meant to hedge risks and expenses that past or ongoing events have rendered likely to occur, and whose purpose is clearly specified.

Provisions for sovereign outstandings

The agreement "on the reserve account[2] " was signed on 8 June 2015 between AFD and the French State for an indefinite period. This agreement determines the mechanism for creating provisions for hedging the sovereign risk and the principles for using the provisions recognised thereby.

This reserve account is intended to (i) fund the provisions that AFD would have to recognise in case a sovereign borrower defaults, (ii) serve normal unpaid interest and (iii) more generally, help compensate AFD in the event of debt cancellation for sovereign loans.

The balance of this account cannot be less than the amount required by banking regulations applicable to collective provisions on performing or restructured loans. This lower regulatory limit is calculated using estimated losses expected across the sovereign loan portfolio (losses at one year, losses at termination, regulatory requirements on provisions or any other data available to AFD that can be used to anticipate the sovereign loan portfolio's risk profile).

Doubtful sovereign debts are provisioned. Furthermore, this depreciation is neutralised by deduction from the reserve account.

Net provisions for reversals of provisions are recorded in net banking income.

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.

The provisions are calculated based on a homogeneous portfolio of counterparties determined by quantitative and qualitative analysis (looking at the macroeconomic situation and the estimated residual loss [ERL]). At 31 December 2015, the portfolio is presented with a segmentation based on three sectors: public goods and services, financial sector and private goods and services.

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.

Collective provision allocations for performing non-sovereign loans in foreign countries impacted the cost of risk in the amount of €33.2M. This level of provision takes into account the increase in the performing loans in question (+14%) and their risk quality. At 31 December 2015, the provisioning rate for these outstandings was 5%.

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.

(1) Book II, Title 5, of ANC Regulation 2014-07 concerning forward financial instruments, which repeals and replaces CRBF Regulation 90-15 as amended by CRBF 92-04.

(2) The signature of this agreement precludes the agreement "on recording provisions for sovereign loans granted by AFD on its own behalf" of 30 December 2010 between the State and AFD.

Provisions for employee benefits

Defined benefit plans

Retirement and early retirement commitments

Immediate retirement and early retirement commitments are all transferred to an external insurance company.

Deferred retirement and early retirement commitments are kept by AFD and covered by specific insurance policies. They are valued in accordance with the provisions of contracts signed by AFD and the insurer.

The assumptions used for the valuations are as follows:

- discount rate: 1.25%;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- annual increase in salary: 2.00%.

Commitments for end-of-career payments and financing of the health insurance plan

AFD pays retirement bonuses (IFC) to its employees. It also contributes to the cost of its retired employees' health insurance plans.

The assumptions used for the valuations are as follows:

- discount rate: 2.25%;
- annual increase in salary: 2.00%;
- retirement age: 63 for non-executive level employees and 65 for executive level employees;
- actuarial tables: TGH 05 (men)/TGF 05 (women).

These commitments (retirement bonuses and financing of health insurance plans and pensions) undergo actuarial valuations that factor in demographic and financial assumptions. The amount of provisions for commitments is determined using the Projected Unit Credit Method. At each closing, the retirement commitments carried by AFD are remeasured and compared with the value of the insurance policies.

As of 1 January 2014, pursuant to ANC Recommendation 2013-02 of 7 November 2013, the assessment and accounting rules for retirement obligations and similar benefits include the immediate and full recognition of the cost of services on the income statement and alignment of the expected rate of return on benefit fund assets with the discount rate used in the assessment.

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*.

However, ANC Recommendation 2013-02 provides the option, during its initial application, of identifying past actuarial gains and losses that were not recognised at opening and recognising them under retained earnings.

Pursuant to this option, at 1 January 2014, AFD recognised on its balance sheet the accumulated actuarial gains and losses that were not recognised at 31 December 2013, in the amount of €1,083K and an attendant reduction in retained earnings. This amount was unchanged in 2015.

As of 31 December 2015, the amount of the provision was increased by €5,699K.

Other long-term benefits

AFD gives its employees bonuses as long-service benefits. An additional provision was recognised on 31 December 2015 in the amount of €10,000.

The aggregate impacts on the 2014 and 2015 reporting years are set out in the table below:

In thousands of euros	At 31/12/2015	Change in the impact on income	At 31/12/2014	Change in the impact on income	At 01/01/2014	Application of ANC 2013-02	At 31/12/2014
Provisions for employee benefits	**81,549**	**5,709**	**75,840**	**4,199**	**71,641**	**1,083**	**70,558**
Defined benefit plans	*80,685*	*5,699*	*74,986*	*4,087*	*70,899*	*1,083*	*69,816*
Other long-term benefits	*864*	*10*	*854*	*112*	*742*		*742*

The changes in commitments over 2015 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						
Present value of the commitment at 01/01/2015	83,038	85,714	14,419	183,170	854	184,024
Financial cost	1,044	1,790	277	3,111	18	3,129
Cost of services rendered over the year	459	3,793	1,012	5,264	96	5,630
Reductions/Liquidations	0	0	0	0	0	0
Services paid	-11,515	-1,845	-678	-14,039	-32	-14,071
Actuarial gains (losses)	-3,064	-8,509	-976		-72	
PRESENT VALUE OF THE COMMITMENT AT 31/12/2015	**69,962**	**80,943**	**14,054**	**164,958**	**864**	**165,822**
Change in the fair value of retirement plan assets						
Fair value of assets at 01/01/2015	93,604			93,604		93,604
Expected return on assets	1,170					
Services paid	-11,515					
Actuarial gains (losses)	-11,327					
Liquidations	0					
FAIR VALUE OF ASSETS AT 31/12/2015	**71,932**			**71,932**		**71,932**
Corridor limits						
Actuarial gains (losses) not recognised at 01/01/2015	7,176	-20,776	-981	-1,458	0	-14,581
Corridor limits at 1 January 2015						
Actuarial gains (losses) generated over the year	-8,263	8,509	976	1,222	72	1,294
Actuarial gains (losses) recognised in profit or loss	0	1,017	0	1,017	-72	945
Actuarial gains (losses) N-1 recognised in equity	0	0	0	0	0	0
UNRECOGNISED ACTUARIAL GAINS (LOSSES) AT 31/12/2015	**-1,087**	**-11,249**	**-5**	**-12,342**	**0**	**-12,342**
Amounts recognised on the balance sheet at 31/12/2015						
Present value of the funded commitment	69,962					
Fair value of financed assets	-71,932			-1,970		-1,970
Present value of unfunded commitment		80,943	14,054	94,996	864	95,861
NET POSITION	**-1,970**	**80,943**	**14,054**	**93,026**	**864**	**93,891**
Unrecognised actuarial gains (losses)	-1,087	-11,249	-5	-12,342		-12,342
BALANCE SHEET PROVISION	**-3,057**	**69,694**	**14,049**	**80,684**	**864**	**81,549**
Amounts recognised on the income statement at 31/12/2015						
Cost of services rendered over the period	459	3,793	1,012	5,264	96	5,360
Financial cost for the period	1,044	1,790	277	3,111	18	3,129
Recognised actuarial gains (losses)	0	1,017	0	1,017	-72	**945**
Expected return on retirement plan assets	-1,170			-1,170		-1,170
Cost of services rendered						
Impact of reductions/liquidations						
EXPENSES BOOKED	**333**	**6,600**	**1,289**	**8,223**	**42**	**8,265**
Reconciliation of opening and closing net liability						
Liability at 01/01/2015	-3,390	64,938	13,348	74,986	854	75,840
Expenses booked	333	6,600	1,289	8,223	42	8,265
Contributions paid						0
Employer contributions	0	-1,845	-678	-2,523	-32	-2,555
Items that will not be subsequently recycled to profit or loss	0	0	0	0	0	0
NET LIABILITIES AT 31/12/2015	**-3,057**	**69,693**	**14,048**	**80,665**	**864**	**81,549**
Change in net liabilities	**333**	**4,755**	**611**	**5,699**	**10**	**5,709**

Projected commitments at 31 December 2016 are as follows:

Actuarial debt at 31 December 2015	**69,962**	**80,943**	**14,054**	**164,958**	**864**	**165,822**
Cost of services rendered in 2016	339	3,447	987	4,773	95	4,869
Financial cost in 2016	879	1,899	315	3,092	20	3,112
Services payable in 2016/transfer of capital upon departures in 2016	-19,753	-1,733	-1,298	-22,784	-85	-22,869
Estimated debt at 31 December 2016	**51,426**	**84,555**	**14,058**	**150,039**	**895**	**150,934**

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 to the French Treasury, corresponding to drawdowns between 1 January 1990 and 31 December 1997, was converted into subordinated debt. The agreement also provides for the general rescheduling of the debt's repayment period over 20 years with a 10-year grace period, with any new borrowings after 1 January 1998 recognised as subordinated debt (with a repayment period scheduled over 30 years and a 10-year grace period).

In March 2015, an amendment to the 1988 agreement allowed drawdowns from the 2015-2017 period to be qualified for up to €280M per year (*i.e.* a total of €840M) as Tier 1.

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 €90M at 31 December 2015 (€160M 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 PSZ, in Sub-Saharan Africa and in Mediterranean countries). These guarantees are intended to encourage the creation and development of local businesses;
- sub-participation guarantees granted to Proparco;

Commitments given for guarantees to clients include, in particular:

- loan repayment guarantees distributed by Crédit Foncier de France (CFF) and Bpifrance;
- 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, and June 2014. These buyback options may be exercised for a period of five years following a lock-in period of five years.

Disclosure on Non-Cooperating States and Territories

Article L.511-45 of the French Monetary and Financial Code (as amended by Article 3 of Order 2014-158 of 20 February 2014) requires credit institutions to publish an appendix to their annual financial statements presenting information about their offices in countries or territories that have not signed an administrative assistance agreement with France for the purpose of combating fraud and tax evasion.

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 2015, AFD did not have any offices in non-cooperative countries or territories.

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 items

Contents

All tables are in thousands of euros.

Note 1 Short-term investments[1]

	December 2015			December 2014		
	Listed securities	Unlisted securities	Total	Listed securities	Unlisted securities	Total
Government paper and equivalent	759,077		759,077	174,750		174,750
Related receivables	5,537		5,537	1,468		1,468
Impairments	-101		-101	-2		-2
NET TOTAL	**764,513**		**764,513**	**176,216**		**176,216**
Bonds and other fixed-income securities	29,980	50,000	79,980		49,965	49,965
Related receivables	20	98	118		19	19
Impairments						
NET TOTAL	**30,000**	**50,098**	**80,098**		**49,984**	**49,984**
Shares and other variable-income securities	39,033		39,033	39,033		39,033
Impairments						
NET TOTAL	**39,033**		**39,033**	**39,033**		**39,033**
TOTAL NET VALUE	**833,546**	**50,098**	**883,644**	**215,249**	**49,984**	**265,233**

	Fixed income	Variable income	Total	Fixed income	Variable income	Total
Unrealised capital gains	2,890	8,736	11,626	398	9,306	9,704

	Less than three months	three months to one year	From one to five years	More than five years	2015 Total
Maturity of bonds and other fixed-income securities	50,000		29,980		79,980

Note 2 Long-term investments[1]

	December 2015			December 2014		
	Listed securities	Unlisted securities	Total	Listed securities	Unlisted securities	Total
Government paper and equivalent	664,200		664,200	582,964		582,964
Related receivables	10,749		10,749	11,182		11,182
Net total	674,949		674,949	594,146		594,146
Bonds and other fixed-income securities	103,823		103,823	117,055		117,055
Related receivables	2,845		2,845	3,340		3,340
Net total	106,668		106,668	120,395		120,395
TOTAL NET VALUE	**781,617**		**781,617**	**714,541**		**714,541**
Difference between purchase price and redemption price	58,669		58,669	60,181		60,181

During the financial year, no long-term investment was sold before maturity for the needs of managing counterparty risk.

	Less than three months	three months to one year	From one to five years	More than five years	2015 Total
Maturity of bonds and other fixed-income securities			31,634	72,189	103,823

(1) *Total balance sheet items: Government paper and equivalent, bonds and other fixed-income securities, shares and other variable-income securities total €1,665,261K at 31/12/2015.*

Note 3 Receivables from credit institutions

	December 2015			December 2014		
	Demand	Term	Total	Demand	Term	Total
Regular accounts	123,150		123,150	95,178		95,178
Loans to credit institutions	1,389,404	10,154,621	11,544,025	1,091,029	9,322,913	10,413,942
Interbank investment(1)	1,389,404	1,161,613	2,551,017	1,091,029	1,239,365	2,330,394
Loan activity		8,993,008	8,993,008		8,083,548	8,083,548
Related receivables	100	49,922	50,022	3,325	43,542	46,867
Impairments		-114,216	-114,216		-115,681	-115,681
TOTAL	**1,512,654**	**10,090,327**	**11,602,981**	**1,189,532**	**9,250,774**	**10,440,306**

(1) This item includes money-market UCITS.

The amount of outstandings at the State's risk and on behalf of the State is €2,193,600K.

	Less than three months	three months to one year	From one to five years	More than five years	2015 Total
Maturity of loans to credit institutions	270,892	798,725	4,501,021	3,422,370	8,993,008

Total outstanding doubtful loans (€106,377K) are included in "Less than 3 months".

	December 2015		December 2014	
Details of doubtful term loans	Gross	Impairments	Gross	Impairments
Doubtful outstandings (excluding related receivables)	106,377	106,362	109,809	107,825
Non-performing outstanding sovereign loans(2)				
Non-performing outstanding non-sovereign loans	106,346	106,346	106,984	106,984

(2) Granted to Governments or with their endorsement. Only the outstanding principal of these loans is the object of provisions for liabilities.

Note 4 Transactions with customers

	December 2015	December 2014
Credit to customers	20,163,190	17,719,776
Related receivables	97,014	89,541
Impairments	-292,093	-315,583
TOTAL	**19,968,111**	**17,493,734**

Outstanding credit at the State's risk is €609,800K at 31 December 2015. Outstandings for loans on behalf of the State and for governmental loans stand at €7,080K.

	Less than three months	three months to one year	From one to five years	More than five years	2015 Total
Maturity of loans to customers	571,286	1,168,666	6,081,419	12,341,819	20,163,190

Total arrears on ordinary receivables (€26,236K) and total doubtful loans (€454,558K) are included in "Less than 3 months."

	December 2015		December 2014	
Details of doubtful term loans	Gross	Impairments	Gross	Impairments
Doubtful outstandings (excluding related receivables)	454,558	292,093	492,826	314,431
Non-performing outstanding sovereign loans(3)	89,254	72,300	85,613	
Non-performing outstanding non-sovereign loans	127,034	120,327	191,200	178,807

(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 securities

	December 2015	December 2014
Long-term securities and equity stakes	**147,831**	**140,737**
Gross value(1)	162,465	145,086
Translation differences	-14,634	-4,349
Related receivables	33	88
Impairments	16,166	15,503
NET TOTAL	**131,698**	**125,322**

(1) The gross amount of listed shares totalled €13,648K in 2015.

Note 6 Shares in related businesses

	December 2015	December 2014
Gross value	585,291	583,327
Impairments	5,980	5,980
NET TOTAL	**579,311**	**577,347**

Note 7 Transactions with related businesses

	December 2015	December 2014
Assets		
Receivables due from credit institutions	3,966,787	3,578,780
Liabilities		
Term debts to credit institutions	303,841	141,230
Off-balance sheet		
Financing commitments given	1,317,918	1,205,081
Guarantee commitments given	975,986	879,236

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.-Eboué BP 64 97110 Pointe-à-Pitre
Equity	693,079	5,577
Equity holdings	64.17%	100%
Shareholders' equity	849,208	-116,064
Income after tax	*32,931*	*5,918*
Gross book value	412,974	5,980
Net book value	412,974	0

	Sogefom	Fisea
Head office	5, rue Roland-Barthes 75012 Paris	5, rue Roland-Barthes 75012 Paris
Equity	1,102	160,000
Equity holdings	58.69%	100.00%
Shareholders' equity	14,916	112,570
Income after tax	*-421*	*-8,160*
Gross book value	5,015	160,000
Net book value	5,015	160,000

EQUITY STAKES OF BETWEEN 10% AND 50%

Gross value	45,458
Net value	41,288

Note 9 Fixed assets and depreciation/amortisation

	31/12/2014	Purchases	Sales	Transfers	31/12/2015
Gross value					
Land and development	87,718	1,099	48	-246	88,523
Buildings and development	195,611	6,283	781	151	201,264
Other property, plant and equipment	51,651	3,451	7,988	-410	46,704
Intangible assets	53,845	7,570	1,473	47	59,989
GROSS AMOUNT	**388,825**	**18,403**	**10,290**	**-458**	**396,480**

	31/12/2014	Provisions	Reversals	Other	31/12/2015
Depreciation/amortisation					
Land and development	2,350	101	29		2,422
Buildings and development	98,449	7,073	855	2	104,669
Other property, plant and equipment	39,454	3,684	7,920	-2	35,216
Intangible assets	34,252	6,051	1,469	11	38,845
Amount of depreciation/amortisation	**174,505**	**16,909**	**10,273**	**11**	**181,152**
Impairments	**85**		**85**		**0**
NET AMOUNT	**214,235**				**215,328**

Note 10 Other assets and liabilities

	December 2015		December 2014	
	Assets	Liabilities	Assets	Liabilities
Accounts payable, French State		233,505		288,457
Borrowing from French Treasury		123,487		165,647
Allocated public funds		68,698		70,959
Guarantee funds in the French Overseas Departments		11,789		12,068
Collateral deposit	527,679	1,162,713	225,480	1,163,000
Other	10,777	265,779	14,437	264,505
TOTAL	**538,456**	**1,865,971**	**239,917**	**1,964,636**

Note 11 Accruals

	December 2015		December 2014	
	Assets	Liabilities	Assets	Liabilities
Currency adjustment accounts on off-balance sheet items		64,084	49,332	
Income and expenses resulting from *swaps*	395,631	143,733	373,517	144,724
Shared income and expenses	113,539	136,682	50,830	74,799
Other accruals	59,441	20,706	40,158	38,850
TOTAL	**568,611**	**365,205**	**513,837**	**258,373**

Note 12 Debts to credit institutions

	December 2015		December 2014	
	Demand	Term	Demand	Term
Debts to credit institutions	186,449	301,716	403,497	139,104
Related debts	73	2,527	2	2,529
TOTAL	**186,522**	**304,243**	**403,499**	**141,633**

	Less than three months	three months to one year	From one to five years	More than five years	2015 Total
Maturity of loans due to credit institutions		6,912	171,554	123,250	301,716

Note 13 Transactions with customers

	December 2015		December 2014	
	Demand	Term	Demand	Term
Accounts payable, customers	1,954	-	1,534	-
Related debts		-	1	-
TOTAL	**1,954**	**-**	**1,535**	**-**

Note 14 Debt securities in issue

	December 2015	December 2014
Negotiable debt securities	942,085	
Bonds	23,975,429	20,987,088
Related debts	351,667	322,028
TOTAL	**25,269,181**	**21,309,116**

	Less than three months	three months to one year	From one to five years	More than five years	2015 Total
Maturity of debt securities in issue	740,711	1,278,816	11,121,935	10,833,967	23,975,429

Note 15 Provisions

	Dec. 2014	Provisions	Reversals	Translation adjustment	Dec. 2015
Sovereign loans(1)	547,410	53,889	36,650	-7	564,642
Performing non-sovereign loans	278,811	53,150	19,524		312,437
Guarantees granted	32,798	14,367	2,392	1,484	46,257
French Overseas Department subsidiary risks	33,291	124	1,439		31,976
Other risks	11,015	739	1,369	13	10,398
Foreign exchange losses(1)	7,852	1,805	1,121		8,536
Administrative expenses(1)	636				636
Staff costs(1)	78,193	5,809	273		83,729
TOTAL	**990,006**	**129,883**	**62,768**	**1,490**	**1,058,611**

(1) These provisions are not recorded in "cost of risk".

Note 16 Subordinated debt

	December 2015	December 2014
Subordinated debt	3,162,641	2,625,157
Lowest-ranked subordinated debt	499,276	499,866
Related debts	11,303	11,363
TOTAL	**3,673,220**	**3,136,386**

Note 17 Reserve for general banking risk (RGBR)

	December 2014	Provisions	Reversals	December 2015
Reserve for general banking risk	460,000			460,000

Note 18 Equity excluding RGBR

	December 2015	December 2014
Provisions	400,000	400,000
Reserves	1,517,196	1,420,134
Subsidies	18,088	25,893
Unallocated income(1)	180,011	121,328
TOTAL	**2,115,295**	**1,967,355**

(1) Dividends distributed to the French State in 2015 totalled €24,266K.

Note 19 Assets and liabilities in foreign currencies(2)

	December 2015	December 2014
Amount of assets denominated in foreign currencies(3)	8,611,665	7,090,411
Amount of liabilities denominated in foreign currencies(3)	6,647,966	4,964,167

(2) Excluding IMF transactions and off-balance sheet hedging transactions, as these transactions offset balance sheet positions.
(3) In principle, these foreign-currency positions are offset by forward financial instruments recorded off-balance sheet.

Note 20 Interest and related income

	December 2015	December 2014
Interest and income on transactions with credit institutions(4)	**419,535**	**387,596**
Interest on loans	208,231	166,682
Interest on short-term investments	9,388	17,044
Income from forward financial instruments	201,916	203,870
Interest and income on transactions with customers(4)	**499,575**	**409,870**
Interest and income on bonds and other fixed-income securities	**26,236**	**26,381**
Short-term investments	1,914	817
Long-term investments	24,322	25,564
Other interest and similar income	**563,080**	**504,904**
Income from forward financial instruments	563,080	504,904
TOTAL	**1,508,426**	**1,328,751**

(4) The amount of net reversals of provisions for interest on doubtful loans, adjusted for losses on interest on bad loans, is €5,005K at 31 December 2015 compared to €7,714K at 31 December 2014.

	French Overseas Departments	French Pacific Collectivities	Foreign countries
Breakdown of revenue by geographic area: €713,009K	72,986	42,644	597,379

for total revenue of €713,009K

Note 21 Interest and related expenses

	December 2015	December 2014
Interest and expenses on transactions with credit institutions	**579,475**	**471,258**
Interest on accounts payable	5,269	3,942
Expenses on forward financial instruments	574,206	467,311
Interest on borrowings		5
Interest and expenses on transactions with customers	**9,116**	**9,047**
Interest on subordinated debts	9,116	9,045
Other interest and expenses on transactions with customers		2
Interest and expenses on bonds and other fixed-income securities	**520,842**	**492,470**
Interest on interbank market securities and negotiable debt securities	229	429
Interest on bonds	497,481	464,683
Interest on lowest-ranked subordinated debt	23,132	27,358
Other interest and similar income	**162,855**	**196,513**
Expenses on forward financial instruments	161,312	194,523
Interest on allocated public funds	1,543	1,990
TOTAL	**1,272,288**	**1,169,288**

Note 22 Commission income and expenses

	December 2015	December 2014
Commission income	**58,248**	**51,626**
From subsidies	40,896	39,873
From processing	14,737	9,124
Other	2,615	2,629
Commission expense	**383**	**406**

Note 23 Gains or losses on investment portfolio transactions

	December 2015	December 2014
Balance of investment portfolio transactions	**-919**	**2,960**
Capital gains on disposals	1,159	2,909
Capital losses on disposals	1,980	
Reversals of provisions for depreciation	2	64
Provisions for depreciation	100	13

Note 24 Other income on banking operations

	December 2015	December 2014
Other income on banking operations	**277,586**	**260,254**
Subsidies	216,191	204,441
Other banking income	53,543	51,069
Net foreign exchange gains	7,852	4,744

Note 25 Other expenses on banking operations

	December 2015	December 2014
Other expenses on banking operations	**50,454**	**35,582**
Other operating expenses	50,454	35,582
Net foreign currency losses		

Note 26 Overheads – Staff costs

	December 2015	December 2014
Wages and bonuses	129,319	126,426
Social security expenses	55,361	53,489
Profit sharing	5,273	6,604
Taxes and similar payments on remuneration	13,079	12,392
Provisions/reversal of provisions	5,536	718
Rebilling banks' staff	-14,746	-14,861
TOTAL	**193,822**	**184,768**

Note 27 Average workforce

Head office and branches (excluding institutions)	Executives	Supervisors	Skilled employees	Service staff	Stationary staff	Total 2015
	1,067	134	12	1	508	1,722

Note 28 Asset impairments

	December 2015				
	Provisions	Reversals	Translation adjustment	Total	December 2014
Unpaid interest on loans (Notes 3 and 4)	10,268	38,748	42	142,495	170,933
Individualised risk on loans (Notes 3 and 4)	54,206	57,469	70	257,138	260,331
Impairment of equity stakes (Notes 5 and 6)	1,013	350		22,146	21,483
Impairment of short-term investments (Note 23)	100	2		98	0
TOTAL	**65,587**	**96,569**	**112**	**421,877**	**452,747**

Note 29 Cost of risk[1]

	December 2015			
	Provisions	Reversals	Total	December 2014
Provisions (Note 15)[1]	68,380	24,724	-43,656	-25,281
Depreciation of principal of doubtful loans (Note 28)	54,206	57,469	3,263	-15,179
Losses on principal of bad loans	25,700	4	-25,696	-492
TOTAL	**148,286**	**82,197**	**-66,089**	**-40,952**

(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 2015	December 2014
Gains or losses on financial fixed assets	**6,901**	**-1,697**
Capital gains and losses	7,563	-1,361
Provisions/reversals for depreciation	-662	-336
Gains or losses on other fixed assets	**1,458**	**114**
TOTAL	**8,359**	**-1,583**

Note 31 Exceptional income

	December 2015	December 2014
Exceptional gains	7	338
Exceptional losses	634	379
NET TOTAL	**-627**	**-41**

Note 32 Other off-balance sheet commitments

	December 2015	December 2014
Guarantee commitments received from the French State on loans	2,910,803	3,200,388
Guarantee commitments received from credit institutions	427,858	374,852
Guarantee commitments made to credit institutions	19,485	83,972
Guarantee commitments given on securities	327,196	299,924
Guarantee commitments made to customers	1,647,745	1,535,829

Note 33 Commitments on forward financial instruments excluding IMF transactions(1)

	December 2015		December 2014	
	Notional	Valuation(2)	Notional	Valuation(2)
Outright transactions				
Interest rate swaps (hedging transactions)	-22,563,743	482,312	-21,050,896	644,554
Currency swaps (hedging transactions)	27,583,721	-28,408	22,348,363	11,921
Commitments received	*13,810,269*		*11,218,705*	
Commitments given	*13,773,452*		*11,129,658*	
Other instruments (hedging transactions)				
Options	**-194,967**	**5,071**	**-302,776**	**4,848**

(1) This information does not appear in the publishable off-balance sheet.
(2) The value of these financial instruments was established with reference to market value.

	Less than one year	From one to five years	More than five years	Total 2015
Outright, micro-hedge and OTC market transactions				
Interest rate swaps	759,921	4,979,185	16,824,637	22,563,743
Currency swaps	2,654,494	10,485,896	14,443,331	27,583,721
Commitments received	1,464,752	5,424,084	6,921,433	13,810,269
Commitments given	1,189,742	5,061,812	7,521,898	13,773,452
Options		**-79,977**	**-114,990**	**-194,967**

Note 34 Valuation of forward financial instruments excluding IMF transactions(3) by issuer rating

Banking counterparty rating	31/12/2015 Valuation(4)	31/12/2014 Valuation(4)
AAA		-19,385
AA	-24,378	208,842
A	563,588	657,525
BBB	126,310	-1,823
TOTAL	**665,520**	**845,159**

(3) Counterparty risk on derivatives related to the financing of IMF transactions is covered by the overall guarantee granted to AFD by the French State for this purpose.
(4) Replacement cost is represented by the net gain on market values, including accrued interest. If the balance is negative, the cost is zero.

Note 35 Investments held in managed funds[1]

Fund source	Number of investments	Purchase price
Caisse d'Investissement des DOM (Cidom)	4	1,494
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	17,093
TOTAL	**28**	**22,039**

(1) 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 €377,545.66.

Note 37 Corporation tax

Only income from property and from representing mainland credit institutions in the French Overseas Departments, as well as AFD's refinancing activity with regard to its Proparco subsidiary, are subject to corporation tax.

Note 38 Risk exposure

AFD operates on its own behalf in forward financial markets as part of its own activities and those delegated to it by the French State.

These transactions are undertaken within the limits authorised by General Management with the agreement of the Board of Directors.

5.8 REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 December 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your Board of Directors, we hereby report to you, for the year ended 31 December 2015, 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.

I - Opinion on the annual financial statements

We conducted our audit in accordance with the 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, the reasonableness of accounting estimates made and 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 Agence Française de Développement at 31 December 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - 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:

- Provisioning for credit risks 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, and Notes 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 impairments or provisions on an individual or collective basis;
- Agence Française de Développement records impairments and provisions on shares in related businesses, equity stakes and long-term securities, as described in Notes 2.5, III-5 and III-6. We assessed the approaches adopted by AFD, as described in Note 2.5 of the Annex, based on the information available at this time, and conducted tests, using sampling techniques to check the application of these methods;
- Agence Française de Développement also records other provisions as described in Notes 2.10 and III-15 to the financial statements. We assessed the approaches adopted by AFD, as described in Note 2.10, based on the information available at this time, and conducted tests, using sampling techniques to check the application of these methods.

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.

III - Specific information and verification

We have also performed, in accordance with the 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 and in the documents addressed to the Board of Directors with respect to the financial position and the financial statements.

The statutory auditors

Paris La Défense, 08 April 2016	Courbevoie, 08 April 2016
KPMG Audit	**Mazars**
A division of KPMG SA	
Pascal Brouard	*Max Dongar*
Associé	*Partner*

5.9 AFD'S FINANCIAL RESULTS OVER THE LAST FIVE YEARS

	2015	2014	2013	2012	2011
Capital + retained earnings + income *(in millions of euros)*	**2,097.2**	**1,941**	**1,858**	**1,828**	**1,795**
Net banking income *(in millions of euros)*	533.1	448.5	440.7	363	361
Net income *(in millions of euros)*	180.0	121.3	92.9	88	73
Net income/(capital + retained earnings + income)	8.58%	6.25%	5.00%	4.81%	4.09%
Net income/balance sheet total	0.51%	0.40%	0.35%	0.37%	0.36%
Staff					
Number of employees (average)	1,715	1,685	1,667	1,656	1,607
Total payroll costs *(in millions of euros)*	193.8	184.8	184.3	170.3	166.5
of which social and cultural initiatives *(in millions of euros)*	13	14.3	15.5	10.7	15.6

5.10 STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as statutory auditors of Agence Française de Développement, we hereby present our report on your regulated agreements.

On the basis of the information provided to us, we are required to inform you of the principal terms and conditions, as well as the reasons providing evidence of the benefit to the company, 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 submitted to the Board of Directors for its approval

Agreements approved during the past financial year

Pursuant to Article L.225-40 of the French Commercial Code applicable to your institution in accordance with Article L.511-39 of the French Monetary and Financial Code, we have been informed of the following agreements which were previously approved by your Board of Directors.

WITH THE SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ÉCONOMIQUE (PROPARCO)

- Amendment repealing the Proparco SA country-risk hedging agreement by AFD

The agreement signed on 17 December 1998 between Proparco SA and AFD and its amendments dated 25 October 2005 and 23 November 2007 specified the nature of the country risks borne by Proparco SA and the terms and conditions of their hedging by AFD.

An amendment repealing the country-risk hedging agreement was signed on 3 July 2015. Its purpose is to extinguish all country-risk hedging and to authorise Proparco SA to take over the balance of provisions set aside in its accounts, namely €6.369M.

This amendment was signed due to a technical and economic cause. The balance of the country-risk hedging provisions remained, whereas the outstandings that had justified setting them aside gradually diminished, leading to an inordinately high statistical provision level. Moreover, in the Proparco financial statements this provision henceforth duplicated the collective provision allocations set aside to meet all causes of default by the counterparties without distinction.

This amendment was previously approved by your Board of Directors on 18 June 2015.

In 2015, AFD made no reimbursements to Proparco SA.

WITH THE COORDINATION SUD NON-PROFIT GROUP

- Financing agreement between AGENCE FRANÇAISE DE DÉVELOPPEMENT and COORDINATION SUD

This agreement, currently being signed and with a term of five years, consists of providing the COORDINATION SUD non-profit group with a grant of €662,957. This grant is for financing a gender equality dissemination project within international solidarity organisations.

The funds will be provided to the recipient in the form of annual advances. Expenses will be eligible from 1 January 2016 and the deadline for disbursement of funds will be set at 31 December 2018.

Pursuant to the law, we inform you that the prior approval given by the Board of Directors does not include the reasons providing evidence of the benefit of the agreement to the Agency, as provided for by Article L.225-38 of the French Commercial Code.

This agreement was previously approved by your Board of Directors on 17 December 2015.

Agreements already approved by the Board of Directors

Agreements approved by the Board of Directors in previous years, which remained in effect during the past financial year

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements, already approved by the Board of Directors in previous years, remained in effect last year.

WITH THE SOCIÉTÉ DE GESTION DES FONDS DE GARANTIES D'OUTRE-MER (SOGEFOM)

- Service Agreement

On 15 March 2004, AFD and Sogefom signed a service agreement effective retroactively to 28 August 2003. Under this agreement, AFD provides management, representation and technical support services to Sogefom.

AFD was paid a fee of €1.368M under this agreement in 2015.

WITH THE SOCIÉTÉ DE DÉVELOPPEMENT RÉGIONAL ANTILLES-GUYANE (SODERAG)

- Cessation of interest on advances to shareholder current accounts

In 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 AFD's status as sole shareholder, on 5 July 2001 AFD's Supervisory Board authorised the cessation of interest on all of its shareholder current account advances.

- Provision of non-interest bearing shareholder advances to SODERAG

Between 1999 and 2005, AFD provided its subsidiary with additional non-interest-bearing current account advances to SODERAG so that its liquidation could continue.

At 31 December 2015, SODERAG'S debt to AFD under agreements signed between 1997 and 2005 totalled €106.346M.

WITH THE 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)

- Agreements relating to the refinancing and guaranteeing of the customer loan portfolios taken over from SODERAG by the three SDCs (departmental credit companies)

Under the terms of the protocol agreements signed in October and November 1998 between AFD, SODERAG and the three SDCs (SODEMA, SOFIDEG and SODEGA), the SDCs acquired the portion of SODERAG'S customer loan portfolio relating to their department, as SODERAG was in liquidation. In September and October 2000, three additional protocol agreements were signed with the three departmental credit companies, setting out the terms for managing the portfolio of loans from SODERAG.

At 31 December 2015, outstanding loans in AFD's books amounted to €10.667M for SODEMA, €18.373M for SODEGA and €0.885M for SOFIDEG.

Two thirds of the interest and early repayment charges received by the SDCs from customer loans are paid to AFD.

The loans' principal is repaid by the SDCs to AFD to the extent that it is repaid by customers, bearing in mind that the total repayment is limited to the acquisition value of the loans.

Lastly, AFD provides the SDCs with guarantees of the outstanding capital of the loans taken over, up to their net book value.

In 2015, AFD was paid fees and interest for these loans that amounted to €1K from SODEMA, €115K from SODEGA and €40K from SOFIDEG.

In 2015, up to €25.784M of the credit risk assumed by AFD was covered by a provision for risks for the SODERAG portfolio transferred to the three SDCs, producing a net reversal of €1.315M in 2015.

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)

- Lending agreements

Under two agreements signed with FERDI and FONDDRI, respectively, AFD undertook in 2000 to grant an interest-free loan of €12.5M to each foundation, repayable in one instalment after 15 years.

Loan outstandings amounted to €25M at 31 December 2015.

AFD received no remuneration under this agreement in 2015.

WITH THE SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ÉCONOMIQUE (PROPARCO)

- Service Agreement

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.

An amendment, signed on 13 August 2012, primarily redefines:

- the purpose and extent of AFD/Proparco services;
- the invoicing and payment procedures for employees governed by AFD's bylaws and seconded employees;
- ongoing control, compliance and security services for activities;
- periodic control services.

The income booked by AFD under this agreement for the period from 1 January 2015 to 31 December 2015 totalled €27.923M.

Paris La Défense, 8 avril 2016
KPMG Audit
A division of KPMG SA
Pascal Brouard
Partner

Courbevoie, 8 avril 2016
Mazars

Max Dongar
Partner

5.11 FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORK

	MAZARS				KPMG AUDIT			
	Total		%		Total		%	
Amounts in thousands of euros	2015	2014	2015	2014	2015	2014	2015	2014
AUDIT								
Statutory audit and certification of the annual and consolidated financial statements of the AFD Group	197	194	51%	60%	219	215	52%	46%
Parent company (AFD)	*138*	*136*	*36%*	*42%*	*138*	*136*	*33%*	*29%*
Fully consolidated companies	*59*	*58*	*15%*	*18%*	*81*	*79*	*19%*	*17%*
Additional assignments	187	131	49%	40%	201	254	48%	54%
Parent company (AFD)	*187*	*131*	*49%*	*40%*	*201*	*254*	*48%*	*54%*
Fully consolidated companies	*0*	*0*	*0%*	*0%*	*-*	*0*	*0%*	*0%*
SUBTOTAL	**384**	**325**	**100%**	**100%**	**419**	**468**	**100%**	**100%**
Other services								
Legal, tax, benefits				*0%*			*0%*	*0%*
Other				*0%*			*0%*	*0%*
SUBTOTAL	**0**	**0**	**0%**	**0%**	**-**	**0**	**0%**	**0%**
TOTAL FEES BEFORE TAX	**384**	**325**	**100%**	**100%**	**419**	**468**	**100%**	**100%**

PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

6.1 NAME AND POSITION

Jean-Jacques Moineville: Deputy Chief Executive Officer

6.2 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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.

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.

The historical financial information about the consolidated financial statements for the financial year ended 31 December 2014, presented in this Registration Document, is covered in a report by the statutory auditors, which includes an observation on page 141.

The historical financial information about the annual financial statements for the financial year ended 31 December 2014, presented in this Registration Document, is covered in a report by the statutory auditors, which includes an observation on page 163.

The historical financial information about the consolidated financial statements for the financial year ended 31 December 2015, presented in this Registration Document, is covered in a report by the statutory auditors, which includes an observation on page page 110.

Paris, 26 April 2016

Deputy Chief Executive Officer

Jean-Jacques Moineville

6.3 NAME, ADDRESS AND QUALIFICATION OF THE FINANCIAL STATEMENTS' STATUTORY AUDITORS

	For 2013		For 2014		For 2015	
Name	Mazars	KPMG Audit	Mazars	KPMG Audit	Mazars	KPMG Audit
Represented by	Max Dongar	Arnaud Bourdeille	Max Dongar	Pascal Brouard	Max Dongar	Pascal Brouard
Address	61, rue Henri-Regnault 92075 Paris La Défense Cedex	2, avenue Gambetta 92066 Paris La Défense Cedex	61, rue Henri-Regnault 92075 Paris La Défense Cedex	2, avenue Gambetta 92066 Paris La Défense Cedex	61, rue Henri-Regnault 92075 Paris La Défense Cedex	2, avenue Gambetta 92066 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 most recent appointment	30 April 2014
End of statutory auditors' mandate	The close of the meeting of the Board of Directors to approve the financial statements for the 2019 financial year.

6.4 INFORMATION POLICY

Philippe Bauduin

Head of the Finance and Accounting Department

Tel.: +33 (0)1 53 44 41 56

ADDITIONAL INFORMATION

7.1 MANAGEMENT REPORT CROSS REFERENCE TABLE

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 2014, the related statutory auditors' reports and the Group's management report appear in the Registration Document submitted to the AMF on 29 April 2015 under Number D.15-0432.

7.3 CROSS-REFERENCE TABLE

	Headings of appendix XI to EC regulation 809/2004	Page(s) starting	Comments (where applicable)
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2	Statutory auditors	140	
3	Risk factors	58	
4	Information about the issuer	4	
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7	Information about trends	71	
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10	Main shareholders	4	
11	Financial information about the issuer's assets and liabilities, financial position and income	77	
11.1	Historical financial information	134	
11.2	Financial statements	77	
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14	Documents available to the public	4	

APPENDIX 1 – AFD 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 Burkina Faso Cape Verde Côte d'Ivoire Gambia Ghana Guinea Guinea-Bissau Liberia Mali Mauritania Niger Nigeria Senegal Sierra Leone Togo
Central Africa	Burundi Cameroon Congo Gabon Equatorial Guinea Central African Rep. Dem. Rep. of the Congo Rwanda Sao Tome and Principe Chad
East Africa	Djibouti Eritrea Ethiopia Kenya Uganda Sudan Tanzania
Southern Africa	South Africa Angola Mozambique Namibia Zimbabwe
Indian Ocean	Comoros Madagascar
North Africa	Algeria Morocco Tunisia
Near and Middle East	Afghanistan* Lebanon Palestinian auton. areas Yemen
Indo-Chinese peninsula	Cambodia Laos Vietnam
Caribbean and Central America	Haiti Dominican Republic Suriname
Pacific	Vanuatu

** Afghanistan is temporarily included in the list of PSZ countries according to the 29 January 2004 letter from the regulators.*
The PSZ therefore includes 54 countries.

III/ Countries outside the PSZ where AFD has received approval 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)	
	Bolivia	Letter of 5 December 2014 (green, solidarity-based growth)	
	Colombia	Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012	
	Ecuador	Letter of 25 September 2014 (green, solidarity-based growth)	
	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	MAE/Minefi letter of 2 April 2012 ("post-crisis country" mandate) for four years. Joint letter of 25 September 2014 ("green, solidarity-based growth" mandate)	
	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 5 June 2009: AFD was authorised to study the possibilities for intervention in these two countries	
	Mongolia		
	Pakistan	Joint MAE/Minefi decree of 25 January 2006 (post-earthquake for three years), then Cicid 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 2009 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		
Caribbean and Central America	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	Cicid meeting of 28 January 1999 and 14 February 2002	
	Cuba	MAE/MINEFI letter of 16 November 2016	
	Dominica	Cicid meeting of 14 February 2002	
	Grenada	Cicid meeting of 14 February 2002	
	Guyana	Cicid meeting of 28 January 1999 and 14 February 2002	
	Jamaica	Cicid meeting of 28 January 1999 and 14 February 2002	
	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	Cicid meeting of 14 February 2002	
	Saint Vincent and the Grenadines	Cicid meeting of 14 February 2002	
	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	MAE/Minefi letter of 12 December 2003	
Oceania	Fiji	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		
	Marshall Islands		
	Kiribati		
	Micronesia		
	Nauru		
	Niue		
	Palau		
	Papua New Guinea		
	Solomon Islands		
	American Samoa		
	Samoa		
	Tokelau		
	Tonga		
	Tuvalu		
Indian Ocean	Mauritius	Cicid meeting of 14 February 2002	
	Seychelles	Cicid meeting of 14 February 2002	

APPENDIX 2 – AFD CORPORATE BALANCE SHEET USING FRENCH STANDARDS (SIMPLIFIED)

ASSETS *In millions of euros*	**2015**	**2014**	**Change**
Loans (net outstanding)	27,337	23,822	3,515
of which net loans on AFD's own behalf	*26,679*	*23,592*	*3,087*
Gross outstandings	27,597	24,121	3,476
of which loans on AFD's own behalf	*26,940*	*23,891*	*3,049*
of which loans on behalf of the State	*657*	*230*	*428*
(-) individual impairments	406	431	-25
(+) accrued interest	146	132	14
IMF-PRGF transactions	1,589	1,859	-270
Investment portfolio	782	715	67
Short-term cash assets	3,613	2,584	1,029
Equity stakes	711	703	8
Fixed assets	215	214	1
Accruals and other assets	1,053	736	317
TOTAL	**35,300**	**30,633**	**4,668**

LIABILITIES *In millions of euros*	**2015**	**2014**	**Change**
Market borrowings	24,299	19,970	4,329
Borrowing from French Treasury	3,286	2,792	494
Current accounts	492	546	-53
IMF-PRGF transactions	1,588	1,858	-270
Funds under management and advances from the State	386	436	-50
Accruals and other liabilities	1,633	1,639	-6
Provisions	1,059	990	69
Capital and retained earnings	2,377	2,280	97
Net income	180	121	59
Income pending allocation	0	0	
TOTAL	**35,300**	**30,633**	**4,668**

APPENDIX 3 – AFD INCOME STATEMENT USING FRENCH STANDARDS (SIMPLIFIED)

Expenses *In millions of euros*	2015	2014	Change	Income	2015	2014	Change
Expenses on borrowings	**1,147.3**	**1,060.9**	**86.3**	**Income on loans and guarantees**	**1,357.8**	**1,190.3**	**167.5**
• Interest on borrowings	465.9	436.3	29.6	• Interest and commissions on loans and guarantees	747.1	638.3	108.8
• Expenses on swaps	690.7	630.8	60.0	• Income on swaps	671.4	627.6	43.8
• Net foreign exchange loss	-9.3	-6.1	-3.2	• Net provisions for unpaid interest	21.8	-8.0	29.9
				• Loss of interest income	-16.9	-0.1	-16.8
				• Net provisions for sovereign outstandings	-33.7	-49.9	16.2
				• Recoveries on subsidy account for SAL and mixed loan-grants	8.6	8.7	-0.1
				• Repayment of Proparco margin*	-40.5	-26.2	-14.3
				Subsidies	**202.5**	**191.8**	**10.7**
				Investment income	**34.5**	**46.3**	**-11.8**
				Income from equity stakes	**12.9**	**10.2**	**2.7**
				Commissions on operations	**46.3**	**45.8**	**0.5**
				• AFD fees, donations, SAS, SAL, C2D	37.0	35.6	1.4
				• Other commissions	9.3	10.2	-0.9
Miscellaneous financial expenses	**16.2**	**15.4**	**0.8**	**Ancillary income and miscellaneous**	**41.4**	**39.3**	**2.1**
Expenses on IMF-PRGF transaction	**10.4**	**16.1**	**-5.7**	**Income from IMF-PRGF transaction**	**11.7**	**17.2**	**-5.5**
TOTAL EXPENSES ON BANKING OPERATIONS	**1,173.9**	**1,092.4**	**81.4**	**TOTAL INCOME ON BANKING OPERATIONS**	**1,707.0**	**1,541.0**	**166.0**
Net of expenses on IMF-PRGF transaction	*1,163.5*	*1,076.3*	*87.2*	*Net of income from IMF-PRGF transaction*	*1,695.3*	*1,523.7*	*171.5*
NET BANKING INCOME	**533.1**	**448.5**	**84.6**				
Overheads	**277.8**	**268.6**	**9.2**				
• Staff costs	193.8	184.8	9.1				
• Taxes and similar payments	6.3	5.5	0.8				
• Other general expenses	77.7	78.3	-0.6				
Depreciation/amortisation expenses on property, plant and equipment and intangible assets (net)	**16.9**	**16.0**	**0.9**				
Total expenses on non-banking operations	**294.7**	**284.6**	**10.1**				
GROSS OPERATING INCOME	**238.4**	**163.9**	**74.5**				
Cost of risk	**-66.1**	**-41.0**	**-25.1**				
Net provisions for unpaid interest	3.3	-15.2	18.4				
Net provisions for risk and expenses	-43.7	-25.3	-18.4				
Loss of principal on bad loans	-25.7	-0.5	-25.2				
Operating income	**172.3**	**123.0**	**49.3**				
Gains or losses on fixed assets	8.4	-1.6	9.9				
Income from operations	**180.6**	**121.4**	**59.3**				
Net exceptional transactions	-0.6	0.0	-0.6				
Corporate tax	0.0	0.0	0.0				
NET INCOME	**180.0**	**121.3**	**58.7**				

* *Change to the presentation of margin repayments between 2014 and 2015.*

APPENDIX 4 – KEY RATIOS AND INDICATORS

The following data are from AFD's financial statements.

In thousands of euros	2015	2014
Net banking income	**533,072**	**448,506**
Staff costs	36.4%	41.2%
Net banking income		
Cost-to-income ratio		
General expenses	55.3%	63.5%
Net banking income		
Benefit-cost ratio		
Net earnings	9.4%	6.7%
Capital + retained earnings*		
Efficiency ratio		
Net earnings	0.5%	0.4%
Balance sheet total		
Staff		
Number of employees (average)		1,685
Total payroll costs	193,8	184.8
of which social and cultural activities		14.3
Net income	**180,011**	**121,328**
Distributed income	**24,266**	**37,160**

* *Capital and retained earnings exclude the Reserve for general banking risk (€460M).*

APPENDIX 5 – RESULTS OF OPERATING ACTIVITIES FOR THE LAST FIVE REPORTING YEARS (PARENT COMPANY)

	2015	2014	2013	2012	2011
Capital + retained earnings + income *(in millions of euros)*	**2,097**	**1,941**	**1,858**	**1,828**	**1,795**
Net banking income *(in millions of euros)*	533	449	441	363	361
Net income *(in millions of euros)*	180.0	121.3	92.9	87.9	73.5
Net income/capital + retained earnings + income	8.58%	6.25%	5.00%	4.81%	4.09%
Net income/balance sheet total	0.51%	0.40%	0.35%	0.37%	0.36%
Staff					
Number of employees (average)	1,715	1,685	1,667	1,656	1,607
Total payroll costs *(in millions of euros)*	193.8	184.8	184.3	170.3	166.5
of which social and cultural initiatives *(in millions of euros)*	13.0	14.3	15.5	10.7	15.6

APPENDIX 6 – AFD APPROVALS

Typology of AFD's approvals (loans)

AFD APPROVALS BY TYPE OF LOANS – FOREIGN COUNTRIES

	Approvals	
In millions of euros	**2015**	**2014**
Loans	**4,590**	**4,570**
Sovereign concessional loans	3,194	2,897
of which loans with direct concessionality	*1,661*	*1,692*
of which loans with indirect concessionality	*1,533*	*1,205*
Non-sovereign loans	1,396	1,673
of which concessional loans	*830*	*672*
of which non-concessional loans	*566*	*1,001*
of which sub-participations granted to Proparco	*172*	*278*

AFD APPROVALS BY TYPE OF LOAN – FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES

	Approvals	
In millions of euros	**2015**	**2014**
Loans	**945**	**1,004**
Public sector	784	919
Loans to local authorities	*621*	*500*
Other loans – public sector	*163*	*419*
Private sector	161	86
Direct financing	*71*	*41*
Banks	*90*	*45*

SECTOR BASED BREAKDOWN OF THE APPROVALS BY AFD[1] (LOANS IN FOREIGN COUNTRIES)

In millions of euros	**2015**	**2014**
Agriculture and food safety	289	142
Water and drainage	678	442
Education and occupational training	216	338
Environment and natural resources	677	192
Infrastructure and urban development	2,352	2,873
of which transport	*515*	*592*
of which energy	*1,533*	*1,394*
of which development and urban management	*122*	*681*
of which infrastructure and miscellaneous social services	*182*	*129*
of which other	*0*	*77*
Healthcare and AIDS prevention	188	181
Business, Industry and Trade	504	650
Other and multiple sectors	100	197
TOTAL	**5,003**	**5,014**

(1) Information about loans does not include the status of AFD loans to Proparco.

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