AFD
AGENCE FRANÇAISE
DE DÉVELOPPEMENT

AGENCE FRANÇAISE DE DÉVELOPPEMENT 2016
REGISTRATION DOCUMENT

CONTENTS

2016 REGISTRATION DOCUMENT

9,4 bn
COMMITMENTS BY AFD GROUP (AFD AND PROPARCO)

246,2 M€
NET INCOME - GROUP SHARE

5,9 bn€
EQUITY

29,5 bn
NET OUTSTANDINGS

2,349
EMPLOYEES

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This Registration Document was filed with the French Financial Markets Authority (AMF) on 27 April 2017 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 in Appendix 7, 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
Ademe:	French Environment and Energy Management Agency
AFD:	Agence Française de Développement
APD:	Official Development Assistance
ARIZ:	Support for the Risk of Financing Private Investment in AFD's Areas of Operation
ECB:	European Central Bank
BPI:	Public Investment Bank
C2D:	Debt Reduction-Development Contracts
CCE:	Central Works Council
CEFEB:	Centre for Financial, Economic and Banking Studies
CFF:	Crédit Foncier de France
CHSCT:	Health, Safety and Working Conditions Committee
CICID:	Committee for International Cooperation and Development
CMF:	French Monetary and Financial Code
COM:	Contractual targets and resources
COS:	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
FCE:	Exogenous Shocks Facility
FEXTE:	Fund for Technical Expertise and Experience
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/MAEE:	French Ministry of Foreign Affairs and International Development
MINEFI:	French Ministry of the Economy and Finance
MOOC:	Massive Online Course
NAO:	Mandatory Annual Negotiations
SDO:	Sustainable development objectives
NGO:	Non-Governmental Organisation
OSEO:	Development Bank for Small and Medium-sized Enterprises
DC:	Developing country
PEE:	Employee Savings Plan
LDC:	Least developed countries
HIPC:	Heavily-indebted poor countries
MIC:	Middle-income countries
RCS:	Resources with special conditions
PSZ:	Priority Solidarity Zone

PRESENTATION OF AFD

1.1 GENERAL INFORMATION

1.1.1 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. A Strategic Steering Committee (SSC), a State entity headed up by the Minister for Development, was created on 5 June 2009, and 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.515-5 to R.515-20 of the CMF (Decree No. 2017-582 of 20 April 2017).

ECB supervision

By the decision of 22 December 2015, AFD is directly supervised by the European Central Bank (ECB) following a review of its assets, procedures and a stress test conducted between March and October 2015.

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.515-6, 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 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.

1.1.2 General information about AFD's capital

AFD's funding

AFD funding amounts to €2,807,998,856. 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.

1.1.3 Current breakdown of share capital and voting rights

(Not applicable)

1.1.4 AFD's stock issues

(Not applicable)

1.1.5 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.

Pursuant to Article 79 of the amending Finance Bill 2001-1276 of 28 December 2001 a dividend may be paid to the French State.

1.2 AFD OPERATIONS

1.2.1 General comments

AFD is an industrial and commercial public undertaking (EPIC) and a specialised credit institution (order No. 2013-544 of 27 June 2013 on credit institutions and financing companies) whose bylaws are defined in Articles R.515-5 to R.515-20 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.515-16 of the CMF) and a Board of Directors (Articles R.515-17 to 19 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 (the CICID). The framework agreement of 4 January 2007 between AFD and the French state defines the latter's public service role and the financial relationship between them.

AFD is also responsible for financing development in the French Overseas Departments and Collectivities and in New Caledonia.

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

It is also responsible for directly or indirectly providing technical expertise to its beneficiaries (Article R.515-6 of the CMF).

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, foreign governments or international organisations and institutions (Article R.515-13 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*).

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. Since 1 January 2014, AFD has represented Bpifrance Financement in the French Overseas Departments and Collectivities.

AFD also manages operations financed by the French State's budget on behalf and at the risk of the latter (Article R.515-12 of the CMF).

In terms of AFD's responsibilities, the 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 Vocational 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 Global 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 the tax on plane tickets and the tax on financial transactions. As a priority, FSD inflows are used to pay for multilateral aid expenses for development related to global public goods in the areas of health, climate and environment and in particular to fund the International Finance Facility for Immunisation (IFFIm);
- 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.

Contractual targets and resources for 2017-2020

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

The COM covering the 2014-2016 period has just ended; the 2017-2020 agreement is being finalised.

1.2.2 Activities of AFD 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 using MAEDI (programme 209) resources. Subsidies are broken down into (i) financing project aid, (ii) advance research funds or supporting projects (iii) equity stakes in partnerships and facilities.

  - Loans
    - The non-sovereign pricing structure includes subsidised products with subsidy levels that vary primarily according to counterparty and country risk. This subsidy is obtained through a blend of direct subsidies (programme 110) and resources with special conditions (programme 853) 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 Ariz, its guarantee facility. This facility guarantees private-sector outstandings through local banks that request it. Backed by capital of €295M, Ariz is available to any AFD operating region provided it meets the geographical objectives set in its contractual targets and resources. Ariz offers two standard individual guarantee and portfolio guarantee products and additional innovative products such as a capital guarantee.

  - Equity investment in foreign countries.
- Mandate-specific operations

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

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 (resources from Programme 123) 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-subsidised 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-et-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 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 Collectivities and represents Caisse des Dépôts et Consignations for certain activities in the French Pacific Collectivities and Saint-Pierre-et-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.

Financing of activities

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 foreign country and French Overseas Departments and Collectivities loan subsidies (€213M of credit appropriations received in 2016);
  - subsidies received from the State for project subsidy and NGO activities (€244M of credit appropriations received in 2016).
- Loans from the State (RCS)

AFD contracts loans with the State for a period of 30 years, including 10 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. AFD received €280M in state loans in 2016 in the form of a bond issue subscribed by the State.

- Market borrowings

AFD's bond issues totalled €4,892M in 2016.

AFD has made four bond issuances in the form of public issues on the euro and US dollar markets:

- €1,000M for 5 years (maturity March 2021);
- €1,500M for 10 years (maturity July 2026);
- $1,000M for 3 years (equivalent to €908M; maturity August 2019);
- €850M for 7.5 years (maturity April 2024).

In addition, AFD also completed a tap issue on the euro market and issued three private placements on the euro and US dollar markets:

- €50M for 2 years in floating rate note form (maturity February 2018);
- €150M for 2.8 years (maturity December 2018);
- $200M for 2 years (equivalent to €185M; maturity March 2018);
- €250M for 15 years (maturity June 2031).

1.2.3 Other AFD activities

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.

In 2016, AFD worked on 25 in-depth evaluations including 11 launched in 2016. In addition to this work and in accordance with AFD's evaluation policy guidelines, support for improving project evaluability was strengthened. The range of evaluation types was added to in 2016 with the first two sectoral intervention frameworks (education-vocational training and food safety). An evaluation methodology specific to this kind of strategic instrument was developed for this purpose and provided very positive results in terms of quality and the depth of the analyses carried out.

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 77 studies were funded in 2016.

Half yearly macroeconomic and financial monitoring reports and on the international economic environment were also produced for countries where AFD operates (incorporating specific monitoring of fifty countries with operations).

66 publications were produced this year. Significant work was carried out to evaluate intellectual output, in particular through creating new distribution channels. A dedicated "Development studies and knowledge" newsletter was distributed on a monthly basis in addition to an active presence on the social networks: creation of a LinkedIn Group with more than 1,000 members, management of a Twitter account enabling communications to be made simultaneously with important events on the international development agenda. More than 670,000 downloads of AFD publications were recorded in 2016 (+25% compared with 2015).

The CEFEB: the promotion of knowledge about sustainable development

Based in Marseille, the purpose of the CEFEB is to implement actions for the reinforcement of capacities, training cycles, seminars and online educational resources for the benefit of the 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 development players (in France or abroad) and, to a lesser extent, the AFD staff at the head office and in the network. Its purpose is to transfer and share knowledge and expertise applicable to the various development professions at the leading edge of research, as well as operational techniques and practices AFD has tested.

In 2016, CEFEB provided extended training for 72 young professionals (Master degree programme in project management through a partnership with the University of Auvergne) and capacity building in classroom-based format for nearly 1,250 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 and for nearly 13,800 participants in a MOOC (developed in partnership with the World Bank) on public-private partnerships (PPP).

2016 also saw the launch of several major projects including the preparation of a campus on the theme of the social and inclusive economy and the gradual digitalisation of educational content of existing classroom-based seminars and the creation of new e-learning educational formats: virtual classes, webinars, serious games or communities of practice via social networks.

Finally, the CEFEB consolidated its strategic partnership with donors, international organisations or bilateral cooperation in order to develop training activities and to grow target audiences.

1.2.4 AFD mandate-specific activities

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

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

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 agreement of 6 December 2016 on the implementation of the Trade Capacity Building Program (TCBP).

The following may be cited as examples of the second category:

- 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 15 December 2016 related to the management by AFD of the Solidarity Fund for Development (FSD) financed by a tax on plane tickets and the tax on financial transactions;
- The agreement of 15 December 2016 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.

1.2.5 AFD's operating scope (see Appendix I)

According to Article R.515-9 of the CMF, AFD's financial aid is allocated to countries in the Priority Solidarity Zone (PSZ) determined by the CICID by virtue of Article 3 of Decree 98-66 of 4 February 1998. In addition, they may be approved by a joint decision of the Ministry of Foreign Affairs, 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 initially included 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. It was then enlarged on several occasions based on CICID decisions or on joint decisions of the French Ministry of Foreign Affairs and the French Ministry of the Economy and Finance.

It should be noted, however, that the idea of a Priority Solidarity Zone (ZSP) was removed at the CICID meeting on 31 July 2013. Since then aid is allocated on the basis of differentiated partnerships according to revenue and geographic, cultural and linguistic ties with France. The CICID has drawn up a list of priority poor countries on which will be focussed half of the public subsidies and two-thirds of the grants that AFD implements.

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

At the same time, the CICID of 30 November 2016 also decided to strengthen cooperation with a number of other priority countries whose development and stability are a priority for France. In this context, the French government authorised AFD to conduct research in the Western Balkans and in Ukraine.

1.3 AFD GROUP

1.3.1 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 2016

	Country	Method[1]	Percentage of ownership 31/12/2016	Percentage of ownership 31/12/2015	Percentage of control 31/12/2016	Percentage of control 31/12/2015
France						
Mainland France						
Proparco	France	FC	64.95	64.17	64.95	64.17
Sogefom	France	FC	60.00	60.00	58.69	60.00
Fisea	France	FC	100.00	100.00	100.00	100.00
French Overseas Departments and Collectivities						
Soderag	France – Guadeloupe	FC	100.00	100.00	100.00	100.00
Simar	France – Martinique	EQ	22.27	22.27	22.27	22.27
SIC	France – New Caledonia	EQ	50.00	50.00	50.00	50.00
Socredo	France – Polynesia	EQ	35.00	35.00	35.00	35.00
Asia						
Propasia	Hong Kong	FC	64.95	64.17	100.00	100.00

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

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

1.3.2 Information about subsidiaries

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

Proparco (Société de Promotion et de Participation pour la Coopération Économique)

Purpose: To promote development projects, acquire equity 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 (excluding issue premium)

AFD's stake: 64.95%

Other shareholders: French financial institutions (21.69%), private investors (1.67%), international financial institutions (11.03%), ethical foundations and funds (0.65%)

Balance sheet total: €5,400.6M

Total net equity: €895.3M

Equity stakes: €649.2M

Loan portfolio: €4,162.8M

Net banking income: €153.1M

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 Overseas Departments and Collectivities that have subscribed to a portion of its capital

Legal form: Public limited company (*société anonyme*)

Head office: 5 rue Roland-Barthes, 75012 Paris

Equity: €1,102,208

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

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

Balance sheet total: €43M

Total net equity: €14.4M (excluding FRBG)

Loan portfolio: €33.0M

Net banking income: €1.9M

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 (*société anonyme en liquidation*) (SDR)

Head office: Pointe-à-Pitre (Guadeloupe)

Equity: €5,576,859

AFD's stake: 100.00%

Other shareholders: none

Balance sheet total: €5.3M

Total net equity: -€116.1M (excluding FRBG)

Loan portfolio: NS

Net banking income: -€0.01M

Fisea (Fonds d'Investissement et de Soutien aux Entreprises en Afrique)

Purpose: To promote the growth of African SMEs

Legal form: Simplified joint stock company (*société anonyme par actions simplifiée*)

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 total: €102.8M

Total net equity: €102.7M

Loan portfolio: NS

Equity stakes: €101.0M (amount net of impairments)

Net income: -€9.9M

TR Propasia (Partenariat Stratégique pour une Plateforme d'Investissement Asiatique)

Purpose: To create a regional investment platform

Legal form: Public limited company (*société anonyme*)

Head office: Hong Kong

Equity: €7M

AFD's stake: 64.95%

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

Balance sheet total: €8.4M

Total net equity: €8.4M

Loan portfolio: NS

Equity stakes: €4.2M

Net income: €0.6M

1.3.3 Presentation of subsidiaries

Proparco

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 65% stake, while the remaining 35% is held by private shareholders, including 22% by French financial organisations, 11% by international financial organisations, 2% by investors and 1% by funds and ethical foundations.

Proparco's purpose is to work with the private sector in order to promote inclusive sustainable development models with a low carbon footprint in developing and emerging countries. Proparco plays a role in achieving sustainable development objectives (SDOs). Proparco's sector-focused strategy, adapted to match each country's level of development, is focused on business, industry and trade, banking intermediation and financial systems, infrastructure, energy, health, education 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, and impacts. Proparco offers a complete range of financial instruments to meet the specific needs of private investors in developing countries: loans, quasi-equity, equity and guarantees.

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.

TR Propasia's investment portfolio at 31 December 2016 amounted to €4.2M.

Fisea

Fisea, founded in April 2009, is responsible for making equity investments in African companies. Proparco provides Fisea with a number of investment services within the framework of a regulated agreement.

In 2016, Fisea's net approvals amounted to €50.7M (excluding TA). They include five investments in funds and one direct investment. Numerous sectors are targeted: agribusiness, hotels, energy, micro-finance. Subscriptions totalled €55.3M.

Total approvals (excluding TA) since the company was established amount to €106.7M. Investment funds represent 84% of assets and direct investment represents 16%.

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 2016.

In addition to its banking activities, Banque Socredo has five main subsidiaries: OSB (Océanienne de services bancaires/métier, specialised in e-banking), ODI (Océanienne d'industrie/métiers, specialised in cheque processing and electronic publishing) Ofina (Océanienne de financement/métiers, which sends and receives cash for American Express cardholders in the French Pacific), OCSD (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 2016, Banque Socredo directly employed a workforce of 473 people. Its balance sheet total amounted to €2.2bn, mainly comprising customer receivables (€1.8bn). The bank generated net banking income (NBI) of €77.8M and net income of €13.7M, compared with €76.8M and €11M respectively in 2015.

In 2016, AFD received dividends of €1.6M.

Soderag

The Société de développement régional Antilles-Guyane (Soderag) is a regional development company. In 1995, at the request of the State, 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.

After experiencing a sharp increase in 2015 (up 61.8%), Sogefom recorded a reduction of 10.3% in new production in 2016 (in amounts, Short Term Product – PCT – and Strengthening of the cash position for growth, competitiveness and employment – RTCCE – included) with a geographical breakdown as follows:

- in New Caledonia, guarantees granted in 2016 by Sogefom fell by 17.3% in amounts compared to 2015 and by 14.5% in number. The short-term product (PCT), which had enabled the branch to maintain its volume of business in 2015, saw a reduction of 65% in the average value of applications presented, leading to a reduction in production of 68.7%, with the number of proposals handled remaining stable. Traditional business experienced a further reduction of 9.7% in amounts and 14.2% in approvals granted (-14.4% and -5% in 2015 respectively);
- in French Polynesia, over the same period, approvals fell in value by 6.6% and increased in number by 10.4% following the sharp increase in production in 2015 (+118.2% and +69.5% respectively). The PCT business continued to be successful with banking partners with a further increase of 12% in the number of approved applications and of 43.5% in value terms. On the other hand, the average value of applications fell by 21% for the traditional business. As a result, with the number of endorsed applications up by 8%, production was down by 14.4% in value terms;
- in Wallis and Futuna, production remained low with three applications approved in 2016 with a value of €75K (two in 2015 for €87K).

The gross outstanding guarantees at 31 December 2016 (€69.9M) increased by 5.4% in comparison with 31 December 2015 (€66.3M).

Property companies

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

- through its 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-2016, the Sidoms managed more than 80,000 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 2016, the amount of these outstandings was €173.4M, spread over 16 projects in the 5 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 over 10,500 housing units as at 31 December 2016 and delivered around 230 new housing units in 2016;
- Société Immobilière de la Martinique (Simar), in which AFD holds a 22.27% stake, managed more than 11,250 housing units as at 31 December 2016 and delivered around 210 new housing units in 2016.

1.4 ACTIVITIES OF AGENCE FRANÇAISE DE DÉVELOPPEMENT GROUP IN 2016

1.4.1 Global economy

Global growth stood at 3.1% in 2016. Excluding the two years of the 2008/2009 financial crisis, this was the weakest growth rate observed since 2002. Whereas economic growth slowed in the advanced economies, posting a real growth rate below 2% in 2016, it stabilised in developing and emerging countries.

Growth in the **United States** was 1.6%. The unemployment rate stabilised over the last year – returning to the level existing before the financial crisis – without any significant pressure on salaries. The budget deficit stopped declining while the current balance of payments deficit remained stable at 2.5% of GDP, a historically low level. The growth potential of the US economy is now assessed to be 2%, below the performance of previous decades taking into account an ageing population and low productivity gains.

Having ended its large-scale asset purchases in October 2014 and, in December 2015, increasing its key lending rates (by 25 basis points) for the first time since 2006, the US Federal Reserve increased rates further in December 2016.

In 2016 the **eurozone** returned to the real 2007 level of GDP thanks to the recovery underway since 2014 under the combined effects of: the reduction in oil prices on household incomes and companies' production costs; a slight increase in salaries; and the quantitative easing monetary policy and negative key interest rate introduced by the European Central Bank. This monetary policy stimulated corporate financing and contributed to the depreciation of the euro, favouring imports. Nonetheless, this recovery remained moderate (+1.7%) and below that observed in 2015 (2%).

In the **United Kingdom**, the most visible consequence of the referendum on leaving the European Union has been the devaluation of the pound sterling.

In **Japan**, growth remains weak (0.9% in 2016) with sluggish consumption and a contraction in exports.

Emerging and developing countries represent 58% of global GDP. These countries achieved real growth of 4.1% in 2016 The Chinese and Indian economies alone contributed three quarters of this. In the remaining emerging and developing countries, growth was 1.7%, a lower rate than in the advanced countries. China's weight in the emerging world is becoming ever more significant: China's GDP expressed at market exchange rates represents more than the combined GDP of the other 12 most significant emerging economies. In addition, economic developments in China increasingly influence other emerging economies through a real mechanism of financial contagion (China has become the leading trading partner of many developing countries). The slowdown which began in 2011 is now affecting almost all the major emerging countries (**India** being the notable exception), although its scale remains uneven from country to country.

Economic growth continued its gradual slowdown in Asia which, while remaining the most dynamic region in the world, faces a more difficult environment. Financial tensions since the summer of 2015 in **China**, caused by the bursting of the stock exchange bubble and adjustments made to the exchange rate regime, clearly affected international perceptions about the Chinese economy and revealed the clear trend of a slowdown in Chinese growth rates which continued in 2016 (IMF projections are for 6.7%). Economic growth in the **rest of emerging Asia** was 6.3% in 2016 with the favourable impact of lower oil prices and the increase in demand from advanced economies. **India** was the only BRICS[(1)] economy not to suffer a slowdown because of the beneficial effect of increased investment and a positive term of trade shock[(2)].

Economic activity remained high – growth higher than 5% – in the Philippines, Indonesia, Vietnam, Bangladesh and Sri Lanka, despite the contagion effects from the slowdown in the Chinese economy experienced by countries forming part of the regional supply chain.

In **Latin America,** the recession which began in 2015 continued in 2016 (-0.7%). The region was faced with its most difficult phase since the 2001-2002 crisis. The principal reasons were the fall in commodities prices and the specific problems in Brazil (which represents more than one third of regional GDP), and also in Argentina (the mechanical effect of ambitious reforms adopted by the Macri government) and in Venezuela. The Brazilian economy may have reached the trough of the recession (-3.5% en 2016). On the other hand, some economies on the continent demonstrated a high level of resilience to the terms of trade shock. This was particularly the case in Colombia and Peru, which are both commodities exporters but which managed to maintain growth rates higher than demographic growth. The Mexican economy, which is highly integrated with that of the United States, maintained a growth rate of around 2% in 2016, but could have a difficult year in 2017 being the emerging economy most exposed to the trade, financial and political consequences of the election of Donald Trump.

Trends in the economic environment in the countries in which AFD operates in the **south and east of the Mediterranean** are mixed. In Turkey, growth in 2016 was affected by the terrorist attacks, instability in the east of the country and the attempted *coup d'État* which affected the tourism sector, one of the engines of the economy. The Algerian economy was affected by the continuation of oil prices close to $50 a barrel. Morocco and Jordan continued to benefit from a positive terms of trade shock and from reforms adopted in their energy sector which explain the improvement in their budget balances and current accounts. Faced with a balance of payments crisis related to an insufficient supply of foreign currencies, Egypt decided to let its currency float and to request an IMF programme to support it in resolving its significant macroeconomic imbalances. In a deteriorating security and social context, Tunisia is finding it difficult to revive its economy which would require the introduction of significant structural reforms.

(1) BRICS: Brazil, Russia, India, China, South Africa.

(2) Terms of trade are the ratio, for a given product, of an index of export prices to an index of import prices, with both indices applied to the same base year.

As a major commodities exporter, **Sub-Saharan Africa (SSA)** experienced a violent terms of trade shock (-12% compared with 2014), which led to a significant reduction in the continent's growth rate: the subcontinent's economy only grew by 1.6% in 2016, which is the lowest rate in 20 years and a rate lower than demographic growth. The tightening of financial conditions also contributed to the slowdown. This shock weakened SSA's macroeconomic balance which requires economic policy adjustment measures. The oil-producing countries were those most affected while growth was maintained in countries that are less dependent on natural resources, particularly low-income countries, owing to continued investments and dynamic private consumption. South Africa continued to be faced with a complex economic situation – low commodity prices, energy crisis, increase in political tensions – leading to an absence of growth while budgetary margins for manoeuvre tightened. In this bleak context, countries in the West African Economic and Monetary Union (WAEMU) benefited from a positive terms of trade shock and succeeded in maintaining a growth rate above 6%, principally owing to the continued recovery of Côte d'Ivoire and improvement in the economic situation in Senegal. Finally, Nigeria, the leading economy on the continent, is in recession.

1.4.2 Information about offices and activities at 31 December 2016

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.

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.

	2016							At 31/12/2016
				Corporation tax amount[2]				
	Net banking income *in € million*[1]	Sales revenues *in € million*[1]	Net Income or loss before taxes[1]	Total	Of which current	Of which deferred	Public subsidies received	FTE headcount
European Union member states:								
France	736	125	248	28	27	1	44	2,566
Asia:								
Hong Kong	0	1	1	0	0	0	0	9
TOTAL	**736**	**126**	**249**	**28**	**27**	**1**	**44**	**2,575**

(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)	Equity investments
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 funds
New Caledonia	
SIC NC – Société Immobilière de Nouvelle-Calédonie	Real estate company
French Polynesia	
Banque Socredo	Bank

1.4.3 AFD Group activities

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

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

The Group's global activity in foreign countries and the French Overseas Departments and Collectivities in 2016 may be summarised as follows:

AFD GROUP 2015-2016 APPROVALS

In millions of euros	Total approved in 2016	Total approved in 2015
AFD Foreign countries		
Ongoing operations	5,859	4,992
Project subsidies	213	210
Sovereign concessional loans	3,847	3,194
Non-sovereign concessional loans	457	830
Non-sovereign non-concessional loans	1,132	566
of which AFD sub-participations granted to Proparco	220	172
Solidarity and Health Initiative for the Sahel	0	0
FEXTE	6	7
Funding for NGOs	72	65
Guarantees	132	121
Mandate-specific operations	374	677
GBS	33	11
CEMAC	0	9
C2D	315	641
Assigned funds delegated by MAE	3	0
Assigned funds delegated by MAE (Pacific Fund)	0.3	0
Mesofinance	1	0
French GEF or FGEF (French Global Environment Facility)	24	16
Specific activities using resources from other backers	466	153
Loans delegated by other backers	466	153
TOTAL AFD FOREIGN COUNTRIES	6,699	5,822
AFD French Overseas Departments and Collectivities		
Ongoing operations	1,076	1,022
Loans	1,053	945
Guarantees granted to the public sector	0	30
Guarantees granted to the private sector	23	27
Equity stakes	0	20
Mandate-specific operations and representation	518	547
Assigned funds delegated by MAE (Pacific Fund)	0.4	0
OSEO/BPI funding	488	516
Managed funds	30	32
TOTAL AFD FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES	1,594	1,570
Proparco Foreign countries		
Loans	968	910
of which AFD sub-participation loans to Proparco	220	172
Equity stakes	195	124
Fisea	51	43
Other investments	71	0
Guarantees	45	20
TOTAL PROPARCO FOREIGN COUNTRIES	1,330	1,097
of which AFD sub-participations granted to Proparco for deduction	-220	-172
TOTAL GROUP APPROVALS	**9,403**	**8,316**

AFD Group's activity totalled more than €9.4bn in 2016, an increase of almost 13% compared with 2015. AFD Group has therefore successfully passed the first stage in the growth of its activity to reach the objective set by the French president of taking the Group's activity to €12.5bn in 2020.

In 2016, European Union assigned funds also increased sharply. Efforts to strengthen partnerships, which were also supported in previous years, were extended through cofinancing transactions with the main institutional stakeholders in the aid area. AFD was able to mobilise specific instruments (Bêkou Fund, emergency trust fund) to respond to situations of crisis and weakness in certain countries.

The following data are presented according to the scope of activity carried out on its own behalf. Operations on behalf of third parties drawing on specific mandates (excluding GBS and Mesofinance) and on funds from other backers are recalculated from AFD's overall activity as presented above.

1.4.4 AFD activities in foreign countries

Total volume of approvals, disbursements, volumes to be dispersed and outstandings

For 2016, the approvals by AFD in foreign countries, in the form of loans, subsidies, participations and guarantees given, reached an amount of €5,892M(1), of which €5,436M in the form of loans, €323M in the form of subsidies (Project and FEXTE subsidies, NGO financing and global budget support), and €132M in the form of guarantees given as part of the Ariz mechanism.

These approvals are higher than the objectives set in the initial 2016 business plan. These good results from foreign countries are primarily due to increased loans and guarantees activity, confirming this first stage of growth with a target for a Group loans volume in foreign countries of €4bn per year by 2020.

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

In millions of euros	2016	2015	Variance 2016/2015 in €M	Variance 2016/2015 %
Loans(1)				
Approvals	5,436	4,590	846	18.4%
Disbursements	3,140	2,965	175	5.9%
Undisbursed balance at 31 December	15,090	13,231	1,858	14%
Outstandings at 31 December	21,865	19,781	2,084	11%
Subsidies				
Approvals	323	293	30	10%
Disbursements	302	276	27	10%
Undisbursed balance at 31 December	1,035	976	59	6%
Outstandings at 31 December	18	17	0	2%
Guarantees				
Approvals	132	121	12	10%
Outstandings	184	170	15	9%
Equity stakes				
Approvals	0	0	0	0%
Disbursements	3	16	-13	-79%

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

At €5,892M(1) in 2016, total approvals in foreign countries increased by 18% compared with approvals in 2015. This change is explained by increased activity for all financial instruments; growth which is consistent with the overall objective set by the French president of taking the Group's activity to €12.5bn in 2020.

Loan outstandings rose on the previous year (up €2,084M, *i.e.* 11%). This sustained increase in outstandings over the last five years is the result of a strong increase in approvals over the 2005-2010 period. In 2016, an increase can be seen in outstandings for all loans (€1,314M in sovereign loans and €700M in non-sovereign loans).

Disbursements and balances payable for loans were also affected by past changes in approvals; they were up by respectively 6% and 14% compared to 2015.

(1) The data in the management report are recalculated to account for transactions on behalf of third parties under specific mandates and on funds from other backers, in line with the financial statements. Accordingly, approvals in the comprehensive table 1.4.3 in the amount of €6.669M in foreign countries are reduced by €374M representing mandate-specific operations, excluding GBS and Mesofinance (€33M) and operations using funds from other backers (€466M).

Breakdown of approvals and disbursements by type of financial assistance

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

	APPROVALS			DISBURSEMENTS		
In millions of euros	2016	2015	% of total in 2015	2016	2015	% of total in 2015
1 – Ongoing operations	**5,859**	**4,992**	**99%**	**3,413**	**3,230**	**99%**
Loans	**5,436**	**4,590**	**92%**	**3,140**	**2,965**	**91%**
Sovereign concessional loans	3,847	3,194	65%	1,954	1,814	57%
of which loans with direct concessionality	*2,239*	*1,661*	*38%*	*1,012*	*812*	*29%*
of which loans with indirect concessionality	*1,608*	*1,533*	*27%*	*942*	*1,003*	*27%*
Non-sovereign loans	1,589	1,396	27%	1,186	1,151	34%
of which concessional loans	*457*	*830*	*8%*	*428*	*476*	*12%*
of which non-concessional loans	*1,132*	*566*	*19%*	*758*	*675*	*22%*
of which sub-participations granted to Proparco	220	172	4%	224	189	7%
Ongoing subsidies	**290**	**282**	**5%**	**270**	**249**	**8%**
Project and FEXTE subsidies	218	217	4%	211	198	6%
Funding for NGOs	72	65	1%	59	50	2%
Guarantees	**132**	**121**	**2%**	**0**	**0**	**0%**
Equity stakes	**0**	**0**	**0%**	**3**	**16**	**0%**
2 – Mandate-specific operations	**33**	**11**	**1%**	**33**	**27**	**1%**
Global Budget Support (GBS) subsidies	33	11	1%	33	27	1%
Mesofinance actions	1	0	0%	0	0	0%
TOTAL FOR FOREIGN COUNTRIES	**5,892**	**5,003**	**100%**	**3,446**	**3,257**	**100%**

Disbursements

The increase in disbursements of €184M in 2016 is essentially explained by the increase in disbursements for the sovereign loans activity (up €140M), representing 57% of total disbursements.

Approvals for ongoing operations

Ongoing loan and subsidy operations (excluding guarantees and equity investments) rose from €4,872M in 2015 to €5,726M in 2016. In 2016, as in 2015, these operations accounted for around 97% of all approvals in foreign countries.

The change in ongoing operations in 2016 is characterised by:

- an 18% increase in approvals in the form of loans (up €846M), with a 20% increase in sovereign loans (up €653M) and a 14% increase in non-sovereign loans (up €193M). These approvals represent 92% of AFD's total commitments in foreign countries; more specifically, the volume of sovereign loans is higher than the business plan, especially in the Sub-Saharan Africa regions and in Asia. For its part, the volume of non-sovereign activity in 2016 continued to decline compared with the initial objectives. It should be noted that efforts to relaunch the activity during the year should deliver results in 2017;
- a 3% increase in approvals in the form of subsidies, including funding for NGOs. Ongoing funding activity increased from €282M in 2015 to €290M in 2016;
- a 9% increase in the volume of total guarantee approvals. These approvals represent 2% of the total commitments of AFD in foreign countries. At the end of 2016, outstanding guarantees granted to foreign countries totalled €184M;
- an absence of equity investments in 2016 and 2015.

Approvals for mandate-specific operations

Global budget support

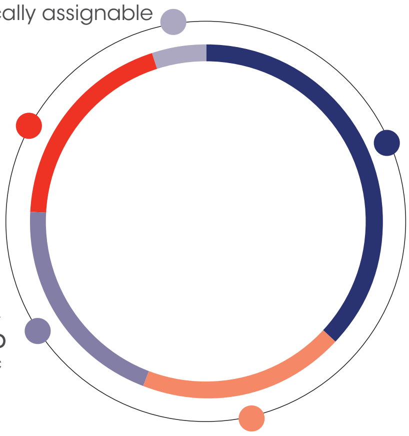
This financial assistance is intended to finance States' economic and financial recovery programmes. The French government lays out the principles while the terms and conditions are reviewed jointly by MINEFI, MAE and AFD.

In 2016, budget support approvals consisted of subsidies amounting to €33M versus €11M in 2015.

Geographic breakdown of AFD approvals

2015 and 2016 approvals, presented by beneficiary country, break down as follows:

	Loans		GBS, subsidies and equity stakes – ongoing operations		Guarantees granted		General	
In millions of euros	2016	2015	2016	2015	2016	2015	2016	2015
Sub-Saharan Africa	1,820	1,619	227	216	114	103	**2,162**	**1,938**
Mediterranean, Middle East	1,084	945	36	31	10	10	**1,130**	**986**
Asia and Pacific	1,151	1,182	20	19	6	6	**1,178**	**1,208**
Latin America and Caribbean	1,081	844	19	13	2	1	**1,101**	**858**
Not geographically assignable	300	0	22	13	0	0	**322**	**13**
GRAND TOTAL	**5,436**	**4,590**	**323**	**292**	**132**	**121**	**5,892**	**5,003**



In 2016, **Sub-Saharan Africa** remained the priority zone for intervention by the Agency, accounting for over a third of total AFD approvals. The region accounts for 33% of loans, 70% of subsidies and 86% of guarantees given by the Agency. Total aid for Sub-Saharan Africa reached a volume of €2,162M, up by €223M compared with 2015.

While remaining true to its key priorities which are financing sustainable infrastructure, access to water and drainage, investment in training young people, developing rural areas and supporting renewable energy and energy efficiency projects, AFD continued its efforts to respond to the situations of crisis and weakness in African countries (CAR, Mali, etc.).

By way of example, the regional "Resilac" project is a leading initiative managed by AFD to combat the crises in the Lake Chad sub-region (the challenges of contributing to the independence of displaced and refugee populations through the development of small business activities, particularly agricultural, also taking into account the needs of the host populations).

Subsidies in this region remain focused on the priority poor countries(1): 94% of total subsidies granted (including NGOs, budget support and the Solidarity and Health Initiative for the Sahel) in 2016 were in these countries, compared with 95% in 2015.

In 2016 as 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).

Operations in the **Mediterranean and Middle East region,** for their part, increased from €986M in 2015 to €1,130M in 2016, an increase of 15%. This change resulted from the significant increase in activity in Turkey (€320M in 2016 compared with €151M in 2015). In addition to traditional lines of credit, innovative approaches have been developed in Turkey to encourage banks for the financing of environmental rehabilitation investments in industrial areas, in the area of workplace safety or which enable the promotion of employment for women in Egypt (€241M in 2016 compared with €162M in 2015).

On the other hand, Jordan and Tunisia saw a reduction in approvals of €67M and €66M respectively compared to 2015. This region's share of the Agency's financing is decreasing. It represents 19% of the total approvals in 2016, compared with 20% in 2015. AFD's continuing operations in support of countries neighbouring Syria should nevertheless be noted. For example, AFD financed a water supply project in Irbid in Jordan which will benefit both host and refugee communities. This project combines infrastructure improvement with a social component involving access to services for vulnerable populations (including refugees). Its

(1) List of 14 countries identified by the CICID in June 2009 and expanded during the inter-ministerial meeting of January 2012 to include Burundi, Djibouti and Rwanda, i.e. 17 countries for 2012 and 2013. In 2014, Rwanda was removed from the list of PPPs, i.e. 16 countries for 2014 and 2015.

feasibility study was funded by the Humanitarian Action Unit of the French Ministry of Foreign Affairs and it will be implemented by the NGO Action Contre La Faim. Other projects implemented by NGOs have been approved in the region, particularly in Lebanon to support the training and recruitment of young people.

Approvals in the **Asia Pacific** region decreased from €1,208M in 2015 to €1,178M in 2016, a reduction of 3%. Developments in the 20 countries in the region were mixed, with an increase in approvals in Pakistan (up €215M), China (up €86M) and Burma (up €77M) and a reduction in commitments in Bangladesh (down €174M), in Azerbaijan (down €113M) and in the Philippines (down €51M). By way of reminder, 2015 was marked by the enlargement of AFD's field of intervention in the Caucasus region (Azerbaijan and Uzbekistan). The Asia-Pacific region represented 20% of the Agency's commitments in 2016, compared with 24% in 2015.

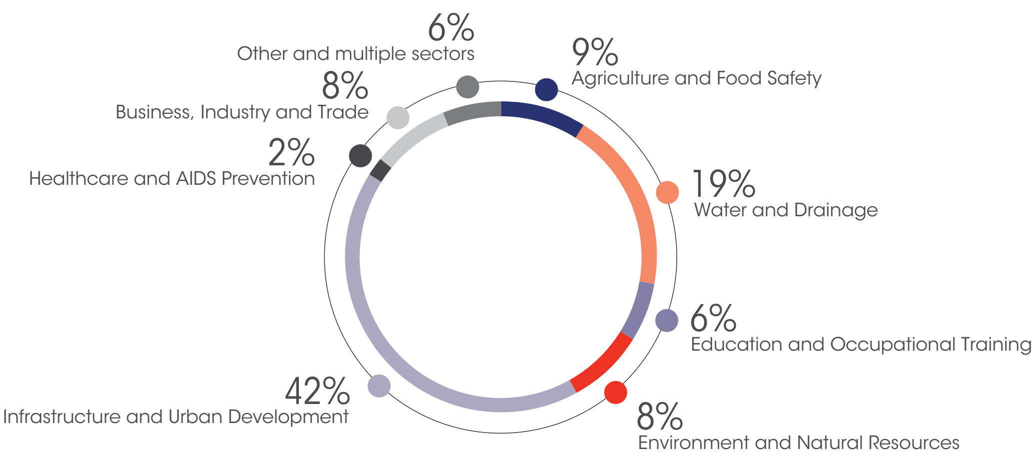
Approvals in **Latin America and the Caribbean region** increased by 28%. Loans totalled €1,101M in this region in 2016 versus €858M in 2015. There was a recovery of activity in Mexico (€340M in 2016 compared to €81M in 2015) and Bolivia (€126M in 2016 compared to €1M in 2015). This region accounted for 19% of financings in 2016. In 2016, AFD also opened an office in Cuba and carried out an initial transaction in the agricultural sector. It also obtained an approval to intervene in Argentina where the first commitments should be effective from 2017 onwards.

The distribution of aid in the form of loans and subsidies in 2016 fell by 4% compared to 2015 for the least advanced countries and low income countries, being €1,309M in 2016 compared to €1,369M in 2015. For the intermediate income countries (lower and higher brackets), approvals were up (by 19%) at €3,916M in 2016 compared to €3,288M in 2015.

Breakdown of AFD's approvals by sector of activities

The 2015 and 2016 approvals including budgetary aid, guarantees given, loans, subsidies and investments in ongoing operations are shown as follows, by branch of activity:

In millions of euros	2016	2015	% of the 2016 total	% of the 2015 total
Agriculture and food safety	560	289	10%	6%
Water and drainage	1,126	678	19%	14%
Education and occupational training	336	216	6%	4%
Environment and natural resources	500	677	8%	14%
Infrastructure and urban development	2,483	2,352	42%	47%
of which transport	*1,058*	*515*	*18%*	*10%*
of which energy	*682*	*1,533*	*12%*	*31%*
of which development and urban management	*206*	*122*	*3%*	*2%*
of which infrastructure and miscellaneous social services	*408*	*182*	*7%*	*4%*
of which other	*129*	*0*	*2%*	*0%*
Healthcare and AIDS prevention	111	188	2%	4%
Business, Industry and Trade	451	504	8%	10%
Other and multiple sectors	324	100	6%	2%
TOTAL	**5,892**	**5,003**	**100%**	**100%**



The breakdown of the approval volume by sector of activity changed significantly in 2016.

There was a sharp increase in approvals in the water and drainage sector (up €448M), with a growing share of total financing (19% in 2016 compared to 14% in 2015). These approvals greatly exceed the objectives set by the Water and Drainage Sectoral Intervention Framework for the 2014-2018 period. The level of activity in this sector in Sub-Saharan Africa was very significant in 2016. A notable example was AFD financing a loan of €120M for the Republic of Kenya (a project to improve access to drinking water and drainage in Mombasa which will benefit 800,000 people and will contribute to remedying a shortage of water).

For its part, the share of the Infrastructure and Urban Development sector fell from 47% in 2015 to 42% in 2016.

Despite a very sharp increase in the Transport sub-sector (up by €543M or 105%), the Infrastructure and Urban Development sector saw moderate growth of €131M which was explained by a reduction in the Energy sector. The year 2016 was notable for the contribution made by urban projects promoting high-performance, fair and sustainable transport contributing to AFD's "sustainable city" strategy. The proportion of public rail transportation was predominant (for example, the metro in Mexico, Istanbul and Nagpur, tramways in Tunis and Casablanca etc.)

The Agriculture and Food Safety and Education and Vocational Training sectors also increased by €271M and €120M respectively.

Financing for the Environmental and Natural Resources sector was down by €177M, with its share in the total volume of activity reducing from 14% in 2015 to 8% in 2016. Approvals in the Business, Industry and Trade sector were also down by €53M

1.4.5 Activities in the French Overseas Departments and Collectivities

TOTAL VOLUME OF APPROVALS, DISBURSEMENTS AND OUTSTANDINGS

In millions of euros	2016	2015	Variance 2016/2015 in €M	Variance 2016/2015 %
Approvals	**1,053**	**945**	**108**	**11%**
• French Overseas Depts and Collectivity of St Pierre and Miquelon	697	587	109	19%
• French Pacific Collectivities	356	358	-1	0%
Disbursements	**929**	**1,000**	**-72**	**-7%**
• French Overseas Depts and Collectivity of St Pierre and Miquelon	685	672	13	2%
• French Pacific Collectivities	244	329	-85	-26%
Undisbursed balance at 31 December	**879**	**1,033**	**-154**	**-15%**
• French Overseas Depts and Collectivity of St Pierre and Miquelon	566	821	-255	-31%
• French Pacific Collectivities	313	212	101	48%
Outstandings at 31 December	**4,893**	**4,519**	**374**	**8%**
• French Overseas Depts and Collectivity of St Pierre and Miquelon	3,197	2,896	301	10%
• French Pacific Collectivities	1,696	1,623	73	5%

BREAKDOWN BY REGION

In millions of euros	Approvals 2016	Approvals 2015	Variance 2016/2015 in €M	Variance 2016/2015 %
French Overseas Depts and Collectivity of St Pierre and Miquelon	**697**	**587**	**109**	**19%**
Guadeloupe	57	142	-85	-60%
French Guiana	68	39	30	77%
Martinique	268	179	90	50%
Réunion	244	204	40	20%
Mayotte	33	24	8	35%
Saint Pierre and Miquelon	0	0	0	
Multiple countries French Overseas Departments	27	0	27	
French Pacific Collectivities	**356**	**358**	**-1**	**0%**
New Caledonia	279	143	136	96%
French Polynesia	64	143	-79	-55%
French southern and Antarctic territories	0	50	-50	-100%
Wallis & Futuna	13	22	-9	-40%
TOTAL	**1,053**	**945**	**108**	**11%**

Lending activity in the French Overseas Departments and Collectivities amounted to €1,053M in 2016, up by €108M compared to 2015. Activity in the French Overseas Departments and Collectivities and the Collectivity of St Pierre and Miquelon increased by 19% compared to 2015, while activity in the French Pacific Collectivities remained stable.

Disbursements and balances payable were down compared to the previous year being €72M and €154M respectively.

AFD's outstandings in the French Overseas Departments and Collectivities increased compared to the end of 2015 (up €374M, or 8%).

LOANS, PROVISIONS AND GUARANTEES GIVEN ON ITS OWN BEHALF, BY PRODUCT

	Approvals		Variance 2016/2015	
In millions of euros	2016	2015	in €M	%
Ongoing operations	1,053	996	57	6%
Loans	1,053	945	108	11%
Public sector	*939*	*784*	*154*	*20%*
Subsidised loans to local authorities	*338*	*621*	*-283*	*-46%*
Other loans – public sector	*601*	*163*	*438*	*269%*
Private sector	*114*	*161*	*-47*	*-29%*
Direct financing	*109*	*71*	*38*	*54%*
Banks	*5*	*90*	*-85*	*-94%*
Guarantees(1)	0	31	-31	
Guarantees granted to the public sector	*0*	*0*	*0*	
Guarantees granted to the banking sector	*0*	*30*	*-30*	*-100%*
French Overseas Department Fund	*0*	*1*	*-1*	*-100%*
SPM and Mayotte guarantee funds	*0*	*0*	*0*	*-50%*
Equity stakes	0	20	-20	-100%

(1) The guarantees presented above do not include Sogefom approvals (€22.7M in 2016) and FOGAP approvals (€0.8M in 2016).

Public sector financing increased in 2016 (up 20%), with AFD this year consolidating its leading role in financing public activities. Although the results are in step with the objectives that have been set, the breakdown between subsidised and non-subsidised loans was different from forecasts because of a reduction in the envelope of expected subsidies.

Private sector financing fell by 29% in 2016 despite a sharp increase in direct loan financing to companies (up 54%). The recovery in this sector, which was already noted in 2015, was confirmed in 2016. Efforts were focused on the Renewable Energy, Hotel, Air Transport and Housing sectors. On the other hand, Banking sector financing was down, from €90M in 2015 to €5M in 2016.

1.4.6 Proparco's activity

Proparco's net approvals in 2016 (excluding sub-participation loans on behalf of AFD and other third parties), amounted to €1,058.8M in 2016 (compared with €871.3M in 2015) and are broken down as follows:

Breakdown by instrument:

- lending and QFP transactions in the amount of €819M (€727.5M in 2015);
- equity investments in the amount of €194.9M (€124.2M in 2015);
- guarantees in the amount of €45M (€19.6M in 2015).

Geographical breakdown:

In 2016, Africa remained at the core of Proparco's geographical mandate and approvals on the African continent reached €348.3M, representing 33% of own account approvals; Latin America and the Caribbean represented €235M, the Mediterranean and the Middle East €230M, and Asia €140M.

As part of these approvals, Proparco devoted 38% of its activity to projects aimed at combating climate change.

Proparco's 2017-2020 strategy adapts its services to its customers' changing requirements with the objective of achieving €2bn of commitments in 2020, representing a doubling of commitments in order to triple the impact. The strategy focuses on six operational priorities: Africa, border countries, the "Climate", mobilising third parties, environmental and social support and financing of innovative projects.

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

	Own lending		Capital		Other investments		Guarantees	
In millions of euros	2016	2015	2016	2015	2016	2015	2016	2015
West Africa	114	97	19	2	0	0	45	10
Central and East Africa	47	188	24	0	0	0	0	0
Southern Africa	27	41	0	0	0	0	0	0
Multiple countries Sub-Saharan Africa	30	25	42	23	0	0	0	0
Indian Ocean	0	15	0	10	0	0	0	0
North Africa and Mediterranean	221	130	9	14	0	0	0	10
Asia	111	100	24	52	5	0	0	0
Latin America Caribbean	222	113	11	12	2	0	0	0
Europe	0	10	0	0	0	0	0	0
Multi-country	40	8	65	10	0	0	0	0
TOTAL	**813**	**727**	**195**	**124**	**6**	**0**	**45**	**20**

In 2016, 30 countries (excluding multi-country loans) were involved in loan approval decisions, including as the leading participants Turkey, Jordan, Senegal, Côte d'Ivoire, Tunisia, El Salvador, Paraguay, Uganda, Peru and Ecuador (see Appendix 8).

Sectoral breakdown:

The breakdown of loan approvals by sector is very uneven and notable for the dominance of the Corporate sector with €313M, representing 39% of own account loan authorisations, divided between Health, Industry and Agribusiness. The Financial sector, in second place, represented €287M, accounting for 35% of total approvals. For its part, the Infrastructure sector amounted to €212M, representing 26% of own account loan approvals.

For the equity investment activity, 70% of approvals involved investment funds and 30% involved direct investments, primarily dominated by the Infrastructure sector, followed by the Corporate (education, service) sector and the Financial sector.

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 measurement 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 (85.57% of the Group's headcount);

Head office: AFD and Proparco head offices (52.75% of the Group's headcount);

AFD head office: AFD head office only, including CEFEB and excluding Proparco (45.68% of the Group's headcount);

AFD Paris head office: AFD head office excluding CEFEB: Barthes and Mistral buildings (44.78% 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 compiled 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 2016 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. Although they are for head office employees. 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 organised in foreign countries. There are also training sessions organised at local offices by management. These are not included in this metric.	France
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; • Deputy Chief Executive Officer; • 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; • Unit manager/Manager of the Second Opinion unit	France

Information	Description	Scope
Environmental indicators		
Energy consumption	Consumption of electricity and use of heating and cooling systems between 1 January and 31 December of Year N. Energy consumption figures are taken from internal reports produced annually based on invoices.	Head office
Number of climate co-benefit projects	Number of projects with joint benefits in terms of reducing greenhouse gas emissions, adapting to climate change or supporting the implementation of policies to combat climate change.	Group
Value of climate co-benefit projects	Value of financing authorisations with joint benefits in terms of reducing greenhouse gas emissions, adapting to climate change or supporting the implementation of policies to combat climate change.	Group
Greenhouse gas emissions avoided or reduced	Greenhouse gas emissions avoided or reduced thanks to climate co-benefit projects financed in 2016, over the duration of the projects, in teq CO_2/year.	Group
Total distance travelled	Total distance travelled by rail and air on business trips made by head office employees.	Head office
CO2 emission$_s$	Total CO_2 emissions are calculated using the Ademe methodology which includes direct and indirect emissions in scopes 1, 2 and 3.	Head office
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. The paper consumption/employee excludes the publications. 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 invdicators		
Number of training hours dedicated to human rights	The training courses concerned are: • management of conflict sensitivity projects: "do not damage" approach; • management of environmental and social risks related to operations; • Gender benchmark; • Social and Environmental Responsibility; • Corporate social responsibility.	Head office
Share of sovereign financing > €100 thousand 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 at 31 December 2016, excluding: • the following instruments: research funds, GBS, guarantees, multi-country funds, DFID assigned funds, CAEMC and WAEMU transactions; • financing for which approval to publish was not received from the counterparty; • financing awaiting sign-off.	Group
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)
Amounts allocated to NGO initiatives	Amount in euros allocated to the financing of "NGO initiative" projects.	AFD

These scopes are defined in the introduction to part "4. Corporate social responsibility".

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 2016:

Employees	End-2015	End-2016
Mainland France(1)	1,088	1,218
Foreign and representation offices in the countries of operation	146	170
Technical assistance	3	3
Temporary assignments	25	27
Group head office(1)	**1,262**	**1,418**
French Overseas Collectivities	111	109
Foreign countries(2)	464	483
Group staff recruited locally(2)	**575**	**592**
AFD GROUP TOTAL	**1,837**	**2,010**
Overseas reserve bank head office(1)	95	84
Overseas reserve bank local hires	253	255
OVERSEAS RESERVE BANK TOTAL	**348**	**339**
TOTAL STAFF MANAGED BY THE GROUP	2,185	2,349
AFD Group VI/VCAT(3)	108	114
Overseas reserve bank VCAT(3)	7	7
INTERNATIONAL VOLUNTEERS TOTAL (VI/VCAT)	115	121

(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.
(3) VIA: Volontaires Internationaux en Administration (volunteer positions for young people abroad at embassies, French Institutes, Business France offices, etc.)/VSC: Volontariat de Service Civique (general interest volunteer positions for young people abroad).

At present, AFD has 2,349 employees worldwide, representing an increase of 164 employees relative to 2015.

The 1,502 head office employees, recruited in Paris (145 more than in 2015) break down as follows:

- 1,418 AFD Group head office employees;
- 84 head office employees seconded to French Overseas reserve banks.

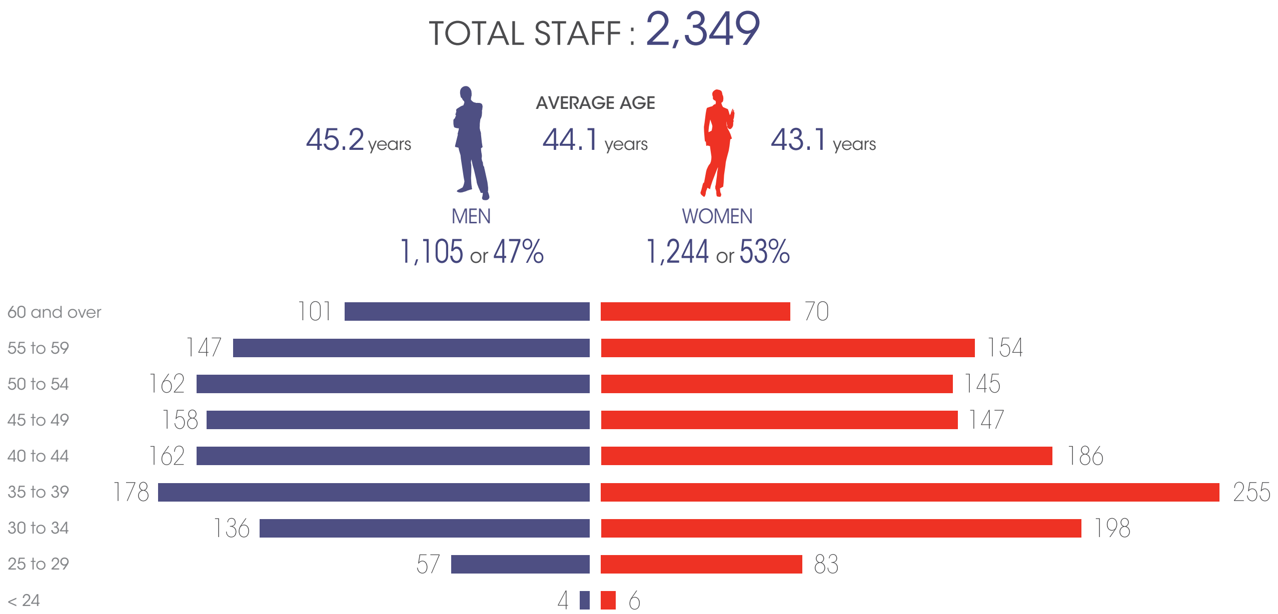
The 847 employees recruited locally (19 more than in 2015) include:

- 592 AFD Group employees recruited locally;
- 255 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**

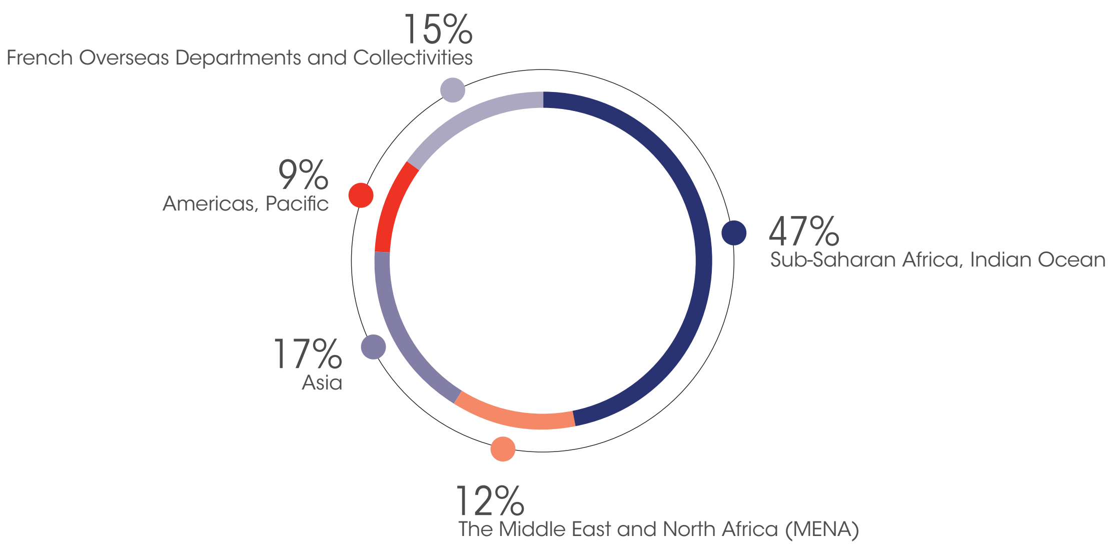
BREAKDOWN OF EMPLOYEES BY GENDER AND AGE

Total staff managed by the Group broken down according to gender and age in 2016 (at 31 December 2016)



At the end of 2016, 53% of employees managed by AFD Group are women. Their average age is 43.1 years compared to 45.2 years for men. Group

BREAKDOWN OF EMPLOYEES 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 2016, the total number of new hires on a global scale was 255 new employees (189 head office employees and 66 employed locally). **Group**

Recruitment	Head office employees	Locally hired employees	Total
TOTAL	**189**	**66**	**255**
of which French Overseas reserve banks	1	7	8

Departures outside the Group for employees on permanent contracts

In 2016, the total number of permanent departures worldwide (excluding suspensions of contract) totalled 104 (58 head office employees and 46 employed locally) **Group**

Reasons for departure	Head office employees	Locally hired employees	Total departures	Turnover rate
Retirement	30	14	44	1.9%
Voluntary redundancy	3	1	4	0.2%
Resignation	18	17	35	1.5%
End of civil servant secondment	4		4	0.2%
End of definite-term contract		9	9	0.4%
End of trial period	2	1	3	0.1%
Dismissals	1	3	4	0.2%
Death		1	1	0
TOTAL	**58**	**46**	**104**	**4.4%**
of which French Overseas reserve banks	2	4	6	

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

Dismissals

In 2016, four dismissals, of which one head office employee and three local foreign country staff (in 2015, six dismissals, of which four head office staff and two local foreign country employees). **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

In thousands of euros	2016	2015
Average gross annual salary	69.8	68.9

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, all employees receive a Group-wide bonus (profit-sharing for employees at head office and in the French Overseas Collectivities, and a Group 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 2016 all employees hired in France and locally in foreign offices were 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 2016, employees worked 5,438 days from home. For the sake of comparison, in 2015 employees worked 2,575 days from home, reflecting an increase of 111.2% 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. 6.3% of employees worked part time in 2016. 93% of them are women. 61% of the part-time employees opted for the 80% formula and 25% for the 90% formula. **France**

2.1.2.2 Absenteeism

In mainland France in 2016, 11,915.5 days were lost to illness for head office employees on permanent (CDI) and fixed term (CDD) contracts (of which 91.5 days for CDD employees), which equates to an absenteeism rate of 3.1% (1% for CDD). **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;
- the **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;
- the **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 and/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.

Following the resignation of more than the majority of members of the Works Council, partial elections for staff representatives on the Works Council were held on 17 June 2016 (1st round) and 1 July 2016 (2nd round).

2.1.3.2 Collective agreement evaluation

Agreements signed during 2016:

16 February 2016	Amendment to the profit-sharing agreement
9 March 2016	Amendment to employee savings plan regulation (contribution rate)
14 April 2016	Amendment to employee savings plan regulation (addition of a basket fund)
19 May 2016	NAO 2016 – Notification of disapproval
17 June 2016	Agreement to extend the deadline for central works council consultation
20 July 2016	Agreement to introduce telecommuting
7 December 2016	Agreement on employee mortgages
7 December 2016	Agreement to introduce telecommuting (cancels and replaces the agreement of 20 July 2016)

Employment negotiations with bodies representing Group employees during 2016 focussed on reviewing salaries (Mandatory Annual Negotiations), employee mortgages and the management of working hours (agreement on regular telecommuting).

The primary purpose of this agreement on telecommuting is to facilitate the work-life balance and it forms part of talks about the quality of life at work. **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

As part of a global reflection on the quality of life at work, management and representatives of all the unions signed an agreement on 9 December 2016. This agreement made provision for a one-year trial of regular telecommuting.

This agreement and the trial of regular telecommuting in 2017 achieves a better work/life balance and will, as of this date, be offered to all employees regardless of their socio-professional group.

Plans have been made for two working methods: regular telecommuting (new) and occasional telecommuting (which replaces the option of working from home provided for in the 2004 agreement).

An assessment will be run before the end of the trial in order to make the relevant provisions to offer permanent telecommuting at AFD.

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

There were 9 work- or travel-related accidents requiring time off in 2016 (19 in 2015), with 188 days lost to accidents over the year (370 in 2015). **France**

The frequency rate was 4.76 (10.70 in 2015) and the severity rate 0.10 (0.21 in 2015).

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 and challenges now and in the future.

AFD's training policy still devotes considerable resources to the development of professional skills.

A large number of technical seminars were introduced in banking and finance and to support project leaders in handling the technical scope of operations.

Managers continue to have access to a programme of specific actions to help them improve and develop their managerial skills.

The "Development Profession" programme, intended to provide employees with shared expertise in development aid and AFD's role within the French system, continued. Three groups of employees were able to gain an operational overview of the various forms of aid by making visits to projects in Vietnam, Côte d'Ivoire and Mauritius.

Alongside this, a second World seminar took place in Paris, bringing together local employees to discuss topics currently relevant to AFD, projects and strategy.

Globally, local employees' access to training was facilitated and improved, primarily through the introduction of regional seminars. **Group**

2.1.5.2 The total number of training hours

Training activity was particularly strong in 2016: 33,435 hours of training were logged (27,721 in 2015), representing an investment of 4.36% of total payroll.

Support staff hired locally are included in the overall training effort led by the Human Resources Department (48,593 hours in 2016). In 2016, 188 local employees received training organised by the Human Resources Department (at head office or in the region).

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-2016: 49.2%);
- percentage of supervisory positions held by women (excluding section heads): 35% (achieved by end-2016: 31.5%);
- percentage of women in the network: 33% (achieved by end-2016: 29.5%);
- rate of promotion for women and men that corresponds to their representation at each level of employment.

In 2016, 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 34 disabled employees at 31 December 2016.

In addition, management 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 2016, AFD's workforce included seven employees working under professional training contracts as well as nine 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.);
- **preparation:** through its employee dialogue, AFD tries to respond to medium-term employee concerns, particularly regarding social change.

Paragraph 4.1.3.1 covers the structure of employee dialogue at AFD.

2.1.7.2 Discrimination (Employment and Occupation)

Paragraph 10.1.6 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. Meanwhile, for any development activity that 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

AFD describes its measures for reducing air emissions in greater detail in the paragraph.

AFD's activity does not directly expose it to the need to take measures to prevent, reduce or reclaim pollution in water or soil.

2.2.2.2 Measures for preventing, reducing or recycling waste

Alongside its initiative to reduce waste at source, various sustainable waste management solutions are also deployed.

AFD has based these measures on the project launched in 2012 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.

Areas for optimising waste management and implementing action plans, focused primarily on recycling and re-use, were identified.

The following channels provide evidence of this:

- paper recycling at all the Paris sites;
- the recycling of plastic cups;
- the recycling and recovery of old and discarded furniture;

Finally, AFD is carrying out a hazardous waste management strategy which involves:

- collecting and treating batteries/small storage cells and light sources by Altys and AFT;
- recycling cartridges and toner;
- re-use through donations to associations and the recycling of computer equipment.

Recovery initiatives are being run by international offices, for example:

- composting and recycling green waste from food and gardening following the example of the Brazzaville office;
- recycling ink cartridges at the Istanbul office;
- paper recycling by the Abuja office via an association.

WASTE PRODUCTION

Scope: Head Office excluding service providers

Waste	Indicator	2016	2015	2016/2015 change (as a %)
Total volume	tonnes/year	230	215	7%
of which household and related waste	tonnes/year	123	129	-5%
Waste production/employee	kg of waste/employee	192	199	-4%

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.

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. This involved pop-up workshops for sustainable initiatives such as the repair of personal computers, bicycle maintenance, composting and collecting old glasses. Furthermore, an initiative run in partnership with the company canteen raised awareness and encouraged reflection on the issues of food waste.

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

AFD's activity does not directly expose it to the need to take preventive measures against noise pollution 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	2016	2015	2016/2015 change (as a %)
Water consumption/employee	m³/employee/year	11.08	12.13	9%
Total water consumption	m³/year	11,446	11,313	1%

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. Efforts continue to manage the water resource. However, due to growing employee numbers, global consumption also increased.

And yet the technologies implemented combined with the weather conditions in 2016 meant that per-employee consumption fell considerably.

2.2.3.2 Commodities consumption and measures taken to improve efficiency

COMMODITIES CONSUMPTION

Scope: Head office excluding service providers

Paper	Indicator	2016	2015	2016/2015 change (as a %)
Total consumption(1)	tonnes/year	57	64	-12%
Paper consumption/employee(2)	kg/employee/year	37.3	45	-17%

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

The choice of paper from sustainable sources (mainly FSC) and actions to reduce paper consumption have helped to reduce the environmental impact.

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

At head office, an internal reprography service aims to keep printing in line with actual needs.

Going paperless is the long-term solution to reducing paper consumption.

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

ENERGY CONSUMPTION

Scope: Head office and data centre.

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

AFD (Head office and Proparco) net floor area = 39,916.8 m²

Energy	Indicator	2016	2015	2016/2015 change (as a %)
Total energy consumption/m²	kWh/m²/year (net floor area)(1)	173	165	5%
Total energy consumption	MWh/year	6,901	6,371	8%
Total electricity consumption	MWh/year	4,679	4,513	4%
Total steam consumption	MWh/year	1,708	1,384	23%
Total cooling energy consumption	MWh/year	514	474	8%
Total solar production	kWh/year	18,138	18,911	-4%

(1) Net floor area (excluding equipment rooms).

The introduction in 2010 of a building management system (BMS) helped to reduce and control energy consumption until 2015. But the recent increase in staff numbers led to an overall increase in energy consumption in 2016.

AFD's desire to support the energy transition is aimed, primarily, at reducing energy consumption and using renewable energies.

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 installed solar arrays that generate electricity at its head offices: they produced 18,138 kWh in 2016.

The Le Mistral building received HQE ("High Environmental Quality") certification, achieving "Very Efficient" performance for five criteria and "Efficient" performance for five more. The building was efficiently designed to minimise its impact on the environment and provides a high degree of comfort to the occupants.

Equipment is replaced with the options which consume the least energy.

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.

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.

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

Financial year 2016 is the final year of implementation of AFD's 2012-2016 climate strategy. At this stage, it is important to point out that the strategy has helped AFD commit to the long-term consideration of climate issues in the projects it finances, via the three pillars on which its strategy rests:

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 2016, AFD Group committed almost €3.5bn in "climate" financing, corresponding to participation in 83 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 over €24bn since 2005 which has a "climate" joint benefit. With almost €3bn in "climate" financing approvals granted in developing countries in 2016, AFD (excluding Proparco) achieved a level of 51% (compared with 55% in 2015) of "climate" approvals. With €481M of "climate" financing approvals, Proparco achieved a 36% level of activity with a "climate" joint benefit (compared to 26% in 2015).

In 2014, AFD issued its first climate issue with a ten-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 uses of the funds, monitoring of the cash flows, an external opinion and lastly a robust reporting system:

- use 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 *ex-ante* 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 2016, 31 projects representing total outstandings of €1.45bn, 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.

The finance granted in 2016 with a climate joint-benefit continued to support the national climate policies of Colombia and Vietnam and provided support and assistance with the agroecological transition in West Africa, the development of the low-carbon public transport provision in India, Turkey, Mexico and Egypt, the installation of hydro-agricultural facilities in Morocco and Senegal, the development of solar energy in Bolivia and Benin, energy recovery from waste in China and the deployment of the pan-African extreme-weather insurance scheme, African Risk Capacity (ARC).

AFD has been accredited to manage financing granted by the Green Climate Fund (GCF) since July 2015. It received its first GCF financing of €15M in September 2016 to support an AFD-sponsored programme to combat the risks of flooding in urban areas in Senegal.

In drafting its new climate strategy for 2017-2020, AFD intends to frame its support activities within the context of the implementation of the Paris Agreement entered into at COP21 in December 2015, which came into force during COP22 in November 2016 in Marrakesh. AFD will thus seek to further the implementation and expansion of the NDC (Nationally-determined Contributions) of the developing countries by helping with the sectoral classification of these contributions and structuring operations to translate them into concrete actions. On a more fundamental level, AFD will ensure that these financings are used to help develop low-carbon initiatives and action to combat climate change in the countries in which it operates. Particular attention will be paid to increasing the financing granted to Africa, the private sector and adaptation of the most vulnerable countries.

This new strategy is intended to confirm AFD's commitment to combating climate change and its effects, which has now become one of its key identity markers. AFD will pursue its on-going effort to increase AFD Group's commitment to "climate" financing with an additional contribution of almost €2bn over the period, bringing its annual financing of projects with a climate joint benefit to €5bn by 2020 (€1.2bn of which for adaptation), the target set by the French President at COP 21.

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 (teq CO_2), 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 and local offices.

"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 impact of the GHG emissions (scope 3) of the projects financed by AFD Group are offset by their societal impact, which aims to contribute to the economic, social and regional development of the countries in which the Group operates and help them combat climate change. Moreover, in 2016 the Group initiated almost €3.5bn in financing authorisations for projects with a climate joint-benefit (see above).

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 2016 Bilan Carbone® covers the period from 1 January to 31 December 2016.

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.

Thus, the margin of error for the Bilan Carbone® is approximately 7%.

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 21,961 teq CO_2, or 18.32 teq CO_2 per employee (excluding service providers).

The change in greenhouse gas emissions between 2015 (19,425 teq CO_2) and 2016 (21,961 teq CO_2) is around 13%.

The change mainly stems from travel, inputs and energy relating to the head office Bilan Carbone®.

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

EMPLOYEE AND CONSULTANT BUSINESS TRAVEL (AIR AND RAIL)

Scope: Head office

Carbon and business travel	Indicator	2016	2015	2016/2015 change (as a %)
Total emissions	Teq CO_2/year	13,541	10,036	35%
Total distance travelled	Thousands of km	39,387	30,666	28%

The significant increase in total emissions between 2015 and 2016 (+35%) was caused essentially by AFD's higher volume of activity. AFD must nevertheless take better control of the emissions linked to business travel by seeking out and implementing solutions to mitigate them.

The survey conducted as part of the AFD mobility plan provided more detailed information on modes of travel and distances travelled from home to work. The diagnostic data incorporated in 2016 show a significant decrease in emissions which are nevertheless mainly offset by the emissions linked to business travel.

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.

Scopes 1, 2 and 3 of the Ademe method include, in fact, all direct and indirect emissions linked to the activities. Increased staff numbers and a significant growth of activities meant more inputs for services, regardless of their level of materials dependency, and higher agricultural emissions due to restoration.

AFD has strengthened measures to reduce its environmental impact, for example, the fine-tuning of our building management system, lower-energy equipment replacements and the EDF "Équilibre +" 100% renewable energy contract which promotes a very low-carbon power supply. However, energy consumption has increased, partly due to higher staff numbers.

Group Bilan Carbone®

The Group's Bilan Carbone® is the total of head office and network GHG emissions calculated using the same methodology which includes the direct and indirect emissions from AFD Group's activity.

As the data required to analyse the Network Bilan Carbone® is collected between April and May of year N+1, AFD Group's total emissions in 2016, *i.e.* 33,361 teq CO_2, represent total:

- 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) equating to 21,961 teq CO_2, or 18.32 teq CO_2 per employee (excluding service providers);
- greenhouse gas emissions from our network based on an average emission per office (estimated for the Network Bilan Carbone®), *i.e.* 150 teq CO_2 giving a total of 11,400 teq CO_2.

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. The high figure for travel is explained by the office's core business because it is responsible for the technical implementation of French official development assistance, field assignments are crucial for monitoring projects.

AFD has committed to control greenhouse gas (GHG) emissions by simultaneously working to reduce these emissions and offsetting them through its purchase, since 2007, of carbon credits certified according to the most stringent international standards.

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:

- 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.

To offset the carbon footprint of its activities, AFD supported two carbon offsetting projects in 2016:

- a Biomass project in Brazil, more specifically in the municipality of Sao Miguel do Guama in the north of the country (Pará state) at the mouth of the Amazon river. The area is known for its high production of acai and is part of the Amazon Biome;
- using the acai kernel as fuel provides a family ceramics factory with clean energy;
- the water filtering project in Kenya (also supported in 2015).

These two projects offer considerable combined social and environmental benefits.

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 €160 million, 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 Regional employment and 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.

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. AFD's future Strategic Orientation Plan will set the sustainable development objectives on the basis of five major transitions: energy and ecological transition, vital for the climate; territorial transition; demographic transition; digital transition; political and public transition.

AFD extended its competencies to "governance" with effect from 1 January 2016. This involved the inclusion of the following: 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. This is in line with the global approach of its sustainable development objectives. As part of this transfer of competence, in 2016 AFD took over nine FSP projects from the Ministry of Foreign Affairs (Tunisia, Mauritania, Cameroon, Guinea, Mali, Senegal, DR Congo and the Comoros), and engaged a number of international technical experts (ITEs).

2.3.1.2 On local communities

Given that any development activity could harm local communities, AFD Group ensures its partners commit to reducing these risks and impacts.

In 2016, AFD made progress in its preparation of an environmental and social complaints management system which will be officially launched in 2017. The system will allow any person or group suffering an environmental or social impact from a project financed by AFD to lodge a complaint. The complaints will be processed by a panel of independent experts and a public report will be published each year.

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)], which structure AFD's action priorities, are consistently the subject of consultation with the Group's main stakeholders. In 2016, topics for discussion were the drafting of new intervention frameworks to address digital technologies, vulnerabilities, governance and also the intervention frameworks which are currently being revised, such as education, food safety in Sub-Saharan Africa and climate. AFD also presented its annual report and its sustainable development 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.

In 2016, AFD entered into or renewed 49 partnerships for an amount of €2,913,546. These included partnerships with associations, international institutions, research institutes and regional collectivities. They cover the full spectrum of AFD's operations and develop relationships with French and international partners that can help AFD fulfil its mandate. A 2014-2016 partnership strategy assessment was conducted in 2016 and the strategy will be revised in 2017 on the basis of the findings.

In 2016, the budget dedicated by AFD to NGO initiatives amounted to €72 million. AFD thereby participated in the financing of 96 projects introduced by 79 French civil society organisations (OSC). The total budget dedicated to NGO initiatives increased by 72%, from €42 million to €72 million, between 2012 and 2016. 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.

AFD stepped up its policy to publish business data in the IATI (International Aid Transparency Initiative) format and acquired its own open data website, http://afd.opendatasoft.com/. The project data published to date cover 73% of sovereign projects of an amount greater than €100 thousand in progress financed over all the areas in which AFD operates. These efforts took it up the NGO Publish What You Fund (PWYF) rankings to 32nd place out of all aid donors in the "fair" category.

In 2017, AFD joined the International Aid Transparency Initiative on behalf of France. This membership should help AFD better comply with the IATI standard and ultimately improve the quality of the data it publishes.

In addition, AFD continues to publish as much documentation as possible each year to help the public understand its strategies, its activities and operations, including its activity data for the previous five years (this practice will be continued). AFD Group has started to revise its transparency and accountability policy to take account of the best international practices and the expectations of its stakeholders.

Since 2013, AFD has provided consolidated (albeit not exhaustive) reports of the actual results of its development actions through ex post key performance indicators taken from a list validated by the Interministerial Committee on International Cooperation and Development (Cicid) on 31 July 2013. These indicators were included and supplemented in the July 2014 Act on guidance and planning related to development and international solidarity policy.

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 is aware of the difficulties ESATs (vocational rehabilitation centres) and EAs (sheltered workshops) may encounter accessing its markets. With this in mind, the purchasing unit has taken steps to mitigate the situation and makes every effort to award the contracts under its responsibility which are suitable for the protected sector to pre-approved partners. With an extended remit in the future, the unit will be able to work upstream to identify markets which will be open only to the protected sector.

Moreover, 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 operates in the form of micro-credit) was pursued in 2016, resulting in €206,190 of financing spread over 298 projects in 10 countries.

This project is presented on the website www.achatsafdmicrofinance.fr.

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.

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

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. This is a public document[1]. It is organised into relevant procedures.

Checks made during a project's life cycle

In accordance with banking regulations, prior to beginning a project, the counterparty and any appropriate shareholders are researched in depth in order to identify the beneficial owner. Persons subject to political exposure are also identified. 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 which consolidates information such as the financial and commercial sanctions adopted by France, the European Union, the United States, the United Kingdom and the UN. 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.

Over and above 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 the portion of its financing in relation to which improper or non-compliant practices have been detected and demand early repayment of all or part of a loan or 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, fraud and corruption. In 2016, training on the AML/CFT/Corruption system was updated to reflect procedural changes.

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

Two AML/CFT/Corruption training modules in e-learning mode are available to employees of AFD Group. These modules were updated in 2016 and have been available to all Group AFD employees since 17 October 2016.

They are available to employees based on the risks identified in their activities.

For example, module 1 ("LCB/FT/Corruption, l'affaire de tous!" – AML/CFT/Corruption affects us all!) is for all employees whereas module 2 ("Vérifier la conformité de votre projet" – Checking the compliance of your project) is aimed specifically at employees who are impacted by AML/CFT/Corruption issues.

A total of 2,081 AFD Group employees were registered for this training in 2016.

As of 31 December 2016, 75% of the 2,081 employees registered for module no. 1 and 70% of the 1,567 registered for module no. 2 had completed their training.

In addition to this self-training facility, the Permanent Control and Compliance Department (CPC) offers classroom-based training which was attended by 416 Group employees in 2016.

The AML/CFT/Corruption classroom training materials specific to the activities of each group of employees were also updated in 2016 to provide targeted training sessions ("new hires", "skills development", "change of position", "case studies", etc.).

In 2016, the CPC Department continued to roll out its action plan aimed at stepping up awareness and training of AFD Group employees on the prevention of fraud and corruption, both generally and in relation to the projects which receive its financing.

The CPC Department dispensed specific training to new hires on the "prevention, detection and control of corruption and fraud risks both generally and in relation to the project cycle." In 2016, the CPC Department dispensed eight training courses to 162 employees.

In April 2016, AFD Group employees also received training on the risks of internal and external fraud the Group could fall victim to

(1) General AFD and Proparco policy on combating corruption, fraud, cartels, money laundering and terrorist financing – January 2013.
(2) See the Guidelines for Procurement of AFD-Financed Contracts in Foreign Countries – April 2015.

("fraud affecting the Chairman", bank detail fraud, forgery, use of forged documents, scams, theft, phishing, etc.). This session was delivered to sixteen employees.

Finally in December 2016, the CPC Department delivered its first on-site AML/CFT/Corruption training geared specifically to office employees. Twelve African offices took part in the session and eighteen employees were trained. Two further training sessions delivered directly at the offices are planned for 2017.

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 its 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]. Mandatory operations-related work takes account of 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.

To ensure human rights are respected in all operations, to raise awareness amongst employees and more generally reinforce internal capacities, a range of training courses is offered at the head office and in the local offices. In this way, 1,188 hours of training dedicated to human rights were provided at the head office in 2016.

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.). One of the three aims of CIT OSC 2013-2016 is to support the work of French development cooperation players, the promotion of democratic governance and fundamental rights, including human rights. In the period 2012-2016, the OSC human rights projects financed by the AFD OSC-Initiatives system gained momentum. The projects target issues such as human traffic, torture and the death penalty, impunity, child labour and sexual tourism, the detention conditions of prisoners, defending freedom of the press, promoting the rights of women, children, migrants and the disabled, and protecting human rights defenders.

Following transfer of the governance of the financing of bilateral cooperation mandate in 2016, AFD will also be able to expand its consideration for human rights in its operations, in support of the institutions.

(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 2016

To the Shareholders,

In our capacity as Statutory Auditors, designated as a third-party body independent by Agence Française de Développement, accredited by the COFRAC under the number 3-1049[1], we submit to you our report on the consolidated labour, environmental and social data (hereafter, the "CSR Information") included in the management report for the year ended 31 December 2016 in compliance with Article L. 225-102-1 of the French Commercial Code.

The Agency's 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 Agency (the "Standards"), a summary of which is included in the management report and is available on request at the Agency's 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.822-11-3 of the French Commercial Code. In addition, we have established a quality control system that includes documented policies and documented procedures aimed at ensuring compliance with the code of ethics and all applicable legal and regulatory texts.

Responsibility of the independent third-party body

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 2017 over a total period of around two weeks. To assist us in carrying out our work, we called on our experts in the area of CSR.

We carried out the following work in accordance with the Decree of 13 May 2013, which defines the procedures an independent third party must follow to carry out its work, and in accordance with the professional guidance of the French Institute of Statutory Auditors, and, with respect to the reasoned opinion on reliability, in compliance with international standard ISAE 3000[2].

I - 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 Agency'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 the Agency 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.

(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.

Conclusion

Based on this work and taking into consideration the limits referred to above – in particular the limits of the scope of quantitative environmental data which covers a scope of between 45% and 53% of the workforce – we certify that the management report includes the required CSR Information.

II - Reasoned opinion on the reliability of the CSR Information

Nature and scope of work

We held some ten 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 agency'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;
- we conducted interviews at the Agency's head office 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 80% and 100% of the environmental data considered as parameters[(2)] characteristic of the environmental issues and 100% of the quantitative corporate data presented.

For other consolidated CSR Information, we assessed its consistency with our knowledge of the Agency.

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.

La Défense, 19 April 2017
KPMG S.A.

Anne Garans *Partner* *Sustainability Services*	Pascal Brouard *Partner*

(1) *Labour indicators: Total headcount (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 rate; total number of training hours; average annual salary.*

Environmental indicators: Total paper consumption; energy consumption; emissions of greenhouse gases associated with energy consumption and employees' business travel by air and by train.

Social indicators: Sector-based breakdown of the approvals by AFD (loans in foreign countries); number and value of climate co-benefit projects; estimated annual emissions of equivalent tonnes of CO_2 avoided or reduced by mitigation projects; share of sovereign financing >€100 thousand under way which has been published on AFD's website; net total commitment to projects built on climate emissions as at 31 December 2016; number of training hours dedicated to human rights.

Qualitative information: Structure for employee dialogue, including procedures for informing, consulting and negotiating with employees; health and safety conditions in the workplace; measures taken to promote equality between men and women; measures taken to promote the employment and integration of disabled people; environmental protection training and education initiatives for employees; territorial, economic and social impact of the company's activity on neighbouring or local populations; partnership or sponsorship initiatives; Initiatives for preventing corruption; other initiatives to promote human rights.

(2) *See the list of environmental indicators set out in the footnote on page 3 of this report.*

CORPORATE GOVERNANCE

3.1 COMPOSITION AND OPERATION OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

3.1.1 Composition 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 by the Council of Ministers. The Chief Executive Officer represents and makes commitments on behalf of the Agency. He appoints staff and sets employment conditions. He is authorised to delegate any of the authority necessary for the Agency's operation. He carries out the duties that are delegated to him by the Board of Directors.

At 31 December 2016, General Management(1) is as follows:

	AFD position appointment	Other mandates and positions
Rémy Rioux	Chief Executive Officer (CEO) *Three-year term, decree published on 25 May 2016*	Director, Chairman 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
Philippe Bauduin	Deputy Chief Executive Officer *Indefinite term, memorandum of instruction AFD/DGL NI – 2016-67 of 6 July 2016*	Proparco: Director Fisea: Director
Jérémie Pellet	Deputy Chief Executive Officer *Indefinite term, memorandum of instruction AFD/DGL NI – 2016-68 of 6 July 2016*	Proparco: Director, Vice-Chairman of the Board of Directors Chair of the Advisory Investment Committee Fisea: Permanent AFD representative, shareholder, Director, Chairman of the Board of Directors and Chairman of Fisea

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

Chief Executive Officer: Rémy Rioux

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

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

In 2014, he was appointed Deputy General Secretary at the French Ministry of Foreign Affairs and International Development. He was at the heart of economic diplomacy policy. He also coordinated the finance agenda for the French presidency of COP21 up to the final negotiation of the Paris Agreement on climate change. In June 2016, he assumed the management of the Agence Française de Développement.

Deputy Chief Executive Officer: Jérémie Pellet

A graduate of the Strasbourg Institute of Political Studies, Jérémie Pellet began his career at the French Ministry of Foreign Affairs before being accepted at the École Nationale d'Administration. On leaving, he joined the Ministry of the Economy and Finance. After spending three years at the Office of Merger Control and Aid of the Directorate General for Competition Policy, Consumer Affairs and Fraud Control, he joined CDC Entreprises, a private-equity subsidiary of Caisse des Dépôts Group, as Investment Director, where he monitored investment funds active in the south of France, Corsica, French Overseas Departments and Collectivities and the Maghreb region. His work included following CDC's acquisition of a stake in Proparco and, with AFD, managing their mutual private-equity fund in the French Overseas Departments and Collectivities.

In 2009, Jérémie joined BNP Paribas as Director of the finance and investment bank's Regulatory Affairs before joining the bank's Fixed Income Department in 2012 when he was responsible for structuring financial solutions for European banks and insurance companies. In 2014, he became a financial economic adviser in the office of the French prime minister, following economic and financial issues, including the Macron Law, the creation of Business France and plans to establish closer ties between AFD and CDC.

Deputy Chief Executive Officer: Philippe Bauduin

Recruited to the Caisse Centrale de Coopération Économique in 1983, Philippe Bauduin was assigned as an officer to the Papeete agency. In 1987, he joined the French Guiana Development Finance Company (Sofideg) a subsidiary of the Caisse Centrale as Head of the Corporate and Housing Credit Department.

His career continued with two assignments in Africa. Firstly, he was adviser to the Chief Executive Officer of the National Bank of Economic Development of Burundi in Bujumbura from 1992 to 1995. He subsequently served as Secretary General of the Guarantee Fund for Private Investment in West Africa at the West African Development Bank in Lomé from 1995 to 1998. He set up and organised this fund to support credit institutions in the 18 member countries of the Economic Community of West African States (ECOWAS).

Philippe Bauduin returned to the headquarters of the Caisse in 1998 to take over as Director of the Banking Division in the French Overseas Departments and Collectivities Department. In September 2002, he was appointed Deputy Chief Executive Officer at the Caledonian Investment Bank (BCI) in Nouméa, which at the time was a subsidiary of AFD. As part of his duties, he was seconded to BRED in 2006 for three years. In 2009, he was appointed AFD Director for Pointe-à-Pitre.

In 2013, following a six-month secondment to the Guadaloupe Social Housing Company (SIG) to act as interim Chief Executive Officer, Philippe Bauduin was appointed AFD's Financial Director.

Executive Committee

Members of AFD's Executive Committee are appointed by the Chief Executive Officer:

- Deputy Chief Executive Officer: Jérémie Pellet
- Deputy Chief Executive Officer: Philippe Bauduin
- Operations Executive Officer: Laurence Breton
- General Secretary Executive Officer: François Parmantier
- Human Resources Executive Officer: Christine Harné
- Risks Executive Officer: Sandrine Boucher
- Strategy, Partnerships and Communication Executive Officer: Philippe Orliange
- Studies, Research and Knowledge Executive Officer: Gaël Giraud

Board of Directors

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

- 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 French Minister in charge of the Economy, the French Minister in charge of Cooperation, the French Minister in charge of the French Overseas Departments and Collectivities and the French Minister in charge of Immigration. The age limit applicable to the Chairman 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 French Ministers in charge of the Economy, Cooperation and French Overseas Departments and Collectivities.

At 31 December 2016, 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 07/07/2016	Agence Française de Développement – 5, rue Roland Barthes – 75598 Paris Cedex 12	**Chair of AFD's Board** Ambassador for Climate Change Negotiations; Director of Cirad.
Representatives of the French State[6]			
Guillaume Chabert	Permanent 11/04/2015	French Ministry of the Economy and Finance – General Directorate of the Treasury – 139, rue Bercy 75572 Paris Cedex 12	**Head of Multilateral affairs and development at the General Directorate 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 12/12/2015	French Ministry of the Economy and Finance – DGT – 139, rue 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 24/06/2016	French 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).
Philippe Plais	Alternate 20/11/2016	French 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 29/09/2016	French 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 the Board as a representative of the State (Maedi): • Agency for French Teaching Abroad (AEFE); • Business France; • Campus France; • Institut français; • Fondation Alliance Française; • Centre National des Arts Plastiques; • Cité Internationale des Arts (Foundation); • Cité Internationale Universitaire de Paris (Foundation); • Centre National du Livre (CNL); • Institut de la Gestion Déléguée; • Mission Laïque Française; • Résidence Lucien Paye. (Cité Internationale Universitaire de Paris) Government Commissioner, Expertise France.
Cyrille Pierre	Alternate 17/11/2016	French Ministry of Foreign Affairs and International Development – 37, quai d'Orsay – 75700 Paris	**Head of Development and Global Public Goods** Director as a representative of the State (Maedi): Expertise France.
Rémi Maréchaux	Permanent 29/09/2016	French Ministry of Foreign Affairs and International Development – 37, quai d'Orsay – 75700 Paris	**Head, Africa and the Indian Ocean** No other office or function.
Ludovic Pouille	Alternate 11/02/2015	French 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.

Director	Term on the Board appointment	Address	Current position Other mandates
Stanislas Cazelles	Permanent 28/12/2016	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 Departments and Collectivities 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; • Agence de Développement Rural et d'Aménagement Foncier de Nouvelle-Calédonie (New Caledonia Rural Development and Land Improvement Agency).
Sophie Yannou-Gillet	Alternate 28/12/2016	Ministry of the French Overseas Departments and Collectivities – 27, rue Oudinot – 75007 Paris	**Head of the Office of Economic Activity, Employment and Training at the Sub-directorate of Public Policy at the Directorate General of French Overseas Departments and Collectivities** Alternate director at the Iedom and Ieom supervisory boards
Pierre-Antoine Molina	Permanent 29/10/2015	French Ministry of the Interior – DGEF 18, rue des Pyrénées – 75020 Paris	**Director-General for Foreign Nationals in France** Director of Adoma (a semi-public company).
Marie Masdupuy	Alternate 22/05/2014	French Ministry of the Interior – DGEF 18, rue des Pyrénées – 75020 PARIS	**Head of European and International Affairs at the General Directorate for Foreign Nationals in France** No other office or function.
Persons appointed because of their expertise in economic and financial matters[(4)]			
XXX	Permanent		AWAITING APPOINTMENT by decree
XXX	Alternate		AWAITING APPOINTMENT by decree
XXX	Permanent		AWAITING APPOINTMENT by decree
XXX	Alternate		AWAITING APPOINTMENT by decree
Adeline Lescanne-Gautier	Permanent 18/06/2014	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 18/06/2014	EDF – International Development Department – 22-30, avenue de Wagram – 75008 Paris	**Director of Training Support, EDF's International Development Department** • Regional EDF delegate in Bourgogne-Franche-Comté; • Vice-Chair and member of the Board of Directors of the Burgundy Nuclear Centre (competitiveness centre); • Member of the Executive Board of the Regional Development, Innovation and Economy Agency (Ardie) in Bourgogne-Franche-Comté; • Board member of Esirem (École Supérieure d'Ingénieurs de Recherche en Matériaux et en Infotronique); • Director of SEM (semi-public company) Harfleur, SEM Yonne Équipement, the Sempat (semi-public business property company) Nièvre, and SEM CIFC; • Vice-Chair of VDE (Vallée de l'Énergie) and Member of the Board of Directors.
Philippe Jahshan	Permanent 27/03/2015	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 18/06/2014	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 and Essec; • 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/her knowledge of ecological and sustainable development issues[1]			
XXX	Permanent		AWAITING APPOINTMENT by decree
XXX	Alternate		AWAITING APPOINTMENT by decree
Members of Parliament [4]			
Michel Destot	Permanent 24/11/2015	National Assembly – Rue de l'Université – 75007 Paris	**Deputy for the Isère Department** Director of the NGO Électriciens sans Frontières (electricians without borders) and the Fédération Hospitalière de France (French Hospital Federation).
Stéphane Demilly	Alternate 24/11/2015	National Assembly – Rue de l'Université – 75007 Paris	**Deputy for the Somme Department** Mayor of the town of Albert Chairman of the community of municipalities of Pays du Coquelicot.
Cécile Duflot	Permanent 24/11/2015	National Assembly – Rue de l'Université – 75007 Paris	**Deputy for the 6th district of Paris** No other office or function.
Jean-Marie Tetart	Alternate 19/02/2015	National Assembly – 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 13/12/2014	Senate – Rue Vaugirard – 75006 Paris	**Senator for the Yonne Department** Chairman of the community of municipalities of Gâtinais; Chairman of the Pôle d'Équilibre Territorial et Rural (PETR) du Nord de l'Yonne.
Sylvie Goy-Chavent	Alternate 04/09/2015	Senate – Rue Vaugirard – 75006 Paris	**Senator for the Ain Department** Mayor of Cerdon; Member of the Parliamentary Assembly of the Council of Europe; Regional Councillor, Auvergne – Rhône-Alpes Department.
Yvon Collin	Permanent 19/12/2014	Senate – Rue Vaugirard – 75006 Paris	**Senator for the Tarn-et-Garonne Department** No other office or function.
Fabienne Keller	Alternate 19/12/2014	Senate – Rue Vaugirard – 75006 Paris	**Senator for the Bas-Rhin Department** Eurometropolitan councillor of Strasbourg; Vice-Chair of the Conseil National des Villes (National Council for Cities); Member of the Board of Directors of: • Robert Schuman Foundation; • Compagnie des transports de Strasbourg; • Investissements d'avenir.
AFD employee representatives[2]			
François Pacquement	Permanent 12/12/2016	AFD – 5, rue Roland-Barthes – 75012 Paris	**AFD employee** Member of the Writing and Editorial Committees of the *Revue internationale des études du développement.*
Stéphanie Picard	Alternate 12/12/2016	AFD – 5, rue Roland-Barthes – 75012 Paris	**AFD employee** No other office or function.
Anne Laure Ullmann	Permanent 12/12/2016	AFD – 5, rue Roland-Barthes – 75012 Paris	**AFD employee** No other office or function.
Jean-Marc Pradelle	Alternate 12/12/2016	AFD – 5, rue Roland-Barthes – 75012 Paris	**AFD employee** No other office or function.

3.1.2 Operation of administrative, management and supervisory bodies

Pursuant to Article R.515-18 of the French Monetary and Financial Code, the Board of Directors deliberates on the institution's strategic orientations 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.515-12 (managed at the State's risk and on behalf of the State); financial aid as mentioned in Articles R.515-9, R.515-10 and R.515-11 and the rules provided for by this last Article; agreements reached pursuant to the second, third, fourth and fifth paragraphs of Article R.515-13 (managed on behalf of third parties); the annual amount of loans to be contracted by the Agency; the provisional statement of operating income and expenses; general aid conditions; the annual financial statement 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.515-19 II of the French Monetary and Financial Code. The internal regulations define the procedure for consultation of the Board's members by the 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.515-19 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 2016, the Board of Directors and its specialised committees met 34 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 2016 is outlined below:

Total gross compensation *(in euros)*	
Anne Paugam, Chief Executive Officer (end of term, 31 May 2016)	92,586
Jacques Moineville, Deputy Chief Executive Officer (end of term, 30 June 2016)	86,403
Rémy Rioux, Chief Executive Officer (start of term, 2 June 2016)	95,366
Jérémie Pellet, Deputy Chief Executive Officer (start of term, 18 July 2016)	70,092
Philippe Bauduin, Deputy Chief Executive Officer (start of term, 12 July 2016)	79,151

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

3.3 COMPENSATION POLICY AND PRACTICES

3.3.1 Compensation policy governance

Details of AFD's compensation policy are set out under Heading II of Chapter IV of the Staff Regulations. For its part, Chapter III of Heading III defines the arrangements for changing compensation.

The Staff Regulations were drawn up by AFD's Chief Executive Officer in accordance with the provisions of Article R.515-16 of the French Monetary and Financial Code, pursuant to which AFD's Chief Executive Officer appointed by decree "appoints employees and sets the terms of their employment". The Staff Regulations were approved by the French Ministry of the Economy and Finance in its decision of 5 August 1996. They have applied since 1 January 1997. The Staff Regulations define the compensation of all AFD Group employees, including the Executive Committee and "individuals whose activities have a significant impact on the company's risk profile". No variable compensation is awarded. The Staff Regulations can only be amended following negotiations with the trade unions and then pursuant to a decree issued by the French Ministry of the Economy and Finance. The Inter-Ministerial Commission for the Audit of Public Sector Salaries (CIASSP) monitors AFD Group compensation.

The foregoing explains the legal and bylaw reasons why AFD does not have an Appointments Committee or a Compensation Committee.

The HR function is the only entity involved in designing and implementing the compensation policy. The reason for this is that no AFD Group employee receives variable compensation (except for profit sharing).

3.3.2 Principal compensation policy characteristics

Determining compensation

The compensation of every AFD Group employee is defined essentially using their salary point: on recruitment, a job level (comprising a range of salary points) is allocated to each individual in accordance with the strict definitions in the Staff Regulations. The salary point value is then determined, within this range, according to the employee's age, training and experience (there is a strong internal concept of fairness).

Compensation structure

Compensation comprises the following elements:

- Basic salary (Article 12.1 of the Staff Regulations)

  For employees on job levels C to G, the basic salary includes, without distinction, all hours worked including overtime.

  "It is calculated by applying the Caisse Française de Développement value to the salary point. It is monthly and payable in arrears."

- Awards and bonuses (Article 12.2)

  Added to the basic salary, for employees who fulfil the required conditions, are the following awards and bonuses calculated on a *pro rata* basis according to hours of work, where the individual's hours are lower than the collective hours of work:

  - year-end bonus (12.2.1)

    This will be calculated on December's base salary as defined in Article 12.1 and multiplied by 1.4. For each employee, it is in accordance with the number of paid days over the year.

  - holiday bonus (12.2.2)

    The amount is identical for every employee. It is paid in three instalments: 20% at the end of February, 50% at the end of May and 30% at the end of August. For each employee, it is in accordance with the number of paid days during the period 1 June to 31 May.

  - dependent child(ren) and ascendant(s) family supplement (12.2.3)

    This is defined by a scale indexed to the value of the salary point.

  - long service bonus (12.2.4)

    Employees on job levels A to C are awarded a long service bonus defined by a scale negotiated with the trade union organisations.

  - professional bonus (12.2.5)

    This is related to holding a type of position and is paid to every employee who holds this type of position. The types of positions in question and the corresponding bonus amounts are decided by the Chief Executive Officer. The bonus stops being paid in the event of a transfer to a position not covered by the professional bonus.

    In no case is this bonus related to the risks involved in the position.

- personal supplement (12.2.6)

  The company may, on an exceptional basis, pay personal compensation supplements, on a provisional basis, other than those described above, primarily in accordance with the specific positions held or to address exceptional situations. These personal compensation supplements are paid for as long as the reason for their being awarded continues. Management will inform the Employee-Management Committees provided for in Article 58 of the Regulations about measures taken in this respect.
- some employees receive a supplementary retirement allocation according to their retirement plan;
- no employee (including directors) receives individual variable compensation, whether deferred or not (for example, bonus, shares, stock options etc.);
- employees also enjoy employment benefits such as supplementary defined contribution retirement plans, health fees and insurance, and housing loans financed entirely or partly by AFD;
- expatriate employees also enjoy several allowances related to their expatriate status.

Changes in compensation

The arrangements for implementing the compensation policy place a significant emphasis on informing, consulting and negotiating with the unions.

Compensation for AFD Group employees may be re-evaluated by (i) increasing the value of the salary point, (ii) and/or a general revaluation (or by job level) of salary points, (iii) and/or the award of an individual basis of salary points. General increases together with the budget for individual increases are negotiated on an annual basis during the Mandatory Annual Negotiations (NAO) and are subject to the framework of AFD's supervisory ministries. There is a safeguard clause for salary point increases which ties the increase in AFD Group's salaries to the increase in civil service salaries over a three-year period.

An individual increase in basic salary agreed by Management is based on an assessment of an employee's mastery of their position in accordance with the terms and conditions provided in Heading III Chapter II of the Staff Regulations on evaluations. Individual increases are distributed fairly between departments, job levels or men/women. For a promotion decision, a minimum number of salary points must be awarded according to the job level.

An Employee-Management Committee enables employees to appeal in the event that they disagree with the Management's decision or when an employee has not had an individual promotion for four full years.

Early termination of the employment contract

Compensation payments for early termination of an employment contract are also defined in Heading V of the Staff Regulations.

In addition to the particular cases referred to in Articles 25, 28 and 30-3, an employee may be dismissed:

- 1 for economic reasons;
- 2 on the grounds of professional incompetence;
- 3 by way of disciplinary action.

For the following reasons for dismissal, compensation for dismissal is calculated on the basis of an average monthly salary defined as a twelfth of the compensation for the last 12 months:

1 Dismissal for economic reasons

Compensation for dismissal paid to an employee at the end of the notice period is equal to one and a half months of this average monthly salary per year of service up to the sixth year inclusively, and to one and three-quarter months of this salary for every year of service beyond the sixth year.

For employees whose services were performed partly in French Overseas Departments and Collectivities and/or abroad and partly in mainland France, or vice versa, compensation is calculated on a *pro rata* basis in relation to the time spent in each of these postings, according to the following terms and conditions:

- the portion of the compensation related to their services in mainland France is calculated on the basis of one twelfth of their annual reference salary in mainland France;
- the portion of the compensation related to their services performed in French Overseas Departments and Collectivities and/or abroad, is calculated on the basis of one twelfth of the annual salary allocated to an employee ranked on the same salary point in the last posting in French Overseas Departments and Collectivities and/or abroad;
- the amount of the dismissal compensation may not be less than three times the average monthly salary nor more than 18 times this salary.

Only full months of service are taken into account to determine the dismissal compensation.

2 Dismissal on the grounds of professional incompetence

Compensation for dismissal paid to an employee at the end of the notice period is set by the Chief Executive Officer. However, this compensation may not be less than half of that provided in the event of dismissal for economic reasons.

3 Dismissal by way of disciplinary action

The amount of compensation potentially awarded to an employee is the result of a decision by the Chief Executive Officer when he gives notice of the penalty in accordance with legal provisions. Only serious or gross misconduct results in no compensation for dismissal.

4 Dismissals on the grounds of medical unfitness

Compensation for dismissal paid to an employee in the context of the procedure established in Article 25 of the Staff Regulations is equal to half of that provided in the event of dismissal for economic reasons and, as a minimum, equal to the legal compensation provided by the French Labour Code in this event.

3.3.3 Information about compensation for executive officers and individuals whose professional activities have a significant impact on the company's risk profile

The compensation principles and changes described above are applicable to all AFD Group's employees, including the Executive Committee and "individuals whose activities have a significant impact on the company's risk profile".

In AFD, executive officers and individuals whose professional activities have a significant impact on the company's risk profile belong to the following categories: the Executive Committee (including the Chief Executive Officer of Proparco), Deputy Chief Executives, Departmental Directors, members of Board and Second Opinion secretariats, Deputies to the CPC and IGE (Inspection General) Departmental Directors, and the four employee representatives. The total amount of compensation of any kind paid during the 2016 financial year to all people falling within these categories (45 posts and 55 employees) amounted to €5,024,865.

3.4 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 Group is exposed to the majority of the risks of a credit institution. Its risk management policy is centred around the following key risks, each of which is likely to affect its business activity, results and financial position:

- credit and counterparty risk (including concentration risk) which is the main risk to which the Group is exposed;
- market, comprehensive interest rate, foreign exchange, liquidity, settlement and excessive leverage risks;
- operational risk, including:
  - risks related to the outsourcing of services and other essential operational tasks,
  - the risk of loss covered by the emergency and business continuation plan which comes into play in the event of a crisis,
  - IT-related risks,
  - non-compliance risk arising from failure to adhere to specific banking and financial regulations, primarily the risk of money laundering and funding terrorism (AML/CFT),
  - legal risk in connection with all its own activities, its status or its refinancing and arrangement operations,
  - ethical risk,
  - strategic risk, model risk;
- accounting risk;
- risks to the reputation and image of the Group and its directors.

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 Group 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:

- nine years after the international financial crisis, the economies of the advanced nations continue to be engaged in a dynamic of low growth, whilst the levels of private and public indebtedness remain significant. In 2016, the United Kingdom (UK) and the United States (US) voted for major changes to the policies and economics which had been the norm for several decades – Brexit for the UK and a more America-centred policy for the US – without all the concrete implications of these new directions being fully available. Moreover several major elections will take place in European Union countries in 2017. The political and economic developments in the advanced economies are likely to filter down to some of 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 possible tightening of the Fed's monetary policy could lead to an increase in the value of the dollar – the currency in which a major portion of the public and private debt of the emerging and developing countries is denominated – and encourage further outflows of capital;
- the significant fall in the price of oil which has occurred since mid-2014, and which continued in 2016, despite a slight rise at the end of the year, should continue to weaken the economic fundamentals of the exporting countries and could lead some of them to suffer extensive macroeconomic tensions in the short term. The countries which are dependent on other commodities are also weakened by the negative impact of their 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

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Detailed information about AFD Group's corporate purpose is presented in Paragraph 1.1 *"Information about the company"*.

4.2.2.2 Consolidation scope and methods

There is no difference with regard to consolidation principles between accounting data and prudential data.The consolidation scope and methods are defined in paragraphs 5.4 "*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

AFD Group's capital at 31 December 2016 was €5,860M, up €267M on 31 December 2015. CET1 capital stood at €5,300M compared to €2,910M at 31 December 2015 following the French State's conversion into capital of €2,408M of its Treasury debt, commonly known as Resources with special conditions (Tier 2), and total Tier 1 grew from €3,152M to €5,860M.

CAPITAL STRUCTURE OF AFD GROUP AT 31 DECEMBER 2016

In millions of euros	
CET1 capital before deductions	5,300
CET1 deductions	0
CET1 CAPITAL AFTER DEDUCTIONS	**5,300**
T1 capital before deductions	5,860
T1 deductions	0
T1 CAPITAL AFTER DEDUCTIONS	**5,860**
T2 capital before deductions	0
T2 deductions	0
T2 CAPITAL AFTER DEDUCTIONS	**0**
TOTAL CAPITAL	**5,860**

The breakdown of "regulatory" capital at 31 December 2016 was as follows:

- €5,300M category 1 base capital, comprising hard, non-refundable capital (mainly provisions and reserves);
- €560M additional category 1 capital in the form of undated subordinated bonds subscribed by the French State. The securities commitments made by AFD (which are obligatory under French law), in terms of principle and interest, are direct, unconditional, lowest rank subordinated commitments for an indefinite term without an AFD guarantee. Save for the occurrence of a regulatory event, as provided for in the agreement with the State (point of non viability, *i.e.* non-compliance with the minimum CET1 ratio as provided by law at a specific time), the securities will pay an annual interest of 0.25%.

Following the conversion of its Tier 2 debt (with an original interest rate of 0.25% and a 30-year maturity date) into Tier 1 resources with special conditions capital instrument, AFD ceased to hold Tier 2 capital instruments on 30 December 2016.

When itemised, the capital breaks down as follows:

CONSOLIDATED CAPITAL

In millions of euros	31/12/2016
Equity	2,808
Consolidated reserves	1,696
Earnings	0
Projected distribution (20% company income statement)	0
FRBG	460
Equity method diff.	156
Unrealised capital gains and losses	156
Minority interests	118
Intangible assets	-27
Exclusion of unrealised gains entered in KP	-66
Prudent valuation	-1
CET1 capital	5,300
CET1 deductions	0
CET1 CAPITAL AFTER DEDUCTIONS	5,300
T1 subordinated securities	560
T1 capital	5,860
T1 deductions	0
T1 CAPITAL AFTER DEDUCTIONS	5,860
Subordinated loans, Art. 4d	0
Subordinated loans, Art. 4c	0
T2 capital	0
T2 deductions	0
T2 CAPITAL AFTER DEDUCTIONS	0
TOTAL CONSOLIDATED CAPITAL	**5,860**

DEDUCTIONS AND PRUDENTIAL RESTATEMENTS UNDER CRR/CRDIV

In millions of euros	31/12/2016	31/12/2015
Cut back of non-eligible minority interests(i)	-176.6	-118.1
Exclusion of unrealised gains entered in equity	-65.7	-97.7
Prudent Value Adjustment	-0.9	-0.9
TOTAL	**-243.2**	**-216.7**

(i) Articles 81 and 479 of the CRR provide for the deduction from capital of the minority interests in entities not governed by the CRR and CRDIV, or equivalent requirements, with a transition period.

4.2.3.2 Capital adequacy

AFD easily meets the minimum capital requirements set out in Pillar 1, with an increase in its capital taking its capital adequacy ratio to 16.82% at 31 December 2016, compared with 16.72% at 31 December 2015.

In November 2016, AFD put in place a process for evaluating internal capital adequacy under Pillar 2 (Internal Capital Adequacy Assessment Process – ICAAP). Facilitated by a firm of consultants, and supported by the management teams of the relevant departments, several workshops were scheduled for late 2016 and the first quarter of 2017 to agree the definitions, approaches, methodologies and results of the material risk calculations and to formalise the capital planning and allocation methods to be used. This initial ICAAP should continue to be formalised in the course of the first quarter, ready for validation by the AFD Board of Directors in April 2017.

CAPITAL ADEQUACY

In millions of euros		
Total capital		5,860
CET1 capital	5,300	
Tier 1 capital	5,860	
Tier 2 capital	0	
Eligible capital		2,787
Credit risk	2,603	
Governments and central banks	1,246	
Banks	525	
Corporates	669	
Equities	163	
DVA	91	
Market risk	0	
Foreign currency net position < 2% of capital	-	
Operational risk	93	
Standard approach to operational risk	83	
Capital surplus or deficit		3,073
Solvency ratio		16.82%

4.2.3.3 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 (EU) Regulation 575-2013 on capital adequacy with regard to the market.

AFD meets minimum capital requirements with a capital adequacy ratio of 16.82% at 31 December 2016 (16.72% at 31 December 2015).

4.2.3.4 Leverage ratio

The leverage ratio aims to formalise the size of an establishment's balance sheet. It is the ratio of prudential Tier 1 capital to balance sheet/off-balance sheet exposure, after restatement of certain items.

Pursuant to Articles 451 and 499 of regulation 575/2013 and the delegated act, adopted on 10 October 2014 which came into force in 2015, AFD Group calculates its leverage ratio quarterly and on a consolidated basis.

At 31 December 2016, AFD Group's leverage ratio was almost double the 2015 ratio at 13.67% compared to 7.01% at 31 December 2015. This increase can be attributed to the increase in AFD's equity at the end of 2016.

	31/12/2016
Exposure Values	
Derivatives: Add-on under the mark-to-market method	1,472,618,162.52
Off-balance sheet items with a 20% CCF in accordance with Article 429 (10) of the CRR	30,787,506.64
Off-balance sheet items with a 50% CCF in accordance with Article 429 (10) of the CRR	5,188,973,829.42
Off-balance sheet items with a 100% CCF in accordance with Article 429 (10) of the CRR	491,091,984.35
Other assets	35,343,404,811.89
(-) Asset amount deducted – Tier 1 – fully phased-in definition	-27,488,926.00
(-) Asset amount deducted – Tier 1 – transitional definition	-93,217,383.00
Total Leverage Ratio exposure – using a fully phased-in definition of Tier 1 capital	42,499,387,368.82
Total Leverage Ratio exposure – using a transitional definition of Tier 1 capital	42,433,658,911.82
Capital	
Tier 1 capital – fully phased-in definition	5,808,158,385.00
Tier 1 capital – transitional definition	5,860,163,582.00
Leverage Ratio	
Leverage Ratio – using a fully phased-in definition of Tier 1 capital	13.67
Leverage Ratio – using a transitional definition of Tier 1 capital	13.81

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*	31/12/2016 IFRS	31/12/2015 IFRS
Cash, due from central banks	173,209	30,448
Financial assets measured at fair value through profit and loss (excluding derivatives)	35,895	38,240
Financial assets at fair value through profit and loss	2,017,348	1,919,997
Loans and receivables due from credit institutions	6,834,178	7,482,931
Demand	*602,068*	*1,227,365*
Term	*6,232,110*	*6,255,566*
Loans and receivables due from customers	24,219,887	21,859,010
Commercial receivables	-	-
Other loans to customers	*24,219,887*	*21,859,010*
Overdrafts	-	-
Finance lease	-	-
TOTAL LOANS AND RECEIVABLES	**31,054,065**	**29,341,941**
Held-to-maturity financial assets	800,402	781,617
Equity stakes in companies accounted for by the equity method	165,982	160,139
Financial assets at fair value through profit and loss (Derivatives)	111,081	203,474
Hedging derivatives	2,390,382	2,491,885
Derivatives	2,501,463	2,695,359
BALANCE SHEET TOTAL	**36,748,363**	**34,967,741**
Off-balance sheet	-	
Firm lending commitments	10,656,145	10,111,056
Financial guarantees	528,360	625,985
OFF-BALANCE SHEET TOTAL	**11,184,505**	**10,737,041**
GRAND TOTAL	**47,932,868**	**45,704,782**

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 74).

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

In thousands of euros	31/12/2016 IFRS			31/12/2015 IFRS		
	Listed	Unlisted	Total	Listed	Unlisted	Total
Equity stakes at fair value through profit and loss		11,248	11,248		14,396	14,396
Equity stakes included in available-for-sale financial assets	52,349	1,079,711	1,132,061	6,037	1,025,435	1,031,472
Companies accounted for by the equity method		165,982	165,982		160,139	160,139
TOTAL	**52,349**	**1,256,941**	**1,309,291**	**6,037**	**1,199,971**	**1,206,007**

Similarly, 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	31/12/2016 IFRS	31/12/2015 IFRS
	Assets	Assets
Fair value hedging		
Interest rate derivatives	1,439,698	1,373,243
Interest rate and foreign exchange derivatives (cross-currency swaps)	950,684	1,118,642
TOTAL 1	2,390,382	2,491,885
Financial assets at fair value		
Interest rate derivatives	6,146	5,172
Foreign exchange derivatives	104,238	198,275
CVA/DVA	697	28
TOTAL 2	111,081	203,474
TOTAL DERIVATIVES	**2,501,463**	**2,695,360**

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	31/12/2016 IFRS	31/12/2015 IFRS
COMMITMENTS GIVEN	11,184,505	10,732,589
Financing commitments made to credit institutions	1,600,964	1,573,073
Financing commitments made to customers	9,055,181	8,537,983
SUBTOTAL FINANCING COMMITMENTS	10,656,145	10,111,056
Guarantee commitments made to credit institutions	57,059	58,172
of which DOM Fund activity	-	-
Guarantee commitments made to customers	471,301	563,360
SUBTOTAL GUARANTEE COMMITMENTS	528,360	621,532

FINANCING COMMITMENTS – GEOGRAPHIC SPREAD AND BREAKDOWN BY TYPE OF ACTIVITY

In millions of euros	2016		2015	
	Total	%	Total	%
FINANCING COMMITMENTS AT THE GROUP'S RISK	10,630	100%	10,041	99%
Of which foreign countries	10,042	94%	9,621	95%
Sovereign	7,222	68%	6,353	63%
Non-sovereign	2,820	26%	3,268	32%
Of which French Overseas Collectivities	588	6%	420	4%
FINANCING COMMITMENTS AT THE STATE'S RISK	27	0%	70	1%
Loans guaranteed by the State	27	0%	70	1%
TOTAL GROUP FINANCING COMMITMENTS	**10,656**		**10,111**	

GUARANTEE COMMITMENTS – GEOGRAPHIC SPREAD

In millions of euros	2016			2015		
	Foreign countries	French Overseas Departments and Collectivities	Total	Foreign countries	French Overseas Departments and Collectivities	Total
Guarantee commitments given – credit institutions	57	-	57	58	-	58
Guarantee commitments given – customers	394	77	471	492	71	563
GUARANTEE COMMITMENTS	**451**	**77**	**528**	**551**	**71**	**622**

4.2.4.1.1.3 Breakdown of contractual residual maturities of the entire portfolio

BREAKDOWN OF ASSETS BY RESIDUAL MATURITY

In millions of euros	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Undetermined	Total
1 Financial assets at fair value through profit and loss	0	0	86	61		147
2 Derivatives used for hedging purposes (assets)	42	171	742	1,436		2,390
3 Available-for-sale financial assets					2,017	2,017
4 Loans and receivables (including lease financing contracts)	2,763	1,925	10,110	16,256		31,054
5 Held-to-maturity investments	6	45	286	464		800
SUBTOTAL	2,810	2,140	11,224	18,217	2,017	36,409
Cash, due from central banks	173					173
Equity stakes in companies accounted for by the equity method					166	166
TOTAL	**2,984**	**2,140**	**11,224**	**18,217**	**2,183**	**36,748**

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

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	13,187	75	13,111
of which doubtful	*122*	*74*	*48*
Non-sovereign	10,967	720	10,247
of which doubtful	*534*	*307*	*227*
French Overseas Departments and Collectivities			
Non-sovereign	4,934	39	4,894
of which doubtful	*76*	*39*	*37*
Other outstanding loans	79	0	79
TOTAL	**29,166**	**834**	**28,332**
of which doubtful	*732*	*421*	*311*

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 Standard & Poor's) and to the type of counterparty (third-party asset class). As most of the non-sovereign counterparties do not have a rating from an external body, they are weighted at 100% or 150% for doubtful debt.

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%	508	435	29		972
50%	2,579	1,707			4,286
100%	12,313	4,328	7,332	460	24,432
150%	175	93	941	914	2,122
250%	0		58	663	720
TOTAL	**15,575**	**6,562**	**8,359**	**2,037**	**32,533**

4.2.4.1.3 Techniques for reducing credit risk

To guarantee repayment of its loans to non-sovereign counterparties, AFD uses real securities (bank account pledges, receivables pledges, Dailly assignments for its activities in French Overseas Departments and Collectivities, etc.) and personal sureties (joint sureties, first-demand guarantees, etc.). It also enters into payment mechanism agreements which give AFD priority access to the cash flow generated by the borrower's activity.

Specialist operations lawyers help AFD to structure its financing and, for counterparties based in a foreign country, they consult local lawyers on the legitimacy of the loan agreement and related agreements before the first payment is made.

Bank account pledges are subject to periodic valuation taken into account in provisioning.

Moreover, AFD records exposure guaranteed by the French State on its balance sheet and off-balance sheet.

In calculating its capital adequacy ratio, AFD recorded its exposure covered by eligible personal guarantees, which breaks down as follows:

- €3,049M of balance sheet exposure that mainly consists of loans guaranteed by the French State and foreign governments;
- €593M of off-balance sheet exposure consisting mainly of undisbursed amounts guaranteed by the French State and foreign governments.

BALANCE SHEET EXPOSURE TO CREDIT RISK COVERED BY ELIGIBLE PERSONAL SURETIES (GUARANTEES)

In millions of euros	Net unweighted exposure covered by a guarantee	Net weighted exposure covered by a guarantee	Mitigating techniques (guarantees)	Net weighted exposure after mitigating techniques
Governments and central banks	543	543	-543	0
Corporates	1,226	1,233	-527	706
Institutions	178	178	-6	171
Public sector entities	1	1	0	1
Local and regional governments	1,102	1,101	-66	1,034
TOTAL	**3,049**	**3,055**	**-1,143**	**1,912**

OFF-BALANCE SHEET EXPOSURE TO CREDIT RISK COVERED BY ELIGIBLE PERSONAL SURETIES (GUARANTEES)

	Net unweighted exposure covered by a guarantee	Net unweighted exposure covered by a guarantee			
In millions of euros	Before conversion factor	After conversion factor	Net weighted exposure covered by a guarantee	Mitigating techniques (guarantees)	Net weighted exposure after mitigating techniques
Governments and central banks	7	3	3	-3	0
Corporates	435	230	230	-79	151
Institutions	96	48	48	-12	37
Local and regional governments	55	28	28	0	28
GRAND TOTAL	**593**	**309**	**309**	**-94**	**216**

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 2016 is €75M, 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 EU Regulation 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 €619M for the last three financial years including 2016, and capital requirements for operational risk totalled €92M at 31 December 2016.

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 in the Notes: "*Financial assets at fair value through profit and loss*" and "*Available-for-sale financial assets*" (page 89/90). The accounting standards for equity-accounted equity investments are outlined in Note 5.5.2.1.2 "*Consolidation methods*" (page 88).

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 consolidated financial statements (page 106).

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 €163M based on a risk-weighted amount of €2,037M.

4.2.4.5 Interest rate risk in the banking portfolio

The paragraph on "*Interest rate risk*" (page 111) describes this type of risk in detail.

4.2.4.6 Information on encumbered and unencumbered assets

An asset is considered to be "encumbered", or may be used contractually for the purpose of guaranteeing, acting as collateral for or enhancing a transaction from which it is inseparable. On the other hand, an "unencumbered" asset is one free of any restrictions of a legal, regulatory, contractual or any other nature, and free from the possibility of being liquidated, sold, transferred or assigned.

AFD does not record any assets as encumbered apart from securities sold under repurchase agreements to the Banque de France for a nominal amount of €64.5M.

4.3 RISK MANAGEMENT

4.3.1 Internal control and risk monitoring

AFD's internal control system is intended to provide 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

At AFD, permanent control is cross-functional and carried out by (i) the permanent control function of the Permanent Control and Compliance Department (CPC), comprising employees whose sole duty is to carry out control tasks and guarantee the effectiveness of the Group's permanent control system and (ii) employees who are involved in the day-to-day operations of executive management and the subsidiaries, each of whom may be required to identify risks, carry out checks and detect and declare and/or handle an incident.

AFD's permanent control is exhaustive in scope, because its aim is to ensure that all risks that could impact the Group's activities (listed in paragraph 4.1) are indeed under effective, permanent control.

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 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 disbursements, of the financing projects. It is a specialist 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 two main bodies: the Board of Directors, via the Risk Committee and 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) advising the Board of Directors on the AFD Group's overall strategy and risk appetite. Each quarter, the 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.

- 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;

e) Risk monitoring

Risk monitoring is ensured by the Group Risk Management Department (DRG) of the Executive Risk Department (DXR): by the Counterparty Risks Division (DRC) at the individual level of credit risks and the Risk Monitoring Division (DSR) at a consolidated level, both for credit risks and market transactions. This 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).

f) Methods of informing executive officers

The executive officers are informed through different channels which are essentially committees and executive officer memos.

The Internal Control Committee (Cocint) comprises members of the AFD Executive Committee (including the Chief Executive Officer of Proparco), the director of the Group Risk Management Department (DRG) and the head of Proparco's risk management unit (DRI). It makes sure that systems are in place to monitor the activities and risks, per the Order of 3 November 2014, to ensure the AFD Group's internal control system operates effectively. It mobilises management to put these systems in place. It is through this body that the head of Periodic Control (the General Inspection Department (IGE) and the head of Permanent Control and Compliance of the AFD Group report on the fulfilment of their roles. The committee is also regularly informed of the serious incidents and risks updated in the operations risk mapping.

The Risk Committee (Coris) is responsible for handling its own risks within the field of operation of AFD Group, with a particular focus on macro-economic risks in the countries in which it operates ("country risk") and credit risks ("counterparty risk"). It is chaired by the director of the AFD Executive Risk Department (DXR), and is attended by general management.

In its "Compliance" configuration, the New Products and New Activities Committee (Coconap) examines twice a year (i) any changes to French or local laws or regulations which affect AFD Group, (ii) any significant compliance events in the respective areas of activity, (iii) the list of operational non-compliance incidents, (iv) the updated compliance, fraud and corruption risk mapping and (v) the progress of corrective measures. For "Compliance" matters, the Coconap is chaired by the director of the AFD Executive Risk Department (DXR).

The role of the Accounting, Finance and Management Control Committee (Cofico) is to examine and monitor AFD's financial, accounting and management control activities. It is chaired by the Chief Executive Officer or, if absent, the Deputy Chief Executive Officer.

The role of the Partnership Committee (Copar) is to centralise and collate all the Group data on its partnerships with French development operators (French regional collectivities, NGOs, companies, foundations), inter-state organisations, international foundations and NGOs, bilateral or multilateral donors and stakeholders in the developing countries, and to investigate the merits of entering a new partnership or renewing an existing one. It is chaired by the Chief Executive Officer or, if absent, the Deputy Chief Executive Officer.

The role of the Credit Committee (CCR) is:

- to verify all the due diligence carried out at the time of project appraisal;
- to examine the financing proposals prior to their submission to the AFD decision-making bodies;
- to validate the terms of the resolution proposals or decision to grant funds;
- to log any reservations expressed by the Permanent Control and Compliance Department (CPC), the Second Opinion Unit or any other member of the Committee;
- to record the sustainable development appraisal and the final opinion of the Second Unit and log any follow-up rights issued.

The chair of the CCR will be appointed according to the value of the applications submitted, with provision for three levels of delegation (director of the regional department, director of the executive operations department (DOE) or general management).

Information is also passed on to executive officers via memos which formally record, for example, the verdicts of the Second Opinions Unit or compliance opinions, legal warnings or notification of thresholds being exceeded.

Finally, in the last quarter of 2016, the Executive Risk Department (DXR) introduced a memo ("Monthly risks memo") to inform management of issues, topical information and areas requiring attention and vigilance in all things risk-related. It is sent to the executive directors, members of the Management Committee (Codir) and directors of local offices.

4.3.2 Credit risk

4.3.2.1 Credit risk measurement and monitoring

The system in place to measure and monitor credit risks is described in paragraph 5.5.2.3.3 Risk Information.

4.3.2.2 System of operational limits

The system of operational limits is described in paragraph 5.5.2.3.3 (Page 109).

4.3.2.3 Monitoring the risks of sovereign counterparties

Monitoring the risks of sovereign counterparties is described in paragraph 5.5.2.3.3 (Page 109).

4.3.2.4 Monitoring the risks of non-sovereign counterparties

Monitoring the risks of non-sovereign counterparties is described in paragraph 5.5.2.3.3 (Page 109).

4.3.3 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 2016, this body carried out the annual review of the system.

4.3.3.1 Liquidity risk

Liquidity risk is described in paragraph 5.5.2.3.3.2 (page 111).

4.3.3.2 Interest rate risk

Interest rate risk is described in paragraph 5.5.2.3.3.3 (page 111).

4.3.3.3 Foreign-exchange risk

Foreign-exchange risk is described in paragraph 5.5.2.3.3.4 (page 111).

4.3.3.4 Market risk

Market risk is described in paragraph 5.5.2.3.3.5 (page 111).

4.3.3.5 Counterparty risk

Counterparty risk is described in paragraph 5.5.2.3.3.6 (page 111).

4.3.4 Major risk ratio

At 31 December 2016, 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.

4.3.5 Other operational risks

4.3.5.1 Risk related to the settlement process

AFD has established a number of measures to tighten up the organisation and control of settlements:

- procedures which describe and formalise the processing of settlements;
- pre- and post-settlement checks;
- training and awareness-raising initiatives, primarily on the risks of fraud, for staff involved in settlement processing and checks;
- automation and paperless solutions which tighten up the settlement processing procedure.

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, international government agreements, relationships with other donors, guarantee funds, partnerships, relationships with subsidiaries and companies in which AFD holds shares, and legal knowledge creation);
- in market transactions;
- in institutional matters (bylaws, governance, relationships with the government and supervisory bodies, banking and finance regulations, 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 Non-compliance risks

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

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

The 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 its Compliance configuration), as well as the Regulatory Risk Committee.

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

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

Non-compliance risk monitoring is ongoing and backed by a risk map.

The following changes were made to the non-compliance risk-management system during 2016:

- continuing training initiatives on combating internal and external fraud as well as combating corruption and embezzlement of project funds;
- revision underway of the system for combatting corruption and fraud, both within and external to the projects financed by the Group, to bring it into line with Act no. 2016-1691 of 9 December 2016 which aims to enhance transparency, fight corruption and modernise the economy, known as the Sapin II Law;
- following reception of the letter from Minister Sapin, amendment to the Group's policy regarding Non-Cooperative Jurisdictions, which was the subject of a presentation to the Board of Directors. The employees have been made aware of this change to the body of procedures.
- update underway of AFD Group's AML/CFT procedure following Order no. 2016-1635 of 1 December 2016 tightening the French system to combat money laundering and the funding of terrorism, which transposes into French law the provisions of directive 2015/849/EU of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;
- revamp of AFD Group's regulatory watch system, including the creation of a steering committee bringing together all AFD Group referrers. When a referrer has passed on a text likely to affect several Group structures, the committee's main role is to assign actions to the various structures affected. It is also responsible for examining the subjects covered by the key players and forthcoming topics to anticipate possible changes to regulations. In 2016, when monitoring the special compliance regulatory watch, the CPC Department rolled out six relevant regulatory watches internally.

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 share capital in case of death or disability caused by an accident with a vehicle belonging to or rented by AFD.

4.3.5.4 IT-related risks

AFD Group's Information Technology, Property Management and Logistics Department (DMI) combines all aspects of security and business continuation within its Security division (SEC). The head of the division is also responsible for AFD Group's IT system security and business continuity (RSSI/RPCA).

The security risks are analysed at least once a year as part of the IT security management system (SMSI), in line with ISO 27001. The SMSI provides a framework for all of AFD's IT-related risk management, from appraisal of the risks to implementing remedial measures and ongoing IT system security checks. After the annual risk analysis, the triennial security project plan is updated. The steering bodies use this project plan to determine the security upgrades for the IT system.

AFD Group's security policy (PSEC) lists the responsibilities and management procedures for all security risks. This strategic document identifies the application policies which require to be updated or put in place to cover all areas of Security, including IT-related security. A major upgrade of the security organisation began in 2016 and will result in a new version of the security policy in early 2017.

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 IT user charter which has been enforceable for all users since it was included in AFD's rules and regulations in September 2015. An ISS awareness-raising for all Group users ensures that they are familiar with the main terms of use.

The management of security incidents is outlined in a specific directive. This directive sets out the rules for managing a security incident. It establishes a link between the procedure for managing production incidents (the ITIL standard), the DMI/SPI process for reporting "user" incidents and the DMI/SEC division.

The AFD Group has a Business Continuity Plan (BCP) intended to cover all of the AFD Group's business lines and activities, including its Proparco subsidiary. The system aims to ensure the continuation of the Group's activities following a disaster that is unlikely to occur but would have a critical impact.

Continuity procedures are grouped into "BCP kits" provided for the 18 AFD structures and 6 Proparco structures which operate one of the vital functions listed in the BCP. These procedures describe the actions required for implementing the plan, as well as the manual operating modes to be used in case of any long-term unavailability of business premises or information tools. They were revised in 2016 at the same time as the annual BIA update.

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 2016 met all the requirements. The most critical business operations were re-established in three hours thirty minutes (requirement is four hours) on the Proparco "user fallback" site. The backup platform was activated and made available to users in 20 hours (compared with the 24 hours required). In addition to this, all AFD employees have had access to a BCP e-learning module since December 2015.

In the context of monitoring IS security and BCP, 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).

4.3.5.5 Tax risk

AFD underwent a comprehensive assessment of all of its tax returns for the period from 1 January 2013 to 31 December 2014. In a letter dated 22 July 2016, the tax authority notified AFD that it had not found any particular anomalies in its tax handling procedures. However, an adjustment to the calculation basis for the value-added contribution (CVAE) produced a correction of €54K.

4.3.5.6 Other operational risks

The AFD Group is exposed to seven groups of Basel operational risks, 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. Some of these risks are described in detail above in this document.

The operational risk monitoring system relies on:

- operational risk mapping, which is the main tool used to measure and monitor these risks;
- a system for reporting operational incidents, key controls, and action plans developed across the most significant risk zones. Specifically, incidents are recorded to ensure corrective action is implemented to avoid repeat incidents, and to further develop risk mapping and deploy new controls, where applicable.

Permanent control provides regular reports to AFD Group's Audit Committee meetings, Risk Committee meetings and Internal Control Committee meetings (Cocint).

FINANCIAL INFORMATION

5.1 RECENT CHANGES AND FUTURE PROSPECTS

5.1.1 Recent changes

In 2016, approvals reached €8.9bn compared with €8.2bn in 2015 (excluding special operations drawing on funds from other backers €0.5bn in 2016), in line with the French President's announcement in September 2015 that AFD's annual commitments were expected to grow to €12.5bn by 2020.

The value of total commitments in 2016 does not reflect the 25% of the income from the financial transaction tax (FTT) which was assigned to AFD's 2016 budget, decided by an amendment at the time of the 2016 budget proposal which aimed to step up the policy to assign project donations to the poorest countries. AFD received €230M which financed its contribution to the Global Fund to Fight AIDS.

Note that the 2017 finance act also provides for €270M of the FTT income to be assigned direct to the AFD budget, still primarily to fund bilateral project donations, to meet the wishes of the legislature.

5.1.2 Future prospects

The President of the Republic had 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.

Thus, 2016 marked the start of a new impetus for AFD Group. At its Committee for international cooperation and development (Cicid) meeting on 30 November 2016, the government confirmed the French President's ambition to grow AFD's activity. Alongside this additional funding, the government decided to increase the amount of the annual bilateral donations between now and 2020 and to allocate AFD a portion of the income from the financial transaction tax starting in 2017. The Cicid extended AFD's mandate to new strategic horizons, with the creation of a vulnerability mitigation and crisis response facility, which operates geographically, with a mandate to prospect the Western Balkans and Ukraine, and at sector level, by extending its mandate to higher education and the cultural and creative industries.

From 2017, AFD will incorporate these ambitions into a new Strategic Orientations Plan (SOP). This new SOP will reaffirm AFD's key identity markers: 50% Africa (in its entirety), 50% climate, 50% francophone and 50% non-sovereign.

Implementation of the alliance charter signed by AFD and the Caisse des Dépôts et Consignations (CDC) on 6 December 2016 will also shape 2017. Priority will be given to (i) the introduction of a joint funding vehicle to support infrastructure projects in the developing countries, principally those run by French economic players; (ii) employee secondment between AFD and the CDC to facilitate and grow the exchange of experience between the two institutions; (iii) stepping up the support for the internationalisation of the territories.

In terms of operations, in 2017 AFD will continue to grow its activities with a target of €10.28bn of commitment approvals, which is 10% higher than 2016. This increase in activity is based on an activity target of €7.19bn for AFD in foreign countries, 11% higher than 2016, and growing Proparco's activity to €1.44bn, which equates to a 15% increase. The activity target in the French Overseas Departments and Collectivities is €1.65bn.

Forecast operations by region:

- In line with the French President's commitment to double AFD funding for continental Africa (€20bn between 2014 and 2018), operations in Sub Saharan Africa are forecast to grow by more than 11% in 2017 compared to 2016, with a global volume of activity of €3bn for AFD (excluding Proparco). Financial year 2017 will also take account of the conclusions of the Cicid of November 2016, reaffirming the priority to direct French aid to the African continent. This will translate as additional resources, both loans and subsidies, for AFD. The subsidies will allow AFD to significantly increase its support for the least developed countries (LDC) which are France's priority. The new vulnerability mitigation and crisis response facility, receiving €100M per annum will also allow AFD to step up its crisis prevention work, and specifically to fight all forms of radicalisation.
- Activity for the Mediterranean area in 2017 is forecast to be €1.475bn, which is significantly higher than 2016 because France has started to action its commitments to the region. Despite the continued political upheaval and uncertain macro-economic situation in Turkey and Egypt, AFD will implement some of France's financial commitments to support the IMF programmes, specifically in Iraq and Egypt. AFD will also consider the possibility of restarting its sovereign loans to Lebanon in view of the changes in its institutional situation. The activity could also develop in new geographical regions. For example, given the fall in the oil price, Algeria could once again have access to external loans. AFD will also look into the feasibility and conditions of operating in the Western Balkans, in accordance with the Cicid's summary of conclusions. Linked to the creation of the vulnerability facility, AFD is currently drawing up a regional crisis initiative for Syria.

- In 2017, AFD's Latin American activity will continue to grow, in line with its global growth objectives, to achieve a figure of around €2bn by 2020. To meet this objective, forecast activity must exceed €1.2bn in 2017, thereby confirming AFD's position as one of the key bilateral players in the sub-region. AFD will continue to diversify its portfolio, with a significant volume of activity in the countries of the Andean pact, and also in Argentina where there are opportunities for significant cofunding, with the Inter-American Development Bank (IDB) and the Andean Development Corporation (CAF), for projects in sectors of the sustainable city. Brazil reached a low point in terms of funding commitments in 2015-2016 but the activity should pick up in 2017. In Colombia, AFD intends to step up its support of the peace process and public policies in the priority sectors jointly defined in a "roadmap" which is due to be signed early 2017. A regular flow of commitments are also expected in the Dominican Republic and Cuba. Haiti's inclusion in the list of priority countries for French aid, drawn up at the Cicid meeting on 30 November 2016, should allow AFD to step up its activity in its core areas, education in particular.
- AFD's 2017 financial commitment target for Asia is €1.34bn. The majority of its activities will continue to focus on urban and climate issues. To support its increased activity, AFD intends to finance around 30% of its commitments through public policy loans. Validation of the new 20172021 regional intervention framework for Asia will be another 2017 highlight.
- The 2017 commitment objective for French Overseas Departments and Collectivities is €1.618bn. A new financial offer to the public sector should be made in 2017. Globally, public sector activity is expected to remain at the same level as 2016. In addition to the loan offer, Mayotte will be granted a subsidy of €2.5M to help increase the number of local contractors in the public sector and thereby support the civil society initiatives which Mayotte desperately needs to face regional challenges. Private sector projections for 2017 are in line with 2016. It is anticipated that loans to companies will continue at the same healthy rate, with projects in the renewable energy, health and tourism sectors. The corporate social responsibility (CSR) initiative launched in 2016 will continue, providing additional funding for companies to implement environmental and social improvement plans. The activity target for the service AFD operates on behalf of Bpifrance did not alter from 2016.

5.1.3 Borrowings

On 15 December 2016, AFD's Board of Directors authorised AFD to borrow €6bn for its operations on its own behalf in 2017, in the form of bank loans or bonds, with or without a public offering. This ceiling includes a maximum loan of €280M 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 2016.

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 2016.

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 financial statements is provided in the notes to the consolidated financial statements.

5.3.1 Consolidated balance sheet

ASSETS *In millions of euros*	2016	2015
Loans (net outstanding)	29,428	26,879
• Gross outstandings	30,146	27,504
• Individual impairments	-420	-368
• Collective impairments	-414	-374
• Interest accrued	117	118
Revaluation difference on interest rate hedged portfolio	8	18
Financial assets at fair value through profit and loss	147	242
Financial hedging derivatives	2,390	2,492
Available-for-sale securities	1,214	1,099
Companies accounted for by the equity method	166	160
Investment portfolio	800	782
Short-term cash assets	2,603	3,315
Fixed assets	219	216
Accruals and other assets	775	633
TOTAL	**37,749**	**35,834**

LIABILITIES *In millions of euros*	2016	2015
Market borrowings	26,807	25,142
Treasury loan	561	2,856
Current accounts	7	5
Revaluation difference on interest rate hedged portfolio		
Financial liabilities at fair value through profit and loss	639	613
Financial hedging derivatives	1,508	1,425
Funds under management and advances from the State	74	75
Accruals and other liabilities	1,535	1,780
Provisions	801	737
Equity (Group share)	5,522	2,906
of which Group income	246	173
Minority interests	294	295
TOTAL	**37,749**	**35,834**

Assets

Net outstanding **AFD Group loans** reached €29,428M at 31 December 2016 (78% of the balance sheet), up €2,549M or 9% compared with the previous year.

Gross outstandings stood at €30,146M, up €2,642M or 10% compared with 2015.

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 €2,372M);
- an increase in outstanding loans in the French Overseas Departments and Collectivities (up €347M);
- partially offset by the decline in loans at the risk of the French State (down €82M).

In millions of euros	2016 Amount	2016 %	2015 Amount	2015 %
Loans at AFD Group's risk	29,166	97%	26,443	96%
Of which Foreign countries	*24,154*	*80%*	*21,782*	*79%*
Sovereign	*13,187*	*44%*	*11,716*	*43%*
Non-sovereign	*10,967*	*36%*	*10,066*	*37%*
Of which French Overseas Collectivities	*4,934*	*16%*	*4,586*	*17%*
Of which other loan outstandings	*79*	*0%*	*75*	*0%*
Loans at the State's risk	980	3%	1,061	4%
Loans guaranteed by the State	*889*	*3%*	*930*	*3%*
Loans granted by the State	*91*	*0%*	*132*	*0%*
TOTAL GROSS OUTSTANDINGS	**30,146**		**27,504**	

Outstanding loans at the Group's risk amounted to €29,166M, of which €24,154M for foreign countries and €4,933M for the French Overseas Departments and Collectivities. This resulted in individual impairments and provisions totalling €1,456M, providing a 5% coverage ratio of the outstandings (unchanged from 2015). Doubtful loans amount to €732M. They are covered by impairments and provisions in the amount of €468M, equal to a coverage ratio of 64%.

SUMMARY OF OUTSTANDINGS AND PROVISIONS FOR DEPRECIATION

In millions of euros	Outstandings	Impairments and provisions
Foreign countries		
Sovereign	13,187	697
of which doubtful	*122*	*122*
Non-sovereign	10,967	720
of which doubtful	*534*	*307*
French Overseas Departments and Collectivities		
Non-sovereign	4,934	39
of which doubtful	*76*	*39*
Other outstanding loans	79	
TOTAL	**29,166**	**1,456**
of which doubtful	*732*	*468*

Other assets amounted to €8,321M in 2016 versus €8,955M in 2015 and represented 22% of total assets. They include the following items:

- €8M in interest rate-hedged portfolio revaluation differences, versus €18M in 2015;
- financial assets at fair value through profit or loss of €147M, versus €242M in 2015;
- financial hedging derivatives of €2,390M, versus €2,492M in 2015;
- available-for-sale securities (other equity stakes) for €1,214M (€1,099M in 2015);
- equity-accounted equity stakes of €166M, versus €160M in 2015;
- the investment portfolio of €800M (€782M in 2015);
- short-term cash of €2,603M, versus €3,315M in 2015;
- fixed assets, accruals and other assets of €994M, compared with €849M in 2015.

Liabilities

The **loans** of the AFD Group represent a total of €27,369M in 2016. They are broken down as follows:

- outstanding **market borrowings** of €26,807M at 31 December 2016, compared with €25,142M at the end of 2015;
- outstanding **borrowings from the French Treasury** amounted to €561M versus €2,856M in 2015. The reduction is due to the State injecting €2,408M of RSC into the AFD share capital to increase equity.

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

Net position *In millions of euros*	2016	2015	Change
AFD	5,266	2,660	2,606
Proparco	265	251	14
Socredo	99	96	3
Soderag	-122	-122	0
Other subsidiaries	14	21	-7
GROUP TOTAL	**5,522**	**2,906**	**2,616**

Minority interests (share of equity) remained stable at €294M at 31 December 2016, compared with €295M at 31 December 2015.

AFD paid the French government a **dividend** of €36M in 2016, versus €24M in 2015 and €37M in 2014.

Other liabilities amounted to €4,565M in 2016 (€4,634M in 2015):

- funds under management and advances from the State of €74M (€75M in 2015);
- provisions of €801M (€737M in 2015);
- financial liabilities at fair value through profit or loss of €639M (€613M in 2015);
- hedging derivatives of €1,508M (€1,425M in 2015);
- current accounts and accruals and other liabilities of €1,543M (€1,785M in 2015). Other liabilities include €6.8M in trade payables. In accordance with Article L.441-6 of the French Commercial Code, the due dates of the trade payables at 31 December 2016 are shown below: €2.87M on the due date, €3.55M from 0 to 30 days and €0.35M from 31 to 60 days and €0.03M over 60 days (at 31 December 2015: €0.5M on the due date, €0.5M from 0 to 30 days and €0.1M from 31 to 60 days).

	31/12/2016					31/12/2015				
	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	3.55	0.35	0.03	2.87	**6.8**	0.5	0.1	0	0.5	**1.1**

The **"regulatory" equity**[(1)] amounts to €5,860M at 31 December 2016 compared with €5,593M at the end of 2015. Tier 1 capital for 2016 stands at €5,300M; Tier 2 capital stands at €560M.

(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*	2016	2015	Income *In millions of euros*	2016	2015
Financial expenses on borrowings	1,116	1,151	Income on loans and guarantees	1,419	1,438
• Financial expenses on borrowings	445	460	• Interest and commissions on loans and guarantees	836	807
• Expenses on *swaps*	662	678	• Income on *swaps*	631	662
• Net foreign exchange loss	9	13	• Net charges to provisions reserve account	-57	-34
			• Net provisions for unpaid interest	1	-6
			• Recoveries on subsidies for budget support	7	9
Miscellaneous financial expenses	19	9	Subsidies	194	198
			Commissions	59	53
			Net gains on financial instruments at fair value through profit and loss	88	-18
			Net gains on available-for-sale financial assets	45	14
			Investment income	31	39
			Ancillary income and miscellaneous	23	30
TOTAL EXPENSES	**1,134**	**1,160**	**TOTAL INCOME**	**1,858**	**1,754**
NET BANKING INCOME	724	594			
Overheads	325	291			
Staff costs	209	193			
Taxes and other general expenses	116	98			
Provisions for depreciation/amortisation on intangible assets and property, plant and equipment	18	17			
Total expenses on non-banking operations	343	308			
GROSS OPERATING INCOME	381	286			
Cost of risk	-98	-98			
Collective provisions and impairments	-59	-20			
Individual impairment of non-sovereign loans	-36	-51			
Loss of principal on bad loans	-3	-27			
OPERATING INCOME	283	188			
Share of earnings from companies accounted for by the equity method	8	10			
Net gains or losses on other assets	1	1			
Pre-Tax Income	292	199			
Corporate tax	-25	-16			
Net Income	266	183			
Minority interests	-20	-10			
NET INCOME – GROUP SHARE	**246**	**173**			

Intermediate balances

The main intermediate balances changed as follows between 2015 and 2016:

In millions of euros	2016	2015	Change
NET BANKING INCOME	724	594	130
Gross operating income	381	286	95
Cost of risk	-98	-98	0
OPERATING INCOME	283	188	95
NET INCOME	266	183	83
Minority interests	-20	-10	-10
NET INCOME - GROUP SHARE	**246**	**173**	**73**

AFD Group's income for 2016 stood at €246M (Group share), up by €73M compared with 2015.

Net banking income

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

In millions of euros	2016	2015	Change
AFD	579	485	94
Proparco	153	115	38
Fisea	-11	-8	-2
Soderag	0	0	0
Sogefom	2	2	0
Propasia	1	0	0
GROUP TOTAL	**724**	**594**	**130**

Net banking income amounted to €724M in 2016, up by €130M compared with 2015 due to the aggregate effect of the items listed below:

In millions of euros	2016	2015	Change
BALANCE OF LOANS/BORROWINGS	504	485	18
Investment income	31	39	-8
Net interest provisions	1	-6	7
Commissions	59	53	6
Income on instruments at fair value net of currency effects	88	-18	107
Other financial income and expenses	40	41	-1
NET BANKING INCOME	**724**	**594**	**130**

The change in net banking income was mainly due to:

- an increase in the balance of loans/borrowings net of subsidies (up €18M);
- the rise in income from financial instruments at fair value through profit or loss, net of currency effects (up €107M).

Gross operating income

Gross operating income totalled €381M in 2016 versus €286M in 2015. This increase of €95M is the combined result of the increase in the net banking income (+€130M), coupled with the negative impact of an increase in non-banking operating expenses (+€35M).

The increase in non-banking operating expenses was programmed in the AFD's 2016 budget, which in turn was up 13% on the 2015 budget. This increase covers mainly:

- additional requirements, included in the COM but revised in the course of the year (creation of human safety and risk mitigation jobs, renegotiation of the service agreement with the Institutes and currency effect);
- costs that could not be foreseen at the time of negotiation of the COM (new taxes and duties, stepping up of the Vigipirate system, follow-up from the Asset Quality Review and stress tests conducted by the ECB, sector change for governance, preparation of a reconciliation with the CDC);
- needs arising from the growth in activity (objective to grow AFD's annual commitments to €12.5bn by 2020): as the above could not have been anticipated in 2015, a special effort was required to meet the new approvals target for 2016.

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

In millions of euros	2016	2015	Change
AFD	283	221	62
Proparco	108	73	35
Fisea	-11	-9	-2
Soderag	1	0	1
Sogefom	0	0	0
Propasia	1	0	0
GROUP TOTAL	**381**	**286**	**95**

Cost of risk

The cost of risk is stable. It represented an expense of €97.9M compared with €97.6M in 2015, and breaks down as follows:

In millions of euros	2016	2015	Change
Collective provisions and impairments	-59	-20	-39
Individual impairments of non-sovereign loans	-36	-51	14
Loss of principal on bad loans	-3	-27	24
TOTAL COST OF RISK	**-98**	**-98**	**0**

However, underlying the stable cost of risk between 2015 and 2016 are a number of contrasting changes in 2016: (i) an increase in collective depreciation charges of €39M, mainly explained by the change in outstandings on performing loans over the financial year, offset by (ii) the reduction in individual depreciation charges of €14M together with (iii) the decrease in write-offs of €24M.

Operating income

Based on the increase in the gross operating income (+€95M) and the stable cost of risk, operating income was €283M, up €95M on 2015.

Ordinary income before tax

With a lower contribution from equity-accounted companies[1] (€8M) compared with 2015 (€10M) and small gains from other assets in the region of €1M, ordinary income before tax was €292M in 2016 (€199M in 2015).

Net income

After deducting corporate tax (€25M) and the stakes of minority shareholders in Proparco, Propasia and Sogefom (€20M), net profit in 2016 totalled €246M.

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

	2016		
In millions of euros	Group share	Minority interests	Total
AFD	212		212
Fully consolidated companies	46	20	26
Proparco	57	20	37
Sogefom	0	0	0
Soderag	0		0
Propasia	1	0	0
Fisea	-11	0	-11
Equity-accounted companies	8		8
Socredo	5		5
SIC	1		1
Simar	2		2
GROUP TOTAL	**266**	**20**	**246**

(1) Corresponds to the share of earnings from the equity-accounted companies in the Group's consolidated financial statements.

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 €2,808M.

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 2016 are described in Note 2.2.

These consolidated financial statements are presented in thousands of euros.

5.4.3 Applicable standards at 1 January 2016

The standards and interpretations used in the financial statements as at 31 December 2016 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.

Standards	Date of adoption	Date of application: financial years starting
Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortisation	January 2014	1 January 2016
Amendments to IFRS 11 Accounting acquisitions of interests in a jointly-controlled company	May 2014	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investments in associates and joint ventures	December 2014	1 January 2016
Amendments to IAS 1 Disclosure initiative	December 2014	1 January 2016

These amendments had no impact on AFD's financial statements at 31 December 2016.

5.4.4 Balance sheet at 31 December 2016

ASSETS

In thousands of euros	Notes	31/12/2016 IFRS	31/12/2015 IFRS
Cash, due from central banks		173,209	30,448
Financial assets at fair value through profit and loss	1	146,976	241,714
Hedging derivatives	2	2,390,382	2,491,885
Financial assets at fair value through profit and loss	3	2,017,348	1,919,997
Loans and receivables due from credit institutions	4	6,834,178	7,482,931
Demand		*602,068*	*1,227,365*
Term		*6,232,110*	*6,255,566*
Loans and receivables due from customers	4	24,219,887	21,859,010
Commercial receivables		-	-
Other loans to customers		*24,219,887*	*21,859,010*
Revaluation differences on interest rate-hedged portfolio		7,514	17,531
Held-to-maturity financial assets	3	800,402	781,617
Current tax assets			
Deferred tax assets		23,079	21,967
Accruals and other miscellaneous assets	5	751,497	610,811
Accruals		*24,734*	*30,633*
Other assets		*726,763*	*580,178*
Equity stakes in companies accounted for by the equity method	18	165,982	160,139
Property, plant and equipment	6	192,310	195,047
Intangible assets	6	26,615	21,147
TOTAL ASSETS		**37,749,378**	**35,834,244**

LIABILITIES

In thousands of euros	Notes	31/12/2016 IFRS	31/12/2015 IFRS
Central banks		-	-
Financial assets at fair value through profit and loss	1	638,514	612,612
Hedging derivatives	2	1,507,704	1,425,392
Debts to credit institutions	7	4,506	1,327
Demand		*3,861*	*777*
Term		*645*	*550*
Debts to customers	7	1,937	1,954
Other debts		*1,937*	*1,954*
of which demand		*1,937*	*1,954*
of which term			
Debt securities in issue	7	26,809,441	24,620,757
Interbank market securities		-	*941,948*
Bonds		*26,809,441*	*23,678,809*
Deferred tax liabilities		7,168	8,590
Accruals and other miscellaneous liabilities	5	1,602,578	1,968,963
Borrowing from French Treasury		-	*123,487*
Allocated public funds		*74,384*	*74,533*
Other liabilities		*1,528,194*	*1,770,943*
Provisions	10	801,344	736,626
Subordinated debts	7	560,004	3,256,324
Total debts		31,933,196	32,632,545
Equity Group share	*(Tab 1)*	5,521,847	2,906,279
Provisions and related retained earnings		3,267,999	860,000
Consolidated retained earnings and other		1,851,719	1,710,652
Gains and losses directly recognised in equity		155,930	162,753
Earnings for the period		246,200	172,874
Minority interests	*(Tab 1)*	294,334	295,420
TOTAL LIABILITIES		**37,749,378**	**35,834,244**

5.4.5 Income statement at 31 December 2016

In thousands of euros	*Notes*	31/12/2016 IFRS	31/12/2015 IFRS
Interest and related income	*12-1*	1,418,333	1,444,578
Transactions with credit institutions		310,802	322,888
Transactions with customers		645,785	630,270
Bonds and other fixed-income securities		24,588	28,635
Other interest and similar income		437,157	462,785
Interest and related expenses	*12-1*	1,106,637	1,138,673
Transactions with credit institutions		593,776	562,107
Transactions with customers		20,434	32,248
Bonds and other fixed-income securities		422,119	425,686
Other interest and similar expenses		70,308	118,632
Commissions (income)	*12-2*	78,817	72,144
Commissions (expenses)	*12-2*	3,402	2,201
Net gains or losses on financial instruments at fair value through profit or loss	*13*	88,118	-18,412
Net gains or losses on available-for-sale financial assets	*14*	45,112	15,451
Income from other activities	*15*	219,298	227,281
Expenses on other activities		15,971	6,311
NET BANKING INCOME		**723,668**	**593,857**
Overheads		325,062	291,049
Staff costs	*16-1*	209,433	192,812
Other administrative expenses	*16-2*	115,629	98,237
Provisions for amortisation of intangible assets and depreciation of property, plant and equipment	*6*	17,948	17,193
GROSS OPERATING INCOME		**380,658**	**285,615**
Cost of risk	*17*	-97,911	-97,640
OPERATING INCOME		**282,746**	**187,975**
Share of earnings from companies accounted for by the equity method	*18*	7,838	9,704
Net gains or losses on other assets		968	1,456
PRE-TAX INCOME		**291,552**	**199,135**
Corporate tax	*19*	-25,474	-16,044
Net income from discontinued or discontinuing activities			
NET INCOME		**266,078**	**183,091**
Minority interests		-19,878	-10,217
NET INCOME - GROUP SHARE		**246,200**	**172,874**

5.4.6 Net income and gains and losses booked directly as equity at 31 December 2016

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
NET INCOME	**266,078**	**183,091**
Items that will be subsequently recycled to profit or loss:		
Translation differences		
Revaluation of available-for-sale financial assets (net of tax)	-19,526	61,381
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	1,427	1,222
TOTAL GAINS AND LOSSES DIRECTLY RECOGNISED IN EQUITY	**-18,099**	**62,604**
NET INCOME AND GAINS AND LOSSES DIRECTLY RECOGNISED IN EQUITY	**247,978**	**245,695**
of which Group share	239,377	222,755
of which minority interests	8,601	22,940

5.4.7 Cash flow statement at 31 December 2016

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
PRE-TAX INCOME (A)	**271,674**	**188,918**
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	17,948	17,193
Impairment of goodwill and other fixed assets	0	0
Net allocations to provisions (including insurance technical reserves)	138,741	102,689
Share of earnings from companies accounted for by the equity method	-7,838	-9,704
Net gain/(net loss) on investment activities	-28,806	-27,739
Net gain/(net loss) on financing activities	5,402	61,505
Other items(1)	23,684	-9,627
TOTAL NON-CASH ITEMS INCLUDED IN NET PRE-TAX INCOME AND OTHER ITEMS (B)	**149,131**	**134,317**
Cash received from credit institutions and equivalent	-842,047	327,696
Cash received from customers	-2,371,598	-2,947,835
Cash flows from other operations affecting other financial assets or liabilities	3,121,303	2,793,955
Cash flows from operations affecting non-financial assets or liabilities	-394,511	-381,516
Taxes paid	-26,715	-14,971
= NET INCREASE (DECREASE) IN CASH-RELATED ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES (C)	**-513,568**	**-222,671**
Net cash flows from operating activities (A+B+C)	-92,763	100,564
Cash flows from financial assets and equity stakes	-66,548	-137,087
Cash flows from property, plant and equipment and intangible assets	-21,244	-9,423
Net cash flows from investment activities	-87,792	-146,510
Cash flows to shareholders	-41,129	-27,970
Cash flows from shareholders(2)	2,407,999	
Other net cash flows from financing activities	-2,671,917	106,895
Net cash flows from financing activities	-305,047	78,925
Net increase/(decrease) in cash and cash equivalents	-485,603	32,979
Opening balance of cash and cash equivalents	1,255,081	1,222,102
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
Ending balance of cash and cash equivalents	769,479	1,255,081
Net balance of cash accounts and accounts with central banks	173,209	30,448
Net balance of term loans and deposits from credit institutions	596,270	1,224,634
Change in cash and cash equivalents	-485,603	32,979

(1) Of which value adjustments to balance sheet items.
(2) Including conversion of RSC debt through State injection:€2,408M.

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 2016

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 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
2015 income				172,874		172,874	10,217	183,091
Gains and 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**
Impact of changes in accounting policy or error correction (IAS 19R)						0		0
EQUITY AT 1 JANUARY 2016 (IFRS STANDARDS)	**400,000**	**460,000**	**1,710,652**	**172,874**	**162,753**	**2,906,279**	**295,420**	**3,201,699**
Share of 2015 earnings retained in reserves			136,871	-136,871		0		0
Dividends paid				-36,002		-36,002	-5,126	-41,129
Other changes	2,407,999		4,195			2,412,194	-6,888	2,405,306
Changes related to put options						0	2,328	2,328
2016 income				246,200		246,200	19,878	266,078
Gains or losses directly recorded in equity for 2016*					-6,823	-6,823	-11,277	-18,100
EQUITY AT 31 DECEMBER 2016 (IFRS STANDARDS)	**2,807,999**	**460,000**	**1,851,719**	**246,200**	**155,930**	**5,521,847**	**294,334**	**5,816,182**

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

5.4.9 Gains and losses directly recorded in equity in 2016

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Items that will be subsequently recycled to profit or loss	164,321	172,571
Items that will not be subsequently recycled to profit or loss	-8,391	-9,818
*of which actuarial gains and losses on defined benefit liabilities**	*-8,391*	*-9,818*
TOTAL	**155,930**	**162,753**

* *The scope does not include first application entries which are booked to consolidated reserves.*

5.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.5.1 Highlights

5.5.1.1 Growth of the balance sheet

At 31 December 2016, the total balance sheet stood at €37.7bn, up 5% relative to the previous year. This change mainly stems from robust growth in activity, with an increase of 9% 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 2016 AFD made four bond issues in the form of public issues and three private placements, as well as one tap issue, with a total volume of €4.9bn.

5.5.1.3 The State's increased injection into AFD's equity

The State injected a further €2.408bn into AFD's capital on 30 December 2016 to increase its equity. AFD's initial injection, which was €0.400bn up to 30 December 2016, stood at €2.808bn at the financial year-end.

This increased injection came about through the State's conversion of the RSC debt in AFD's books, in line with the agreement AFD signed with the State, represented by Michel Sapin, France's Minister for Economic Affairs and Finance, on 21 December 2016. This agreement set out the terms and conditions for (i) the State's injection of €2.408bn into AFD's capital and (ii) AFD's early repayment to the State of the instalments due from 1 January 2017 on several loans issued between 1986 and 2015 for an amount equal to the State's increased contribution.

5.5.1.4 Supervision of AFD Group

On 22 December 2015, the European Central Bank notified AFD of its decision to carry out a supervisory review under the ECB's single supervisory mechanism (SSM).

On 16 February 2016, the ACPR notified Proparco of its approval to grant it finance company status on the condition that the ECB withdrew its specialist credit institution status, and also decided to exempt Proparco, as a solo finance company, from the supervisory equity and major risk requirements. However, Proparco is still required to comply with the liquidity coefficient.

On 25 May 2016, the ECB enforced the ACPR decision, notifying Proparco of the withdrawal of the approval under which it was subject to supervisory review as a credit establishment under EU law.

5.5.1.5 Change of IMF basket

On 1 October 2016, all the entries linked to the change in the IMF SDR basket, and the corresponding hedges, were recognised with no impact on AFD's income. At the same time the Chinese Yuan (CNY) was included in the SDRs. For the record, when the IMF reviewed the value of the SDRs, the weightings of the currencies in the basket were also revised. Once the SDR composition changed, the currency spread of the loans previously granted to the IMF also changed.

5.5.1.6 Tax audit

AFD underwent a comprehensive assessment of all of its tax returns for the period from 1 January 2013 to 31 December 2014. In a letter dated 22 July 2016, the tax authority notified AFD that it had not found any particular anomalies in its tax handling procedures. However, an adjustment to the calculation basis for the value-added contribution (CVAE) produced a correction of €54K.

In a letter dated 7 October 2016, the tax authority conducted a comprehensive assessment of all of Proparco's tax returns for the period from 1 January 2014 to 31 December 2015. An audit began on 20 October 2016 and is still ongoing.

5.5.2 Principles and methods applied to the financial statements at 31 December 2016

The consolidated financial statements for financial year 2015 were approved on 26 April 2017 by the Board of Directors.

5.5.2.1 Consolidation scope and methods

5.5.2.1.1 Consolidation scope

AFD's consolidated financial statements cover all fully-controlled enterprises, joint ventures and companies on which the Institution exerts a 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 list of companies in which AFD directly or indirectly holds an equity interest that exceeds 20% of the company's share capital is presented on the following page.

In thousands of euros	Localisation	% control 2015	% control 2016	% interest 2016	Balance sheet total(1)	Total net income	Contribution earnings(2)
AFD					**37,195,483**		**212,349**
Fully consolidated companies							
Soderag	Antilles	100.00	100.00	100.00	5,308		-41
Proparco	Paris	64.17	64.95	64.95	5,334,200		36,768
Sogefom – AFD Share	Paris	58.69	58.69	58.69	42,977		-269
Sogefom – Socredo share	Paris	3.76		1.31			
Fisea	Paris	100.00	100.00	100.00	190,634		-10,842
Propasia	Hong Kong	100.00	100.00	64.95	8,417		398
Companies accounted for by the equity method							
Non-financial companies							
Société Immobilière de Nouvelle-Calédonie	New Caledonia	50.00	50.00	50.00	42,970		567
Société Immobilière de la Martinique	Martinique	22.27	22.27	22.27	22,370		2,466
Financial companies							
Banque Socredo	Polynesia	35.00	35.00	35.00	99,333		4,805
Other equity stakes							
Foreign public or parapublic stakes							
Société Financière Algérienne et Européenne de Participation (Finalep)	Algeria	28.73	28.73	28.73	6,608	-112	
Banque Nationale de Développement Agricole	Mali	22.67	22.67	22.67	562,490	12,155	
Banque de Développement des Seychelles	Seychelles	20.41	20.41	20.41	49,170	1,021	
Société de Gestion et d'Exploitation de l'Aéroport de Conakry G'Bessia	Guinea	20.00	20.00	20.00	24,567	30	
Proparco's foreign interests							
Acon Latin America Opportunities Fund A	Multi-country	20.00	20.00	20.00	51,217	1,241	
Acon Renewables BV (Hidrotenencias SA)	Panama	24.47	24.47	24.47	146,764	1,131	
Attijari Bank	Mauritania	20.00	20.00	20.00	177,127	4,086	
Averroes Finance II	Multi-country	50.00	50.00	50.00	18,328	-460	
Averroes Finance III	Multi-country		40.00	40.00	732	-405	
Averroes Finance SAS	Multi-country	34.25	34.25	34.25	7,424	74	
BIMR	Djibouti	20.00	20.00	20.00	482,686	6,997	
Catalyst Fund II	Multi-country		22.50	22.50	N/A	N/A	
Central Africa Growth Fund	Multi-country	24.47	24.47	24.47	5,721	-5,597	
CFE Tunisie	Tunisia		21.00	21.00	N/A	N/A	
Ecocem MEA SAS	Multi-country		30.00	30.00	N/A	N/A	
Fegace Asia sub fund	Multi-country	20.00	20.00	20.00	7,643	7,251	
IT worx (It holding)	Egypt	23.87	23.87	23.87	28,973	972	
Seaf India Agribusiness International Fund	India	33.36	33.36	33.36	12,209	-2,819	
TIBA Education Holding BV	Egypt		100.00	100.00	N/A	N/A	
TLG Finance SAS (Alios Finance)	Multi-country		23.00	23.00	99,311	108	
TPS (D) Limited	Tanzania	20.50	20.50	20.50	37.678	-410	
Tunisie Sicar	Tunisia	20.00	20.00	20.00	1.358	-242	
Unimed	Tunisia	26.00	26.00	26.00	36,798	5,340	
Upline Technologies	Morocco	20.00	20.00	20.00	354	0	
Wadi Holding	Egypt	35.29	35.29	35.29	1,141,152	123,403	
French companies whose balance sheet total is not significant							
Retiro Participations – Proparco share	Paris	100.00	100.00	100.00	14	1	
Fisea's equity stakes in foreign countries							
Chain Hotel Conakry	West Africa	23.17	23.17	23.17	32,873	-52	
Duet Consumer West Africa Holding	West Africa	20.00	20.00	20.00	N/A	N/A	
Fanisi Venture Capital Fund	Multi-country	22.99	22.99	22.99	25,576	1,062	
Fefisol	Multi-country	20.00	20.00	20.00	23,861	-70	
I&P Développement 2	West Africa		20.97	20.97	N/A	N/A	
Metier Capital Growth International Fund II	Multi-country		28.91	28.91	N/A	N/A	
Oxus RDC	Central Africa	20.00	23.59	23.59	6,055	-1,199	
GROUP SHARE							**246,200**

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

- Minority interests:

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

	31/12/2016 IFRS			31/12/2015 IFRS		
In thousands of euros	% of control and vote held by minority interests	Share of net income	Share of shareholders' equity (including income)	% of control and vote held by minority interests	Share of net income	Share of shareholders' equity (including income)
Proparco	35.05%	19,843	285,606	35.83%	10,374	276,198
Other subsidiaries		35	8,728		-157	19,222
TOTAL MINORITY SHARE		**19,878**	**294,334**		**10,217**	**295,420**
TOTAL GROUP SHARE		**246,200**	**5,521,847**		**172,874**	**2,906,279**

- 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.

  Proparco's status change from a credit institution to a finance company became effective on 25 May 2016 on receipt of notification from the ECB.

  At 31 December 2016, the company's share capital totalled €693M and AFD's stake was 64.95%.
- 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 2016, the company's share capital amounted to €5.6M. It is 100% 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 2016, the company's share capital amounted to €1.1M. It is 58.69% owned by AFD.
- 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. Proparco provides Fisea with a number of investment services within the framework of a regulated agreement.
- 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 share capital. It is a wholly-owned subsidiary of Proparco. At 31 December 2016, 52% of its share 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 2016, this method was used for three companies in which AFD directly or indirectly holds a stake of between 20% and 50% and over which "significant influence" may be proven: Société Immobilière de Nouvelle-Calédonie (SIC), Société Immobilière de la Martinique (Simar) and Socredo.

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

5.5.2.2 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 financial statements 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 2016 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 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 AFD Group, no restructured outstanding debt has required a discount to be booked in the financial statements at 31 December 2016.

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.

Financial assets at fair value through profit and loss

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 (AFS) financial assets using two primary criteria: assets listed on a market and unlisted assets.

Listed assets are divided into two subgroups, those listed on an "active" market, an attribute that is appraised according to objective criteria, or those listed on an inactive market. Assets listed on an "active" market are automatically classified as fair value level 1. 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.

Debts

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 €279M on 31 December 2016. 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 €44M, bringing the total present value of the commitment to €323M at 31 December 2016. 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 2016:

- in application of IAS 32, the Group recorded a debt for put options awarded to shareholders. This liability of €82.9M 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 €83.7M, *i.e.* a proportionate share of Proparco's underlying net assets valued at 31 December 2016, with the remainder deducted from "Consolidated reserves, Group share", *i.e.* €0.8M;
- 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 2 to 5 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" signed on 8 June 2015 between AFD and the French State for an indefinite term, determines the mechanism for creating provisions for hedging the sovereign risk and the principles for using the provisions recognised thereby.

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

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

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".

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: 0.50%;
- 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: 1.75%;
- 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 2016:

- amount to €4.2M 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 2016 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 €1.4M arising from the measurement of commitments as at 31 December 2016 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 2016 in the amount of €72K.

The aggregate impacts of the post-employment benefits on the 2015 and 2016 reporting years are set out in the table below:

In thousands of euros	At 31/12/2016	Impact on income	Impact on equity	At 31/12/2015	Impact on income	Impact on equity	At 01/01/2015
Provisions for employee benefits	**96,702**	**4,238**	**-1,427**	**93,891**	**4,693**	**-1,222**	**90,420**
Defined benefit plans	95,766	4,166	-1,427	93,027	4,683	-1,222	89,566
Other long-term benefits	936	72		864	10		854

The sensitivity analysis, based on the actuarial assumptions used to value the defined benefit plans at year-end, is as follows:

In millions of euros	Retirement	as a % of change
Present value of the commitment at 31/12/2016		
Discount rate: 0.50%	57.3	
Annual increase in salary: 2.00%		
Retirement age: 63 years (NM)/65 years (M)		
Sensitivity to the discount rate assumption		
Rate change to 0.75%	56.7	-1.1%
Rate change to 0.25%	58.0	1.2%
Sensitivity to the career profile assumption		
Rate change to 2.50%	59.1	3.1%
Rate change to 1.5%	55.6	-3.0%
Sensitivity to the retirement age assumption		
increase of 1 year (for all guarantees)	58.3	1.7%
reduction of 1 year (for all guarantees)	55.7	-2.8%

In millions of euros	Retiree health insurance	as a % of change	Retirement lump sum	as a % of change
Present value of the commitment at 31/12/2016				
Discount rate: 1.75%	84.3		15.5	
Annual increase in salary: 2.00%				
Retirement age: 63 years (NM)/65 years (M)				
Sensitivity to the discount rate assumption				
Rate change to 2.25%	75.6	-10.3%	14.6	-5.6%
Rate change to 1.25%	94.5	12.2%	16.4	6.1%
Sensitivity to the career profile assumption				
Rate change to 2.50%	84.3	0.0%	16.4	6.3%
Rate change to 1.5%	84.3	0.0%	14.6	-5.8%
Sensitivity to the retirement age assumption				
increase by 1 year: 64 years (NM)/66 years (M)	81.7	-3.0%	15.0	6.1%
reduction by 1 year: 62 years (NM)/64 years (M)	87.0	3.2%	16.0	-5.6%

The changes in commitments over 2016 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	69,962	80,943	14,054	164,958	864	165,822
Financial cost	879	1,899	315		20	
Cost of services rendered over the year	339	3,447	987		95	
Reductions/Liquidations	0	0	0		0	
Services paid	-10,494	-1,858	-942		-37	
Actuarial gains (losses)	-3,371	-152	1,040		-6	
Change in scope between AFD and Iedom						
PRESENT VALUE OF THE COMMITMENT AT 31/12/2016	**57,314**	**84,279**	**15,453**	**157,046**	**936**	**157,982**
Change in the fair value of retirement plan assets						
Fair value of assets at 1 January	71,932			71,932		71,932
Expected return on assets	899					
Services paid	-10,494					
Actuarial gains (losses)	-1,056					
Liquidations	0					
Change in scope between AFD and Iedom						
FAIR VALUE OF ASSETS AT 31/12/2016	**61,280**			**61,280**		**61,280**
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	2,315	152	-1,040	1,427	6	1,433
Actuarial gains (losses) recognised in profit or loss	0	0	0	0	-6	-6
Actuarial gains (losses) N-1 recognised in equity	0	0	0	0	0	0
Actuarial gains (losses) recognised in equity this period	-2,315	-152	1,040	-1,427	0	-1,427
ACTUARIAL GAINS (LOSSES) NOT RECOGNISED AT 31/12/2016	**0**	**0**	**0**	**0**	**0**	**0**
Amounts recognised on the balance sheet at 31/12/2016						
Present value of the funded commitment	57,314					
Fair value of financed assets	-61,280			-3,966		-3,966
Present value of unfunded commitment		84,279	15,453	99,732	936	100,668
NET POSITION	**-3,966**	**84,279**	**15,453**	**95,766**	**936**	**96,702**
Unrecognised actuarial gains (losses)	0	0	0	0	0	0
BALANCE SHEET PROVISION	**-3,966**	**84,279**	**15,453**	**95,766**	**936**	**96,702**
Amounts recognised on the income statement at 31 December						
Cost of services rendered over the period	339	3,447	987	4,773	95	4,869
Financial cost for the period	879	1,899	315	3,092	20	3,112
Recognised actuarial gains (losses)	0	0	0	0	-6	-6
Expected return on retirement plan assets	-899			-899		-899
Cost of services rendered						
Impact of reductions/liquidations						
EXPENSES BOOKED	**318**	**5,346**	**1,302**	**6,966**	**109**	**7,075**
Reconciliation of opening and closing net liability						
Liability at 1 January	-1,970	80,943	14,054	93,026	864	93,891
Expenses booked	318	5,346	1,302	6,966	109	7,075
Contributions paid	0			0		0
Employer contributions	0	-1,858	-942	-2,800	-37	-2,837
Items that will not be subsequently recycled to profit or loss	-2,315	-152	1,040	-1,427	0	-1,427
NET LIABILITIES AT 31/12/2016	**-3,966**	**84,279**	**15,453**	**95,766**	**936**	**96,702**
Change in net liabilities	**-1,997**	**3,336**	**1,400**	**2,739**	**72**	**2,811**

Projected commitments at 31 December 2017 are as follows:

Actuarial debt at 31/12/2016	**57,314**	**84,279**	**15,453**	**157,046**	**936**	**157,982**
Cost of services rendered in 2017	228	3,766	1,159	5,154	110	5,264
Financial cost in 2017	288	1,541	272	2,100	17	2,117
Services payable in 2017/transfer of capital upon departures in 2017	-16,697	-1,807	-1,352	-19,855	-93	-19,948
Estimated debt at 31/12/2017	**41,133**	**87,779**	**15,532**	**144,445**	**971**	**145,416**

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 2016, the portfolio is presented with a segmentation based on three sectors: public goods and services, financial sector and private goods and services.

The Proparco portfolio is presented with a 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 €2.3M at 31 December 2016 compared to €2.4M at the end of 2015, *i.e.* a provision reversal of €0.1M for 2016.

Collective provision allocations for performing non-sovereign loans in foreign countries impacted the cost of risk in the amount of €39M. This level of provision takes into account the increase in these performing loans for AFD (+11%) and Proparco (+11%) and their risk quality. At 31 December 2016, total collective impairments stood at €414M and the loan loss reserve ratio for these outstandings was 4% overall (unchanged from 31 December 2015).

Subordinated debts

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.

In accordance with the March 2015 amendment, AFD made the second call for RSCs in the first half of 2016. This took the form of a bond issue subscribed by the State with a par value of €280M out of a total of €840M planned for the period 2015-2017, *i.e.* €560M at 31 December 2016.

The agreement AFD signed with the State, represented by France's Minister for Economic Affairs and Finance, on 21 December 2016, sets out the terms whereby the State would increase its injection through the conversion of the RSC (Resources with special conditions) in AFD's books. Under these terms, AFD converted €2.408bn on 30 December 2016.

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 disbursement, such as accrued liabilities and income.

Cash flows arising from operating, investment and financing transactions are calculated as the difference between items in the 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.

5.5.2.3 Notes to the financial statements at 31 December 2016

5.5.2.3.1 Notes to the Balance Sheet

Sommaire de notes

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

	31/12/2016 IFRS			31/12/2015 IFRS		
In thousands of euros	Assets	Liabilities	Notional/ Outstanding	Assets	Liabilities	Notional/ Outstanding
Interest rate derivatives	6,146	19,373	842,669	5,172	20,813	1,184,730
Foreign exchange derivatives	104,238	607,618	4,566,751	198,275	583,193	4,765,141
Assets/liabilities designated at fair value through P&L	24,647	0	25,000	23,844		25,000
Securities at fair value through P&L	11,248	0	8,088	14,396		8,522
CVA/DVA	697	11,523	0	28	8,606	
TOTAL	**146,976**	**638,514**		**241,714**	**612,612**	

Note 2 Financial hedging derivatives

	31/12/2016 IFRS			31/12/2015 IFRS		
In thousands of euros	Assets	Liabilities	Notional	Assets	Liabilities	Notional
Fair value hedging						
Interest rate derivatives	1,439,698	682,956	26,608,090	1,373,243	670,014	22,806,048
Interest rate and foreign exchange derivatives (cross-currency swaps)	950,684	824,748	10,637,664	1,118,642	755,378	9,864,131
TOTAL	**2,390,382**	**1,507,704**		**2,491,885**	**1,425,392**	

Note 3 Financial investments

In thousands of euros	*Notes*	31/12/2016 IFRS	31/12/2015 IFRS
Financial assets at fair value through profit and loss			
Government paper and equivalent		801,709	833,408
Bonds and other fixed-income securities		34,877	7,348
Equity stakes in related businesses			
Equity stakes and other long-term securities	*3.1*	1,180,762	1,079,241
of which UCITS		48,701	47,770
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS		**2,017,348**	**1,919,997**
Held-to-maturity financial assets			
Government paper and equivalent		694,252	674,949
Bonds and other fixed-income securities		106,149	106,668
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS		**800,402**	**781,617**
TOTAL FINANCIAL INVESTMENTS		**2,817,750**	**2,701,614**

AFD Group's role is to encourage private investment in developing countries, mainly via its Proparco and Fisea 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 single-sector, 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*	31/12/2016 IFRS	Financial assets at fair value through profit and loss	Available-for-sale financial assets	31/12/2015 IFRS	Financial assets at fair value through profit and loss	Available-for-sale financial assets
Equity stakes and other long-term securities							
UCITS		48,701	48,701		47,770	47,770	
Equity stakes		1,143,308	1,132,061	11,248	1,045,867	1,031,471	14,396
Direct investments		*480,093*	*480,093*	*0*	*457,609*	*457,964*	*-355*
Investment funds	*3.2/3.3*	*663,216*	*651,968*	*11,248*	*588,258*	*573,507*	*14,751*
NET TOTAL EQUITY STAKES AND OTHER LONG-TERM INVESTMENTS		**1,192,009**	**1,180,762**	**11,248**	**1,093,637**	**1,079,241**	**14,396**
of which impairment		-62,124	-62,124		-55,034	-55,034	
NET TOTAL EQUITY STAKES AND OTHER LONG-TERM INVESTMENTS GROSS OF IMPAIRMENTS		**1,254,133**	**1,242,885**	**11,248**	**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	31/12/2016 IFRS	Number of investments	31/12/2015 IFRS
Homogeneous activity portfolios					
Agribusiness		8	70,116	9	75,298
Energy		4	30,680	4	30,557
Infrastructure		4	41,007	3	34,162
Mining		3	4,123	3	2,997
Multi-sector SME-SMI		12	85,806	7	45,027
Healthcare		4	41,510	2	22,100
Financial services		14	97,379	13	109,397
Multi-sector		57	292,595	51	268,720
STRUCTURED UNCONSOLIDATED ENTITIES	**3.3**	**106**	**663,216**	**92**	**588,258**

Breakdown by operating region:

Equity stakes held in investment funds *In thousands of euros*	*Notes*	Number of investments	31/12/2016 IFRS	Number of investments	31/12/2015 IFRS
Operating region					
Southern Africa		6	9,489	6	9,639
East Africa		5	27,141	2	7,918
West Africa		5	14,591	4	15,722
North Africa		21	119,211	21	122,906
Asia		16	88,099	15	88,273
Multi-region		53	404,685	44	344,100
STRUCTURED UNCONSOLIDATED ENTITIES	**3.3**	**106**	**663,216**	**92**	**588,258**

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

In thousands of euros	*Notes*	31/12/2016 IFRS Financial assets at fair value through profit and loss	Available-for-sale financial assets	Maximum exposure	Dividends received over the year	31/12/2015 IFRS Financial assets at fair value through profit and loss	Available-for-sale financial assets	Maximum exposure	Dividends received over the year
Homogeneous portfolios									
Agribusiness		70,116		70,116		75,298		75,298	
Energy		30,680		30,680		30,557		30,557	
Infrastructure		41,007		41,007		34,162		34,162	
Mining		4,106	17	4,123		2,967	31	2,997	
Multi-sector SME-SMI		85,806		85,806		45,027		45,027	
Healthcare		41,510		41,510		22,100		22,100	
Financial services		97,177	202	97,379		109,397		109,397	
Multi-sector		281,566	11,029	292,595	12,308	253,999	14,721	268,720	981
STRUCTURED UNCONSOLIDATED ENTITIES - INVESTMENT FUNDS	**3.1/3.2**	**651,968**	**11,248**	**663,216**	**12,308**	**573,507**	**14,751**	**588,258**	**981**
Classification of unconsolidated investment funds in the balance sheet									
Under Available-for-sale financial assets	*3.1*	651,968				573,507			
Other items		1,365,380				1,346,490			
BALANCE SHEET TOTAL - AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3**	**2,017,348**				**1,919,997**			
Under Financial assets at fair value through profit and loss	*3.1*		11,248				14,751		
Other items			135,728				226,963		
BALANCE SHEET TOTAL - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1**		**146,976**				**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	31/12/2016 IFRS Demand	31/12/2016 IFRS Term	31/12/2015 IFRS Demand	31/12/2015 IFRS Term
Loans to credit institutions		**5,294,154**		**5,106,868**
Performing loans		5,233,367		5,087,810
Doubtful outstandings		60,787		19,058
Impairments		**-109,127**		**-103,275**
Impairment of individual receivables		*-17,988*		*-7,788*
Impairment of groups of homogeneous assets		*-91,139*		*-95,487*
Related receivables		**33,156**		**31,595**
Valuation adjustments of loans hedged by forward financial instruments		**-9,762**		**-15,399**
SUBTOTAL		5,208,421		5,019,789
Loans to customers		**24,305,368**		**21,901,662**
Performing loans		23,633,622		21,267,237
Doubtful outstandings		671,746		634,425
Impairments		**-725,000**		**-639,394**
Impairment of individual receivables		*-402,163*		*-360,394*
Impairment of groups of homogeneous assets		*-322,836*		*-279,000*
Related receivables		**83,449**		**86,018**
Valuation adjustments of loans hedged by forward financial instruments		**556,070**		**510,726**
SUBTOTAL		24,219,887		21,859,012
TOTAL LOANS		**29,428,308**		**26,878,801**
Other receivables				
Deposits (available cash) at credit institutions	602,068	1,023,709	1,227,265	1,235,677
Related receivables	0	-20	100	98
TOTAL OTHER RECEIVABLES	**602,068**	**1,023,689**	**1,227,365**	**1,235,775**
TOTAL LOANS AND OTHER RECEIVABLES	**602,068**	**30,451,997**	**1,227,365**	**28,114,576**

The fair value of guarantees used to calculate individual impairments totalled €15.5M (€11.8M at 31 December 2015).

Note 5 Accruals and miscellaneous assets

In thousands of euros	31/12/2016 IFRS Assets	31/12/2016 IFRS Liabilities	31/12/2015 IFRS Assets	31/12/2015 IFRS Liabilities
French Treasury				123,487
Allocated public funds		74,384		74,533
Other assets and liabilities	751,497	1,322,722	610,811	1,519,915
Accounts payable, French State		205,471		251,028
TOTAL ACCRUALS AND OTHER MISCELLANEOUS ASSETS/LIABILITIES	**751,497**	**1,602,578**	**610,811**	**1,968,963**

Note 6 Property, plant and equipment and intangible assets

In thousands of euros	Fixed assets: Property, plant and equipment: Land & development	Buildings & development	Other	Intangible	Total IFRS 31/12/2016	Total IFRS 31/12/2015
Gross value						
At 1 January 2016	88,523	201,264	50,456	60,062	400,305	392,293
Purchases	405	3,637	4,541	12,066	20,648	18,841
Disposals/retirements	-288	-1,416	-3,103	-2,600	-7,408	-10,292
Other items	-72	-402	877	2,647	3,050	-537
Change in scope						
AT 31 DECEMBER 2016	88,568	203,083	52,771	72,174	416,595	400,305
Depreciation/amortisation						
At 1 January 2016	2,423	104,674	38,099	38,915	184,111	177,180
Provisions	152	7,183	3,968	6,644	17,948	17,193
Reversals	0	0	0	0		
Other items	0	-1,608	-2,780	0	-4,388	-10,262
Change in scope						
AT 31 DECEMBER 2016	2,576	110,250	39,287	45,559	197,671	184,111
Impairments						
At 1 January 2016					0	85
Provisions						
Reversals					0	-85
AT 31 DECEMBER 2016	0	0	0	0	0	0
NET VALUE	**85,992**	**92,833**	**13,484**	**26,615**	**218,924**	**216,194**

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

in thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Debts to credit institutions		
Demand debts	3,861	777
Term debts	540	548
Related debts	105	2
TOTAL DEBTS TO CREDIT INSTITUTIONS	**4,506**	**1,327**
Debts to customers		
Accounts payable, customers	1,937	1,954
Related debts		
TOTAL DEBTS TO CUSTOMERS	**1,937**	**1,954**
Debt securities in issue		
Interbank market securities		941,948
Bonds	25,317,670	22,332,170
Related debts	312,351	304,702
Valuation adjustments of debt securities in issue hedged by derivatives	1,179,420	1,041,937
TOTAL DEBT SECURITIES IN ISSUE	**26,809,441**	**24,620,757**
Subordinated debts		
Subordinated loans from the French Treasury	560,000	2,451,966
Other subordinated debts		779,951
Related debts	4	11,303
Valuation adjustments of debt securities in issue hedged by derivatives		13,104
TOTAL SUBORDINATED DEBTS	**560,004**	**3,256,324**

In thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	31/12/2016 IFRS
Maturity of debt securities in issue					
Bonds	1,845,994	1,233,091	10,830,892	12,899,464	26,809,441
Interbank market securities					
TOTAL	**1,845,994**	**1,233,091**	**10,830,892**	**12,899,464**	**26,809,441**

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	EUR	USD	GBP	JPY	CHF	AUD	31/12/2016 IFRS
Debt securities in issue							
Bonds	20,533,461	5,388,679	293,027	183,564	376,137	34,574	26,809,441
Interbank market securities							
TOTAL	**20,533,461**	**5,388,679**	**293,027**	**183,564**	**376,137**	**34,574**	**26,809,441**

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

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.

In thousands of euros	31/12/2016 IFRS					31/12/2015 IFRS				
	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	31,054,065	32,152,457			32,152,457	29,341,941	30,167,600			30,167,600
Held-to-maturity investments	800,402	883,602	883,602			781,617	865,119	865,119		
Financial liabilities valued at amortised cost	27,375,888	27,658,216	25,624,343	1,844,820	189,052	28,003,849	27,394,218	22,411,520	4,769,337	213,361

Note 9 Financial assets and liabilities measured at fair value

In thousands of euros	31/12/2016 IFRS Level 1	Level 2	Level 3	Total	31/12/2015 IFRS Level 1	Level 2	Level 3	Total
Assets/Liabilities								
Financial assets at fair value through profit and loss		142,202	4,774	146,976		237,402	4,312	241,714
Hedging derivatives (Assets)		2,390,382		2,390,382		2,491,885		2,491,885
Financial assets at fair value through profit and loss	902,759	0	1,114,589	2,017,348	850,405	39,936	1,029,657	1,919,997
Financial liabilities at fair value through profit and loss		636,601	1,912	638,514		611,032	1,580	612,612
Hedging derivatives (Liabilities)		1,507,704		1,507,704		1,425,392		1,425,392

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

Note 9.1 Financial assets and liabilities measured at fair value according to level 3

In thousands of euros	Total Assets	Total Liabilities	Financial assets available for sale: Bonds and other fixed-income securities	Variable income securities	Total	Derivatives - assets	Derivatives - liabilities
OPENING BALANCE (01/01/2016)	**1,033,970**	**1,580**	**29,882**	**999,775**	**1,029,657**	**4,312**	**1,580**
Gains/losses over the period	-91,654	102	3,945	-95,885	-91,940	286	102
Purchases over the period	182,549	279	1,611	180,636	182,247	302	279
Disposals in the period	-11,041		-561	-10,480	-11,041		
Issues in the period							
Winding up in the period		-64					-64
Restatements in the period	-126	15				-126	15
Changes linked to the scope for the period							
Transfers*	5,666			5,666	5,666		
Transfers to level 3	*24,379*			*24,379*	*24,379*		
Transfers from level 3	*-18,713*			*-18,713*	*-18,713*		
CLOSING BALANCE (31/12/2016)	**1,119,362**	**1,912**	**34,877**	**1,079,711**	**1,114,589**	**4,774**	**1,912**

* *The transfers to and from level 3 relate to 4 securities for which the valuation method was reviewed or whose classification was adjusted to take account of parameters which are not directly observable.*

Sensitivity of the fair value of level 3 instruments

The category of instruments measured at level 3 fair value comprises mainly equity stakes.

The sensitivity calculations do not apply because their valuations are not linked to market parameters.

Note 10 Provisions and impairments

PROVISIONS

In thousands of euros	31/12/2015	Provisions	Reversals available	Translation adjustment	31/12/2016
Included in the cost of risk					
French Overseas Department subsidiary risks	28,301	840	3,184	0	25,957
Other provisions for risk	42,589	11,474	5,724	0	48,339
Subtotal	*70,890*	*12,314*	*8,908*	*0*	*74,296*
Excluded from the cost of risk					
Provision for expenses – Sovereign loans	564,637	57,053	42	-86	621,561
Staff costs	96,064	3,101	0	0	99,164
Provision for risks and expenses	5,036	2,981	1,695	0	6,322
TOTAL	**736,626**	**75,448**	**10,644**	**-86**	**801,344**

ASSET IMPAIRMENT

In thousands of euros	31/12/2015	Provisions	Reversals available	Translation adjustment	31/12/2016
Banks	7,788	20,408	10,844	637	17,989
Credit to customers	360,393	62,207	23,622	3,183	402,161
of which Cost of risk		*74,730*	*22,802*		
Other receivables	5,187	5,701	8	13	10,893
Group of homogeneous assets	374,487	76,220	36,733	0	413,975
of which Cost of risk		*76,220*	*36,733*		
Available-for-sale financial assets	21,694	0	21,694	0	
TOTAL	**769,550**	**164,536**	**92,901**	**3,833**	**845,019**

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 2015 to 31 December 2016.

5.5.2.3.2 Notes to the Income Statement

Note 12 Income, expenses and commissions

Note 12.1 Income and expenses by accounting category

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Interest income	**1,418,333**	**1,444,578**
Cash and demand accounts with central banks	3,376	5,382
Financial assets at fair value through profit and loss	24,719	24,321
Loans and receivables	845,523	717,724
Held-to-maturity investments	3,198	8,495
Derivatives	541,517	688,656
Interest expenses	**1,106,637**	**1,138,673**
Central bank deposits		0
Financial liabilities valued at amortised cost	464,341	460,854
Derivatives	642,296	677,819
Dividend income (on available-for-sale assets)	**15,436**	**11,375**
Fee and commission income	**78,817**	**72,144**
Fee and commission expenses	**3,402**	**2,201**
Net profit (loss) on financial assets and liabilities not measured at fair value through profit and loss	**26,408**	**5,505**
Available-for-sale financial assets (net income on disposal)	26,408	5,505
Net profit (loss) on financial assets and liabilities measured at fair value through profit and loss	**13,834**	**-7,670**
Net profit (loss) resulting from hedge accounting	**74,284**	**-10,742**
Translation adjustment	**4,921**	**-14,732**
Net profit (loss) on retirement of assets not available for sale	**968**	**1,456**
Cost of risk	**-97,911**	**-97,640**
Other operating income	**217,646**	**240,583**
Other operating expenses	**15,971**	**6,311**
TOTAL FINANCIAL AND OPERATING INCOME AND EXPENSES	**626,724**	**497,673**
Administrative expenses	325,062	291,049
Depreciation/amortisation	17,948	17,193
Share of earnings from companies accounted for by the equity method	7,838	9,704
PRE-TAX INCOME	**291,552**	**199,135**

Note 12.2 Net commissions

In thousands of euros	31/12/2016 Income	31/12/2016 Expenses	31/12/2016 Net	31/12/2015 Income	31/12/2015 Expenses	31/12/2015 Net
Commissions on commitments	**768**		**768**	**584**		**584**
Monitoring and investment commissions	16,185	-2,312	13,873	13,759	-1,818	11,941
Analysis commissions	14,364		14,364	15,676		15,676
Commissions on gifts and subsidies	46,177		46,177	40,897		40,897
Miscellaneous commissions	1,324	-1,089	234	1,228	-383	845
TOTAL	**78,817**	**-3,402**	**75,415**	**72,144**	**-2,201**	**69,943**

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

In thousands of euros	31/12/2016 IFRS Gains and losses on financial instruments at fair value through profit and loss	31/12/2016 IFRS Foreign currency impact on derivatives	31/12/2016 IFRS Gains and losses on financial instruments at fair value through profit and loss net of foreign currency	31/12/2015 IFRS Gains and losses on financial instruments at fair value through profit and loss	31/12/2015 IFRS Foreign currency impact on derivatives	31/12/2015 IFRS 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	-5,030	7,983	2,952	4,531	-3,820	712
Instruments at fair value on option	-3,735		-3,735	-2,414		-2,414
Income resulting from hedge accounting	72,226	2,058	74,284	-9,364	-1,378	-10,742
Change in FV hedge	*-101,068*		*-101,068*	*-52,341*		*-52,341*
Change in hedged item	*173,294*	*2,058*	*175,353*	*42,977*	*-1,378*	*41,599*
Natural hedging	-106,862	123,725	16,864	-175,372	171,618	-3,755
CVA/DVA	-2,247		-2,247	-2,213		-2,213
TOTAL	**-45,648**	**133,766**	**88,118**	**-184,832**	**166,420**	**-18,412**

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

in thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Income on securities	15,436	11,375
Capital gains on disposals	42,786	29,375
Capital losses on disposals	-3,529	-3,783
Provisions for depreciation/amortisation	-14,713	-25,557
Reversal of provisions for depreciation/amortisation	5,133	4,040
TOTAL	**45,112**	**15,451**

Note 15 Income from other activities

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Subsidies	214,921	216,191
Other income	4,378	11,090
TOTAL	**219,298**	**227,281**

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	31/12/2016 IFRS	31/12/2015 IFRS
Staff costs		
Wages and bonuses	139,543	129,319
Social security expenses	58,554	55,368
Profit sharing	7,204	5,273
Taxes and similar payments on remuneration	13,248	13,078
Provisions/reversal of provisions	4,528	4,519
Rebilling banks' staff	-13,644	-14,745
TOTAL	**209,433**	**192,812**

Note 16.2 Other administrative expenses

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Other administrative expenses		
Taxes	3,373	2,379
of which contribution to FRU	*619*	*263*
of which application of IFRIC 21	*-185*	*-140*
Outside services	113,644	96,445
Provisions/reversal of provisions	-7	-3
Rebilled expenses	-1,381	-584
TOTAL	**115,629**	**98,237**

Note 17 Cost of risk

	31/12/2016 IFRS			31/12/2015 IFRS		
In thousands of euros	Provisions	Reversals	Total	Provisions	Reversals	Total
Collective provisions and impairment	88,534	45,641	-42,893	69,533	49,719	-19,814
Individual impairment of non-sovereign loans	74,730	22,802	-51,928	109,851	59,250	-50,601
Losses on principal of bad loans	3,118	27	-3,091	27,236	10	-27,225
TOTAL	**166,382**	**68,470**	**-97,911**	**206,620**	**108,980**	**-97,640**

Note 18 Equity-accounted companies

IMPACT	31/12/2016 IFRS		31/12/2015 IFRS	
In thousands of euros	Balance Sheet	Income	Balance Sheet	Income
SIC	43,624	567	43,102	3,491
Simar	22,599	2,466	20,147	2,319
Socredo	99,759	4,805	96,890	3,894
TOTAL	**165,982**	**7,838**	**160,139**	**9,704**

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	31/12/2016 IFRS	31/12/2015 IFRS
Corporate tax	-25,474	-16,044
Taxes due	-26,706	-14,971
Deferred tax	1,232	-1,072

UNDERLYING TAX POSITION

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Net income	266,078	183,091
Corporate tax	-25,474	-16,044
Pre-tax income	291,552	199,135
Total theoretical tax expense 34.43% (A)	-74,340	-54,180
Total matching items (B)	48,866	38,137
Net recorded tax expense (A) + (B)	-25,474	-16,044

5.5.2.3.3 Risk Information

The role of the Executive Risk Department (DXR) is to analyse, inform and advise executive officers (General Management) on the risks to which the Group companies are exposed. It is involved in the implementation of risk policies and procedures and systems to measure, control, analyse and monitor these risks. It ensures that the Group's activities, and the inherent risks, are in line with the risk management objectives, company policy and regulatory requirements.

This department combines:

- the Second Opinion unit, which provides a second opinion on projects which are being appraised, in accordance with Article 112 of the Order of 3 November 2014;
- the Permanent Control and Compliance Department (CPC);
- the Group Risk Management Department (DRG).

5.5.2.3.3.1 Credit risk

Risk measurement and monitoring

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

Operating as part of the DRG, the **Credit Risk Evaluation Division** (DRC) is responsible for:

- validating the credit risk due diligence carried out by the DOE, rating non-sovereign counterparties, determining the reporting groups and assessing the financial structure of the operations during the project appraisal cycle;
- implementing the follow-up right beyond the bodies, when this right is requested by the Second Opinion unit, and reviewing the updated credit risk before agreements are signed and in the event of requests for temporary special dispensations or riders to the agreements;
- half-yearly reviews of AFD's non-sovereign credit risks and appraising the impairments;
- developing tools, methods and training materials to evaluate credit risks, mainly for use by the operating departments.

The Risk Monitoring Division (DSR):

- monitors credit risk, mainly by ensuring the Risk Measurement Forms (RMF) are updated each half-year and keeping track of the limits;
- monitors borrowers on the watchlist, impairments and provisions and application of the recovery and penalty procedures;
- monitors the risk of the companies of AFD Group;
- compiles the Group's risk projections (portfolio, risk level, stress-tests);
- conducts loss ratio studies for the purpose of analysis, collective provision allocation and determining the risk margins;
- has the secretariat role for the Risk Committee (Coris);
- reports to the executive officers on discussions about the risk situation, in collaboration with the other units responsible for monitoring Group risks;
- develops risk management methods, tools and training materials.

The Macroeconomic Analysis and Country Risk Division (AMR), which reports to the Studies, Research and Knowledge Department (ERS), measures country risks (growth, stability of the financial system, public finances, the balance of payments, sociopolitical situation) and the credit risks of sovereign counterparties in the regions in which the Group operates (analysis of the structure and level of public debt, budget implementation, payment history and structural solvency indicators, etc.).

Every six months, **the Country and Sovereign Risks Committee** (Coris Pays) examines changes in the international financial and economic climate and in macroeconomic risks in the countries in which AFD operates and the credit risks reported by AMR agents. It validates the country risk classification and the classification of sovereign risks.

Each quarter, **the Counterparty Risk Committee** (Coris Contreparties) examines the Group's exposure in terms of the system of operational and regulatory thresholds, the Group's major sovereign and non-sovereign risks, the borrowers on the watchlist, application of the recovery and penalty procedures, the quality of the portfolios, the impairments/provisions and cost of risk and the activity of the subsidiaries.

The Coris committees are chaired by the Executive Risk Director and their permanent members include General Management, the Executive Operations Director, the General Secretary, the Risk Management Manager at Proparco, the Director of DRG and the head of the Second Opinion unit.

At Proparco, the **Proparco Risks Division** (DRI) is responsible for appraising and monitoring borrowers.

The Group Risk Committee meets once a quarter after the Coris Contreparties meeting. Its role is to conduct a regular review of the strategies, policies, procedures, systems, tools, risk positions, particularly credit risk, and thresholds, to notify the Board of Directors of its conclusions and to advise the latter on the Group's global risk strategy.

System of operational limits

The system of operational limits applies to the loans (outstandings and balances payable) which are not guaranteed by the French government, the guarantees granted and the equity stakes whose income is not backed by subsidies from the French government (e.g. micro-finance facility or Ariz Prime). It combines the exposures of AFD, Proparco and Fisea and weighs them according to instrument type and counterparty rating.

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.

To take account of potential fluctuations of the Group's capital in the course of the year, a prescriptive benchmark consolidated equity (the "benchmark equity") is used to calculate the limits. For the first half-year of 2017 it has been set at €5,600M.

The system has three different limits:

- Regional limits:

  The regional ceiling for weighted non-sovereign risks (foreign country, Polynesia and New Caledonia) is 30% of the Group's consolidated benchmark equity (€1,680M).

  In addition, a regional ceiling (weighted sovereign and non-sovereign risks) of 15% of total weighted risk (€6,563M) has been set for foreign countries to ensure they diversify their portfolios.
- Sector limit:

  The overall limit for credit institutions is 50% of the total weighted non-sovereign risks for foreign countries, *i.e.* €11,654M at 31 December 2016.
- Counterparty limits:

  The limit for weighted risk per non-sovereign counterparty is 10% of capital (€560M). This limit applies to all counterparties or groups of counterparties registered in foreign countries and French Overseas Departments and Collectivities. A limit of 20% of capital applies to exposures (including market transactions) to banking groups whose registered office is located in mainland France.

  The exposure limit for sovereign (non-weighted) counterparties is 25% of capital (€1,400M in 2016).

Monitoring the risks of sovereign counterparties

The French government covers arrears and loan write-offs in the sovereign activity through its reserve account which, at the end of 2016, had a balance of €622M, *i.e.* 4.8% of sovereign outstandings (latest agreement signed on 8 June 2015).

There is a special automatic penalty system for sovereign loans:

- arrears of over two months: suspension of approvals and signatures;
- arrears of over four months: suspension of payments.

The official bilateral creditors who are members of the Paris Club submit their arrears on their sovereign debt for review at the monthly review meetings known as the Tour d'horizon. AFD takes part in these meetings under the guise of the French Ministry of Finance. Where applicable, the Paris Club can grant debtor countries restructuring arrangements or write off their debt. The restructuring arrangements may affect AFD debts. The financial impact of these arrangements on AFD is absorbed by the French Treasury.

In the event of arrears of over 18 months on a sovereign debt, the third party in question is downgraded to doubtful and the sum is taken from the Treasury's reserve account No arrears of over 18 months were recorded in 2016.

Monitoring the risks of non-sovereign counterparties

Third parties with arrears of over 90 days (180 days for local authorities) or an established credit risk (CCC credit rating) are downgraded to "doubtful" and **individual impairments** of the corresponding financing are estimated, taking account of the associated guarantees.

Third party ratings are updated independently of the six month review cycles in the event of a new appraisal, the signature of a new loan agreement[(1)] or a major event which affects the quality of the borrower. Downgradings to doubtful, regradings to performing and the recoverability rates of doubtful loans are reviewed each quarter by the Counterparty Risk Committee (Coris Contreparties) before closure of the financial statements.

In line with IFRS standards, AFD Group also sets aside **collective provisions** for Ariz loan outstandings and guarantees in foreign countries. Provisions are based on the estimated residual loss at maturity, which takes into account the credit rating (including country risk), the counterparty type and the average term remaining on the loans. If need be, it is supplemented by an expert geographical and/or sectoral estimate.

Borrowers with a high credit risk, because of their size or likelihood of default (especially all doubtful third parties), are included on a watchlist and monitored particularly closely. The watchlist is updated each quarter by DRG and sent to the Counterparty Risk Committee (Coris) which reviews the current situation of all cases, decides which counterparties should be added to, or removed from, the list and can authorise dispensation from the recovery procedures.

(1) A rating is valid for 18 months from the closing date of the certified accounts used to determine the rating.

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 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 total, the gross value of consolidated outstandings exposing the Group to risk amounted to €29.2bn in 2016 (versus €26.4bn in 2015), including €24.2bn in foreign countries and €4.9bn in the French Overseas Departments and Collectivities. The parent company bears most of the Group's credit risk (€24.8bn, *i.e.* 86% of outstandings).

AFD Group's doubtful outstandings totalled €732M at 31 December 2016 (versus €654M in 2015), including €122M in doubtful sovereign and €610M in doubtful non-sovereign outstandings.

Doubtful non-sovereign outstandings are covered by impairments and provisions in the amount of €346M, equal to a coverage ratio of 57%.

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

In millions of euros	31/12/2016 IFRS	31/12/2015 IFRS
Sovereign loans	13,187	11,615
Non-sovereign loans	14,605	13,519
Rated A (very good risk)	1,293	1,044
Rated B (good to average risk)	6,660	6,505
Rated C+ (passable risk)	4,688	4,599
Rated C- (significant risk)	1,935	1,313
Not rated	29	58

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

In 2016, the breakdown by intrinsic rating was reviewed to provide a more relevant breakdown of performing loans by credit rating.

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	31/12/2016 IFRS Book value	31/12/2015 IFRS Book value
Financial assets at fair value through profit and loss	146,976	241,714
Hedging derivatives	2,390,382	2,491,885
Financial assets at fair value through profit and loss	2,017,348	1,919,997
Loans and receivables	31,054,065	29,341,941
Held-to-maturity financial assets	800,402	781,617
Other financial assets		
Firm lending commitments	10,656,145	10,111,056
Financial guarantees	528,360	621,532
TOTAL	**47,593,677**	**45,509,743**

AGE OF ARREARS

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

in thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Less than 90 days	52,631	699
More than 90 days and less than 180 days	2,757	15
More than 180 days and less than one year	11,443	12,059
More than 1 year	292,656	254,556

5.5.2.3.3.2 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 programme of short term Negotiable European Commercial Papers (NEU CPs) amounting to €2bn. There is also a €2bn programme of Negotiable European Medium-Term Notes (NEU MTNs).

The portfolio of long-term investment securities (€0.755bn in nominal) also recognises a liquidity reserve that can be mobilised through market repurchase agreements. 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 2016, analysed based on undiscounted contractual cash flows.

Contractual term to maturity	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total cash flow	Book value
Liabilities						
Financial assets at fair value through profit and loss	2,182	145,808	5,146	485,377	638,514	638,514
Hedging derivatives (liabilities)	708	102,760	53,888	1,350,349	1,507,704	1,507,704
Financial liabilities valued at amortised cost	1,851,792	1,233,091	10,830,892	13,460,113	27,375,888	27,375,888

5.5.2.3.3.3 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 2016, the impact of a 100 bp rise in interest rates on projected 2017 earnings was estimated at -€19.2M (+€19.3M for a 100 bp decrease).

5.5.2.3.3.4 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.

The foreign-exchange risk may be measured by analysing modified duration: if foreign currencies appreciate against the euro by 10%, this reduces earnings by an estimated -€5.9M (+€5.9M 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 7 July 2016: 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).

5.5.2.3.3.5 Market risk

AFD does not hold speculative positions. The hedging strategies in its trading book are marginal and justified by their optional component or by a characteristic (a loan in an exotic currency, for example) which does not permit a relevant valuation.

As a result, 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.

5.5.2.3.3.6 Counterparty risk

Counterparty risk is the threat of a counterparty defaulting on interest-rate and currency swaps entered into as part of debt and counterparty management linked to short-term or portfolio investments.

The counterparty risk exposure 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.* €560M based on benchmark equity of €5,600M. By way of an exception, this limit is 20% for banking groups whose registered office is in France. Specific rules also govern the operation of the various portfolios.

5.5.2.3.3.7 Compliance with regulatory ratios

The Group was in compliance with all of the regulatory ratios at 31 December 2016.

5.5.2.3.4 Additional Information

Commitments

In thousands of euros	31/12/2016 IFRS	31/12/2015 IFRS
Commitments received		
Financing commitments received from the French State	280,000	560,000
Guarantee commitments received from the French State on loans	770,859	978,002
Guarantee commitments received from credit institutions	371,685	553,083
as part of the Group's lending activity	*371,685*	*553,083*
Commitments given		
Financing commitments made to credit institutions	1,600,964	1,573,073
Financing commitments made to customers	9,055,181	8,537,983
Guarantee commitments made to credit institutions	57,059	58,172
Guarantee commitments made to customers	471,301	563,360

The commitments received do not include transactions on behalf of the State.

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 equity stakes	Purchase price
Caisse d'Investissement des DOM (Cidom)	3	1,494
Fonds d'Investissement & de Développement Économique et Social (Fides)	5	642
Fonds d'Investissement des DOM (Fidom)	13	2,810
Other Government resources	7	19,818
TOTAL	**28**	**24,764**

IMF balance sheet

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

in thousands of euros	31/12/2016	31/12/2015
Assets		
Loans and receivables due from credit institutions	1,496,889	1,561,174
Demand	*236,260*	
Term	*1,260,630*	*1,561,174*
Accruals	59,317	26,948
TOTAL ASSETS	**1,556,206**	**1,588,122**
Liabilities		
Debt securities in issue	1,481,070	1,480,964
Bonds	*1,434,000*	*1,434,000*
of which accrued interest	*47,070*	*46,964*
Accruals and other miscellaneous liabilities	75,137	107,158
TOTAL LIABILITIES	**1,556,206**	**1,588,122**

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 €0.9M, the IMF loans have no impact on AFD Group's financial position.

Transactions between related parties

	31/12/2016		31/12/2015	
In thousands of euros	AFD Group	Equity-accounted companies	AFD Group	Equity-accounted companies
Credits	483,714		492,267	
Other financial assets				
Other assets				
TOTAL ASSETS WITH RELATED ENTITIES	**483,714**	**0**	**492,267**	**0**
Debts		483,714		492,267
Other financial liabilities				
Other liabilities				
TOTAL LIABILITIES WITH RELATED ENTITIES	**0**	**483,714**	**0**	**492,267**
Related interest, income and expenses	15,213	-15,213	16,783	-16,783
Commissions				
Net income on financial transactions				
Net income on other activities				
TOTAL NBI GENERATED WITH RELATED ENTITIES	**15,213**	**-15,213**	**16,783**	**-16,783**

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 countries or territories.

At 31 December 2016, AFD Group did not have any offices in non-cooperative countries or territories.

Statutory auditors' fees at 31 December 2016

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 2016. The fees are based on those stated in their engagement letters. These fees are invoiced for statutory auditing services:

	Fees excluding tax – 2016 financial year
AFD	€288,796
Proparco	€110,230
Soderag	€15,000
Sogefom	€25,500
Fisea	€12,410
Propasia	€6,055

The amount of other fees invoiced for due diligence directly related to the statutory audit totalled €258K for AFD in 2016.

Significant events since 31 December 2016

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 2016

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 2016, 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.

The 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.

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.

Paris La Défense and Courbevoie, 19 April 2017

The statutory auditors

KPMG	MAZARS
Pascal BROUARD	Max DONGAR

5.7 AFD´S ANNUAL FINANCIAL STATEMENTS

ASSETS

In thousands of euros	*Notes*	December 2016	December 2015
Cash, Central Bank		173,202	30,446
Government paper and equivalent	*1 and 2*	1,429,452	1,439,462
Receivables from credit institutions	*3*	11,019,026	11,602,981
Demand		917,730	1,512,654
Term		10,101,296	10,090,327
Transactions with customers	*4*	22,148,241	19,968,111
Other loans to customers		22,148,241	19,968,111
Bonds and other fixed-income securities	*1 and 2*	272,569	186,766
Shares and other variable-income securities	*1 and 2*	39,033	39,033
Equity stakes and other long-term securities	*5*	131,042	131,698
Shares in related businesses	*6*	586,894	579,311
Intangible assets	*9*	26,611	21,143
Property, plant and equipment	*9*	191,207	194,184
Other assets	*10*	705,938	538,456
Accruals	*11*	525,985	568,611
TOTAL ASSETS		**37,249,200**	**35,300,202**
Off-balance sheet: Commitments given			
Financing commitments		11,748,379	10,750,609
To credit institutions		3,014,628	2,651,421
To customers		8,733,751	8,099,188
Guarantee commitments	*32*	1,737,777	1,667,231
To credit institutions		28,527	19,486
To customers		1,709,250	1,647,745
Commitments on securities		322,574	327,196
Other commitments on securities	*32*	322,574	327,196

LIABILITIES

In thousands of euros	*Notes*	December 2016	December 2015
Central Bank			
Debts to credit institutions	12	442,227	490,765
Demand		117,877	186,522
Term		324,350	304,243
Transactions with customers	13	1,937	1,954
Other demand debts		1,937	1,954
Other term debts			
Debt securities in issue	14	27,320,487	25,269,181
Interbank market and negotiable debt			941,948
Bonds		27,320,487	24,327,233
Other liabilities	10	1,467,949	1,865,971
Borrowing from French Treasury			123,487
Allocated public funds		78,033	80,487
Other liabilities		1,389,916	1,661,997
Accruals	11	744,103	365,205
Provisions	15	1,176,632	1,058,611
Subordinated debts	16	990,004	3,673,220
Reserve for general banking risk (RGBR)	17	460,000	460,000
Equity excluding RGBR	18	4,645,861	2,115,295
Provisions		2,807,999	400,000
Reserves		1,661,205	1,517,196
Subsidies		38,444	18,088
Income		138,213	180,011
TOTAL LIABILITIES		**37,249,200**	**35,300,202**
OFF-BALANCE SHEET: Commitments received			
Financing commitments		280,000	560,000
Received from credit institutions			
Received from the French State		280,000	560,000
Guarantee commitments	32	246,996	427,858
Received from credit institutions		246,996	427,858
Commitments on securities			
Other commitments received on securities			
Other commitments	32	2,383,727	2,910,803
Guarantees received from the French State		2,383,727	2,910,803

2016 INCOME STATEMENT

In thousands of euros	*Notes*	December 2016	December 2015
INCOME AND EXPENSES ON BANKING OPERATIONS			
Interest and related income	*20*	1,493,768	1,508,426
On transactions with credit institutions		438,016	419,535
On transactions with customers		500,188	499,575
On bonds and other fixed-income securities		23,130	26,235
Other interest and similar income		532,434	563,081
Interest and related expenses	*21*	1,243,681	1,272,288
On transactions with credit institutions		632,612	579,475
On transactions with customers		7,713	9,116
On bonds and other fixed-income securities		496,137	520,842
Other interest and similar income		107,219	162,855
Income on variable-income securities		12,856	12,857
Commissions (income)	*22*	62,091	58,248
Commissions (expenses)	*22*	1,089	383
Gains or losses on investment portfolio transactions and similar	*23*	241	-919
Net profit or loss on transactions/securities held for sale		241	-919
Net profit or loss on financial instruments			
Other income on banking operations	*24*	275,456	277,586
Other expenses on banking operations	*25*	60,519	50,454
NET BANKING INCOME		**539,123**	**533,073**
Other ordinary income and expenses			
Overheads	*26*	309,081	277,798
Staff costs		209,660	193,822
Other administrative expenses		99,421	83,976
Provisions for depreciation of property, plant and equipment and intangible assets and amortisation	*9*	17,680	16,907
Gross operating income		212,362	238,368
Cost of risk	*29*	-74,355	-66,089
Operating income		138,007	172,279
Gains or losses on fixed assets	*30*	379	8,359
Pre-tax income from operations		138,386	180,638
Exceptional income	*31*	-173	-627
Corporate tax			
RGBR provisions or reversals			
NET INCOME		**138,213**	**180,011**

APPENDIX

5.7.1. Highlights of the period

Growth of the balance sheet

At 31 December 2016, the total balance sheet stood at €37.2bn, up 6% relative to the previous year. This change mainly stems from the robust growth in activity, with an increase of 9% 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 2016 AFD made four bond issues in the form of public issues and three private placements, as well as one tap issue, with a total volume of €4.9bn.

Appropriation of 2015 earnings

By the ministerial decree dated 20 June 2016, the Minister of the Economy and Finance determined the 2015 dividend to be paid by AFD to the French State. The dividend amounted to €36M on 2015 earnings of €180M, or 20% of AFD's total income.

The income remaining after paying out the dividend, €144M, was appropriated to reserves.

Increase of the State's injection into AFD's capital

The State injected a further €2.408bn into AFD's capital on 30 December 2016 to increase its equity. AFD's initial injection, which was €0.400bn up to 30 December 2016, stood at €2.808bn at the financial year-end.

This increased injection came about through the State's conversion of the RSC debt in AFD's books, in line with the agreement AFD signed with the State, represented by Michel Sapin, France's Minister for Economic Affairs and Finance, on 21 December 2016. This agreement set out the terms and conditions for (i) the State's injection of €2.408bn into AFD's capital and (ii) AFD's early repayment to the State of the instalments due from 1 January 2017 on several loans issued between 1986 and 2015 for an amount equal to the State's increased contribution.

Change of IMF basket

On 1 October 2016, all the entries linked to the change in the IMF SDR basket, and the corresponding hedges, were recognised with no impact on AFD's income. At the same time the Chinese Yuan (CNY) was included in the SDRs. For the record, when the IMF reviewed the value of the SDRs, the weightings of the currencies in the basket were also revised. Once the SDR composition changed, the currency spread of the loans previously granted to the IMF also changed.

Tax audit

AFD underwent a comprehensive assessment of all of its tax returns for the period from 1 January 2013 to 31 December 2014. In a letter dated 22 July 2016, the tax authority notified AFD that it had not found any particular anomalies in its tax handling procedures. However, an adjustment to the calculation basis for the value-added contribution (CVAE) produced a correction of €54K.

5.7.2 Accounting principles and assessment methods

5.7.2.1 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:

- CRC Regulation 2005-03, which was repealed and replaced by ANC Regulation 2014-07 of 26 November 2014, relative to accounting practice for credit risk;
- as of 1 January 2014, AFD has applied ANC recommendation 2013-02 of 7 November 2013 on the assessment and accounting rules for retirement obligations and similar benefits, which supersedes CNC Recommendation 2003-R01 of 1 April 2003.

5.7.2.2 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.

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(1) 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.

(1) PRGF: Poverty Reduction and Growth Facility.

5.7.2.3 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 *pro rata temporis*.

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 18 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 financial statements at 31 December 2016.

5.7.2.4 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 financial statements.
- Long-term investment securities (mainly bonds), purchased with the intention of holding them for a long time, until maturity, are recorded at the date of their acquisition, at the purchase price, excluding accrued interest.

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

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

5.7.2.5 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 publishable off-balance sheet. Details of the amounts involved are provided in Note 35. These holdings, which were subscribed to on behalf of the French State with public funds made available to AFD, are not included in ownership or control percentages and are therefore not consolidated in the financial statements.

5.7.2.6 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.

5.7.2.7 Subsidies

The "Subsidies" item records the subsidies on loans for global 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.

5.7.2.8 Fixed assets

Fixed assets appearing on AFD's balance sheet include property, plant and equipment and intangible assets used for operations. Intangible assets are mainly custom or purchased software. Fixed assets are recorded at their acquisition cost (cost price net of recoverable VAT) plus directly related expenses.

If a fixed asset consists of a number of items that may be regularly replaced and have different useful lives, each item is booked separately according to its own depreciation table. This item-by-item approach has been used for head office.

Depreciation periods have been estimated on the basis of each item's useful life:

	Title	Depreciation period
1.	Land	Non-depreciable
2.	Structural systems	40 years
3.	Building envelope	20 years
4.	Technical building services, fixtures and fittings	15 years
5.	Sundry fittings	10 years

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

- office buildings in the French Overseas Departments and Collectivities are depreciated over 15 years;
- residential buildings are depreciated over 15 years;
- fixtures, fittings and furnishings are depreciated over 5 or 10 years;
- equipment and vehicles over 2 to 5 years.

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".

5.7.2.9 Forward financial instruments

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

These 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.

5.7.2.10 Provisions

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

Provisions for sovereign outstandings

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

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

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

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 2016, 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 €36.9M. This level of provision takes into account the increase in the performing loans in question (+11%) and their risk quality. At 31 December 2016, the loan loss reserve ratio 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.

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: 0.50%;
- 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: 1.75%;
- 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.

(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.

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 2016.

As of 31 December 2016, the amount of the provision was increased by €4,400K.

Other long-term benefits

AFD gives its employees bonuses as long-service benefits. An additional provision was recognised on 31 December 2016 in the amount of €72K.

The aggregate impacts on the 2015 and 2016 reporting years are set out in the table below:

in thousands of euros	At 31/12/2016	Change in the impact on income	At 31/12/2015	Change in the impact on income	At 01/01/2015
Provisions for employee benefits	86,021	4,472	81,549	5,709	75,840
Defined benefit plans	*85,085*	*4,400*	*80,685*	*5,699*	*74,986*
Other long-term benefits	*936*	*72*	*864*	*10*	*854*

The changes in commitments over 2016 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 01/01/2016	69,962	80,943	14,054	164,958	864	165,822
Financial cost	879	1,899	315	3,092	20	3,112
Cost of services rendered over the year	339	3,447	987	4,773	95	4,869
Reductions/Liquidations	0	0	0	0	0	0
Services paid	-10,494	-1,858	-942	-13,295	-37	-13,332
Actuarial gains (losses)	-3,371	-152	1,040	-2,483	-6	-2,489
PRESENT VALUE OF THE COMMITMENT AT 31/12/2016	**57,314**	**84,279**	**15,453**	**157,046**	**936**	**157,982**
Change in the fair value of retirement plan assets:						
Fair value of assets at 01/01/2016	71,932			71,932		71,932
Expected return on assets	899					
Services paid	-10,494					
Actuarial gains (losses)	-1,056					
Liquidations	0					
FAIR VALUE OF ASSETS AT 31/12/2016	**61,280**			**61,280**		**61,280**
Corridor limits:						
Actuarial gains (losses) not recognised at 01/01/2016	-1,087	-11,249	-5	-12,342	0	-12,342
Corridor limits at 01/01/2016	7,193	8,094	1,405			
Actuarial gains (losses) generated over the year	2,315	152	-1,040	1,427	6	1,433
Actuarial gains (losses) recognised in profit or loss	0	234	0	234	-6	227
Actuarial gains (losses) recognised in equity	0	0	0	0		0
ACTUARIAL GAINS (LOSSES) NOT RECOGNISED AT 31/12/2016	**1,228**	**-10,864**	**-1,046**	**-10,681**	**0**	**-10,681**
Amounts recognised on the balance sheet at 31/12/2016:						
Present value of the funded commitment	57,314					
Fair value of financed assets	-61,280			-3,966		-3,966
Present value of unfunded commitment		84,279	15,453	99,732	936	100,668
NET POSITION	**-3,966**	**84,279**	**15,453**	**95,766**	**936**	**96,702**
Unrecognised actuarial gains (losses)	1,228	-10,864	-1,046	-10,681		-10,681
BALANCE SHEET PROVISION	**-2,738**	**73,415**	**14,408**	**85,084**	**936**	**86,021**
Amounts recognised on the income statement at 31/12/2016:						
Cost of services rendered over the period	339	3,447	987	4,773	95	4,869
Financial cost for the period	879	1,899	315	3,092	20	3,112
Recognised actuarial gains (losses)	0	234	0	234	-6	227
Expected return on retirement plan assets	-899			-899		-899
Cost of services rendered						
Impact of reductions/liquidations						
EXPENSES BOOKED	**318**	**5,580**	**1,302**	**7,200**	**109**	**7,309**
Reconciliation of opening and closing net liability:						
Liability at 01/01/2016	-3,057	69,693	14,048	80,685	864	81,549
Expenses booked	318	5,580	1,302	7,200	109	7,309
Contributions paid						0
Employer contributions	0	-1,858	-942	-2,800	-37	-2,837
Items that will not be subsequently recycled to profit or loss	0	0	0	0		0
NET LIABILITIES AT 31/12/2016	**-2,738**	**73,415**	**14,408**	**85,084**	**936**	**86,021**
Change in net liabilities	**318**	**3,722**	**359**	**4,400**	**72**	**4,472**

Projected commitments at 31 December 2017 are as follows:

In thousands of euros	Retirement	Retiree health insurance	Retirement lump sum	Total defined benefit plans	Service award	Grand Total
Actuarial debt at 31/12/2016	**57,314**	**84,279**	**15,453**	**157,046**	**936**	**157,982**
Cost of services rendered in 2017	228	3,766	1,159	5,154	110	5,264
Financial cost in 2017	288	1,541	272	2,100	17	2,117
Services payable in 2017/transfer of capital upon departures in 2017	-16,697	-1,807	-1,352	-19,855	-93	-19,948
Estimated debt at 31/12/2017	**41,133**	**87,779**	**15,532**	**144,445**	**971**	**145,416**

5.7.2.11 Reserve for General Banking Risk (RGBR)

In accordance with CRBF 90-02, the Reserve for General Banking Risk is intended to remain permanently in capital reserves for comprehensive general coverage of AFD's risks.

Among other things, the Reserve is intended to hedge:

- general risks from AFD's direct activities in the French Overseas Departments and Collectivities;
- general risks for real estate holdings in foreign countries.

5.7.2.12 Subordinated debts

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 accordance with the March 2015 amendment, AFD made the second call for RSCs in the first half of 2016. This took the form of a bond issue subscribed by the State with a par value of €280M out of a total of €840M planned for the period 2015-2017, *i.e.* €560M at 31 December 2016.

The agreement AFD signed with the State, represented by France's Minister for Economic Affairs and Finance, on 21 December 2016, sets out the terms whereby the State would increase its injection through the conversion of the RSC (Resources with special conditions) in AFD's books. Under these terms, AFD converted €2.408bn on 30 December 2016.

5.7.2.13 Financing commitments

Financing commitments given record the amounts to be disbursed under lending agreements with customers or credit institutions and under investment fund agreements.

Financing commitments given to credit institutions include the 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 2016 (€160M having already been subscribed).

5.7.2.14 Guarantee commitments

Commitments given for guarantees 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 increases undertaken in May 2008, May 2014 and June 2014. These buyback options may be exercised for a period of five years following a lock-in period of five years.

5.7.2.15 Disclosure on non-cooperating States and territories

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

Act 2013-672 of 26 July 2013 on the separation and regulation of banking activities broadens the list of required disclosures from banks regarding their offices in non-cooperative countries or territories.

At 31 December 2016, AFD did not have any offices in non-cooperative countries or territories.

5.7.2.16 Other information related to consolidation

AFD's financial statements are fully reflected in AFD Group's consolidated financial statements using the full consolidation method.

5.7.2.17 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

Sommaire de notes

Note 1 Short-term investments[1]

In thousands of euros	December 2016 Listed securities	December 2016 Securities unlisted	December 2016 Total	December 2015 Listed securities	December 2015 Securities unlisted	December 2015 Total
Government paper and equivalent	731,148		731,148	759,077		759,077
Related receivables	4,795		4,795	5,537		5,537
Impairments	-743		-743	-101		-101
NET TOTAL	**735,200**		**735,200**	**764,513**		**764,513**
Bonds and other fixed-income securities	45,937	120,070	166,007	29,980	50,000	79,980
Related receivables	446	-33	412	20	98	118
Impairments	0	0		0		0
NET TOTAL	**46,382**	**120,037**	**166,420**	**30,000**	**50,098**	**80,098**
Shares and other variable-income securities	39,033		39,033	39,033		39,033
Impairments						0
NET TOTAL	**39,033**		**39,033**	**39,033**		**39,033**
TOTAL NET VALUE	**820,615**	**120,037**	**940,652**	**833,546**	**50,098**	**883,644**

In thousands of euros	Fixed income	Income variable	Total	Fixed income	Income variable	Total
Unrealised capital gains	7,852	9,668	17,520	2,890	8,736	11,626

In thousands of euros	Less than 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	2016 total
Maturity of bonds and other fixed-income securities	120,070		45,937		166,007

Note 2 Long-term investments[1]

In thousands of euros	December 2016 Listed securities	December 2016 Securities unlisted	December 2016 Total	December 2015 Listed securities	December 2015 Securities unlisted	December 2015 Total
Government paper and equivalent	683,922		683,922	664,200		664,200
Related receivables	10,330		10,330	10,749		10,749
Net total	694,252		694,252	674,949		674,949
Bonds and other fixed-income securities	103,299		103,299	103,823		103,823
Related receivables	2,850		2,850	2,845		2,845
Net total	106,149		106,149	106,668		106,668
TOTAL NET VALUE	**800,402**		**800,402**	**781,617**		**781,617**
Difference between purchase price and redemption price	63,311		63,311	58,669		58,669

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

In thousands of euros	Less than 3 months	3 months to 1 year	From 1 year to 5 years	More than 5 years	2016 total
Maturity of bonds and other fixed-income securities	6,094		39,478	57,727	103,299

(1) Total balance sheet items: Government paper and equivalent, bonds and other fixed-income securities, shares and other variable-income securities total €1,741,054K at 31/12/2016.

Note 3 Receivables from credit institutions

In thousands of euros	December 2016			December 2015		
	Demand	Term	Total	Demand	Term	Total
Regular accounts	170,986	0	170,986	123,150	0	123,150
Loans to credit institutions	746,656	10,162,488	10,909,143	1,389,404	10,154,621	11,544,025
of which interbank investment[(1)]	746,656	1,141,924	1,888,579	1,389,404	1,161,613	2,551,017
of which loan activity	0	9,020,564	9,020,564	0	8,993,008	8,993,008
Related receivables	88	56,021	56,109	100	49,922	50,022
Impairments	0	-117,212	-117,212	0	-114,216	-114,216
TOTAL	**917,730**	**10,101,296**	**11,019,026**	**1,512,654**	**10,090,327**	**11,602,981**

(1) *This item includes money-market UCITS*

The amount of outstandings at the State's risk and on behalf of the State is €1,893,070K.

In thousands of euros	Less than 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	2016 total
Maturity of loans to credit institutions	1,607,753	818,843	3,658,866	2,935,102	9,020,564

Total outstanding doubtful loans (€113,985K) are included in "Less than 3 months".

Details of doubtful term loans	December 2016		December 2015	
In thousands of euros	Gross	Impairments	Gross	Impairments
Doubtful outstandings (excluding related receivables)	113,985	109,358	106,377	106,362
of which non-performing outstanding sovereign loans[(1)]				
of which non-performing outstanding non-sovereign loans	106,378	106,346	106,346	106,346

(1) *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

In thousands of euros	December 2016	December 2015
Credit to customers	22,353,814	20,163,190
Related receivables	101,101	97,014
Impairments	-306,673	-292,093
TOTAL	**22,148,241**	**19,968,111**

Outstanding credit at the State's risk is €404,950K at 31/12/2016. Outstandings for loans on behalf of the State and for governmental loans stand at €6,203K.

In thousands of euros	Less than 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	2016 total
Maturity of loans to customers	701,240	1,238,741	6,871,242	13,542,591	22,353,814

Total arrears on ordinary receivables (€53,946K) and total doubtful loans (€488,241K) are included in "Less than 3 months."

Details of doubtful term loans	December 2016		December 2015	
In thousands of euros	Gross	Impairments	Gross	Impairments
Doubtful outstandings (excluding related receivables)	488,241	306,673	454,558	292,093
of which non-performing outstanding sovereign loans[(1)]	91,398	74,115	89,254	72,300
of which non-performing outstanding non-sovereign loans	130,116	120,943	127,034	120,327

(1) *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

In thousands of euros	December 2016	December 2015
Long-term securities and equity stakes	**146,263**	**147,831**
Gross value[1]	164,264	162,465
Translation differences	-18,001	-14,634
Related receivables	0	33
Impairments	15,221	16,166
NET TOTAL	**131,042**	**131,698**

(1) The gross amount of listed shares totalled €13,998K in 2016.

Note 6 Shares in related businesses

In thousands of euros	December 2016	December 2015
Gross value	592,873	585,291
Impairments	5,980	5,980
NET TOTAL	**586,894**	**579,311**

Note 7 Transactions with related businesses

In thousands of euros	December 2016	December 2015
Assets		
Receivables from credit institutions	4,143,254	3,966,787
Liabilities		
Term debts to credit institutions	323,947	303,841
Off-balance sheet		
Financing commitments given	1,359,574	1,317,918
Guarantee commitments given	1,083,964	975,986

Note 8 List of subsidiaries and equity stakes

SUBSIDIARIES HELD AT MORE THAN 50%

In thousands of euros	Proparco	Soderag
Head office	151, rue Saint-Honoré 75001 Paris	rue F. Eboué BP 64 97110 Pointe à Pître
Equity	693,079	5,577
Equity holdings	64.95%	100%
Shareholders' equity	895,341	-116,105
of which income after tax	60,441	-41
Gross book value	420,556	5,980
Net book value	420,556	0

In thousands of euros	Sogefom	Fisea
Head office	5, rue Roland-Barthes 75012 Paris	5, rue Roland-Barthes 75012 Paris
Equity	1,102	160,000
Equity holdings	60.00%	100.00%
Shareholders' equity	14,451	102,660
of which income after tax	-449	-9,911
Gross book value	5,015	160,000
Net book value	5,015	160,000

EQUITY STAKES OF BETWEEN 10% AND 50%

Gross value	45,219
Net value	42,582

Note 9 Fixed assets and depreciation/amortisation

In thousands of euros	31-12-2015	Purchases	Sales	Transfers	31-12-2016
Gross value					
Land and development	88,523	405	288	-72	88,568
Buildings and development	201,264	3,637	1,416	-402	203,083
Other property, plant and equipment	46,704	4,033	3,103	877	48,511
Intangible assets	59,989	12,065	2,600	2,647	72,101
GROSS AMOUNT	**396,481**	**20,140**	**7,407**	**3,050**	**412,264**

In thousands of euros	31-12-2015	Provisions	Reversals	Other	31-12-2016
Depreciation/amortisation					
Land and development	2,422	153			2,575
Buildings and development	104,669	7,183	1,463	-145	110,244
Other property, plant and equipment	35,216	3,700	2,925	145	36,136
Intangible assets	38,845	6,644			45,490
Amount of depreciation/amortisation	181,152	17,680	4,388	0	194,445
Impairments	0				0
NET AMOUNT	**215,328**				**217,818**

Note 10 Other assets and liabilities

	December 2016		December 2015	
In thousands of euros	Assets	Liabilities	Assets	Liabilities
Accounts payable, French State		175,339		233,505
Borrowing from French Treasury		0		123,487
Allocated public funds		66,644		68,698
Guarantee funds in the French Overseas Departments		11,389		11,789
Collateral deposit	694,335	894,149	527,679	1,162,713
Other	11,604	320,428	10,777	265,779
TOTAL	**705,938**	**1,467,949**	**538,456**	**1,865,971**

Note 11 Accruals

	December 2016		December 2015	
In thousands of euros	Assets	Liabilities	Assets	Liabilities
Currency adjustment accounts on off-balance sheet items	0	413,101	0	64,084
Income and expenses resulting from *swaps*	380,498	135,137	395,631	143,733
Shared income and expenses	88,322	164,341	113,539	136,682
Other accruals	57,165	31,524	59,441	20,706
TOTAL	**525,985**	**744,103**	**568,611**	**365,205**

Note 12 Debts to credit institutions

	December 2016		December 2015	
	Demand	Term	Demand	Term
Debts to credit institutions	117,863	321,817	186,449	301,716
Related debts	14	2,533	73	2,527
TOTAL	**117,877**	**324,350**	**186,522**	**304,243**

In thousands of euros	Less than 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	2016 total
Maturity of loans due to credit institutions		11,461	175,502	134,854	321,817

Note 13 Transactions with customers

	December 2016		December 2015	
In thousands of euros	Demand	Term	Demand	Term
Accounts payable, customers	1,937	0	1,954	0
Related debts	0	0	0	0
TOTAL	**1,937**	**0**	**1,954**	**0**

Note 14 Debt securities in issue

In thousands of euros	December 2016	December 2015
Negotiable debt securities	0	942,085
Bonds	26,961,066	23,975,429
Related debts	359,421	351,667
TOTAL	**27,320,487**	**25,269,181**

In thousands of euros	Less than 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	2016 total
Maturity of debt securities in issue	2,106,965	948,430	11,604,826	12,300,845	26,961,066

Note 15 Provisions

In thousands of euros	December 2015	Provisions	Reversals	Translation adjustment	December 2016
Sovereign loans(1)	564,642	57,053	42	-87	621,566
Performing non-sovereign loans	312,437	63,715	26,638		349,514
Guarantees granted	46,257	25,054	2,778	1,118	69,651
French Overseas Department subsidiary risks	31,976	840	3,183		29,633
Other risks	10,398	0	260		10,138
Foreign exchange losses(1)	8,536	6	1,538		7,004
Administrative expenses(1)	636	0	0		636
Staff costs(1)	83,729	4,762	0		88,491
TOTAL	**1,058,611**	**151,430**	**34,439**	**1,031**	**1,176,632**

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

Note 16 Subordinated debt

In thousands of euros	December 2016	December 2015
Subordinated debts	990,000	3,162,641
Lowest-ranked subordinated debt	0	499,276
Related debts	4	11,303
TOTAL	**990,004**	**3,673,220**

Note 17 Reserve for General Banking Risk (RGBR)

In thousands of euros	December 2015	Provisions	Reversals	December 2016
Reserve for general banking risk (RGBR)	460,000			460,000

Note 18 Equity excluding RGBR

In thousands of euros	December 2016	December 2015
Provisions	2,807,999	400,000
Reserves	1,661,205	1,517,196
Subsidies	38,444	18,088
Unallocated income(1)	138,213	180,011
TOTAL	**4,645,861**	**2,115,295**

(1) Dividends distributed to the French State in 2016 totalled €36,002K.

Note 19 Assets and liabilities in foreign currencies(1)

In thousands of euros	December 2016	December 2015
Amount of assets denominated in foreign currencies(2)	9,525,983	8,611,665
Amount of liabilities denominated in foreign currencies(2)	6,453,112	6,647,966

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

Note 20 Interest and related income

In thousands of euros	December 2016	December 2015
Interest and income on transactions with credit institutions(1)	**438,016**	**419,535**
Interest on loans	235,987	208,231
Interest on short-term investments	6,181	9,388
Income from forward financial instruments	195,848	201,916
Interest and income on transactions with customers(1)	**500,188**	**499,575**
Interest and income on bonds and other fixed-income securities	**23,130**	**26,235**
Short-term investments	42	1,914
Long-term investments	23,087	24,322
Other interest and similar income	**532,435**	**563,080**
Income from forward financial instruments	532,435	563,080
TOTAL	**1,493,768**	**1,508,426**

(1) The amount of net reversals of provisions for interest on doubtful loans, adjusted for losses on interest on bad loans, is €3,109K at 31/12/2016 compared to €5,005K at 31/12/2015.

In thousands of euros	French Overseas Departments	French Pacific Collectivities	Foreign countries
Breakdown of revenue by geographic area: €755,465K	76,511	42,405	636,549

for total revenue of €755,465K

Note 21 Interest and related expenses

In thousands of euros	December 2016	December 2015
Interest and expenses on transactions with credit institutions	**632,612**	**579,475**
Interest on accounts payable	5,073	5,269
Expenses on forward financial instruments	627,539	574,206
Interest on borrowings	0	0
Interest and expenses on transactions with customers	**7,713**	**9,116**
Interest on subordinated debts	7,713	9,116
Other interest and expenses on transactions with customers	0	0
Interest and expenses on bonds and other fixed-income securities	**496,137**	**520,842**
Interest on interbank market securities and negotiable debt securities	-365	229
Interest on bonds	482,534	497,481
Interest on lowest-ranked subordinated debt	13,968	23,132
Other interest and similar income	**107,219**	**162,855**
Expenses on forward financial instruments	106,084	161,312
Interest on allocated public funds	1,134	1,543
TOTAL	**1,243,681**	**1,272,288**

Note 22 Commission income and expenses

In thousands of euros	December 2016	December 2015
Commission income	**62,091**	**58,248**
from subsidies	46,177	40,896
from processing	13,279	14,737
other	2,636	2,615
Commission expenses	**1,089**	**383**

Note 23 Gains or losses on investment portfolio transactions

In thousands of euros	December 2016	December 2015
Balance of investment portfolio transactions	**241**	**-919**
Capital gains on disposals	1,159	1,159
Capital losses on disposals	276	1,980
Reversals of provisions for depreciation	101	2
Provisions for depreciation	743	100

Note 24 Other income on banking operations

In thousands of euros	December 2016	December 2015
Other income on banking operations	**275,456**	**277,586**
Subsidies	219,977	216,191
Other banking income	55,363	53,543
Net foreign exchange gains	115	7,852

Note 25 Other expenses on banking operations

In thousands of euros	December 2016	December 2015
Other expenses on banking operations	**60,519**	**50,454**
Other operating expenses	60,519	50,454
Net foreign currency losses	0	0

Note 26 Overheads – Staff costs

In thousands of euros	December 2016	December 2015
Wages and bonuses	139,543	129,319
Social security expenses	58,548	55,361
Profit sharing	7,204	5,273
Taxes and similar payments on remuneration	13,248	13,079
Provisions/reversal of provisions	4,762	5,536
Rebilling banks' staff	-13,644	-14,746
TOTAL	**209,660**	**193,822**

Note 27 Average workforce

Head office and branches (excluding institutions)	Executives	Skilled employees	Supervisors	Service staff	Stationary staff	2016 total
	1,156	133	8	1	513	1,811

Note 28 Asset impairments

	December 2016				
In thousands of euros	Provisions	Reversals	Translation adjustment	Total	December 2015
Unpaid interest on loans (Notes 3 and 4)	12,574	9,872	60	145,257	142,495
Individualised risk on loans (Notes 3 and 4)	29,619	13,655	165	273,267	257,138
Impairment of equity stakes (Notes 5 and 6)	706	1,652		21,200	22,146
Impairment of short-term investments (Note 23)	743	101		740	98
TOTAL	**43,642**	**25,280**	**225**	**440,464**	**421,877**

Note 29 Cost of risk(1)

	December 2016			
In thousands of euros	Provisions	Reversals	Total	December 2015
Provisions (Note 15)(1)	89,609	32,859	-56,750	-43,656
Depreciation of principal of doubtful loans (Note 28)	29,619	13,655	-15,964	3,263
Losses on principal of bad loans	1,659	18	-1,641	-25,696
TOTAL	**120,887**	**46,532**	**-74,355**	**-66,089**

(1) These figures do not include the first line or the last three lines of Note 15.

Note 30 Gains or losses on fixed assets

In thousands of euros	December 2016	December 2015
Gains or losses on financial fixed assets	**-589**	**6,901**
Capital gains and losses	-1,534	7,563
Provisions/reversals for depreciation	945	-662
Gains or losses on other fixed assets	**968**	**1,458**
TOTAL	**379**	**8,359**

Note 31 Exceptional income

In thousands of euros	December 2016	December 2015
Exceptional gains	36	7
Exceptional losses	210	634
NET TOTAL	**-173**	**-627**

Note 32 Other off-balance sheet commitments

In thousands of euros	December 2016	December 2015
Guarantee commitments received from the French State on loans	2,383,727	2,910,803
Guarantee commitments received from credit institutions	246,996	427,858
Guarantee commitments made to credit institutions	28,527	19,485
Guarantee commitments given on securities	322,574	327,196
Guarantee commitments made to customers	1,709,250	1,647,745

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

	December 2016		December 2015	
In thousands of euros	notional	valuation(2)	notional	valuation(2)
Outright transactions				
Interest rate swaps (hedging transactions)	-27,046,466	514,723	-22,563,743	482,312
Currency swaps (hedging transactions)	28,604,536	-355,565	27,583,721	-28,408
Commitments received	14,126,873		13,810,269	
Commitments given	14,477,663		13,773,452	
Other instruments (hedging transactions)				
Options	**-402,840**	**4,935**	**-194,967**	**5,071**

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

In thousands of euros	Less than 1 year	From 1 to 5 years	More than 5 years	2016 total
Outright, micro-hedge and OTC market transactions				
Interest rate swaps	1,919,038	5,815,382	19,312,046	27,046,466
Currency swaps	2,577,321	10,498,813	15,528,402	28,604,536
Commitments received	1,352,398	5,415,553	7,358,922	14,126,873
Commitments given	1,224,923	5,083,260	8,169,480	14,477,663
Options	**3,125**	**67,048**	**332,667**	**402,840**

Note 34 Valuation of forward financial instruments excluding IMF transactions(1) by issuer rating

Banking counterparty rating *In thousands of euros*	31-12-2016 Valuation(2)	31-12-2015 Valuation(2)
AAA		
AA	-4,158	-24,378
A	182,197	563,588
BBB	195,319	126,310
NR	-6,194	
TOTAL	**367,164**	**665,520**

(1) Counterparty risk on derivatives related to the financing of IMF transactions is covered by the overall guarantee granted to AFD by the French State for this purpose.
(2) Replacement cost is represented by the net gain on market values, including accrued interest. If the balance is negative, the cost is zero.

Note 35 Investments held in managed funds[1]

Fund source	Number of investments	Price purchase
Caisse d'Investissement des DOM (Cidom)	3	1,494
Fonds d'Investissement et de Développement Économique et Social (Fides)	5	642
Fonds d'Investissement des DOM (Fidom)	13	2,810
Other Government resources	7	19,818
TOTAL	**28**	**24,764**

(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 €423,598.

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 STATUTORY AUDITORS'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 December 2016.

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 2016, on:

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

The 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 annual 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 annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the company at 31 December 2016 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 of the Annex. 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 of the Annex. 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 of the Board of Directors and in the documents addressed to the Board of Directors with respect to the financial position and the financial statements.

Paris La Défense and Courbevoie, 19 April 2017

The statutory auditors

KPMG	MAZARS
Pascal BROUARD	Max DONGAR

5.9 AFD'S FINANCIAL RESULTS OVER THE LAST FIVE YEARS

	2016	2015	2014	2013	2012
Capital + Retained earnings + Income *(in millions of euros)*	**4,607**	**2,097**	**1,941**	**1,858**	**1,828**
Net banking income *(in millions of euros)*	539	533	449	441	363
Net income *(in millions of euros)*	138	180	121.3	92.9	87.9
Net income/capital + retained earnings + income	3.00%	8.58%	6.25%	5.00%	4.81%
Net income/balance sheet total	0.37%	0.51%	0.40%	0.35%	0.37%
Staff					
Number of employees (average)	1,811	1,715	1,685	1,667	1,656
Total payroll costs *(in millions of euros)*	209.7	193.8	184.8	184.3	170.3
of which social and cultural initiatives *(in millions of euros)*	16.3	13	14.3	15.5	10.7

5.10 AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Board of Directors meeting to approve the financial statements for the year ended 31 December 2016

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 EUROPEAN INVESTMENT BANK

RISK sharing framework agreement with the EUROPEAN INVESTMENT BANK.

On 22 December 2016, AFD signed a risk sharing framework agreement with the European Investment Bank.

Through this, the EIB shares risk up to a maximum amount of €150 million for projects included in the portfolio of eligible projects. These are projects for which a confirmation of participation has been signed by AFD and the EIB.

In the event of payment default, AFD may send notification to the EIB indicating the amount and the nature of the unpaid sums, their due date and the amount of the EIB's share of these sums.

Up to the threshold of its available participation commitment, the EIB is committed irrevocably to paying AFD within a period of 60 days following receipt of the notification, an amount corresponding to its percentage share.

In exchange for the EIB's risk sharing commitment, AFD will pay the EIB a risk sharing commission calculated for each project. Should a project default, no participation commission will be payable from AFD to the EIB.

The EIB's risk sharing benefits from a European Union guarantee in respect of the European Fund for Strategic Investments.

This agreement was approved by the Board of Directors on 15 December 2016.

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 company, as provided for by Article L. 225-38 of the French Commercial Code.

WITH THE COORDINATION SUD NON-PROFIT GROUP

Agreement between AGENCE FRANCAISE DE DEVELOPPEMENT and COORDINATION SUD regarding the financing of the FRIO facility

On 1 September 2016 AFD and COORDINATION SUD signed an agreement on the financing of the FRIO facility, which aims to strengthen organisational and institutional aspects of French CSOs (civil society organisations).

AFD is putting at the beneficiary's disposal a grant for a maximum amount of €584,197. This grant may not exceed the limit of 80% of a project's overall budget.

Funding paid must be used entirely for eligible expenses by 31 June 2017 at the latest. The portion of the grant not used by this date will be automatically cancelled.

The period of eligibility for expenses related to the project is set from 1 July 2016, or the project's effective start date, to 31 December 2017, the project's effective closing date.

Costs arising from the negotiation, preparation, signature and execution are considered as additional expenses and remain payable by COORDINATION SUD.

This agreement received prior approval by AFD's Board of Directors on 16 June 2016.

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 company, as provided for by Article L. 225-38 of the French Commercial Code.

Financing agreement between AGENCE FRANÇAISE DE DÉVELOPPEMENT and COORDINATION SUD on funding the new edition of the study "Argent/Association de solidarité internationale – Edition 2017" (money and international solidarity associations - 2017 edition)

This agreement provides that a grant of €65,395 be made available to the COORDINATION SUD association. This will be used to fund the new edition of the study "Argent/Associations de solidarité internationale (ASI) – Edition 2017"

This agreement received prior approval by AFD's Board of Directors on 15 December 2016.

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 company, as provided for by Article L. 225-38 of the French Commercial Code.

WITH THE COMITÉ NATIONAL DE SOLIDARITÉ LAÏQUE (CNSL) (NATIONAL SECULAR SOLIDARITY COMMITTEE)

Agreement on the Programme for Developing Education Networks in West Africa

On 6 April 2017, AFD and the Comité National de Solidarité Laïque signed a financing agreement for the Programme for Developing Education Networks in West Africa (final phase 2016-2018).

The maximum amount of the grant is set at €910,219 of which the first payment will be made once the following conditions have been met:

- approval by the Agency of the final technical and financial report for the previous phase;
- receipt by the Agency of the communication containing the NGO's security plan at the French Embassy in Benin and in Burkina Faso.

The period of eligibility for expenses related to the project is set from 1 April 2016, or the project's effective start date, to 31 March 2018, corresponding to the project's closing date. By the latter date, all of the expenses related to the project must have been paid out.

The deadline for dispersing funds is set at 31 September 2017.

This agreement received prior approval by AFD's Board of Directors on 16 June 2016.

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 company, as provided for by Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE BOARD OF DIRECTORS

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 €1,504 thousand under this agreement in 2016.

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 2016, SODERAG'S debt to AFD under agreements signed between 1997 and 2005 totalled €106,346 thousand.

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 2016, outstanding loans in AFD's books amounted to €10,249 thousand for SODEMA, €18,180 thousand for SODEGA and €856 thousand 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 2016, AFD was paid fees and interest for these loans that amounted to €636 thousand from SODEMA, €161 thousand from SODEGA and €131 thousand from SOFIDEG.

In 2016, up to €23,439 thousand 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 €2,344 thousand in 2016.

WITH 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 €12,500 thousand to each foundation, repayable in one instalment after 15 years.

Loan outstanding amounted to €25 million at 31 December 2016.

AFD received no remuneration under this agreement in 2016.

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 2016 to 31 December 2016 totalled €28,630 thousand.

Paris La Défense, 19 April 2017	Courbevoie, 19 April 2017
KPMG	MAZARS
Pascal BROUARD	Max DONGAR
Partner	*Partner*

5.11 FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORK

	MAZARS				KPMG AUDIT			
	Amount		%		Amount		%	
In thousands of euros	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Statutory audit and certification of the annual and consolidated financial statements of AFD Group	206	197	99%	51%	227	219	47%	52%
Parent company (AFD)	*144*	*138*	*69%*	*36%*	*144*	*138*	*30%*	*33%*
Fully consolidated companies	*61*	*59*	*29%*	*15%*	*83*	*81*	*17%*	*19%*
Additional assignments	2	187	1%	49%	256	201	53%	48%
Parent company (AFD)	*2*	*187*	*1%*	*49%*	*256*	*201*	*53%*	*48%*
Fully consolidated companies	*0*	*0*	*0%*	*0%*	*0*	-	*0%*	*0%*
SUBTOTAL	208	384	100%	100%	483	419	100%	100%
Other services								
Legal, tax, benefits			*0%*	*0%*			*0%*	*0%*
Other			*0%*	*0%*			*0%*	*0%*
SUBTOTAL	0	0	0%	0%	0	-	0%	0%
TOTAL FEES BEFORE TAX	**208**	**384**	**100%**	**100%**	**483**	**419**	**100%**	**100%**

PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

6.1 NAME AND POSITION

Rémy Rioux, Chief Executive Officer (CEO)

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.

Paris, 27 April 2017

Chief Executive Officer

Rémy Rioux

6.3 NAME, ADDRESS AND QUALIFICATION OF THE FINANCIAL STATEMENTS' STATUTORY AUDITORS

	For 2014		For 2015		For 2016	
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

Françoise Lombard

Head of the Finance and Accounting Department

Tel.: +33 (0)1 53 44 40 14

ADDITIONAL INFORMATION

7.1 MANAGEMENT REPORT CROSS-REFERENCE TABLE

	Management report headings	Registration document
1.	**Activities of the Group in 2016**	**1**
1.1.	General information	1.1
1.2.	AFD operations	1.2
1.3.	AFD Group	1.3
1.4.	Activities of Agence Française de Développement Group in 2016	1.4
2.	**Presentation of the consolidated financial statements**	**5.3**
2.1.	Consolidated balance sheet	5.3.1
2.2.	Consolidated income statement	5.3.2
3.	**Risk factors**	**4.1**
4.	**Corporate social responsibility**	**2**
4.1.	Employee information	2.1
4.2.	Environment	2.2
4.3.	Information on commitments to promote sustainable development	2.3
5.	**Compensation of Executive Officers**	**3.2**
6.	**Recent changes and future prospects**	**5.1**
6.1.	Recent changes	5.1.1
6.2.	Future prospects	5.1.2
6.3.	Borrowings	5.1.3
7.	**Post-closing events**	5.2
Appendix 1	AFD’s operating region	appendix 1
Appendix 2	AFD balance sheet using French standards	appendix 2
Appendix 3	AFD income statement using French standards (simplified)	appendix 3
Appendix 4	Key ratios and indicators	appendix 4
Appendix 5	Results of operating activities for the last five reporting years (parent company)	appendix 5
Appendix 6	AFD approvals	appendix 6
Appendix 7	Summary table of AFD’s and Proparco’s loans in foreign countries	appendix 7
Appendix 8	Table of Proparco’s approvals	appendix 8

7.2 INCORPORATED 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 2015, the related Statutory Auditors’ reports and the Group’s management report appear in the Registration document submitted to the AMF on 26 April 2016 under Number D.16-409.

7.3 CROSS-REFERENCE TABLE OF THE REGISTRATION DOCUMENT

	Headings of appendix XI to EC regulation 809/2004	Page(s) starting	Comments (where applicable)
1.	Persons responsible	6.1	
2.	Statutory auditors	6.3	
3.	Risk factors	4.1	
4.	Information about the issuer	1.1.1	
5.	Overview of activities	1.2	
6.	Organisation chart	1.3.1	
7.	Information about trends	5.1.4	
8.	Earnings forecasts or estimates	no	
9.	Administrative, management and supervisory bodies	3.1	
10.	Main shareholders	1.1.1	
11.	Financial information about the issuer's assets and liabilities, financial position and income	5.4	
11.1.	Historical financial information	5.9	
11.2.	Financial statements	5.4	
11.3.	Verification of annual historical financial information	5.6	
11.4.	Date of most recent financial information	5.4.4	
11.5.	Interim and other financial information	n/a	
11.6.	Legal and arbitration proceedings	4.3.1	
11.7.	Significant change in the issuer's financial position	5.1.5	
12.	Major contracts	n/a	
13.	Information from third-parties, expert opinions and statements of interests	2.4, 5.6, 5.8,5.10	
14.	Documents available to the public	1.1.1	

7.4 CROSS-REFERENCE TABLE BETWEEN THE CRR ARTICLES AND THE PILLAR III REPORT TABLES

Art. CRR	Title		Paragraph
435	Risk management objectives and policies		
	Risk management objectives and policies for each risk category	a/	4.3 + 5.5.2.3.3
		b/	4.3.1 + 5.5.2.3.3
		c/	5.5.2.3.3
		d/	4.2.4.1.3
		e/	6.2
		f/	6.2
	Corporate governance system	a/	3.1.1
		b/	3.1.1
		c/	3.1.1
		d/	5.5.2.3.3.1
		e/	4.3.1
436	Access to the activity of credit institutions and supervisory review of credit institutions and investment companies	a/	1.1
		b/	4.2.2.2
		c/	4.2.2.2
		d/	n/a
		e/	n/a
437	Capital	a/	4.2.3
		b/	4.2.3
		c/	4.2.3
		d/	4.2.3.1
		e/	4.2.3.1
		f/	n/a
438	Capital requirements	a/	4.2.3.2
		b/	4.2.3.2
		c/	4.2.3.2
		d/	4.2.3.2
		e/	n/a
		f/	4.2.3.2
439	Counterparty credit risk exposure	a/	5.5.2.3.3.1
		b/	4.2.4.1.3
		c/	n/a
		d/	n/a
		e/	4.2.4.1.1.2
		f/	4.2.4.1.2
		g/	n/a
		h/	n/a
		i/	n/a
440	Capital cushions		n/a
441	Systemic global importance indicators		n/a
442	Adjustments for credit risk	a/	5.5.2.2
		b/	5.5.2.2
		c/	4.2.4.1.1.1
		d/	4.2.4.1.1.2
		e/	4.2.4.1.1.2
		f/	4.2.4.1.1.3
		g/	4.2.4.1.1.4
		h/	4.2.4.1.1.4

Art. CRR	Title		Paragraph
		i/	4.2.4.1.1.5
443	Unencumbered assets		4.2.4.6
444	Use of ECAI		4.2.4.1.2
445	Market risk exposure		n/a
446	Operational risk		n/a
447	Non-trading book equities exposure	a/	5.5.2.2.
		b/	4.2.4.1.1.2 & Note 3 to the financial statements
		c/	4.2.4.1.1.2 & Note 3 to the financial statements
		d/	4.2.4.1.1.2 & Note 3 to the financial statements
		e/	4.2.4.1.1.2 & Note 3 to the financial statements
448	Interest rate risk exposure for non-trading portfolio positions		5.5.2.3.3.3 Interest rate risk
449	Securitisation exposure		n/a
450	Compensation policy		3.3
451	Leverage		4.2.3.4
452	Use of NI approach for credit risk		n/a
453	Use of credit risk mitigation techniques		4.2.4.1.3
454	Use of advanced measurement approaches for operating risk		n/a
455	Use of internal market risk models		n/a

APPENDIX 1 – AFD'S OPERATING SCOPE

Sub-Saharan Africa

South Africa	Ex-PSZ – countries in the Priority Solidarity Zone
Angola	Ex-PSZ
Benin	Ex-PSZ
Botswana	The Cicid meeting of 19 June 2006 (opening up of AFD loans to all of the countries of Sub-Saharan Africa)
Burkina Faso	Ex-PSZ
Burundi	Ex-PSZ
Cameroon	Ex-PSZ
Cape Verde	Ex-PSZ
Central African Rep.	Ex-PSZ
Comoros	Ex-PSZ
Rep. Congo	Ex-PSZ
Dem. Rep. Congo	Ex-PSZ
Côte d'Ivoire	Ex-PSZ
Djibouti	Ex-PSZ
Eritrea	Ex-PSZ
Ethiopia	Ex-PSZ
Gabon	Ex-PSZ
Gambia	Ex-PSZ
Ghana	Ex-PSZ
Guinea	Ex-PSZ
Equatorial Guinea	Ex-PSZ
Guinea-Bissau	Ex-PSZ
Kenya	Ex-PSZ
Liberia	Ex-PSZ
Madagascar	Ex-PSZ
Malawi	The Cicid meeting of 19 June 2006 (opening up of AFD loans to all of the countries of Sub-Saharan Africa)
Mali	Ex-PSZ
Mauritius	The Cicid meeting of 14 February 2002
Mauritania	Ex-PSZ
Mozambique	Ex-PSZ
Namibia	Ex-PSZ
Niger	Ex-PSZ
Nigeria	Ex-PSZ
Uganda	Ex-PSZ
Rwanda	Ex-PSZ
Sao Tome and Principe	Ex-PSZ
Senegal	Ex-PSZ
Seychelles*	The Cicid meeting of 14 February 2002
Sierra Leone	Ex-PSZ
Sudan	Ex-PSZ
Southern Sudan	Southern Sudan was included in the Ex-PSZ
Tanzania	Ex-PSZ
Chad	Ex-PSZ
Togo	Ex-PSZ
Zambia	The Cicid meeting of 19 June 2006 (opening up of AFD loans to all of the countries of Sub-Saharan Africa)
Zimbabwe	Ex-PSZ

** Countries of the regional cooperation mandate.*

The Middle East and North Africa (MENA)

Algeria	Ex-PSZ
Egypt	MAE/Minefi letter of 12 December 2003
Iraq	MAE/Minefi letter of 6 August 2010
Jordan	MAE/Minefi letter of 12 December 2003
Lebanon	Ex-PSZ
Libya	MAE/Minefi letter of 2 April 2012
Morocco	Ex-PSZ
Syria	MAE/Minefi letter of 12 December 2003
Palestinian areas	Ex-PSZ
Tunisia	Ex-PSZ
Turkey	MAE/Minefi letter of 12 December 2003
Yemen	Ex-PSZ

Asia and Pacific

Afghanistan	Included in the list of Ex-PSZ countries according to the 29 January 2004 letter from the regulators
Armenia	MAE/Minefi letter of 2 April 2012
Azerbaijan	MAE/Minefi letter of 2 April 2012
Bangladesh	The Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012
Cambodia	Ex-PSZ
China	MAE/Minefi letter of 12 December 2003
Cook Islands*	The Cicid meeting of 28 January 1999 and 14 February 2002
Fiji*	The Cicid meeting of 28 January 1999 and 14 February 2002
Georgia	MAE/Minefi letter of 2 April 2012
India	The Cicid meeting of 19 June 2006 (experimental basis)
Indonesia	MAE/Minefi letter of February 2005 (post-tsunami), followed by the Cicid meeting of 19 June 2006
Kazakhstan	The Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012
Kiribati*	The Cicid meeting of 28 January 1999 and 14 February 2002
Laos	Ex-PSZ
Marshall Islands*	The Cicid meeting of 28 January 1999 and 14 February 2002
Federal states of Micronesia*	The Cicid meeting of 28 January 1999 and 14 February 2002
Myanmar (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)
Nauru*	The Cicid meeting of 28 January 1999 and 14 February 2002
Niue*	The Cicid meeting of 28 January 1999 and 14 February 2002
Uzbekistan	The Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012
Pakistan	Joint MAE/Minefi decree of 25 January 2006 (post-earthquake for three years), then the Cicid of 19 June 2006
Papua New Guinea*	The Cicid meeting of 28 January 1999 and 14 February 2002
Philippines	The Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012
Solomon Islands*	The Cicid meeting of 28 January 1999 and 14 February 2002
Samoa*	The Cicid meeting of 28 January 1999 and 14 February 2002
Sri Lanka	MAE/Minefi letter of February 2005 (post-tsunami), followed by the Cicid meeting of 5 June 2009 and then by the MAE/Minefi letter of 2 April 2012
Tokelau territory*	The Cicid meeting of 28 January 1999 and 14 February 2002
Thailand	MAE/Minefi letter of 12 December 2003
Tonga*	The Cicid meeting of 28 January 1999 and 14 February 2002
Tuvalu*	The Cicid meeting of 28 January 1999 and 14 February 2002
Vanuatu	Ex-PSZ
Vietnam	Ex-PSZ

** Countries of the regional cooperation mandate.*

Latin America and Caribbean

Antigua-and-Barbuda*	The Cicid meeting of 14 February 2002
Bolivia	Letter of 5 December 2014 - green, solidarity-based growth
Brazil	The Cicid meeting of 19 June 2006
Colombia	The Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012
Cuba	MAE/Minefi letter of 16 November 2016
Dominican Rep.*	Ex-PSZ
Dominica	The Cicid meeting of 14 February 2002
Ecuador	Letter of 25 September 2014 - green, solidarity-based growth
Grenada*	The Cicid meeting of 14 February 2002
Guyana*	The Cicid meeting of 28 January 1999 and 14 February 2002
Haiti	Ex-PSZ
Jamaica*	The Cicid meeting of 28 January 1999 and 14 February 2002
Mexico	The Cicid meeting of 5 June 2009 followed by the MAE/Minefi letter of 2 April 2012
Peru	MAE/Minefi letter of 5 March 2013
Saint Lucia*	The Cicid meeting of 14 February 2002
St-Kitts and Nevis*	The Cicid meeting of 14 February 2002
St-Vincent and the Grenadines*	The Cicid meeting of 14 February 2002
Suriname	Ex-PSZ

* *Countries of the regional cooperation mandate.*

List of priority poor countries at 31/12/2016

Benin – Burkina Faso – Burundi – Comoros – Djibouti – Ethiopia – Haiti – Guinea – Madagascar – Mali – Mauritania – Niger – Central African Republic - Democratic Republic of Congo – Senegal – Chad – Togo.

APPENDIX 2 – AFD BALANCE SHEET USING FRENCH STANDARDS (SIMPLIFIED)

ASSETS *In millions of euros*	2016	2015	Change
Loans (net outstanding)	29,848	27,337	2,511
of which net loans on AFD's own behalf	*29,191*	*26,679*	*2,512*
Gross outstandings	30,116	27,597	2,519
of which loans on AFD's own behalf	*29,459*	*26,940*	*2,520*
of which loans on behalf of the State	*657*	*657*	*-1*
(-) individual impairments	424	406	18
(+) accrued interest	156	146	10
IMF-PRGF transactions	1,557	1,589	-32
Investment portfolio	800	782	19
Short-term cash assets	2,936	3,613	-677
Equity stakes	717	711	6
Fixed assets	218	215	2
Accruals and other assets	1,172	1,053	119
TOTAL	**37,249**	**35,300**	**1,949**

LIABILITIES *In millions of euros*	2016	2015	Change
Market borrowings	25,840	24,299	1,541
Borrowings from French Treasury	991	3,286	-2,295
Current accounts	443	492	-50
IMF-PRGF transactions	1,556	1,588	-32
Funds under management and advances from the State	328	386	-58
Accruals and other liabilities	1,847	1,633	214
Provisions	1,177	1,059	118
Capital and retained earnings	4,929	2,377	2,552
Net income	138	180	-42
TOTAL	**37,249**	**35,300**	**1,949**

APPENDIX 3 – AFD INCOME STATEMENT USING FRENCH STANDARDS (SIMPLIFIED)

Expenses *In millions of euros*	2016	2015	Change
Expenses on borrowings	1,131.7	1,147.3	-15.6
• Interest on borrowings	450.1	465.9	-15.8
• Expenses on *swaps*	683.1	690.7	-7.6
• Net foreign exchange balance	-1.5	-9.3	7.8
Miscellaneous financial expenses	16.5	16.2	0.3
Expenses on IMF-PRGF transaction	12.8	10.4	2.4
TOTAL EXPENSES ON BANKING OPERATIONS	**1,161.0**	**1,173.9**	**-12.9**
Net of expenses on IMF-ESAF transaction	*1,148.2*	*1,163.5*	*-15.3*
NET BANKING INCOME	539.1	533.1	6.0
Overheads	309.1	277.8	31.3
Staff costs	209.7	193.8	15.8
wages and bonuses	139.5	129.3	10.2
social security contributions	58.5	55.4	3.2
profit sharing	7.2	5.3	1.9
taxes and similar payments on remuneration	13.2	13.1	0.2
provisions for retirement-employee benefits	4.8	5.5	-0.8
rebilling banks' staff	-13.6	-14.7	1.1
other			0.0
• Taxes and similar payments	7.7	6.3	1.4
• Other general expenses	91.7	77.7	14.0
Depreciation/amortisation expenses on property, plant and equipment and intangible assets (net)	17.7	16.9	0.8
Total expenses on non-banking operations	326.8	294.7	32.1
GROSS OPERATING INCOME	212.4	238.4	-26.0
Cost of risk	-74.4	-66.1	-8.3
Net provisions for unpaid interest	-16.0	3.3	-19.2
Net provisions for risk and expenses	-56.7	-43.7	-13.1
Loss of principal on bad loans	-1.6	-25.7	24.1
Operating income	138.0	172.3	-34.3
Gains or losses on fixed assets	0.4	8.4	-8.0
Income from operations	138.4	180.6	-42.3
Net exceptional transactions	-0.2	-0.6	0.5
Corporate tax	0.0	0.0	0.0
NET INCOME	**138.2**	**180.0**	**-41.8**

Income In millions of euros	2016	2015	Change
Income on loans and guarantees	1,352.9	1,357.8	-4.9
• Interest and commissions on loans and guarantees	803.4	747.1	56.3
• Income on *swaps*	651.4	671.4	-20.0
• Net provisions for unpaid interest	-1.3	21.8	-23.1
• Loss of interest income	-0.5	-16.9	16.4
• Net provisions for sovereign outstandings	-57.0	-33.7	-23.3
• Recoveries on subsidy account for SAL and mixed loan-grants	7.0	8.6	-1.6
• Repayment of Proparco margin	-50.1	-40.5	-9.6
Subsidies	198.9	202.5	-3.6
Investment income	25.9	34.5	-8.5
Income from equity stakes	12.9	12.9	0.0
Commissions on operations	52.6	46.3	6.4
• AFD fees, donations, SAS, SAL, C2D	38.7	37.0	1.8
• Other commissions	13.9	9.3	4.6
Ancillary income and miscellaneous	43.5	41.4	2.1
Income from IMF-PRGF transaction	13.4	11.7	1.8
TOTAL INCOME ON BANKING OPERATIONS	**1,700.2**	**1,707.0**	**-6.8**
Net of income from IMF-PRGF transaction	*1,686.7*	*1,695.3*	*-8.6*

APPENDIX 4 – KEY RATIOS AND INDICATORS

The following data are from AFD's financial statements.

In thousands of euros	2016	2015
Net banking income	539,123	533,072
Staff costs	38.9%	36.4%
Net banking income		
Cost-to-income ratio		
General expenses	60.6%	55.3%
Net banking income		
Benefit-cost ratio		
Net earnings	3.1%	9.4%
Capital + retained earnings*		
Efficiency ratio		
Net earnings	0.37%	0.51%
Balance sheet total		
Staff		
Number of employees (average)	1,811	1,715
Total payroll costs	209,660	193,821
of which social and cultural activities	16.3	13
Net income	138,213	180,011
Distributed income	36,002	24,266

* *Capital and retained earnings exclude the Reserve for general banking risk, or FRBG (€460M).*

APPENDIX 5 – RESULTS OF OPERATING ACTIVITIES FOR THE LAST FIVE REPORTING YEARS (PARENT COMPANY)

	2016	2015	2014	2013	2012
Capital + Retained earnings + Income *(in millions of euros)*	**4,607**	**2,097**	**1,941**	**1,858**	**1,828**
Net banking income *(in millions of euros)*	539	533	449	441	363
Net income *(in millions of euros)*	138	180	121.3	92.9	87.9
Net income/capital + retained earnings + income	3.00%	8.58%	6.25%	5.00%	4.81%
Net income/balance sheet total	0.37%	0.51%	0.40%	0.35%	0.37%
Staff					
Number of employees (average)	1,811	1,715	1,685	1,667	1,656
Total payroll costs *(in millions of euros)*	209.7	193.8	184.8	184.3	170.3
of which social and cultural initiatives *(in millions of euros)*	16.3	13	14.3	15.5	10.7

APPENDIX 6 – AFD APPROVALS

Typology of AFD's approvals

AFD'S APPROVALS BY TYPE - FOREIGN COUNTRIES

In millions of euros	2016	2015	% of total in 2015
1 – Ongoing operations	**5,859**	**4,992**	**99%**
Loans	**5,436**	**4,590**	**92%**
Sovereign concessional loans	3,847	3,194	65%
of which loans with direct concessionality	*2,239*	*1,661*	38%
of which loans with indirect concessionality	*1,608*	*1,533*	27%
Non-sovereign loans	1,589	1,396	27%
of which concessional loans	*457*	*830*	8%
of which non-concessional loans	*1,132*	*566*	19%
of which sub-participations granted to Proparco	220	172	4%
Ongoing subsidies	**290**	**282**	**5%**
Project subsidies	218	217	4%
Funding for NGOs	72	65	1%
Guarantees	**132**	**121**	**2%**
Equity stakes	**0**	**0**	**0%**
2 – Mandate-specific operations	**33**	**11**	**1%**
Global Budget Support (GBS) subsidies	33	11	1%
Global Budget Support (GBS) loans - bridging facilities			0%
Mesofinance actions	1	0	0%
TOTAL FOR FOREIGN COUNTRIES	**5,892**	**5,003**	**100%**

AFD APPROVALS BY TYPE – FRENCH OVERSEAS DEPARTMENTS AND COLLECTIVITIES

	Approvals	
In millions of euros	2016	2015
Ongoing operations	**1,053**	**996**
Loans	**1,053**	**945**
Public sector	*939*	*784*
Subsidised loans to local authorities	338	621
Other loans – public sector	601	163
Private sector	*114*	*161*
Direct financing	109	71
Banks	5	90
Guarantees[(1)]	**0**	**31**
Guarantees granted to the public sector	*0*	*0*
Guarantees granted to the banking sector	*0*	*30*
French Overseas Department Fund	*0*	*1*
SPM and Mayotte guarantee funds	*0*	*0*
Equity stakes	**0**	**20**

(1) The guarantees presented above do not include Sogefom approvals (€22.7M in 2016) and Fogap approvals (€0.8M in 2016).

Breakdown of AFD approvals by sector - foreign countries

In millions of euros	2016	2015
Agriculture and food safety	560	289
Water and drainage	1,126	678
Education and vocational training	336	216
Environment and natural resources	500	677
Infrastructure and urban development	2,483	2,352
of which transport	*1,058*	*515*
of which energy	*682*	*1,533*
of which development and urban management	*206*	*122*
of which infrastructure and miscellaneous social services	*408*	*182*
of which other	*129*	*0*
Healthcare and AIDS prevention	111	188
Business, Industry and Trade	451	504
Other and multiple sectors	324	100
TOTAL	**5,892**	**5,003**

APPENDIX 7 – SUMMARY TABLE OF AFD'S AND PROPARCO'S LOANS IN FOREIGN COUNTRIES(1)

AFD and Proparco account for 99% of the Group's balance sheet total and represent the bulk of consolidated income (99% of NBI). The geographic distribution of loans granted by AFD on its own behalf and by Proparco in foreign countries is presented in the table below. Sub-participation loans with Proparco (joint financing) at AFD's risk are not included in AFD's figures.

Situation at 31 December 2016 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
INDONESIA	153,450	-	1,004,244	30,358	493,396	-
IRAQ	-	-	-	20,093	-	8,382

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

	Disbursements		Outstandings		Balances payable	
In thousands of euros	AFD	Proparco	AFD	Proparco	AFD	Proparco
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	21,811	-	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	-

APPENDIX 8 – TABLE OF PROPARCO'S APPROVALS

Countries *In millions of euros*	Own lending 2016	Own lending 2015	Capital 2016	Capital 2015	Other investments 2016	Other investments 2015	Guarantees 2016	Guarantees 2015
WEST AFRICA	114	97	19	2	0	0	45	10
CENTRAL AND EAST AFRICA	47	188	24	0	0	0	0	0
SOUTHERN AFRICA	27	41	0	0	0	0	0	0
MULTIPLE COUNTRIES SUB-SAHARAN AFRICA	30	25	42	23	0	0	0	0
INDIAN OCEAN	0	15	0	10	0	0	0	0
Egypt	0	33	0	13	0	0	0	0
Palestinian autonomous areas	9	0	0	0	0	0	0	0
Morocco	25	10	0	0	0	0	0	10
Tunisia	30	39	0	1	0	0	0	0
Turkey	103	35	0	0	0	0	0	0
Multi-country Med & Middle East	0	14	9	0	0	0	0	0
Iraq	9	0	0	0	0	0	0	0
Jordan	44	0	0	0	0	0	0	0
NORTH AFRICA AND MEDITERRANEAN	221	130	9	14	0	0	0	10
Armenia	18	0	0	0	0	0	0	0
Burma	7	18	0	0	0	0	0	0
Bangladesh	12	38	0	0	0	0	0	0
Cambodia	23	26	0	0	0	0	0	0
Georgia	13	9	0	0	0	0	0	0
India	0	0	1	33	0	0	0	0
Indonesia	0	0	13	0	0	0	0	0
Pakistan	4	0	0	0	5	0	0	0
Sri Lanka	27	9	0	0	0	0	0	0
Multiple countries Asia	7	0	9	19	0	0	0	0
ASIA	111	100	24	52	5	0	0	0
Brazil	0	27	11	0	0	0	0	0
Chile	24	20	0	0	0	0	0	0
El Salvador	29	0	0	0	0	0	0	0
Costa Rica	0	10	0	0	0	0	0	0
Ecuador	28	0	0	0	0	0	0	0
Guatemala	0	0	0	0	2	0	0	0
Jamaica	26	0	0	0	0	0	0	0
Mexico	17	0	0	0	0	0	0	0
Nicaragua	9	0	0	0	0	0	0	0
Panama	17	41	0	0	0	0	0	0
Paraguay	29	0	0	0	0	0	0	0
Peru	28	0	0	0	0	0	0	0
Dominican Rep.	0	14	0	0	0	0	0	0
Multiple countries Latin America	16	0	0	12	0	0	0	0
LATIN AMERICA CARIBBEAN	222	113	11	12	2	0	0	0
Montenegro	0	10		0		0		0
EUROPE	0	10	0	0	0	0	0	0
Multi-country	40	8	65	10	0	0	0	0
MULTI-COUNTRY	40	8	65	10	0	0	0	0
TOTAL	**813**	**727**	**195**	**124**	**6**	**0**	**45**	**20**

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