Half-year financial report

30 June 2022

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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.

A. Management report

1.1. AFD Group activities

Approvals

The total amount of approvals granted on its own behalf (AFD including Proparco refinancing) at 30 June 2022 amounted to €4,404M, compared with €2,540M at 30 June 2021, an increase of €1,863M. This increase relates both to own-account activities (foreign countries and French Overseas Departments and Collectivities) and third-party activities.

The Group's current activity in foreign countries, totalling €3,537M, was marked by a sharp increase of 79% in authorisations at 30 June 2022 (+€1,557M), linked to AFD's own-account activities (+€1,301M), in the French Overseas Departments and Collectivities (+€272M, including a loan to New Caledonia) and third-party activities (+€299M, including loans to Moldova and Ukraine), offsetting a slight decrease of around €42M (*i.e.* 4%) in Proparco's activity.

Third-party activities in foreign countries were up €299M at 30 June 2022. This increase was due to loans on behalf of the State in Ukraine and Moldova totalling €315M. However, there was a €22M decrease in activity on behalf of other financial stakeholders, while activity on behalf of the State (excluding loans) was up slightly (+€6M), driven by Global Budget Support.

In the French Overseas Departments and Collectivities, approvals granted increased by €272M. They amounted to €383M at 30 June 2022, compared with €111M the previous year. This was mainly due to an emergency loan of €175M granted in New Caledonia.

Disbursements

Own-account disbursements (AFD and Proparco) amounted to €2,783M at 30 June 2022, compared with €2,913M at 30 June 2021, *i.e.* a decrease of 4%, mainly due to payments on non-sovereign loans.

➢ *Activities in foreign countries*

With regard to current activity in foreign countries, total disbursements stood at €1,746M at 30 June 2022, compared with €2,016M at 30 June 2021 (-13%). The change in disbursements for the different types of activities over the period can mainly be explained by:

- A decrease in sovereign loans (-€303M or -33%) linked to a decrease in loans with direct concessionality (-€192M or -36%) and a decrease in loans with indirect concessionality (-€111M or -29%);
- A decrease in non-sovereign loans (-€186M or -28%) linked to a fall in non-concessional loans (-€213M or -68%) and an increase in concessional non-sovereign loans (+€27M or +8%);
- A decrease of €46M in grant disbursements (-18%).

- *Activities in the French Overseas Departments and Collectivities*

AFD's payments in the French Overseas Departments and Collectivities are driven by the second State-guaranteed loan (SGL) of €300M granted to French Polynesia at the end of 2021, following the State-guaranteed loans of €240M granted in 2020. While the first SGL was intended to safeguard the Polynesian economy in the short term, the second, by contributing to the financing of the recovery plan, is part of a longer-term approach. Disbursements thus amounted to €439M at 30 June 2022 (including €173M paid to French Polynesia in June 2022) compared to €365M at 30 June 2021.

Commitments stood at €386M in the first half of 2022, compared with €363M a year earlier.

- *Proparco's activity*

Proparco's disbursements for foreign country loans and equity investments fell slightly to €611M in the first half of 2022, compared with €657M for the same period of 2021.

- *Third-party activities*

Third-party activities rose by €238M:

  - A sharp increase (+€204M, *i.e.* +215%) in disbursements on behalf of the State due to the loan to Ukraine (€300M),
  - An increase in disbursements on behalf of other financial stakeholders (+€34M, *i.e.* +46%).

1.2. Recent changes and outlook

1.2.1. Ukraine crisis

Following Russia's invasion of Ukraine, AFD was very quickly asked by the French State to intervene in support of the Ukrainian State with a one-off transaction permitted by a restricted mandate granted by decision of the co-secretariat of the CICID[1] of 15 March 2022. AFD does not have any other mandate to intervene in the country.

At the request and on behalf of the French State, which bears the risk, AFD thus granted (17/03), signed (28/03) and subsequently paid (04/04), in record time, budget financing of €300M to support social expenditure for public services (education, health, social transfers, pensions, etc.). This financing does not permit the funds to be used for military expenses or any other purposes on AFD's exclusion list. The terms of the AFD loan were more beneficial than they would have been without the State guarantee. Lastly, by providing foreign currency (euros) to Ukraine, AFD's loan helped to strengthen the country's external equilibrium, which had been under pressure since the beginning of the conflict.

Moreover, through its operator Expertise France and on behalf of the European Union, AFD Group has been implementing the PRAVO II project to support the justice sector since 2017. This €25M project was supplemented by a new grant of €10M. The focus of the project has been changed slightly due to the war in Ukraine, to meet the new needs of the Ukrainian Ministry of Justice and industry professionals (investigating magistrates, justice professionals). The refocus is on activities related to the prosecution of war crimes and serious human rights violations, support for the administration of justice in times of war, and the resilience of those involved (delivery of protective equipment and IT equipment). Initial initiatives facilitated the provision of protective equipment to those who needed it and supplies to the Ministry of Justice and the State administration, as well as the deployment of high-level experts to support the Office of the Prosecutor General. Training for magistrates and investigators is also planned.

In the Republic of Moldova, a country bordering Ukraine and directly affected by the conflict, AFD provided a financial, technical and humanitarian response. At the request and on behalf of the French State, which bears the risk, AFD granted (on 20 April) and then signed-off during Emmanuel Macron's presidential visit to Chisinau on 15 June, budget financing of €15M in support of the country's social expenditure, heavily impacted by the influx of Ukrainian refugees and by the direct financial cost of the war. The payment will be made as soon as the internal Moldovan procedures have been completed.

The budget support for the Republic of Moldova is supplemented by a loan of €60M to support reforms in the energy and rail sectors, in parallel with financing from the World Bank. This loan has no State guarantee; its terms are thus less favourable than the budget financing mentioned above. This AFD loan, the first in this country where AFD has had an intervention

[1] Interministerial Committee for International Co-operation and Development.

mandate since July 2021, was approved on 15 June 2022 and is accompanied by two technical assistance programmes (€900,000 in grants), one for the national railway company CFM (preparation of an investment-digitisation roadmap) and the other for an international electricity transmission partnership with its Moldovan counterpart Moldelectrica (support for connecting with the European network of electricity transmission operators).

Financial aid for the Republic of Moldova was also provided through the subsidiary Proparco, which is providing support for the economic fabric. During the visit of the AFD Group Chief Executive Officer to Chisinau on 24 May, Proparco signed off a loan of €8M to MicroInvest, the main microfinance player. This operation should directly support nearly 3,600 jobs.

AFD has also received requests from several French non-governmental organisations (NGOs) to support the Moldovan authorities' initiatives to welcome refugees from southern Ukraine. Following a joint AFD-Fondation de France visit, within the context of a partnership agreement, in July 2022 AFD's decision-making bodies approved a grant of €2M (an additional €600,000 from the Fondation de France) to a consortium of three French NGOs (Solidarité Internationale, Médecins du Monde, Handicap International). This project should enable support for access to education for children and to the labour market for refugees comprising mainly women and children, and is part of a strategy of resilience and support for the Moldovan public authorities.

Lastly, the Moldovan authorities stressed the importance of identifying future operations to be financed by AFD, notably in the rail and energy sectors, for which an AFD-Ministry of Infrastructure and Regional Development cooperation agreement was signed on 24 May 2022, as well as in the forestry and irrigation sectors. These future operations will be carried out within the framework of its mandate granted by the co-secretariat of the CICID in July 2021, *i.e.* average funding grants capped at €50M per year and spread over three years.

1.2.2. Refinancing and liquidity

The first half of 2022 seems to mark a turning point after several years of low (or even negative) rates and accommodating central bank policies. Interest rates rose sharply (+250 bps on euro 10-year swaps) in the wake of record inflation in the euro zone and the announcement by the ECB of the end of its policy of net asset purchases. Although liquidity remains available for issuers, issue premiums have risen in a context of very high market volatility. Despite this, however, financing conditions remain attractive.

To finance the growth of its own-account activity, AFD made 14 financing issues under its EMTN programme in the first half of 2022, including two public issues and five private placements (of which four tap issues) in euros; two public issues and one tap issue in the form of a private placement in US dollars; one public issue subsequently topped up in pounds sterling; one private placement in Chinese yuan; and one private placement in Dominican peso. As usual, all foreign currency transactions were converted into euros. The total amount of these transactions was €5.9bn.

For AFD Group, the overall cash flow indicator expressed in months (or survival horizon) makes it possible to measure whether, at any given time, the cash balance and the monetisation of the liquidity buffer make it possible to cover at least six months of projected sliding activity needs to handle a market closure during that period. The risk appetite framework prescribes an objective of maintaining this indicator within a band of 9 to 12 months; the preventive alert threshold is set at 8 months and the tolerance threshold at 6 months. During the first half of 2022, these thresholds were not exceeded.

1.2.3. Financial results

The financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), show net income – Group share of +€255M at 30 June 2022, *versus* €220M at 30 June 2021. This increase was mainly due to a rise in net banking income over the period (€530M compared with €467M in 2021) combined with an improvement in the cost of risk (+€5M).

The €63M increase in net banking income generated in the first half of 2022 is mainly due to the rise in the fair value of financial instruments. This activity accounts for 63% of the growth in net banking income over the period.

The cost of risk stood at +€24M at 30 June 2022, a slight increase on the level of the first half of 2021 (+€19M). In the first half of 2022, the cost of risk was low in the absence of defaults and an improvement in the financial position of certain counterparties, while maintaining the principle of prudence.

Overheads were up by €40M to €262M at 30 June 2022 compared with €222M at 30 June 2021, in connection with the consolidation of Expertise France.

1.2.4. Capital adequacy ratio and regulatory changes

AFD meets the minimum equity requirements in terms of solvency. The capital adequacy ratio stood at 15.58% at 30 June 2022, down on the 31 December 2021 figure (16.04%).

1.2.5. Outlook

The year in 2022 was in line with 2021, with the consolidation of achievements in terms of management through signatures, increased attention to monitoring results and impacts, and the consolidation of AFD's and Proparco's activity, which amounted to €12bn in annual commitments. This year, AFD Group also integrated Expertise France's activity, which is expected to generate revenue of €335M.
The Act of 4 August 2021 on planning for inclusive development and combatting global inequalities is of strategic importance for AFD Group. The thematic and geographical priorities of the Act are intended to guide future contractual targets and resources (2023-2025) and AFD Group's Strategic Orientation Plan (2023-2027).

In 2022, AFD Group is continuing to implement the strategic objectives of the fourth Strategic Orientation Plan (POS4) in terms of climate, social links, action in crisis areas, non-sovereignty and partnership, with the aim of reaching a total value of €10.2bn in contracts signed in 2022, plus €8.8bn in disbursements and €12bn in commitments. This business plan is based on the assumptions of recovery in the global economy remaining very limited, budgetary resources for both grants and loan subsidies remaining unchanged, Group-level commitment authorisations of €12bn resulting in slightly lower commitments by AFD and an increase in Proparco's commitments.

AFD Group is also continuing the work started to simplify its processes and is entering a new phase in the modernisation of its IT systems with the launch of the Operational Functions Master Plan (OpéraSIons programme), for which initial studies began in 2021. The IT Master Plan for the finance and risk functions (FabRIk programme) will be pursued in parallel.

By geographic area, AFD's projected activity for 2022 breaks down as follows:

- Africa remains the priority region for AFD Group. In 2022, the volume of commitments is expected to amount to €4.2bn, enabling the COM target for the 2020-2022 period to be achieved. The volumes of signatures and disbursements are expected to amount to €3.5bn and €3bn respectively.

  The main operational constraints on this trajectory include the evolution of sovereign risks as measured in the IMF's and World Bank's Debt Sustainability Analyses (DSA). In fact, these analyses show a weakening of the debt trajectories of certain sub-Saharan African countries, which began before the Covid-19 crisis. From an operational standpoint, the year in 2022 will thus have to maintain a good balance between risk management and support for the continent in the financing of its SDG trajectory.

- AFD's activity in the "Orients" region is expected to reach €2.4bn in commitments, €2.3bn in signatures and €2bn in disbursements in 2022. This region covers the former Asia scope, to which the Balkans, the Near and Middle East and Turkey have been added since the reorganisation of AFD's geographical focus in September 2018.

- With a target of €1.1bn in signatures, disbursements of €1.3bn and commitment authorisations of €1.1bn, it should be possible for AFD to make a significant contribution to financing in Latin America in 2022, in a recovering political and economic landscape. In parallel with its still high target of 70% climate co-benefits in the region, AFD will place a greater emphasis on the combination of environmental and social impacts through the promotion of projects, credit lines, and public policy loans in support of the ecological and social transitions, pursuant to its mandate in the region. The gender targets will be raised in line with AFD's commitments in this area.

- AFD's commitment target in the Three Oceans amounts to €1.4bn for 2022. This objective reflects the continued mobilisation of our local offices in the three ocean basins to respond to the unprecedented economic and social impact of the Covid-19 crisis, in line with the "Overseas in Common" initiative.

  In foreign States neighbouring the overseas territories, AFD has a target of €0.4bn in grant and loan approvals for financing requests. The three priority countries for French development aid in the Three Oceans scope – namely Haiti, Madagascar and the Comoros – will benefit from most of the donation effort. In these three countries, the reinforcement of human capital (health, education, training), access to basic services (including water), the preservation of natural resources, and increased economic and employment opportunities will be targeted. In the others, the focus will be on projects with climate co-benefits, particularly in the fields of energy, sustainable cities, and transport, through a range of products (loans, grants and delegated funds).

1.3. Risk factors

AFD Group's risk-bearing lending activity amounted to €59.2bn (€41.8bn in outstandings and accrued interest not yet due, €17.5bn in undisbursed balance), an increase of €1,037M (+2%) on the first half of 2022. In 2021 and 2020, this growth was €5,289M (+9%) and €4,636M (+8.7%) respectively. This increase is concentrated within AFD's scope (€909M), with at-risk loans on the Proparco portfolio being up slightly (+€128M). For AFD, this growth is the result of an increase in sovereign loans (+€680M to €36.7bn) supplemented by an increase in non-sovereign loans (+€229M to €18.3bn).

AFD Group's own-account loan outstandings (€43bn) rose by €712M (+1.7%) over the first half of 2022 and break down as follows:

- +€258M on sovereign loans;
- +€453M on non-sovereign loans, including +€44.7M on AFD loans and +€293M on Proparco loans, and the consolidation of Sogefom for €115M.

The Group's overall rate of non-performing loans increased from 4.3% at the end of 2021 to 5%, with:

- An increase in the non-performance rate for the AFD sovereign portfolio (2.5% to 3.8%)
- A decrease in the non-performance rate for the Group's non-sovereign portfolio (6.1% to 5.8%).

The Group's non-performing loans amounted to €2,162M, up €337M, including:

- +€298M on sovereign AFD to €867.4M (Mali €154M; Sri Lanka €142M);
- -€45M for AFD non-sovereigns to €918.4M;
- +€68M for Proparco non-sovereigns to €360.3M;
- + €16M following the consolidation of Sogefom.

The increase in non-performing sovereign loans is mainly attributable to new downgrades due to a proven credit risk.

The Group's consolidated cost of risk after transition to the IFRS standards was +€24.3M, including +€3.8M in collective provision reversals, +€44.3M in individual provision reversals, and -€23.9M in losses on bad loans.

The balance of the reserve account for sovereign risk was €1,011M compared to €985M at 31 December 2021.

At the end of June 2022, AFD's loan portfolio appeared little impacted by the effects of the Russia-Ukraine conflict, even if its stagnation, and the negative externalities thus generated, could in the long term weaken certain counterparties exposed to a tightening of financial conditions (monetary tightening) and/or the overall macroeconomic consequences of the conflict on the terms of trade (increase in the cost of energy, raw materials, food, etc.). Beyond the specific situation in Mali and Sri Lanka, which explains the deterioration in the rate of non-performing sovereign loans, the quality of the portfolio remains unchanged, with a very low number of downgrades to non-performing loans recorded in the first half of the year, which is reflected in a recovery in the cost of risk of €24M.

The macroeconomic climate – and socio-political context in certain regions of operation – remains fragile and uncertain, however, and the quality of the portfolio could deteriorate in certain regions depending on the vulnerability of counterparties to the successive shocks from the Covid-19 pandemic, inflationary pressures and the war in Ukraine. A close eye is being kept on portfolio monitoring, particularly in the sectors remaining most vulnerable to the pandemic, namely air transport and tourism: the Group’s exposure to these sectors remains covered by a sector provision that is updated quarterly (€45M at the end of June 2022 *vs.* €69M at the end of 2021).

B. Consolidated financial statements prepared in accordance with IFRS accounting standards adopted by the European Union

1. Overview

Agence Française de Développement (AFD) is an industrial and commercial public undertaking tasked with financing development assistance. AFD funding amounts to €4,228M.

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Listed on the Paris Trade and Companies Register under Number 775 665 599.

These condensed half-year consolidated financial statements were prepared on 8 September 2022.

Balance sheet at 30 June 2022

in thousands of euros	Notes	30/06/2022	31/12/2021	Change
Assets				
Cash, due from central banks		2 388 146	2 085 492	302 654
Financial assets at fair value through profit and loss	1	2 868 483	2 555 803	312 680
Hedging derivatives	2	2 405 234	2 003 043	402 192
Financial assets at fair value through other comprehensive income	3	1 565 561	1 386 196	179 365
Debt securities at amortised cost	5	2 087 170	1 295 925	791 245
Financial assets at amortised cost		45 714 044	47 221 187	-1 507 142
Loans and receivables due from credit institutions and equivalent at amortised cost	5	11 728 160	11 370 341	357 819
On-demand		*2 157 356*	*2 342 185*	-184 829
At maturity (*)		*9 570 803*	*9 028 155*	542 648
Loans and receivables due from customers at amortised cost	5	33 985 885	35 850 846	-1 864 961
Other loans to customers (*)		*33 985 885*	*35 850 846*	-1 864 961
Revaluation differences on interest rate-hedged portfolio		-117	441	-558
Current tax assets		386	124	262
Deferred tax assets		33 845	32 129	1 717
Accruals and other miscellaneous assets	7	3 447 102	1 120 598	2 326 504
Accruals		*66 776*	85 947	-19 171
Other assets		*3 380 326*	*1 034 651*	2 345 675
Equity investments in companies accounted for by the equity method	19	152 126	147 729	4 398
Property, plant and equipment	8	222 960	234 373	-11 413
Intangible assets	8	71 140	64 108	7 032
Total assets		**60 956 082**	**58 147 147**	**2 808 935**
Liabilities		-		-
Financial liabilities at fair value through profit or loss	1	565 442	259 993	305 449
Hedging derivatives	2	3 663 227	1 527 245	2 135 982
Financial liabilities at amortised cost		43 334 106	44 089 375	-755 270
Debt securities in issue at amortised cost	9	43 312 379	44 061 424	-749 045
Interbank market securities		*1 155 445*	*500 230*	655 215
Bonds (*)		*42 156 935*	*43 561 194*	-1 404 259
Debts to credit institutions and equivalent at amortised cost	9	20 393	25 441	-5 048
On-demand		*19 765*	*24 901*	-5 136
At maturity		*628*	*540*	87
Debts to customers at amortised cost	9	1 334	2 511	- 1 177
of which on-demand		*1 334*	*2 511*	- 1 177
Deferred tax liabilities		12 249	9 857	2 393
Accruals and other miscellaneous liabilities	7	2 602 575	2 006 755	595 821
Allocated public funds		*85 312*	*84 297*	1 014
Other liabilities		*2 517 264*	*1 922 458*	594 806
Provisions	10	1 341 829	1 355 318	-13 489
Subordinated debt	11	1 030 246	840 006	190 241
Total debts		**52 549 674**	**50 088 548**	**2 461 126**
Equity Group share	(Tab 1)	8 236 157	7 877 243	358 913
Provisions and related retained earnings		4 687 999	4 687 999	-
Consolidated retained earnings and other		3 138 264	2 822 843	315 421
Gains and losses directly recognised in other comprehensive income		154 488	68 580	85 909
Earnings for the period		255 405	297 822	- 42 417
Non-controlling interests	(Tab 1)	170 252	181 356	- 11 104
Total equity		**8 406 408**	**8 058 599**	347 809
Total liabilities		**60 956 082**	**58 147 147**	**2 808 935**

(*) Reintegration of third-party transactions at 1 January 2022 was recorded in assets as an increase in “loans and receivables due from credit institutions” for €1,615M and “loans and receivables due from customers” for €1,308M. On the liabilities side, it was recorded as an increase in “bonds” in the amount of €2,922M (see §1.5 Reintegration of operations carried out by AFD with its own resources).

Income statement at 30 June 2022

in thousands of euros	Notes	30/06/2022	30/06/2021	Change
Interest and related income	12	**763 871**	**759 362**	**4 508**
Transactions with credit institutions		177 723	144 074	33 650
Transactions with customers		364 542	384 044	-19 501
Bonds and other fixed-income securities		14 848	15 804	-956
Other interest and related income		206 757	215 441	-8 684
Interest and related expenses	12	**523 533**	**489 702**	**33 832**
Transactions with credit institutions		346 502	314 118	32 383
Transactions with customers		241	930	-690
Bonds and other fixed-income securities		221 502	224 429	-2 927
Other interest and similar expenses		-44 711	-49 777	5 065
Commissions (income)	13	**74 857**	**58 969**	**15 888**
Commissions (expenses)	13	**3 095**	**2 433**	**663**
Net gains or losses on financial instruments at fair value through profit or loss, net of foreign currency impact	14	**42 363**	**6 008**	**36 355**
Net gains and losses on financial assets recognised at fair value through other comprehensive income	15	**10 478**	**6 753**	**3 725**
Income from other activities	16	**283 793**	**137 063**	**146 730**
Expenses on other activities		**118 440**	**9 045**	**109 395**
Net banking income		**530 292**	**466 976**	**63 316**
Overheads	17	**262 866**	**222 444**	**40 422**
Salary and employee benefit expense(s)		190 105	162 527	27 578
Other administrative expenses		72 761	59 917	12 843
Provisions for amortisation of intangible assets and depreciation of property, plant and equipment	8	**23 864**	**20 565**	**3 299**
Gross operating income		**243 563**	**223 967**	**19 596**
Cost of credit risk	18	**24 304**	**19 213**	**5 091**
Operating income		**267 867**	**243 180**	**24 686**
Share of earnings from companies accounted for by the equity method	19	**5 467**	**-493**	**5 959**
Net gains or losses on other assets		**5**	**-64**	**69**
Changes in the value of goodwill		**2 797**		
Pre-tax income		**276 136**	**242 624**	**33 512**
Corporate tax	20	**-1 349**	**-9 428**	**8 079**
Net income		**274 787**	**233 196**	**41 591**
Non-controlling interests		**19 382**	**13 667**	**5 715**
Net income - Group share		**255 405**	**219 529**	**35 876**

Net income and gains and losses directly recognised in other comprehensive income at 30 June 2022

in thousands of euros	30/06/2022	31/12/2021
Net income	**274 787**	**323 027**
Net gains and losses directly recognised in equity to be recycled in profit or loss	**333**	**-3 618**
Gains or losses on debt securities recognised in equity to be recycled in profit or loss	333	-3 618
Net gains and losses directly recognised in other comprehensive income:	**89 003**	**35 571**
Actuarial gains and losses on retirement benefits	64 336	23 675
Net gains and losses on equity securities directly recognised in other comprehensive income equity	24 668	11 896
Total gains and losses directly recognised in shareholders' equity	**89 336**	**31 952**
Net income and gains and losses directly recognised in other comprehensive income	**364 123**	**354 980**
of which Group share	341 314	328 484
of which non-controlling interests	22 809	26 495

Statement of changes in equity from 1 January 2021 to 30 June 2022

in thousands of euros	Provisions	Funding reserves	Consolidated reserves	Income for the financial year	Unrealised or deferred gains or losses	Equity Group share	Equity - non-controlling interests	Total consolidated equity
Equity at 1 January 2021	**2 807 999**	**460 000**	**2 778 502**	**40 404**	**37 917**	**6 124 821**	**154 952**	**6 279 773**
Share of 2020 income allocated to retained earnings			40 404	-40 404		-	-	-
Dividends paid			-21 110	-		-21 110	-	-21 110
Other changes			-10			-10	-269	-279
Changes related to put options			25 059			25 059	178	25 236
AFD capital increase	1 420 000					1 420 000		1 420 000
2021 income				297 822		297 822	25 206	323 027
Gains and losses directly recognised in other comprehensive income for the 2021 financial year					30 663	30 663	1 290	31 952
Equity at 31 December 2021	**4 227 999**	**460 000**	**2 822 844**	**297 822**	**68 579**	**7 877 243**	**181 356**	**8 058 600**
Share of 2021 income allocated to retained earnings			297 822	-297 822		-	-	-
Dividends paid				-		-		-
Other changes			-522			-522	-5 264	-5 786
Changes related to put options			16 085			16 085	-8 459	7 626
Change in scope			2 036			2 036	-20 190	-18 154
Income for the first half of 2022				255 405		255 405	19 382	274 787
Gains and losses directly recognised in other comprehensive income for the first half of 2022					85 909	85 909	3 427	89 336
Equity at 30 June 2022	**4 227 999**	**460 000**	**3 138 264**	**255 405**	**154 488**	**8 236 157**	**170 252**	**8 406 409**

Cash flow statement at 30 June 2022

in thousands of euros	30/06/2022	31/12/2021	30/06/2021
Pre-tax income (A)	**276 136**	**333 613**	**242 624**
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	15 707	27 521	13 178
Net depreciation/amortisation provisions on fixed assets related to the application of IFRS 16	8 196	14 600	7 386
Impairment of goodwill and other fixed assets	-	-	-
Provisions net of other provisions (including technical insurance provisions)	-68 019	63 897	-84 208
Share of earnings from companies accounted for by the equity method	-5 467	-6 540	493
Net loss/(net gain) on investment activities	-2 267	-27 166	-11 658
Net loss/(net gain) on financing activities	30 020	181 784	176 632
Other items	138 310	61 404	-70 852
Total non-cash items included in net pre-tax income and other items (B)	**116 480**	**315 501**	**30 970**
Cash received from credit institutions and equivalent	-549 339	-776 463	-355 707
Cash received from customers	-617 551	-2 811 701	-320 246
Cash flows from other operations affecting other financial assets or liabilities	-345 387	135 593	57 757
Cash flows from operations affecting non-financial assets or liabilities	-2 300 844	-786 578	-423 067
Taxes paid	-1 701	-16 041	-5 604
= Net increase (decrease) in cash-related assets and liabilities from operating activities (C)	**-3 814 821**	**-4 255 191**	**-1 046 867**
Net cash flows from operating activities (A+B+C)	**-3 422 206**	**-3 606 077**	**-773 274**
Cash flows from financial assets and equity investments *	-161 053	-144 562	-62 157
Cash flows from property, plant and equipment and intangible assets	-15 068	-39 876	-6 671
Net cash flows from investment activities	**-176 121**	**-184 437**	**-68 828**
Cash flows related to the application of IFRS 16	-8 359	-15 659	-7 973
Cash flows from shareholders **	190 000	775 000	725 000
Cash flows to shareholders ***	-5 636	-21 110	-
Other net cash flows from financing activities ****	3 546 458	2 668 234	904 638
Net cash flows from financing activities	**3 722 464**	**3 406 465**	**1 621 665**
Net increase/(decrease) in cash and cash equivalents	**124 137**	**-384 049**	**779 563**
Opening balance of cash and cash equivalents	**4 400 266**	**4 784 315**	**4 784 315**
Net balance of cash accounts and accounts with central banks	2 085 492	3 157 677	3 157 677
Net balance of on-demand loans and deposits from credit institutions and customers	2 314 774	1 626 638	1 626 638
Ending balance of cash and cash equivalents	**4 524 403**	**4 400 266**	**5 563 878**
Net balance of cash due from central banks (1)	2 388 146	2 085 492	3 189 752
Net balance of on-demand loans and deposits from credit institutions and customers (2)	2 136 257	2 314 774	2 374 126
Change in cash and cash equivalents	**124 137**	**-384 049**	**779 563**

(1) Composed of the net balance of "Cash accounts and accounts with central banks" as it appears in the Group's consolidated balance sheet.

(2) Composed of the net balance of "On-demand receivables and payables from/to credit institutions".

** Cash flows from financial assets and equity investments mainly come from the equity investment activity of the Proparco subsidiary and correspond to the flows during the period between acquisitions, disposals and fund raising.*

*** Cash flows from shareholders correspond to RCS issues.*

**** Cash flows to shareholders correspond to the dividends paid by AFD to the French State and paid to non-controlling shareholders by the Proparco subsidiary.*

***** Other net cash flows from financing activities correspond to market borrowings carried out by AFD to meet the growth in its operating activity.*

C. Notes to the financial statements

1. Significant events at 30 June 2022

1.1 Financing of the Group's activity

To finance the growth of its own-account activity, in 2022 AFD issued five bonds in the form of public issues, three private placements, as well as six tap issues, for an overall volume of €5.9bn.

1.2 Allocation of income for the 2021 financial year

Pursuant to Article 79 of the 2001 amending Finance Bill No. 2001-1276 of 28 December 2001, the amount of the dividend paid by AFD to the French State is set by ministerial decree.

The Board of Directors approved the 2021 financial statements on 21 April 2022.

The French Minister of the Economy and Finance set the 2021 dividend to be paid to the State. This amounted to €47.9M, *i.e.* a payout rate of 20% of AFD's corporate income (€239.8M at 31 December 2021).

This proposal was rendered enforceable by order of the Minister of the Economy and Finance and the Minister of Public Action and Accounts, published on 14 August 2022. The dividend will be paid to the French State in the second half of 2022.

1.3 Consolidation of Expertise France

Following the signature in 2020 of the AFD/Expertise France strategic project for an extended group at the service of France's development policy, Expertise France became part of AFD Group's scope of consolidation as of 1 January 2022.

On the same date, the EPIC (industrial and commercial public undertaking) Expertise France was transformed into an SAS with a share capital of €829K and wholly-owned by AFD.

The consolidation of Expertise France generated badwill of €2.8M in the Group's consolidated financial statements.

1.4 Ukraine political conflict

At 30 June 2022, AFD Group did not have any significant direct or indirect commitments with Russian, Belarusian or Ukrainian counterparties. The most significant commitment relates to the financing of a wind farm located in a current conflict zone (Ukraine). A 95% provision was set aside for this commitment (gross amount of €24M) in the first half of 2022.

1.5 Reintegration of operations carried out by AFD with its own resources

At 30 June 2022, AFD published detailed financial information in connection with the reclassification of loans made at the request of third parties, backed by AFD's own resources, which were initially classed as third-party transactions in the IFRS standards, and are now classed as own-account transactions.

This change in the scope for own-account transactions has been accounted for as the correction of an error. As a result, the balance sheet format changed at 1 January 2022, loans increasing by +€2.9bn *(see balance sheet on page 13 and note 5 on page 45)*, offset against an increase in market borrowings for the same amount *(see balance sheet on page 13 and note 9 on page 48)*. This reintegration has no impact on the reserves for net income – Group share for financial years prior to 2022.

2. Accounting standards applicable 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 No. 2017-02 of 2 June 2017 concerning the format of the summary documents of companies subject to banking and finance regulations under international accounting standards.

The interim consolidated financial statements of AFD Group at 30 June 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The content of these financial statements complies with IAS 34 on interim financial information, which provides for the publication of condensed half-year financial statements.

The accounting standards applied in the preparation of AFD's financial statements at 30 June 2022 are described in section 3.2.

These consolidated financial statements are presented in thousands of euros.

The standards and interpretations used in the financial statements at 30 June 2022 were supplemented by the provisions of IFRS as adopted by the European Union and with mandatory application for the first time during this period. They relate to:

Standards, amendments or interpretations	Date of application: financial years starting from
Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to the IFRS (Cycle 2018 - 2020)	1 January 2022

Unless otherwise stated, when application of the standards and interpretations adopted by the European Union is optional for a period, AFD Group does not take up the option.

- ✓ **Amendments to IAS 39, IFRS 9 and IFRS 7 "Changes in criteria for hedge accounting requirements"**

The index transition project began in early 2019 under the responsibility of the Finance Department with the participation of all relevant departments (Operations, Legal, Risks, Information Systems and Communication) at AFD Group. At the same time, the proposals and recommendations of market players were regularly monitored. Equally, working groups of central banks and authorities as well as a customer communication plan were initiated. Since September 2020, the work relating to the operational and systems impacts has been integrated into the "information transformation" programme of the Group Finance Department and Risk Department.

The FCA (Financial Conduct Authority) announced the end dates of the LIBORs on 30 November 2020:

- ✓ 31 December 2021 for all maturities of GBP, JPY, CHF, EUR LIBOR and for USD LIBOR 1W and 2M (one week and two months);
- ✓ 30 June 2023 for other maturities of USD LIBOR (1M, 3M, 6M and 12M).

Following the FCA's announcement of the end of the USD LIBOR publication in June 2023, and the initiatives to support the SOFR, two important events took place during the third quarter of 2021:

- ✓ The ARRC, Alternative Reference Rates Committee, in charge of identifying a replacement rate for USD LIBOR, formally recommended the CME Term SOFR as the replacement rate for USD LIBOR for bilateral and syndicated loans;
- ✓ The FCA, the UK Financial Conduct Authority, formally prohibited the use of USD LIBOR from 1 January 2022 for new loan agreements.

The CME Term SOFR recommendation is an important step towards the end of USD LIBOR. The CME Term SOFR has a pre-set structure, known at the beginning of the interest period, like the USD LIBOR, which reduces the impact of the transition and was a key element in the decision of the ARRC. Other SOFR-based alternatives have been proposed, such as the Compound or Average SOFR. However, these rates are post-set, *i.e.* known at the end of the interest period, which requires a profound transformation of practices and significant changes to the operating systems and elicited the reluctance of market players.

AFD closely monitors changes in the SOFR market and is in favour of the CME Term SOFR, in line with the official recommendations. New agreements in USD will be offered on the basis of the CME Term SOFR rate.

All our new agreements have included fallback provisions since early 2020. For the previous agreements, specific amendments are proposed to enable the transition to Term SOFR.

In September 2019, the IASB introduced amendments to IAS 39, IFRS 9 and IFRS 7 for the first phase of the IBOR reform, which changes the requirements of the criteria for using hedge accounting by allowing the continuation of hedging relationships existing before the effective implementation of that reform. These amendments were adopted by the European Commission on 15 January 2020 with mandatory application for the 2020 financial statements.

In August 2020, the IASB published "Phase 2" amendments, clarifying that amendments related solely to changes in interest rates as part of the reform must not lead to an interruption in hedging relationships. In addition, the data were surveyed and analysed. It was found that the rates AFD Group is largely exposed to in its hedging relationships are EONIA, EURIBOR and LIBOR.

For these hedging relationships, the hedged and hedging instruments will be progressively amended, when necessary, in order to incorporate the new rates. The “Phase 1” amendments to IAS 39 and IFRS 7 are applicable when the contractual terms of the hedged instruments or hedging instruments have not yet been amended.

Conversely, the “Phase 2” amendments are applicable once the contractual terms of the hedged instruments or hedging instruments have been amended, and the terms and date of transition to the new benchmark interest rates have been clearly stipulated.

These amendments have been applied by the Group since 31 December 2020, which allows it to maintain its existing hedging relationships, which have been modified due to the transition to the new benchmark rates (transition from the EONIA discount rate to €STR).

At 30 June 2022, no further changes had been made to the benchmark rates for the derivatives and loans portfolio.

The other standards and interpretations applicable at 1 January 2022 had no material impact on the Group’s financial statements at 30 June 2022.

In addition, the IASB has published standards and amendments, not all of which had been adopted by the European Union at 30 June 2022. They will come into force on a mandatory basis for financial years beginning on or after 1 January 2023 at the earliest, or their adoption by the European Union. They were therefore not applied by the Group at 30 June 2022.

Standards applicable to future financial years	**Provisional date of application**
Amendments to IAS 1 “Accounting policy disclosures”	1 January 2023
Amendments to IAS 8 “Definition of an accounting estimate”	1 January 2023
Amendments to IAS 12 “Income Taxes” – Deferred taxes relating to assets and liabilities arising from the same transaction	1 January 2023

3. Principles for the preparation of the consolidated financial statements of AFD Group at 30 June 2022

3.1. Consolidation scope and methods

3.1.1. Scope of consolidation

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

The following are not included in the consolidation scope:

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

- **IFRS 10-11-12 consolidation standards: significant judgements and assumptions used in determining the consolidation scope**

  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.

in percentage of ownership	30/06/2022	31/12/2021
Fully consolidated companies		
Soderag	100,00	100,00
Proparco	79,76	78,19
Sogefom	60,00	60,00
Fisea	100,00	100,00
Expertise France	100,00	
Companies accounted for by the equity method		
Société Immobilière de Nouvelle Calédonie	50,00	50,00
Banque Socredo	35,00	35,00

Non-controlling interests:

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

in thousands of euros	30/06/2022			31/12/2021		
	% of control and vote held by non-controlling interests	Share of net income	Share of equity (including income)	% of control and vote held by non-controlling interests	Share of net income	Share of equity (including income)
Proparco	20,24%	19 389	165 969	21,81%	25 418	176 860
Other subsidiaries		-7	4 282		-212	4 496
Total non-controlling interests		**19 382**	**170 252**		**25 206**	**181 356**
Total Group share		**255 405**	**8 236 157**		**297 822**	**7 877 243**

Interests in joint arrangements and associates have a negligible impact on the financial statements of AFD Group.

3.1.2. Consolidation principles and methods

The following consolidation methods are used:

- Full consolidation

This method applies to subsidiaries over which AFD has exclusive control. Such exclusive control is determined by the power to govern the financial and operating policies of the subsidiary. 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 "non-controlling shareholders". The same process is used for income statements.

The following five companies are consolidated:

- The Société de promotion et de participation pour la coopération économique (Proparco), created in 1977.

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

  At 30 June 2022, the company's share capital totalled €984M and AFD's stake was 79.76%;
- 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 30 June 2022, the company's share capital amounted to €5.6M. It is 100% owned by AFD;
- The Société de gestion de fonds de garantie Outre-mer (Sogefom), whose shares AFD purchased, and which were held by the Institut d'émission d'Outre-mer (IEOM), on 12 August 2003, following the request from the Minister for the Economy, Finance and Industry and the Minister for French Overseas Departments and Collectivities.

  At 30 June 2022, this company's share capital amounted to €1.1M. It is 58.69% owned by AFD;
- Fisea (Investment and Support Fund for Businesses in Africa) was created in April 2009. This simplified joint stock company (*société anonyme par actions simplifiée*) with a share capital of €277.0M is wholly-owned by AFD. FISEA is managed by Proparco;
- Expertise France, of which AFD took control on 1 January 2022 following the publication of the AFD/Expertise France strategic project for an extended group to serve France's development policy. This simplified joint stock company (*société anonyme par actions simplifiée*) with a share capital of €829.0K is wholly-owned by AFD.

- Equity method

Companies over which AFD Group has significant influence are accounted for by the equity method. Significant influence means the power to participate in the financial and operating policy decisions of the subsidiary but without having control over them. It is usually evidenced by (i) representation on the executive or supervisory bodies, (ii) participation in policy-making processes, or (iii) material transactions between the companies. At 30 June 2022, this method was used for two companies in which AFD directly or indirectly holds an equity investment of between 20% and 50% and over which significant influence may be proven: la Société immobilière de Nouvelle Calédonie (SIC) and Socredo.

The consolidation method consists of measuring the equity investment by using the company's net position and calculating the share of its income restated for reciprocal transactions according to the equity investment held in its share capital.

- Comments on other companies

  AFD also has equity investments in a number of companies over whose management it has no significant influence. Through their equity investments, either directly or through investment funds, and through their lending activities, AFD Group subsidiaries aim to contribute to the economic and social development of disadvantaged regions. In no case will the acquisition of control of the entities be pursued. These companies are not consolidated, either globally or using the equity method, with regard to the normative analyses carried out by the Group on the notion of control and materiality. They are recorded under "Financial assets at fair value through profit and loss" or "Financial assets at fair value through other comprehensive income".

3.1.3. 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 companies are eliminated by offsetting equity method investments to the extent of the Group's interest in the entity. Losses are eliminated in the same manner but only when they do not represent an impairment loss.

3.1.4. Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 revised.

The acquisition cost is determined at the fair value, on the acquisition date, of the assets delivered, the liabilities incurred and the equity instruments issued in exchange for control of the acquired company.
Any earnouts are included in the acquisition cost at their estimated fair value on the acquisition date and revalued at each closing date, with subsequent adjustments recorded in profit or loss.
The identifiable assets, liabilities and contingent liabilities of acquired entities are recorded at their fair value on the acquisition date.

Contingent liabilities of the acquired entity are only recognised in the consolidated balance sheet if they are representative of a present obligation at the date of the business combination and their fair value can be reliably estimated.

The costs directly attributable to the business combination constitute a separate transaction and are recorded in profit or loss.

Goodwill corresponds to the difference between the acquisition cost of the entity, non-controlling interests and the fair value of the share previously held, and the revalued net asset. If it is positive, it is recorded as an asset in the consolidated balance sheet under "Goodwill"; in the event of a negative difference, it is immediately taken to profit or loss.
As goodwill is not taxable, no deferred taxes calculation is made.

The analyses required for the initial assessment of these items and any amendments thereto can be made within a period of 12 months from the acquisition date.
Goodwill is recorded in the balance sheet at its historical cost in the reference currency of the acquired subsidiary and translated on the basis of the official exchange rate at the closing date. It is regularly reviewed by the Group and tested for impairment at least once a year and whenever there is an indication of impairment.

When the recoverable value of the underlying asset, defined as the higher of the market value and the value in use of the entity concerned, is lower than its carrying amount, an irreversible impairment of goodwill is recorded in profit or loss.
The carrying amount of goodwill from associates is included in the equity-accounted value.

3.2. Accounting principles and policies

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

The main valuation and presentation rules used in preparing the financial statements of Agence Française de Développement at 30 June 2022 are described below.

3.2.1. Conversion of foreign currency transactions

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

Non-monetary assets and liabilities in foreign currencies may be recorded at historic cost or 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. Foreign exchange 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 or loss" and in liabilities if the asset is classified under "Financial assets at fair value through other comprehensive income".

3.2.2 Use of estimates

Some items recognised in the consolidated financial statements in accordance with the accounting policies and principles involve the use of estimates made on the basis of available information. These estimates are mainly used for the fair value measurement of financial instruments, impairments and provisions.

The use of estimates notably concerns:

- The assessment of losses expected at 12 months or maturity in application of the second section of IFRS 9;
- Provisions recognised as balance sheet liabilities (provisions for employee benefits obligations, litigation, etc.);
- Some financial instruments that are valued using complex mathematical models or by discounting probable future cash flows.

3.2.3 Financial instruments

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity.

Financial assets and liabilities are recognised in the financial statements in accordance with the provisions of IFRS 9 as adopted by the European Union.

Accordingly, financial assets are classified at amortised cost, at fair value through other comprehensive income or at fair value through profit and loss, depending on the contractual characteristics of the instruments and the business model at the time of initial recognition. Financial liabilities are classified at amortised cost or at fair value through profit and loss.

AFD Group continues to apply the provisions of IAS 39 on hedging while awaiting the future provisions on macro-hedges.

Financial assets

Classification and measurement of financial assets

Upon initial recognition, financial assets are measured at their market value as defined in IFRS 13 and are classified in the Group's balance sheet in one of three categories (amortised cost, fair value through other comprehensive income or fair value through profit and loss), as defined in IFRS 9. Purchases/sales of financial assets are recognised at the completion date. The accounting classification defines the way in which the financial assets are subsequently measured.
This classification depends on the characteristics of their contractual flows and the way in which the entity manages its financial instruments (business model).

- The contractual characteristics ("Solely Payments of Principal & Interests" or "SPPI" test)

Contractual cash flows which fall into the "Solely payments of principal & interests" category are likened to a basic loan agreement for which interest is paid essentially in consideration of the time value of the money and the credit risk.
The interest may also however contain consideration for other risks (liquidity risk, for example) and charges (admin charges, for instance) for holding the financial asset for a certain period. The interest may include a margin which is in keeping with a basic loan agreement.
However, when the contractual arrangements expose the contractual cash flows to risks or volatility which are not commensurate with a basic loan agreement, for example exposure to variations in the price of equities or goods, the contractual cash flows are not solely payments of principal and interests and the contract is therefore recognised at fair value through profit and loss.

- The management model

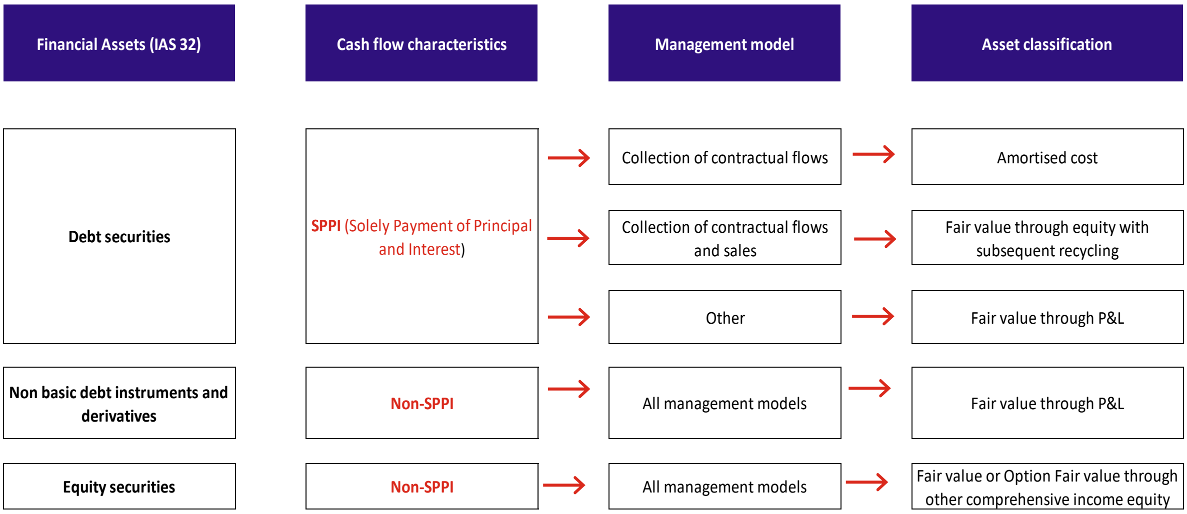
The management model defines how the instruments used to generate cash flows are managed.

The management model is identified at portfolio level, and not instrument by instrument, primarily by analysing and observing:
- The performance reports submitted to the Group's Senior Management;
- The compensation policy for portfolio managers;
- Completed and anticipated asset sales (size, frequency, etc.).

Based on the criteria observed, the three management models for the classification and measurement of financial assets are:

- The collection only model for contractual cash flows of financial assets;
- The model based on the collection of contractual cash flows and the sale of financial assets;
- And any other model, notably the transfer only model.

The recognition method for financial assets resulting from the analysis of the contractual clauses and the qualification of the management model is presented in the diagram below:



a) Debt securities at amortised cost

Debt securities are classified at amortised cost if the following two criteria are met: the contractual cash flows only constitute payments of the principal and interest on the principal and the management model is qualified as collection only. This category of financial assets includes:

✓ *Loans and receivables*

Loans and receivables are initially booked at market value plus transaction costs. In general, this is the amount originally paid (including related loans). 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 a default event has occurred after the grant of the loan with an impact on future projected asset cash flows and, is therefore, likely to generate measurable loss. These impairments are determined by comparing discounted cash flows to carrying amount. The effect of subsequent reversal of the impairment is booked under net banking income.

✓ *Securities at amortised cost*

This category includes debt securities whose contractual characteristics are SPPI and for which the management model is qualified as "collection".

They are recognised initially at market value plus transaction costs and then at amortised cost using the effective interest method, which includes the amortisation of premiums and discounts. Interest accrued on coupons that are not yet due are included at their balance sheet value under IFRS.

These financial assets are subject to impairment under the conditions described in the paragraph below "Impairment of financial assets at amortised cost and at fair value through other comprehensive income".

b) Debt securities at fair value through other comprehensive income

Debt securities are classified at fair value through other comprehensive income if the following two criteria are met: the contractual cash flows are solely comprised of payments on principal and interest on the principal and the management model is qualified as "collection and sale".

This category essentially corresponds to fixed income and fixed maturity securities that AFD may have to sell at any time, particularly securities held as part of its asset/liability management.

These financial assets are initially measured at their fair value plus transaction costs. They are subsequently marked to market and changes in fair value are recognised in equity to be recycled in profit or loss to be included in profit and loss in the future. They are also subject to a calculation of expected credit risk losses on the same terms as those applicable to debt securities at amortised cost (Note 5 – Financial instruments at amortised cost).

Interest is recorded as income using the effective interest method.

On disposal, changes in values previously recognised in shareholders' equity will be transferred to the income statement.

c) Debt securities at fair value through profit and loss

This category includes debt instruments that do not comply with the SPPI criteria:

- ✓ *Equity investment in investment funds and direct equity investments with put options and other debt instruments (e.g. UCITS, etc.)*

The characteristics of the contractual flows are such that these do not pass the SPPI test, therefore they cannot be measured at amortised cost.

In line with its procedures, AFD classifies its financial assets using two primary criteria: assets listed on a market and unlisted assets.

Listed assets are divided into two subgroups, those listed on an "active" market, an attribute that is appraised according to objective criteria, or those listed on an inactive market. Assets listed on an "active" market are automatically classified as fair value level 1. 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 are evaluated primarily using two methods, the proportionate share of the re-evaluated net asset based on the latest financial statements transmitted by the concerned entities (< six months) and the historic cost for AFD's real estate subsidiaries.

Valuations are reviewed every six months. In the event of any changes to the parameters that could be cause for changes to the fair value classification level, the Group Risk Department decides to propose the change in classification that is subject to approval by the Group Risk Management Committee.

- ✓ *Loans*

Some loan agreements have an early repayment clause, the contractual amount of which corresponds to a settlement equal to the cost of unwinding an associated hedge swap. The early repayment flows of these loans are considered to be non-SPPI if they do not purely reflect the effect of changes in the reference interest rates.
As a result, AFD Group has identified a loan portfolio which is measured at fair value through profit and loss. The loans are therefore subjected to a valuation exercise based on the methodology for discounting future flows, with a discount rate specific to each loan.

- ✓ *Foreign exchange or interest rate derivatives used in economic hedging*

These are derivatives that do not meet the definition of hedge accounting under IAS 39. These assets and liabilities are measured at fair value in the income statement. The change in fair value is recorded in the income statement under "net gains and losses on financial instruments at fair value". The fair value of the foreign-exchange derivatives entered into by AFD frequently includes a hedge of the future margin on loans denominated in foreign currencies. The foreign-exchange income from related assets recognised in income or expenses on other activities partially offsets this impact. The amount initially recorded on the balance sheet for a derivative measured at fair value is equal to the consideration given or received, *e.g.* the premium on an option or commission received. Subsequent valuations are generally calculated based on discounted future cash flows using a zero-coupon curve.

Finally, the last items to be included under this heading are assets and liabilities designated at fair value through profit and loss and the impacts stemming from credit risk (Credit Valuation Adjustment/Debit Valuation Adjustment).

d) Equity instruments

In principle, equity instruments are recognised at fair value through profit and loss. However, the option remains of designating equity instruments at fair value through other comprehensive income not to be recycled in profit or loss. This choice is made on a case-by-case basis for each instrument and is irrevocable.

When the option to designate an equity instrument at fair value through other comprehensive income is made:

- Only the dividends that do not represent the recovery of part of the cost of the investment are recognised in the income statement under "Net gains or losses on financial assets at fair value through other comprehensive income";
- The changes in the fair value of the instrument are only recognised in other comprehensive income and are not subsequently transferred to the income statement. Consequently, if the investment is sold, no profits or losses are recognised in the income statement, and the gains and losses are reclassified in consolidated reserves.

The IFRS 9 general approach of impairment does not apply to equity instruments.

e) Reclassification of financial assets

The reclassification of financial assets takes place only in exceptional cases brought about by a change in business model.

A change in the management model for financial assets involves changes in the way the activity is managed operationally, systems, etc. (acquisition of a business, end of a business, etc.) with the accounting consequence of a reclassification of all financial assets in the portfolio when the new management model is effective.

Financial liabilities

The categories of financial liabilities have not been modified by IFRS 9, and are consequently classified in two accounting categories:

- Financial liabilities at fair value through profit and loss by nature or by option are assessed at fair value, and changes in fair value are recognised in the income statement;
- Financial liabilities at amortised cost are initially measured at fair value and subsequently at amortised cost according to the effective interest rate method – there is no change in the amortised cost method compared to IFRS 9.

Financial liabilities measured using the fair value through profit and loss option are measured at fair value and changes in fair value have an offsetting entry in profit and loss. The effect of the remeasurement of own credit risk is recognised directly in in other comprehensive income not to be recycled in profit or loss.

It is still necessary to separate embedded derivatives from financial liabilities, where applicable.

Financial liabilities within AFD Group (excluding derivative instruments) are measured at amortised cost and correspond to:

- Debt securities in issue which are first recognised at fair value less transaction costs and then measured at amortised cost using the effective interest rate method. Call premiums (difference between the redemption price and par value of securities) and positive or negative share premiums (difference between the issue price and par value of securities) are spread over the maturity of the borrowings using an actuarial method;
- Subordinated debt: In 1998, an agreement was reached with the French State whereby part of AFD's debt to the French Treasury, corresponding to drawdowns between

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

In accordance with riders No. 1 of 19 March 2015 and No. 2 of 24 May 2016, on the initiative of the French State and as per the third stage of additional financing of €280.0M, there was a drawdown of €160.0M on this last tranche of RCS (Resources with special conditions) in September 2017. The drawdown of the balance of €120M took place in September 2018, thereby reaching the €840M total for the 2015-2018 period.

In 2021, a special conditional facility of €225M was granted to AFD and then repaid in advance to the State as part of AFD's capital increase.

At 30 June 2022, AFD received €490M in resources with special conditions.

Derecognition of financial assets and liabilities

AFD Group derecognises all or part of a financial asset when:

- The contractual rights to the cash flows linked to the asset expire; or
- AFD transfers the contractual rights to receive the cash flows from the financial asset, and transfers almost all the risks and benefits of the ownership of this asset; or
- AFD retains the contractual rights to receive the cash flows from the financial asset, but bears the contractual obligation to pay these cash flows to one or several entities.

When derecognising a financial asset in its entirety, the difference between the carrying amount of that asset and the amount of consideration received should be recognised in the income statement among the gains or losses on disposal corresponding to the financial asset transferred.

AFD Group derecognises a financial liability if and only if it has expired, *i.e.* when the obligation stipulated in the contract has legally expired, lapsed, been cancelled, or reached expiry.

When derecognising a financial liability in its entirety, the difference between the carrying amount of that liability and the consideration paid must be recognised in the income statement as an adjustment to the interest expense account corresponding to the derecognised financial liability.

Hedging derivatives

AFD Group has decided not to apply the third phase of IFRS 9 on "hedge accounting", since AFD applies fair value hedge accounting as defined in IAS 39. This involves a hedge of the exposure to changes in fair value of an asset or liability recognised on the balance sheet. Changes in the fair value stemming from the hedged risk are recorded in the income statement under "Net gains and losses on financial instruments at market value through profit 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 foreign-exchange risk.

Hedge accounting is applicable if the effectiveness of the hedging relationship is proven and if the correlation between the effective changes in value of the item hedged and the hedging instrument is between 80% and 125%.

The revaluation of the hedged item is booked either in accordance with the classification of the hedged item, in the case of a hedging relationship covering an identified asset or liability, or under "Revaluation adjustments on portfolios hedged against interest rate risk" in the case of a portfolio hedging relationship.

If the hedge does not meet the effectiveness requirements of IAS 39, the hedging derivatives are transferred to "Financial assets at fair value through profit or loss" or to "Financial liabilities at fair value through profit or loss" and recorded in accordance with the principles applicable to this category.

As for non-zero value swaps involved in a fair value hedge, the accumulated total of changes in fair value of the hedged component that are not zero is spread out over the remaining term of hedged items.

Impairment of financial assets at amortised cost and at fair value through other comprehensive income

In accordance with IFRS 9, the impairment model for credit risk is based on the expected credit losses (ECL). Impairment is recognised on debt securities measured at amortised cost or at fair value through other comprehensive income to be included in profit and loss in the future, as well as on loan commitments and financial guarantee contracts that are not recognised at fair value.

General principle

AFD Group classifies financial assets into three separate categories (also called "stages") according to the change, from the origin, of the credit risk associated with the asset. The method used to calculate the provision differs according to which of the three stages an asset belongs to.

These are defined as follows:

- Stage 1 is for "performing" assets, for which the counterparty risk has not increased since they were granted. The provision calculation is based on the expected loss within the following 12 months;
- Stage 2 groups together performing assets for which a significant increase in credit risk has been observed since initial recognition. The method of calculating the provision is statistically based on expected loss at maturity;
- Stage 3 is for assets for which there is an objective impairment indicator (identical to the notion of default currently used by the Group to assess the existence of objective evidence of impairment). The method of calculating the provision is based on expected loss at maturity, as determined by an expert.

Concept of default

The transfer to stage 3 (which meets the definition of "incurred loss" under IAS 39) is linked to the notion of default which is not explicitly defined by the standard. The standard associates the rebuttable presumption of 90 days past due with this concept. It states that the definition used must be consistent with the entity's credit risk management policy and must include qualitative indicators (*i.e.* breach of covenant).

Thus, for AFD Group, "stage 3" under IFRS 9 is characterised by the combination of the following criteria:

- Definition of a doubtful third party according to AFD Group;
- Use of the default contagion principle.

Third parties with arrears of over 90 days, or 180 days for local authorities, or a proven credit risk (financial difficulties, financial restructuring, etc.) are downgraded to "doubtful" and the doubtful contagion character is applied to all financing for the third party concerned.

The definition of default is aligned with that of the Basel framework, based on a rebuttable presumption that the status of default is applied after no more than 90 days of non-payment. This definition takes into account the EBA guidelines of 28 September 2016, in particular with regard to applicable thresholds in the event of non-payment, and probationary periods.

Significant increase in credit risk

The significant increase in credit risk can be measured individually or collectively. The Group examines all the information at its disposal (internal and external, including historic data, information about the current economic climate, reliable forecasts about future events and economic conditions).

The impairment model is based on the expected loss, which must reflect the best information available at the closing date, adopting a forward looking approach.

The internal ratings calibrated by AFD are by nature forward-looking, taking into account:

- forward-looking elements on the counterparty's credit quality: anticipation of adverse medium-term changes in the counterparty's position;
- country risk and shareholder support.

To measure the significant increase in credit risk of a financial asset since its entry into the balance sheet, which involves it moving from stage 1 to stage 2 and then to stage 3, the Group has created a methodological framework which sets out the rules for measuring the deterioration of the credit risk category. The methodology selected is based on a combination of several criteria, including internal ratings, inclusion on a watchlist and the refutable presumption of significant deterioration because of monies outstanding for more than 30 days.

According to this standard, if the risk for a particular financial instrument is deemed to be low at the closing date (a financial instrument with a very good rating, for example), then it can be assumed that the credit risk has not increased significantly since its initial recognition. This arrangement has been applied for debt securities recognised at fair value through other comprehensive income to be included in profit and loss in the future and at amortised cost. For the purposes of stage 1 and 2 classification, counterparties with a very good rating are automatically classified as stage 1.

Measuring expected credit losses (ECL)

Expected credit losses are estimated as the discounted amount of credit losses weighted by the probability of default over the next 12 months or during the asset's lifetime, depending on the stage.

Based on the specificities of AFD Group's portfolio, work was carried out to define the methodological choices for calculating expected credit losses for all of the Group's assets eligible for recognition at amortised cost or at fair value through other comprehensive income, in line with stage 1 of IFRS 9. The Group's chosen calculation method was thus based on internal data and concepts, and also adaptations of external transition matrices.

Calculation of the expected credit losses (ECLs) is based on three key parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD), bearing in mind the amortisation profiles.

Probability of default (PD)

The probability of default on a loan can be estimated over a given time span. This probability is modelled:

- from risk segmentation criteria;
- over a 12-month time period (noted PD 12 months) for the calculation of the expected losses for assets in stage 1; and
- on all asset payment maturities associated with stage 2 (Maturity PD or Lifetime PD Curve).

The PD matrix for non-sovereign loans is supplemented in order to favour internal data when available (portfolio with a non-investment grade rating).

Loss given default (LGD)

Loss given default (LGD) is modelled for assets in all three stages. AFD Group has taken into account the collateral valuation in the LGD modelling.
AFD Group relies on observation of recovery for resolved historical cases (*i.e.* with extinguishment of the position after repayment and/or write-off in losses).

Exposure at default (EAD)

Exposure at default reflects the amount of debt outstanding at the time of default and thus takes future cash flows and forward-looking factors into account. As such, the EAD takes into account:

- the contractual amortisation of the principal;
- elements of drawdowns of lines recognised off-balance sheet;
- any early repayments.

Financial asset restructuring

Restructuring for the borrower's financial difficulties results in a change to the terms of the initial contract to allow the borrower to contend with the financial difficulties it is having. If the restructuring does not result in derecognition of the assets and the changes in terms are such that the present value of these new expected future flows at the original effective interest rate of the asset is lower than its carrying amount, a discount must be recognised under "Cost of credit risk" to bring the carrying amount back to the new present value.

Gains or losses on financial instruments

- Income from financial instruments recognised at fair value through profit or loss includes:
  - Dividends, other revenue and gains and losses realised;
  - Changes in fair value;
  - The impact of hedge accounting.

- Income from financial instruments recognised at fair value through other comprehensive income includes:
  - Dividends and other revenue;
  - Gains and losses realised on financial assets at fair value through other comprehensive income to be recycled in profit or loss.

3.2.4. Commitments to buy out non-controlling interests

In 2014, and again in 2020, during the Proparco capital increases, AFD Group made commitments to buy back the equity investments of Proparco's non-controlling shareholders.

The strike price is defined contractually depending on the restated net asset value on the option exercise date, as defined in the contract relating to this option.

In the half-year financial statements, these commitments led to a debt of €121M to Proparco's non-controlling shareholders, offset by a decrease in equity for the same amount. The closure of the put window granted in 2014 is scheduled for June 2024 and the one related to the put granted in 2020 is scheduled for 2030.

3.2.5. Fixed assets

Fixed assets appearing on AFD's balance sheet include property, plant and equipment and intangible assets. Fixed assets are recorded at their acquisition cost plus directly similar expenses.

If a fixed asset consists of a number of items that may be regularly replaced and have different useful lives, each item is booked separately according to its own depreciation table. This item-by-item approach has been used for head office. Depreciation and amortisation periods have been estimated on the basis of each item's useful life:

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

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

- ✓ office buildings located overseas – 15 years;
- ✓ residential buildings – 15 years;
- ✓ fixtures, fittings and furnishings – 5 or 10 years;
- ✓ equipment and vehicles – 2 to 5 years.

With regard to intangible assets, software is amortised according to its type: four years to eight years for management software and two years for office automation tools.

Depreciation and amortisation are calculated using the straight-line method, according to the expected useful life of the asset; its residual value is deducted from the depreciable base. At each closing date, fixed assets are measured at their amortised cost (cost minus total amortisation and any loss of value). When applicable, the useful lives and residual values are adjusted in the accounts.

Leases

Leases, as defined by IFRS 16 “Leases”, are recorded in the balance sheet, leading to the recognition of:

- An asset which corresponds to the right of use of the leased asset over the lease duration;
- A debt in respect of the payment obligation.

Measuring the right of use in leases

At the date on which a lease comes into effect, the right of use is measured at its cost and includes:

- The initial lease debt, to which is added, if applicable, advance payments made to the lessor, net of any benefits received from the lessor;
- If applicable, the initial direct costs incurred by the lessee in signing the lease. These are costs that would not have been incurred if the contract had not been signed;
- The estimated costs to rehabilitate and dismantle the rented asset according to the lease terms.

After the initial recognition of the lease, the right of use is measured according to the cost method, involving the recognition of linear depreciation and impairment in accordance with the provisions of IFRS 16 (the depreciation method reflecting the way in which the future economic benefits will be consumed).

Measuring the right of use of the assets

On the date a lease takes effect, the lease debt is recognised for an amount equal to the discounted value of the rent over the lease period. The amounts taken into account in respect of rent when measuring the debt are:

- The fixed lease payments less incentive benefits received from the lessor;
- The variable lease payments based on an index or rate;
- The payments to be made by the lessee in respect of a residual value guarantee;
- The price paid to exercise a purchase option that the lessee is reasonably certain to exercise;
- The penalties to be paid in the event of the exercise of a cancellation option or the non-renewal of the lease.

The leases signed by AFD Group do not include a guaranteed value clause for rented assets.

The change in the debt related to the lease involves:

- An increase up to the interest rate expenses set by applying the discount rate to the debt;
- And a reduction in fixed lease payments.

The financial expenses for the period relating to the lease debt are recorded under "Interest and similar expenses on transactions with credit institutions".

In the income statement, the impairment expense for the right of use of the asset and the financial expense relating to the interest on the lease debt partially replace the operating expense previously recognised for rent, but are presented as two different items (the impairment expense in depreciation expenses and rent in other administrative expenses).

The lease debt is estimated again in the following cases:

- Review of the lease period;
- Modification related to the assessment of the reasonably certain exercise of an option (or not);
- Revaluation of residual value guarantees;
- Review of the rates or indexes on which the rent is based.

3.2.4 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 to establish collective provisions on performing or restructured loans. This calibration is calculated using estimated losses expected across the sovereign loan portfolio (losses at one year, losses at termination, regulatory requirements on provisions or any other data available to AFD that can be used to anticipate the sovereign loan portfolio's risk profile).

Non-performing sovereign loans are provisioned. Furthermore, this depreciation is neutralised by deduction from the reserve account.

Net provisions for reversals of provisions are recorded in Net Banking Income.

Provisions on financing and guarantee commitments

Financing and guarantee commitments that are not recognised at fair value through profit and loss and that do not correspond to derivatives are subject to provisions according to the principles defined by IFRS 9.

Provisions for subsidiary risk

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 Soredom (formerly Sofiag).

Provision for employee benefits – Retirement benefits

Defined benefit plans

➢ <u>Retirement and early retirement commitments</u>

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: 2.35%;
- Retirement age: 63 for non-executive level employees and 65 for executive level employees;
- Annual increase in salary: 2%.

➢ <u>Retirement bonuses and the financing of the health insurance plan</u>

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

The assumptions used for the valuations are as follows:

- Discount rate: 3.5%;
- Annual increase in salary: 2% and 2.2% for French Overseas Departments;
- 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).

Thus, the provisions recognised in the balance sheet at 30 June 2022 as items not recyclable to the income statement represent a gain of €64M based on the valuation of the commitments at 30 June 2022 and are recognised in other comprehensive income.

The impact on the Group's consolidated income statement is not material.

3.2.5 Deferred tax

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

AFD Group recognises deferred tax mainly over the costs and expenses on the unrealised gains and losses of the equity securities held by Proparco and Fisea, impairment recognised by Proparco on loans at amortised cost and on unrealised gains and losses on loans recognised at fair value through profit and loss by applying the current rates.

3.2.6 Segment information

In application of IFRS 8 "Operating Segments", AFD has identified and reported on a single operating segment for its lending and grant activity, based on the information provided internally to the Chief Executive Officer (CEO), who is AFD's chief operational decision-maker.

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

3.2.7 Principles of the cash flow statement

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

Agence Française de Développement's cash flow statement is presented in accordance with ANC Recommendation No. 2017-02 respecting the format of summary statements for institutions in the banking sector drawn up in accordance with international accounting standards.

It is prepared using the indirect method, with net income for the financial year restated for non-monetary items: provisions for the depreciation of property, plant and equipment and the amortisation of intangible assets, net allocations to provisions and other items not involving cash disbursement, such as accrued liabilities and income.

Cash flows arising from operating, investment and financing transactions are calculated as the difference between items in the accounts for the preceding and current financial years.

Cash flow includes cash funds and on-demand deposits held at the Banque de France and with credit institutions.

3.3 Notes to the financial statements at 30 June 2022

3.3.1. Notes to the balance sheet

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

in thousands of euros	Notes	30/06/2022 Assets	30/06/2022 Liabilities	30/06/2022 Notional/ Outstandings	31/12/2021 Assets	31/12/2021 Liabilities	31/12/2021 Notional/ Outstandings
Interest rate derivatives	1.1	3 329	2 851	561 394	604	5 898	457 586
Foreign exchange derivatives	1.1	73 750	460 912	4 408 801	51 909	197 901	4 073 655
Derivatives at fair value through profit and loss		56 475	91 627	1 000 392	74 804	54 384	983 927
Loans and securities that do not meet SPPI criteria	1.2	2 734 892		2 254 477	2 428 459		2 462 188
CVA/DVA		36	10 052	-	28	1 810	-
Total		**2 868 483**	**565 442**	**8 225 063**	**2 555 803**	**259 993**	**7 977 355**

Note 1.1 – Foreign exchange and interest rate derivatives

Foreign exchange and interest rate derivatives are measured at fair value through profit and loss and are therefore treated as financial assets held for trading.
Under IFRS, a derivative is always presumed to be held for trading, unless there is documented evidence of the hedging intention and the derivative is eligible for hedge accounting. At AFD, this category covers the hedging instruments not eligible for hedge accounting or so-called "natural" exchange rate hedging.

Note 1.2 – Loans and securities that do not meet SPPI criteria

in thousands of euros	Notes	30/06/2022	Notional/ Outstandings	31/12/2021	Notional/ Outstandings
Loans to credit institutions	1.2.1	454 406	475 644	456 066	474 854
Performing loans		454 169	453 002	455 621	454 685
Non-performing loans		235	22 642	455	20 169
Loans to customers	1.2.1	540 751	589 340	586 407	612 770
Performing loans		524 037	539 046	573 694	563 831
Non-performing loans		16 714	50 295	12 713	48 939
Title		1 739 736	1 189 492	1 385 986	1 374 563
Bonds and other fixed-income securities	1.2.2	17 793	23 300	19 058	24 259
UCITS		197 259	140 980	55 437	41 033
Equity investments and other long-term securities	1.2.3	1 524 684	1 025 212	1 311 491	1 309 271
Of which equity investments held in investment funds		*1 309 876*	*887 190*	*1 159 296*	*1 190 817*
Of which equity investments held directly with a put option		*214 808*	*138 021*	152 195	118 454
Total		**2 734 892**	**2 254 477**	**2 428 459**	**2 462 188**

Note 1.2.1 – Loans that do not meet SPPI criteria

Loan agreements may have an early repayment clause, the contractual amount of which corresponds to a settlement equal to the cost of unwinding an associated hedge swap. Loan contracts may also include a compensation clause indexed to the borrower's performance. The flows of these loans are not considered as SPPI as they do not only reflect the effect of changes in the benchmark interest rate.

As a result, AFD Group has identified a loan portfolio which is measured at fair value through profit and loss. The loans are therefore subjected to a valuation exercise based on the methodology for discounting future flows, with a discount rate specific to each loan in accordance with the accounting rules applied by the Group.

Note 1.2.2 – Bonds and other long-term securities

Convertible bonds are debt securities for which the contractual flows do not meet SPPI characteristics due to the nature of the flows exchanged, and are consequently assessed at fair value through profit and loss.

Note 1.2.3 – Equity investments at fair value through profit or loss

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

AFD Group also holds direct equity investments with put options for operational purposes. The contractual flows of these financial assets are not SPPI and are therefore measured at fair value through profit and loss.

Note 1.3 – Equity securities at fair value through profit and loss

Equity securities measured at fair value through profit and loss correspond to investments held by AFD for which the classification at fair value through other comprehensive income equity, has not been selected.
The Group has opted for a classification at fair value through other comprehensive income equity for its portfolio of direct equity investments without put options, which make up the majority of the Group's equity instruments.

Note 2 – Financial hedging derivatives

Note 2.1 – Fair value hedging instruments

in thousands of euros	30/06/2022			31/12/2021		
	Carrying amount		Notional	Carrying amount		Notional
	Assets	Liabilities		Assets	Liabilities	
Fair value hedging						
Interest rate derivatives	1 973 220	3 143 303	55 016 368	1 526 512	958 749	54 268 105
Interest rate and foreign exchange derivatives (cross-currency swaps)	432 014	519 924	13 513 713	476 531	568 496	11 534 129
Total	**2 405 234**	**3 663 227**	**68 530 082**	**2 003 043**	**1 527 245**	**65 802 234**

Note 2.2 – Analysis by residual maturity (notional)

The breakdown of the notional amount of hedging derivatives is presented by residual contractual maturity.

in thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	30/06/2022
Fair value hedging					
Interest rate derivatives	1 175 242	1 361 621	13 952 537	38 526 968	55 016 368
Interest rate and foreign exchange derivatives (cross-currency swaps)	3 746	1 987 588	6 408 666	5 113 713	13 513 713
Total	**1 178 988**	**3 349 209**	**20 361 204**	**43 640 681**	**68 530 082**

en milliers d'euros	Moins de 3 mois	De 3 mois à moins de 1 an	De 1 an à 5 ans	Plus de 5 ans	31/12/2021
Fair value hedging					
Interest rate derivatives	3 391 541	0	13 281 769	37 594 794	54 268 105
Interest rate and foreign exchange derivatives (cross-currency swaps)	1 782 832	0	4 707 599	5 043 698	11 534 129
Total	**5 174 373**	**0**	**17 989 369**	**42 638 492**	**65 802 234**

Note 2.3 – Hedged items

	30/06/2022				
	Current hedges		Expired hedges		
in thousands of euros	Carrying amount	Accrued remeasurements of fair value hedges	Accrued remeasurements of fair value hedges remaining	Accrued remeasurements of fair value	Remeasurement of fair value during the hedging period (incl. hedges that expired in the period)
Interest rate derivatives	**16 321 855**	**-1 715 733**		**2 529**	**-2 133 262**
Loans and receivables due from credit institutions at amortised cost	1 016 673	-65 232		-47	-71 655
Loans and receivables due from customers at amortised cost	14 241 657	-1 610 212		1 612	-2 033 576
Financial assets at fair value through other comprehensive income	1 063 525	-40 289		964	-28 031
Interest rate derivatives (currency swaps)	**5 315 251**	**226 323**		**25 412**	**-98 817**
Loans and receivables due from credit institutions at amortised cost	797 425	28 875		701	11 995
Loans and receivables due from customers at amortised cost	4 517 825	197 449		24 711	-110 812
Total fair value hedging of assets	**21 637 106**	**-1 489 410**	**-**	**27 942**	**-2 232 079**
Interest rate derivatives	**-31 864 580**	**2 759 814**	**82 165**	**-22 602**	**3 835 894**
Debt securities in issue at amortised cost	-31 864 580	2 759 814	82 165	-22 602	3 835 894
Interest rate derivatives (currency swaps)	**-7 631 473**	**-177 970**	**-**	**831**	**-105 690**
Debt securities in issue at amortised cost	-7 631 473	-177 970	-	831	-105 690
Total fair value hedging of liabilities	**-39 496 053**	**2 581 844**	**82 165**	**-21 771**	**3 730 205**

	31/12/2021				
	Current hedges		Expired hedges		
in thousands of euros	Carrying amount	Accrued remeasurements of fair value hedges	Accrued remeasurements of fair value hedges remaining	Accrued remeasurements of fair value	Remeasurement of fair value during the hedging period (incl. hedges that expired in the period)
Interest rate derivatives	**17 973 755**	**418 578**		**8 626**	**-833 597**
Loans and receivables due from credit institutions at amortised cost	1 130 902	6 409		152	-26 057
Loans and receivables due from customers at amortised cost	15 831 593	405 418		9 725	-797 497
Financial assets at fair value through other comprehensive income	1 011 260	6 752		-1 251	-10 043
Interest rate derivatives (currency swaps)	**5 548 931**	**325 860**		**7 623**	**100 876**
Loans and receivables due from credit institutions at amortised cost	702 333	16 832		2 303	22 704
Loans and receivables due from customers at amortised cost	4 846 599	309 028		5 320	78 172
Total fair value hedging of assets	**23 522 686**	**744 438**	**-**	**16 249**	**-732 721**
Interest rate derivatives	**-35 039 520**	**-1 064 291**	**70 376**	**7 984**	**1 392 145**
Debt securities in issue at amortised cost	-35 039 520	-1 064 291	70 376	7 984	1 392 145
Interest rate derivatives (currency swaps)	**-6 204 944**	**-74 809**	**0**	**-21 705**	**-189 659**
Debt securities in issue at amortised cost	-6 204 944	-74 809	0	-21 705	-189 659
Total fair value hedging of liabilities	**-41 244 464**	**-1 139 100**	**70 376**	**-13 722**	**1 202 486**

Note 2.4 – Income resulting from hedge accounting

in thousands of euros	30/06/2022			31/12/2021		
	Net income (Income of hedge accounting)			Net income (Income of hedge accounting)		
	Change in fair value of hedging instruments	Change in fair value of hedged items	Ineffective portion of hedge	Change in fair value of hedging instruments	Change in fair value of hedged items	Ineffective portion of hedge
Interest rate derivatives	-1 691 141	1 702 632	11 491	-560 562	558 548	-2 014
Interest rate and foreign exchange derivatives (cross-currency swaps)	137 968	-204 507	-66 539	73 552	-88 783	-15 231
Total	**-1 553 173**	**1 498 125**	**-55 048**	**-487 011**	**469 765**	**-17 245**

Note 3 – Financial assets at fair value through other comprehensive income

in thousands of euros	30/06/2022		31/12/2021	
	Carrying amount	Change in fair value over the period	Carrying amount	Change in fair value over the period
Debt securities recognised at fair value through equity to be recycled in profit or loss	**902 528**	**333**	**837 134**	**-3 618**
Government paper and equivalent	730 569	424	655 662	-3 232
Bonds and other securities	171 959	-92	181 472	-387
Equity securities recorded at fair value through equity not to be recycled in profit or loss	**663 033**	**26 918**	**549 062**	**-10 605**
Unconsolidated equity investments	663 033	26 918	549 062	-10 605
Total	**1 565 561**	**27 250**	**1 386 196**	**-14 224**

Note 4 – Financial assets and liabilities at fair value measured according to the level of fair value

in thousands of euros	30/06/2022				31/12/2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets/Liabilities								
Loans and securities that do not meet SPPI criteria	197 259	-	2 537 633	**2 734 892**	55 437		2 373 022	**2 428 459**
Financial assets recorded through equity	873 252	29 615	662 695	**1 565 561**	806 699	30 435	549 062	**1 386 196**
Hedging derivatives (Assets)	-	2 405 234	-	**2 405 234**	-	2 003 043	-	**2 003 043**
Derivatives (Liabilities)	-	565 360	81	**565 442**	-	258 000	1 993	**259 993**
Hedging derivatives (Liabilities)	-	3 663 227	-	**3 663 227**	-	1 527 245	-	**1 527 245**
Derivatives (Assets)	-	126 657	6 933	**133 591**	-	123 372	3 973	**127 344**

- ### Sensitivity of the fair value of level 3 instruments

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

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

Note 5 – Financial instruments at amortised cost

Financial assets measured at amortised cost

in thousands of euros	Notes	30/06/2022 On-demand	30/06/2022 At maturity	31/12/2021 On-demand	31/12/2021 At maturity
Debt securities	5.1		2 087 170		1 295 925
Loans and receivables due from credit institutions (*)	5.2	2 157 356	9 570 803	2 342 186	9 028 155
Loans and receivables due from customers (*)	5.2		33 985 885		35 850 846
Total		**2 157 356**	**45 643 859**	**2 342 186**	**46 174 926**

(*) Reintegration of third-party transactions at 1 January 2022 was recorded in assets as an increase in "loans and receivables due from credit institutions" for €1,615M and "loans and receivables due from customers" for €1,308M (see §1.5 Reintegration of operations carried out by AFD with its own resources).

Note 5.1 – Debt securities at amortised cost

in thousands of euros	30/06/2022		31/12/2021	
	On-demand	**At maturity**	**On-demand**	**At maturity**
Government paper and equivalent	-	596 565	-	631 880
Bonds and other securities	-	1 496 112	-	664 044
Total	**-**	**2 092 677**	**-**	**1 295 925**
Impairment	- -	5 507	-	-
Total	**-**	**2 087 170**	**-**	**-**

Note 5.2 – Loans and receivables due from credit institutions and customers at amortised cost

in thousands of euros	30/06/2022		31/12/2021	
	On-demand	**At maturity**	**On-demand**	**At maturity**
Loans to credit institutions at amortised cost		**8 612 717**		**8 062 948**
Performing loans (*)		8 547 643		7 840 327
Non-performing loans		65 074		222 622
Impairment		**-140 289**		**-134 618**
Related loans		***95 126***		***75 779***
Valuation adjustments of loans hedged by forward financial instruments		**-103 791**		**16 583**
Subtotal		**8 463 763**		**8 020 692**
Loans to customers at amortised cost		**36 375 744**		**35 810 731**
Performing loans (*)		34 386 121		34 192 652
Non-performing loans		1 989 623		1 618 078
Impairment		**-634 567**		**-672 780**
Related loans		***59 027***		***63 355***
Valuation adjustments of loans hedged by forward financial instruments		**-1 814 320**		**649 539**
Subtotal		**33 985 885**		**35 850 846**
Total loans	**-**	**42 449 648**	**-**	**43 871 538**
Other receivables				
Deposits (available cash) at credit institutions	2 157 356	1 106 144	2 342 186	1 006 314
Related loans		897		1 150
Total other receivables	**2 157 356**	**1 107 041**	**2 342 186**	**1 007 463**

(*) Reintegration of third-party transactions at 1 January 2022 was recorded in assets as an increase in "loans and receivables due from credit institutions" for €1,615M and "loans and receivables due from customers" for €1,308M (see §1.5 Reintegration of operations carried out by AFD with its own resources).

Note 6 – Asset impairment

Asset impairment		**31/12/2021**	Provisions	Reversals available	Other items	**30/06/2022**
Credit institutions		134 618	31 834	29 521	3 358	140 289
Credit to customers		672 780	93 573	136 813	5 027	*634 567*
	Of which stage 1	*47 070*	*8 768*	*-*	*-*	*55 837*
	Of which stage 2	*341 854*	*-*	*21 422*	*-*	*320 433*
	Of which stage 3	*418 421*	*87 495*	*115 767*	*8 342*	*398 491*
Other receivables		10 805	-	-	-	10 805
Total		**818 202**	**125 407**	**166 333**	**8 385**	**785 661**

Note 7 – Accruals and other miscellaneous assets/liabilities

in thousands of euros	30/06/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
Guarantees against collateral	2 510 911	93 317	815 589	726 358
Allocated public funds		85 312		84 297
Other assets and liabilities	936 191	2 154 272	305 009	1 053 563
Accounts payable, French State		269 675		142 536
Total accruals and other miscellaneous assets/liabilities	**3 447 102**	**2 602 575**	**1 120 598**	**2 006 754**

Note 8 – Property, plant and equipment and intangible assets

in thousands of euros	Property, plant and equipment			Intangible assets	Total	Total
	Land & development	Buildings & development	Other		30/06/2022	31/12/2021
Gross value						
At 1 January 2022	89 651	232 964	68 871	154 992	546 479	502 824
Purchases	14	1 540	1 521	17 080	20 155	54 828
Disposals/retirements	-	16	526	-	542	2 569
Other items	-12	-627	-110	-3 822	-4 571	-17 397
Change in scope	-	-	-	-	-	
At 30 June 2022	**89 653**	**233 892**	**70 809**	**168 251**	**562 605**	**537 708**
Depreciation/amortisation						
At 1 January 2022	3 588	156 011	51 808	85 283	296 691	296 691
Provisions	111	6 320	2 940	11 828	21 200	27 540
Reversals	-	4	518	-	522	-2 174
Other items	-	-	-	-	-	6
At 30 June 2022	**3 699**	**162 336**	**55 267**	**97 111**	**318 413**	**296 691**
Net value	**85 953**	**71 556**	**15 541**	**71 140**	**244 189**	**241 017**

Since 1 January 2019, AFD Group has applied IFRS 16, resulting in a restatement of property leases impacting “Property, plant and equipment” in assets and lease debts in “Other liabilities”. At 30 June 2022, the right of use was valued at €49.9M.

in thousands of euros	Registered offices	Offices	30/06/2022
Gross value			
At 1 January 2022	89 189	12 738	101 927
New contract			
Modification of contract			
Other items			
At 30 June 2022	**89 189**	**12 738**	**101 927**
Depreciation/amortisation	46 525	5 490	51 849
Net value	**42 664**	**7 248**	**49 912**

Note 9 – Financial liabilities measured at amortised cost

Debts to credit institutions and customers and debt securities in issue at amortised cost

in thousands of euros	30/06/2022	31/12/2021
Debts to credit institutions at amortised cost		
On-demand debts	19 765	24 901
Debts at maturity	628	540
Related debts	-	-
Total debts to credit institutions	**20 393**	**25 441**
Debts to customers at amortised cost		
Accounts payable, customers	1 334	2 511
Total debts to customers	**1 334**	**2 511**
Debt securities in issue at amortised cost		
Interbank market securities	1 155 445	500 230
Bonds (*)	45 175 621	42 279 087
Related debts	200 785	328 726
Valuation adjustments of debt securities in issue hedged by derivatives	-3 219 471	953 381
Total debts securities in issue	**43 312 379**	**44 061 424**

(*) Reintegration of third-party transactions at 1 January 2022 was recorded in liabilities as an increase in "bonds" for €2,922M (see §1.5 Reintegration of operations carried out by AFD with its own resources).

Maturity of debt securities in issue at amortised cost

in thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	30/06/2022
Maturity of debt securities in issue					
Bonds	100 017	4 334 458	18 137 456	19 585 005	42 156 936
Interbank market securities	219 038	936 407	-	-	1 155 445
Total	**319 055**	**5 270 865**	**18 137 456**	**19 585 005**	**43 312 381**

in thousands of euros	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	31/12/2021
Maturity of debt securities in issue					
Bonds (*)	1 802 078	2 801 997	19 282 014	19 675 105	43 561 194
Interbank market securities	305 083	195 146	-	-	500 230
Total	**2 107 161**	**2 997 143**	**19 282 014**	**19 675 105**	**44 061 424**

Debt securities in issue by currency

in thousands of euros	EUR	USD	JPY	CHF	AUD	CNH	DOP	30/06/2022
Debt securities in issue by currency								
Bonds	33 614 001	7 227 353	102 157	301 354	223 852	57 497	5 120	42 156 935
Interbank market securities	1 155 445	-	-	-	-	-	-	1 155 445
Total	**34 769 445**	**7 227 353**	**102 157**	**301 354**	**223 852**	**57 497**	**5 120**	**43 312 379**

in thousands of euros	EUR	USD	JPY	CHF	AUD	CNH	DOP	31/12/2021
Debt securities in issue by currency								
Bonds (*)	36 761 709	6 180 210	110 924	292 020	216 331	-	-	43 561 194
Interbank market securities	500 230	-	-	-	-	-	-	500 230
Total	**37 261 938**	**6 180 210**	**110 924**	**292 020**	**216 331**	**-**	**-**	**44 061 424**

Note 10 – Provisions

Provisions	31/12/2021	Provisions	Reversals available	Other items	30/06/2022
Included in the cost of risk					
French Overseas Department subsidiary risks	26 205	-	4	-	26 201
Other provisions for risk	184 094	24 812	17 028	-	191 878
Of which stage 1	*19 753*	*1 465*	*1 431*		*19 787*
Of which stage 2	*121 096*	*9 968*	*1 241*		*129 823*
Of which stage 3	*43 245*	*13 379*	*14 356*		*42 268*
Excluded from the cost of risk					
Provision for expenses – Sovereign loans	985 420	43 867	17 905	-2	1 011 380
Salary and employee benefit expense(s)	149 704	59	753	-64 581	84 429
Provision for risks and expenses	*9 895*	*18 334*	*289*	-	*27 940*
Total	**1 355 318**	**87 071**	**35 978**	**-64 583**	**1 341 829**

Note 11 – Subordinated debt

in thousands of euros	30/06/2022	31/12/2021
Fixed-term subordinated debt	190 241	-
Open-ended subordinated debt	840 006	840 006
Total	**1 030 246**	**840 006**

3.3.2 Notes to the income statement

Note 12 – Interest income and expenses by accounting category

in thousands of euros	30/06/2022	30/06/2021
From financial assets measured at amortised cost	**390 100**	**426 748**
Cash and on-demand accounts with central banks	1 583	1 072
Loans and receivables	382 312	418 818
Transactions with credit institutions	54 812	47 406
Transactions with customers	327 500	371 412
Debt securities	6 205	6 859
From financial assets at fair value through other comprehensive income	**8 644**	**8 945**
Debt securities	8 644	8 945
From financial assets at fair value through profit or loss	**58 580**	**19 859**
Loans and receivables	58 580	19 859
Transactions with credit institutions	21 538	7 227
Transactions with customers	37 042	12 632
Interest accrued and due on hedging instruments	**306 547**	**303 810**
Of which transactions with credit institutions	*99 791*	88 370
Of which other interest and related income	*206 757*	215 440
Total interest income	**763 871**	**759 362**
From financial liabilities measured at amortised cost	**221 687**	**224 550**
Financial liabilities measured at amortised cost	221 687	224 550
Interest accrued and due on hedging instruments	**301 745**	**265 028**
Other interest and similar expenses	**101**	**124**
Total interest expenses	**523 533**	**489 702**

Note 13 – Net commissions

in thousands of euros	30/06/2022			30/06/2021		
	Income	Expenses	Net	Income	Expenses	Net
Commissions on commitments	-	-	-	-	-	-
Monitoring and investment commissions	4 125	1 085	3 040	3 211	741	2 470
Analysis commissions	16 885	-	16 885	9 635	-	9 635
Commissions on grants and subsidies	52 714	-	52 714	45 392	-	45 392
Miscellaneous commissions	1 132	2 011	-878	731	1 692	-961
Total	**74 857**	**3 095**	**71 762**	**58 969**	**2 433**	**56 536**

Note 14 – Gains or losses on financial instruments at fair value through profit or loss

in thousands of euros	30/06/2022		30/06/2021	
	Gains and losses on financial instruments at fair value through profit and loss	o/w Foreign currency impact on derivatives	Gains and losses on financial instruments at fair value through profit and loss	o/w Foreign currency impact on derivatives
Financial assets and liabilities at fair value through profit or loss	**104 391**	**5 196**	**29 647**	**12 268**
Income from financial instruments at fair value through profit and loss	9 887	-	-9 266	-1 125
Unrealised or realised gains or losses on debt instruments that do not meet SPPI criteria	96 263		52 521	
Hedging of loans at fair value through profit or loss	-1 760	5 196	-13 608	13 392
Income resulting from hedge accounting	**-55 037**	**-8 456**	**-4 360**	**-2 599**
Change in fair value of hedging derivatives	*-1 552 588*	*8 353*	*-278 870*	*2 473*
Change in fair value of the hedged item	*1 497 551*	*104*	*274 510*	*126*
Natural hedging/Trading	**1 242**	**236 849**	**-19 466**	**-11 753**
CVA/DVA	**-8 233**	**-**	**187**	**-**
Total	**42 363**	**233 588**	**6 008**	**-2 084**

Note 15 – Net gains or losses on financial assets at fair value through other comprehensive income

in thousands of euros	30/06/2022	30/06/2021
Dividends received on equity instruments recognised at fair value through other comprehensive income not to be recycled in profit or loss	10 579	8 120
Gains or losses on equity instruments recognised at fair value through other comprehensive income not to be recycled in profit or loss	-	-264
Gains or losses on debt securities recorded at fair value through equity to be recycled in profit or loss	-102	-1 104
Net gains or losses on financial assets recognised in other comprehensive income	**10 478**	**6 753**

Note 16 – Income from other activities

in thousands of euros	30/06/2022	30/06/2021
Subsidies	130 328	117 520
Other income (*)	153 465	19 543
Total	**283 793**	**137 063**

(*) Following the consolidation of Expertise France into AFD Group on 1 January 2022, other income increased by €131M. This rise was offset by the increase in other expenses relating to Expertise France.

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

Note 17 – Overheads

Salary and employee benefit expense(s)

in thousands of euros	30/06/2022	30/06/2021
Salary and employee benefit expense(s)		
Wages and bonuses	119 218	107 268
Social security expenses	47 620	39 261
Profit sharing	9 785	5 111
Taxes and similar payments on compensation	15 427	11 836
Provisions/reversal of provisions	-1 097	1 346
Rebilling banks' staff	-849	-2 296
Total	**190 106**	**162 527**

Other administrative expenses

in thousands of euros	30/06/2022	30/06/2021
Other administrative expenses		
Taxes	9 741	8 055
of which application of IFRIC 21	3 980	*3 579*
Outside services	64 109	52 120
Rebilled expenses	-1 088	-257
Total	**72 761**	**59 917**

Note 18 – Cost of credit risk

in thousands of euros	30/06/2022	30/06/2021
Impairments on performing (Stage 1) or deteriorated (Stage 2) assets	**3 893**	**42 472**
Stage 1: losses assessed at the amount of expected credit losses for the coming 12 months	**-8 801**	**1 257**
Debt securities recognised in equity to be recycled in profit or loss	-	-
Debt securities recorded at amortised cost	-8 768	2 703
Signature commitments	-34	-1 447
Stage 2: losses assessed at the amount of expected credit losses for the lifetime	**12 695**	**41 216**
Debt securities recognised in equity to be recycled in profit or loss	-	-
Debt securities recorded at amortised cost	21 422	24 126
Signature commitments	-8 727	17 089
Impairments of impaired assets (stage 3)	**44 208**	**102 921**
Stage 3: impaired assets	**44 281**	**101 765**
Debt securities recognised in equity to be recycled in profit or loss	-	-
Debt securities recorded at amortised cost	54 723	52 501
Signature commitments	-10 442	49 264
Other provisions for risk	**-73**	**1 156**
Net reversals of impairments and provisions	**48 101**	**145 394**
Losses on loans and bad loans	-23 690	-126 207
Recovery of loans and receivables	-	-
Discounts on restructured loans	-105	27
Cost of risk	**24 306**	**19 213**

Note 19 – Equity-accounting

in thousands of euros	30/06/2022		31/12/2021	
Impact	*Balance sheet*	*Income*	*Balance sheet*	*Income*
SIC	36 827	3 488	33 770	2 926
Socredo	115 299	1 979	113 959	3 614
Total	**152 126**	**5 467**	**147 729**	**6 540**

Note 20 – Corporate income tax

in thousands of euros	30/06/2022	30/06/2021
Corporate tax	**-1 349**	**-9 428**
Taxes due	-1 602	-5 546
Deferred tax	254	-3 882

Underlying tax position

in thousands of euros	30/06/2022	30/06/2021
Net income	**274 787**	**233 197**
Corporate tax	-1 349	-9 428
Pre-tax income	**276 136**	**242 625**
Total theoretical tax expense 34.43% (A)	**-75 577**	**-34 488**
Total matching items (B)	**74 228**	**25 060**
Net recorded tax expense (A) + (B)	**-1 349**	**-9 428**

Note 21 – Financing and guarantee commitments

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

in thousands of euros	**30/06/2022**	**31/12/2021**
Commitments received		
Financing commitments received from the French State	-	-
Guarantee commitments received from the French State on loans (*)	4 817 640	4 058 130
Guarantee commitments received from credit institutions	378 191	412 479
as part of the Group's credit activity	*378 191*	*412 479*
Commitments given		
Financing commitments made to credit institutions	2 025 193	1 850 484
Financing commitments made to customers	15 779 376	15 213 849
Guarantee commitments made to credit institutions	187 635	141 783
Guarantee commitments made to customers	809 698	824 959

(*) Reintegration of third-party transactions at 1 January 2022 was recorded off-balance sheet under "Guarantee commitments received from the French State on loans" for €2,922M (see §1.5 Reintegration of operations carried out by AFD with its own resources).

3.4 Risk information

✓ Concentration of credit risk

Financial assets at amortised cost

Non-sovereign	30/06/2022				31/12/2021			
in thousands of euros	Performing assets		Doubtful assets	Total	Performing assets		Doubtful assets	Total
Rating	**Stage 1**	**Stage 2**	**Stage 3**		**Stage 1**	**Stage 2**	**Stage 3**	
from AAA to BBB- (Investment) *	7 341 067	400 228	-	**7 741 296**	6 848 299	391 091	-	**7 239 390**
from BB+ to CCC (Speculative) *	5 583 239	4 837 359	-	**10 420 599**	5 297 717	5 142 758	-	**10 440 475**
Unused **	611 772	-	-	**611 772**	310 054	-	-	**310 054**
Doubtful	-	-	1 081 729	**1 081 729**	-	-	1 060 155	**1 060 155**
Total	**13 536 078**	**5 237 588**	**1 081 729**	**19 855 395**	**12 456 070**	**5 533 849**	**1 060 155**	**19 050 073**

(*) Reintegration of third-party transactions at 1 January 2022 relating to non-sovereign loans for €1,808M.

Sovereign	30/06/2022				31/12/2021			
in thousands of euros	Performing assets		Doubtful assets	Total	Performing assets		Doubtful assets	Total
Rating	**Stage 1**	**Stage 2**	**Stage 3**		**Stage 1**	**Stage 2**	**Stage 3**	
from AAA to BBB- (RC1 to RC2) *	8 299 510	-	-	**8 299 510**	8 433 001	-	-	**8 433 001**
from BB+ to CCC (RC3, RC4, RC5) *	13 092 688	2 794 657	-	**15 887 345**	12 948 078	2 806 810	-	**15 754 888**
Unused **	-	-	-	**-**	-	-	-	**-**
Doubtful (RC6) *	-	-	1 041 018	**1 041 018**	-	-	740 512	**740 512**
Total	**21 392 198**	**2 794 657**	**1 041 018**	**25 227 874**	**21 381 080**	**2 806 810**	**740 512**	**24 928 401**

(*) Reintegration of third-party transactions at 1 January 2022 relating to sovereign loans for €1,121M.

Securities at fair value through recyclable other comprehensive income or at amortised cost

	30/06/2022				31/12/2021			
in thousands of euros	Performing assets		Doubtful assets	Total	Performing assets		Doubtful assets	Total
Rating	**Stage 1**	**Stage 2**	**Stage 3**		**Stage 1**	**Stage 2**	**Stage 3**	
from AAA to BBB- (Investment)	2 567 700	-	-	**2 567 700**	1 798 062	-	-	**1 798 062**
from BB+ to CCC (Speculative)	288 741	29 869	-	**318 611**	238 019	32 981	-	**271 000**
Unused **	135 000	-	-	**-**	-	-	-	**-**
Doubtful	-	-	-	**-**	-	-	-	**-**
Total	**2 991 441**	**29 869**	**-**	**3 021 311**	**2 036 081**	**32 981**	**-**	**2 069 062**

Financing commitments

Sovereign	30/06/2022				31/12/2021			
in thousands of euros	Performing assets		Doubtful assets	Total	Performing assets		Doubtful assets	Total
Rating	**Stage 1**	**Stage 2**	**Stage 3**		**Stage 1**	**Stage 2**	**Stage 3**	
from AAA to BBB-	2 401 174	-	-	**2 401 174**	2 120 968	-	-	**2 120 968**
from BB+ to CCC *	8 737 026	1 488 824	-	**10 225 850**	8 493 829	1 950 725	-	**10 444 554**
Unused	-	-	-	**-**	-	-	-	**-**
Doubtful	-	-	1 115 802	**1 115 802**	-	-	648 251	**648 251**
Total	**11 138 200**	**1 488 824**	**1 115 802**	**13 742 826**	**10 614 796**	**1 950 725**	**648 251**	**13 213 772**

Non-sovereign	30/06/2022				31/12/2021			
in thousands of euros	Performing assets		Doubtful assets	Total	Performing assets		Doubtful assets	Total
Rating	**Stage 1**	**Stage 2**	**Stage 3**		**Stage 1**	**Stage 2**	**Stage 3**	
from AAA to BBB-	1 564 911	-	-	**1 564 911**	1 213 010	-	-	**1 213 010**
from BB+ to CCC	1 739 190	488 918	-	**2 228 108**	1 959 063	463 041	-	**2 422 104**
Unused **	180 635	-	-	**180 635**	466 434	-	-	**466 434**
Doubtful	-	-	62 335	**62 335**	-	-	58 575	**58 575**
Total	**3 484 735**	**488 918**	**62 335**	**4 035 989**	**3 638 506**	**463 041**	**58 575**	**4 160 123**

(**) Unused assets relate to budgets granted pending allocation to a final beneficiary.

Guarantee commitments

Non-sovereign	30/06/2022				31/12/2021			
in thousands of euros	Performing assets		Doubtful assets	Total	Performing assets		Doubtful assets	Total
Rating	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
from AAA to BBB- (Investment)	18 804	336	-	**19 140**	20 367	267	-	**20 634**
from BB+ to CCC (Speculative)	295 972	563 470	-	**859 442**	248 556	603 653	-	**852 209**
Unused	-	-	-	**-**	-	-	-	**-**
Doubtful	-	75	70 263	**70 339**	-	309	69 702	**70 011**
Total	**314 775**	**563 881**	**70 263**	**948 920**	**268 923**	**604 229**	**69 702**	**942 854**

✓ Exposure to credit risk: change in the carrying amounts and value adjustments for losses over the period

Value adjustments for losses correspond to impairment on assets and provisions on off-balance sheet commitments recognised in net income ("Cost of risk") in respect of the credit risk.

	Stage 1	Stage 2	Stage 3	Total
Provisions at 31 December 2021 Activity + Parameters + Exceptional provisions	**66 822 284**	**462 949 874**	**418 507 247**	**948 279 405**
New signatures	6 574 128	6 521 485	-	**13 095 613**
Extinct exposures	-300 583	-1 549 382	-8 297 148	**-10 147 114**
Change in exposure or rating	-1 280 204	-21 982 899	-10 398 211	**-33 661 315**
Stage change	-9 614 555	35 739 429	11 218 901	**37 343 774**
Others (including Sogefom)	24 146	15 648 990	-4 512 673	**11 160 463**
IFRS restatements	-	-	-7 898 100	**-7 898 100**
Total change in operating provisions	**-4 597 069**	**34 377 622**	**-19 887 232**	**9 893 321**
Total change in IFRS 9 parameter updates	**9 093 919**	**-25 402 250**	**-**	**-16 308 330**
Total change in exceptional provisions	**4 304 582**	**-21 669 892**	**-**	**-17 365 310**
Provisions at 30 June 2022 Activity + Parameters + Exceptional provisions	**75 623 716**	**450 255 355**	**398 620 015**	**924 499 086**

3.5 Additional information

3.5.1. IMF balance sheet

in thousands of euros	**30/06/2022**	**31/12/2021**
Assets		
Loans and receivables due from credit institutions	391 437	391 867
On-demand	*347 083*	*319 513*
At maturity	*44 354*	*72 354*
Accruals	14 968	21 888
Total assets	**406 405**	**413 755**
Liabilities		
Debt securities in issue	405 272	412 676
Bonds	*400 000*	*400 000*
Of which accrued interest	*5 272*	*12 676*
Accruals and other miscellaneous liabilities	1 133	1 079
Total liabilities	**406 405**	**413 755**

3.5.2. Significant events since 30 June 2022

None

D. Statutory Auditors' review report on the 2022 half-year financial information

AGENCE FRANÇAISE DE DÉVELOPPEMENT

For the six-month period ended 30 June 2022

Statutory Auditors' review report on the 2022 half-year financial information

This is a free translation into English of the statutory auditors' review report on the 2022 half-year financial information issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the board of directors of Agence Française de Développement,

In compliance with the assignment entrusted to us by your board of directors and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Agence Française de Développement, for the six-month period ended June 30, 2022;
- the verification of the information presented in the interim management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed interim consolidated financial statements are the responsibility of the Chief Executive Officer. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of IFRSs as adopted by the European union applicable to interim financial information.

Without qualifying the opinion expressed above, we draw your attention to the error correction described in Note 1.5 of the notes to the condensed half-year consolidated financial statements, which follows the reclassification of loans made at the request of third parties, backed by Agence Française de Développement's own resources, as own-account transactions that had initially been considered as third-party transactions. This error correction resulted in an increase in loans of EUR 2.9 billion, including EUR 1.6 billion in "Loans and advances to credit institutions" and EUR 1.3 billion in "Loans and advances to customers" (Balance sheet and Note 5. 1.3 billion in "loans and advances to customers" (Balance Sheet and Note 5.2 - "Loans and advances to credit institutions and customers at amortised cost") in exchange for an increase in "bonds" for the same amount (Balance Sheet and Note 9 - "Amortised loans and advances to credit institutions and customers and debt securities").

II- Specific verification

We have also verified the information presented in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Paris La Défense and Paris, September 21, 2022

The statutory auditors

French original signed by

KPMG S.A.	**BDO Paris**
Valéry Foussé	Arnaud Naudan

E. Person responsible for the half-year financial report

Name and position

Mr Bertrand Walckenaer: Chief Operating Officer

Certification of the person responsible

I certify that to the best of my knowledge the condensed financial statements for the past half-year are drawn up in accordance with the applicable accounting standards, and give a true and fair view of the assets, financial position and income of the company and all the subsidiaries included in the scope of consolidation. The half-year management report featured on page 4 faithfully presents the significant events having occurred in the first half of the financial year and their impact on the financial statements, and describes the primary risks and uncertainties for the second half of the financial year.

Paris, 20 September 2022

Chief Operating Officer (COO)

Bertrand Walckenaer