AFD AT A GLANCE

#WorldInCommon
AFD: THE FRENCH DEVELOPMENT AGENCY

AFD finances, monitors and supports more than 4,000 development projects.

- Promote sustainable economic growth
- Reduce poverty and inequalities
- Promote biodiversity, social and environmental responsibility
- Reduce negative impacts of climate change

AFD is committed to improving day to day lives of the local population by financing projects which:

- Established in 1941
- 100% owned by the French State
- AA rated by Fitch and S&P
- Qualified as “Advanced” by Vigeo
- EPIC subject to banking regulation
- Rated Prime Status by ISS ESG

#WorldInCommon
AFD OPERATES IN MOST OF THE DEVELOPING AND EMERGING MARKETS
2021 commitments *

Total Group Approvals represented €12,15 Bn in 2021. AFD also operates in French overseas territories representing around €1,1 Bn (9%) of the commitments of the AFD group.

- €1,7 Billion (14%) LATIN AMERICA
- €5,2 Billion (43%) AFRICA
- €3,5 Billion (29%) ORIENT
- €1,4 Billion (11%) THREE OCEANS
- €0.35 Billion (3%) MULTI-COUNTRY

115 countries of operations
5 continents
85 agencies
3,000 employees
17 Regional directions

#WorldInCommon
**A FRESH IMPETUS TO FRENCH DEVELOPMENT POLICY**

**A crucial role in meeting France’s international commitment to development and, since COP21, to fight against climate change**

AFD provides a large part of France’s commitments to reduce green house gases in the coming years.

In 2016 the French State has strengthened AFD’s capital by turning €2.4Bn of subordinated loans (Tier2) into Core Tier One.

Furthermore, equity of the Group were reinforced by €1.4Bn of Capital CET1 in 2021.

French public aid objective to reach 0.55% of GNI by 2022 and 0.70% by 2025 set by President Macron.

**€55.23 Bn**

Total of AFD group balance sheet as of 31 Dec. 2021

*A significant increase in commitments since 2015*

Commitments regarding climate change projects

Total commitments in € Bn

### Forecasts

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Commitments</th>
<th>Climate Change Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.6 Bn</td>
<td>8.3 Bn</td>
</tr>
<tr>
<td>2016</td>
<td>4.8 Bn</td>
<td>9.4 Bn</td>
</tr>
<tr>
<td>2017</td>
<td>6.1 Bn</td>
<td>10.3 Bn</td>
</tr>
<tr>
<td>2018</td>
<td>5.3 Bn</td>
<td>11.4 Bn</td>
</tr>
<tr>
<td>2019</td>
<td>6.0 Bn</td>
<td>14.1 Bn</td>
</tr>
<tr>
<td>2020</td>
<td>12.0 Bn</td>
<td>12.0 Bn</td>
</tr>
<tr>
<td>2021</td>
<td>12.2 Bn</td>
<td>12.1 Bn</td>
</tr>
<tr>
<td>2022</td>
<td>12.0 Bn</td>
<td>12.0 Bn</td>
</tr>
<tr>
<td>2023</td>
<td>12.0 Bn</td>
<td>12.0 Bn</td>
</tr>
<tr>
<td>2024</td>
<td>12.0 Bn</td>
<td>12.0 Bn</td>
</tr>
</tbody>
</table>
APPROPRIATE FINANCIAL TOOLS
2021 commitments

- **€5.1Bn** Loans to companies and local authorities
- **€1.9Bn** Grants (projects grants to NGOs, C2D, delegation of funds from other donors)
- **€0.6Bn** Guarantees and equity investments
- **€4.55Bn** Loans to States

Total: **€12.15Bn**
Since October 2017, our CEO Remy Rioux has had the honour of leading the IDFC* which brings together 27 development banks and AFD remains very committed to the Finance in Common Summit (FiCS) movement, which brings together the 530 public development banks.

Each year, IDFC commits an average of US$ 150 billion to “green” and climate financing, representing about 25% of its total financial commitments.

It makes this worldwide organization the foremost global public donor for energy and ecological transitions.

* International Development Finance Club

Partnerships with IBRD, EIB, KFW, ADB, … AFD is a recognized institution amongst Development Banks

#WorldInCommon
STATUS & CREDIT PROFILE
A central role in the French government's cooperation and aid policy

- Plays a major role in the government’s Official Development Assistance policy
- Funds part of the French State’s contribution to the IMF and World Bank

**A DUAL STATUS**

**A banking institution as a Financing Company** (Société de Financement)

- Regulated by the national banking authority (ACPR), subject to CRR/CRD IV
- Risk weighting 20%

**EPIC:** Etablissement Public Industriel et Commercial, immune to private-sector bankruptcy laws

- By law, the French State has ultimate responsibility for AFD’s solvency (Law 80-539)

AFD is under domestic supervision of ACPR and Court of Auditors

FULLY PUBLICLY OWNED

French State 100%

78% **Proparco**

French State 100% (Fully Publicly Owned)

Expertise France**

Other subsidiaries
Socredo, Sogefom...

**Proparco** is a subsidiary of AFD focused on private sector development. It provides funding and support to both businesses and financial institutions across Africa, Asia, Latin America and the Middle-East.

**Expertise France** is the French public agency for the design and implementation of international technical cooperation projects.

*WorldInCommon*
### AFD BENEFITS FROM HIGH QUALITY RATINGS

AA/AA rating linked to AFD’s status

<table>
<thead>
<tr>
<th>Fitch Ratings</th>
<th>AA/Outlook negative</th>
<th>Short-Term F1+</th>
</tr>
</thead>
</table>

#### 30/09/2021

Fitch classifies AFD as a **government-related entity (GRE) of the French state (AA/negative)** under its GRE criteria and equalizes its ratings with those of the sovereign. The ratings reflect our view that the French state would provide AFD with timely extraordinary support in case of need.

“AFD is fully owned by the French state and has the special legal status of *établissement public industriel et commercial* (EPIC) under the French law. This implies that it cannot be liquidated or go bankrupt. AFD can only be dissolved by law, which would entail an automatic transfer of all its assets and liabilities to the state or to another public entity designated by the state.”

<table>
<thead>
<tr>
<th>STANDARD &amp; POOR’S</th>
<th>AA/Outlook Stable</th>
<th>Short-Term A-1+</th>
</tr>
</thead>
</table>

#### 21/02/2022

The stable outlook on *Agence Francaise de Developpement* (AFD) reflects S&P Global Ratings' stable outlook on France (unsolicited; AA/Stable/A-1+).

We believe that AFD will retain its critical role and integral link with the country. We regard AFD as a **government-related entity that would benefit under stress from an almost certain likelihood of extraordinary support from France.**
AFD: A RECOGNIZED CORPORATE RESPONSIBILITY
AFD is rated by two of the world’s leading rating agencies in the segment of sustainable investments.

First Decile within Financials/Development Banks
Last update August 2019

Ranked #10 out of 4,930 in Overall Universe
October 2021

AFD: A RECOGNIZED CORPORATE RESPONSIBILITY
AFD is rated by two of the world’s leading rating agencies in the segment of sustainable investments.
FINANCIAL PERFORMANCE & RISK MANAGEMENT
KEY FIGURES
IFRS GAAP

Net Banking Income
In €Mn

Net Income
In €Mn

In 2020 net income decrease is a result of financial instruments volatility and due to a change of the accounting standards (IFRS9)

Loans Outstanding
In €Bn

Consolidated Capital
In €Bn

Total balance sheet
In €Bn

NBI excluding Fair Value volatility on Financial Instruments

#WorldInCommon
AFD STRONG CAPITALIZATION

CET1 Ratio
Our CET1 ratio has been improved in 2021 by a new equity contribution from the French State

Capital adequacy ratio

T1 Ratio

Minimum regulatory levels

* Without Countercyclical Capital Buffer
SOLID ASSET QUALITY

Total outstanding as of 31 December 2021
€41.84Bn
Doubtful loans: 4.1%

vs 31 Dec. 2020
€39.06Bn
Doubtful loans: 3.28%

A very conservative provisioning policy

A low risk portfolio

Reserve account which works as an implicit guarantee from the French State

Credit risk
Solid quality and provisioning

Concentration risk
Country lending limit at 25% of capital
CONSERVATIVE MARKET RISK POLICY

EXCHANGE / INTEREST RATE RISK
Minimized by internal policy and hedging
- All issues and loans swapped into Euros floating rate
- Internal policy:
  - Single currency exposure < 1.5% of Consolidated Capital
  - Global forex position < 3% of Consolidated Capital
- No speculative trading

COUNTERPARTY RISK
Ratings monitoring and collateral contracts
- Clearing IRS
  - Two-ways CSAs with daily collateral for bilateral derivatives
- SSA euro zone for the investment portfolio

LIQUIDITY RISK
Very limited exposure
- Treasury ≥ 6 months of cash outflows
- Investment & LCR portfolio of €1,463 Bn eligible to repo as of 30th of April 2022

Investment & LCR portfolio of €1,463 Bn eligible to repo as of 30th of April 2022
- Covered Bonds: 33%
- OAT: 20%
- EUR Zone Sovereigns: 7%
- EUR Zone Agencies: 7%
- Others: 17%
Due to Covid-19 crisis, an earlier increase of funding which is expecting to stabilize:

- An increase in the commitments of €1Bn per year until 2020 and a stabilization expected for the years to come
- A sharp growth of disbursements since 2020 to support our partners during the crisis
- AFD reached the 10bn funding threshold a bit earlier than previous expectations
- AFD is back on its initial path (pre-Covid) regarding its activity and funding program
AFD & PEERS EXPECTED FUNDING PROGRAM IN 2022

In Bn € – May 2022 Figures

AFD IN THE FRENCH AGENCIES UNIVERSE

AFD IN THE DEVELOPMENT BANKS UNIVERSE
AFD’S FUNDING STRATEGY

Public Markets
Public benchmarks on main debt markets to build a solid curve:
• EUR: across the curve potentially up to 20 years
• USD: focus on short and medium term tenors
• SDG bonds

Private Placements
Proactive and flexible in currency

Medium term funding
Upon request

Short term funding
For any adjustments

EMTN program
€50Bn

Neu MTN
€2Bn

Neu CP
€4Bn

Private Placements

#WorldInCommon
AFD’S FUNDING STRATEGY

3 main priorities will feed into the development of volumes

01
AFD IS WILLING TO BE A LIQUIDITY PROVIDER BY:
• Raising the issue size of its bonds to €2Bn
• Using TAPs to rise the size of existing bonds to €2Bn

02
AFD HAS AN ACTIVE APPROACH TO THE PRIVATE PLACEMENTS MARKET
• Weekly prices, communicated in EUR, for PPs
• AFD can print PP in any currency on demand (including exotic currencies)
• AFD explores less solicited segment of the curve, short end (1-3y) and long end > 15y

03
SDG AND CLIMATE BOND
• A new SDG bond framework designed in 2020
• Issuances every year (48% of AFD’s funding in 2021)
AFD’s Funding Program

€9Bn

70% Public Issues
30% Private Placements

Bloomberg Ticker: AGFRNC

<table>
<thead>
<tr>
<th>1Y → 2Y EUR</th>
<th>2Y → 5Y USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAPs and private placements</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tenor</th>
<th>Currency</th>
<th>Ccy</th>
<th>Coupon</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Y;2Y</td>
<td>EUR</td>
<td>750</td>
<td>0,13%</td>
<td>nov-37 Public 27</td>
</tr>
<tr>
<td>2Y;3Y</td>
<td>USD</td>
<td>500</td>
<td>1,25%</td>
<td>juin-25 Public 33</td>
</tr>
<tr>
<td>3Y;4Y</td>
<td>USD</td>
<td>1 500</td>
<td>0,14%</td>
<td>janv-25 Public 22</td>
</tr>
<tr>
<td>4Y;5Y</td>
<td>EUR</td>
<td>1 500</td>
<td>0,37%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>5Y;6Y</td>
<td>USD</td>
<td>2 000</td>
<td>0,625%</td>
<td>janv-26 Public 22</td>
</tr>
<tr>
<td>6Y;7Y</td>
<td>EUR</td>
<td>2 000</td>
<td>0,01%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>7Y;8Y</td>
<td>USD</td>
<td>2 000</td>
<td>0,25%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>8Y;9Y</td>
<td>EUR</td>
<td>2 000</td>
<td>0,50%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>9Y;10Y</td>
<td>EUR</td>
<td>2 000</td>
<td>0,75%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>10Y;11Y</td>
<td>EUR</td>
<td>2 000</td>
<td>1,00%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>11Y;12Y</td>
<td>EUR</td>
<td>2 000</td>
<td>1,25%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>12Y;13Y</td>
<td>EUR</td>
<td>2 000</td>
<td>1,50%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>13Y;14Y</td>
<td>EUR</td>
<td>2 000</td>
<td>1,75%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>14Y;15Y</td>
<td>EUR</td>
<td>2 000</td>
<td>2,00%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>15Y;16Y</td>
<td>EUR</td>
<td>2 000</td>
<td>2,25%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>16Y;17Y</td>
<td>EUR</td>
<td>2 000</td>
<td>2,50%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>17Y;18Y</td>
<td>EUR</td>
<td>2 000</td>
<td>2,75%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>18Y;19Y</td>
<td>EUR</td>
<td>2 000</td>
<td>3,00%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>19Y;20Y</td>
<td>EUR</td>
<td>2 000</td>
<td>3,25%</td>
<td>mai-31 Public 22</td>
</tr>
<tr>
<td>20Y;21Y</td>
<td>EUR</td>
<td>2 000</td>
<td>3,50%</td>
<td>mai-31 Public 22</td>
</tr>
</tbody>
</table>

Total 2023 3,313 Bn € Eq.

Public deals

<table>
<thead>
<tr>
<th>Current amount</th>
<th>Initial amount</th>
<th>Ccy</th>
<th>Coupon</th>
<th>Tenor</th>
<th>Maturity</th>
<th>Type</th>
<th>vs. OAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 000</td>
<td>750</td>
<td>EUR</td>
<td>1,13%</td>
<td>1,5y</td>
<td>mar-37 Public 27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>540</td>
<td>500</td>
<td>GBP</td>
<td>1,25%</td>
<td>3,5y</td>
<td>juin-25 Public 33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 500</td>
<td>1 500</td>
<td>USD</td>
<td>1,38%</td>
<td>3y</td>
<td>janv-25 Public 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 000</td>
<td>2 000</td>
<td>USD</td>
<td>0,625%</td>
<td>5y</td>
<td>janv-26 Public 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 250</td>
<td>1 250</td>
<td>USD</td>
<td>1,88%</td>
<td>3y</td>
<td>sept-20 Public 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 800</td>
<td>1 800</td>
<td>EUR</td>
<td>1,38%</td>
<td>15,2Y</td>
<td>mai-31 Public 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 500</td>
<td>1 500</td>
<td>USD</td>
<td>0,13%</td>
<td>5y</td>
<td>avr-22 Public 22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total 2021 7,475 Bn € Eq.

Total 2020 9,912 Bn € Eq.

Total 2019 6,439 Bn € Eq.

Total 2018 6,463 Bn € Eq.

Total 2017 6,233 Bn € Eq.

TAPs' currency split in 2022

EUR 69%
USD 14%
CNH 9%
GBP 1%
DOP 7%
REDEMPTION PROFILE
Market debt outstanding under EMTN program as of April 30th, 2022

€42,23 Bn

EUR
USD
Other
INVESTOR DISTRIBUTION OVERVIEW: PUBLIC ISSUES (2017-2021)

BREAKDOWN BY GEOGRAPHIC REGION

Asia
- 2017: 15%
- 2018: 15%
- 2019: 16%
- 2020: 21%
- 2021: 21%

Europe
- France
- 2017: 28%
- 2018: 28%
- 2019: 28%
- 2020: 41%
- 2021: 46%

- UK
- 2017: 24%
- 2018: 19%
- 2019: 19%
- 2020: 21%
- 2021: 31%

- ME / Africa
- 2017: 24%
- 2018: 19%
- 2019: 21%
- 2020: 26%
- 2021: 31%

- Americas
- 2017: 18%
- 2018: 25%
- 2019: 11%
- 2020: 26%
- 2021: 27%

- Germany / Switz.
- 2017: 24%
- 2018: 19%
- 2019: 21%
- 2020: 32%
- 2021: 32%

- Other Europe
- 2017: 28%
- 2018: 26%
- 2019: 26%
- 2020: 26%
- 2021: 27%

- Other
- 2017: 1%
- 2018: 1%
- 2019: 1%
- 2020: 1%
- 2021: 1%

BREAKDOWN BY INVESTOR TYPE

- CB / Official Institutions
- 2017: 15%
- 2018: 15%
- 2019: 15%
- 2020: 2%
- 2021: 2%

- Banks / Private Banks
- 2017: 32%
- 2018: 32%
- 2019: 32%
- 2020: 31%
- 2021: 8%

- Insurance / Pension Fund
- 2017: 6%
- 2018: 6%
- 2019: 6%
- 2020: 5%
- 2021: 8%

- Asset Manager
- 2017: 11%
- 2018: 11%
- 2019: 11%
- 2020: 21%
- 2021: 27%

- Others
- 2017: 1%
- 2018: 1%
- 2019: 1%
- 2020: 2%
- 2021: 3%
SUSTAINABLE DEVELOPMENT GOALS BOND ISSUANCE PROGRAM
THE SDGS ARE AT THE HEART OF THE AFD GROUP’S SIX STRATEGIC TRANSITIONS

The AFD Group’s strategic vision and organization is based on its **own assessment of the 17 Sustainable Development Goals**, grouped into **six transitions categories** (certain SDGs also being transversal):

<table>
<thead>
<tr>
<th>Energy transition</th>
<th>Demographic &amp; Social transition</th>
<th>Digital &amp; Technological transition</th>
<th>Economic &amp; Financial transition</th>
<th>Regional &amp; Ecological transition</th>
<th>Policy &amp; Citizen-focused transition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring everyone has access to reliable, sustainable, affordable and low-carbon energy to help containing global warming below 1.5 to 2°C compared to the pre-industrial age.</td>
<td>Financing basic social services such as education and health, and contributing to the strengthening of the social link for the 8.5 billion people who will be living on Earth in 2030.</td>
<td>Making digital a lever for accelerating development trajectories and achieving the SDGs.</td>
<td>Supporting the transformation of the economy so as to build economic, social and environmental stability that is viable over the long-term.</td>
<td>Developing sustainability to all regions, both urban and rural, while taking environmental and social challenges into account.</td>
<td>Re-inventing more inclusive and horizontal governance models.</td>
</tr>
</tbody>
</table>
THE “SUSTAINABLE DEVELOPMENT ANALYSIS AND OPINION” MECHANISM
A tool to monitor the interplays between the SDGs

- Taking the stakes of sustainable development into account transversally in AFD’s financing operations
- Raising various questions and encouraging the consideration of projects’ impacts
- Associating counterparties as soon as they are identified
- The mechanism is composed of 2 processes:

1. Sustainable Development Analysis
   - Conducted by project team
   - Evaluates the expected positive or negative impacts of the funding
   - Expected effects are measured across 6 sustainable development dimensions
   - Estimation of the positive and negative potential impacts (from -2 to +3) for each dimension

2. Sustainable Development Opinion
   - Conducted by a team that is independent of the project
   - Provides an overall assessment of a project, for the sake of accountability
   - Opinion that may be favorable, favorable with recommendations, reservations expressed or negative
   - Raises questions on how to mitigate or offset negative impacts and optimize positive impacts

SUSTAINABLE GROWTH AND RESILIENT ECONOMY
Promoting a type of growth that consumes fewer natural resources
Making production systems more resilient to economic, environmental and social crises

SOCIAL WELL-BEING AND REDUCTION OF SOCIAL IMBALANCES
Reducing inequalities & social vulnerability
Supporting structural changes in society to ensure collective benefits

GENDER EQUALITY
Removing barriers and ensuring women access to opportunities created by the projects
Supporting structural changes in society to foster greater independence for women

FIGHT AGAINST CLIMATE CHANGE AND ITS IMPACT
Supporting low-carbon transitions
Identifying & supporting the development of technical and institutional options for climate change resilience

CONSERVATION OF BIODIVERSITY, MANAGEMENT OF ENVIRONMENTS AND NATURAL RESOURCES
Improving the quality of « ordinary » environments and taking action on factors of degradation of natural resources & biodiversity

SUSTAINABILITY OF PROJECT IMPACTS AND GOVERNANCE FRAMEWORK
Fostering the emergence of decision-making, management and regulatory modes based on greater access to information, justice, consultation and participation

#WorldInCommon
## USE OF PROCEEDS
A loan is eligible if it satisfies all of the following three conditions (cumulative requirement)

1. **Contribution to the SDGs**
   The project/activity funded contributes to one Sustainable Development Goal, in addition to SDGs n°1 and n°17, contributes to one of the six transitions in the AFD Group’s strategic plan and addresses one of the eligible categories of SBP, GBP, SBG of ICMA.

2. **Thematic & technical eligibility: the loan meets at least one of the three technical eligibility criteria**
   1. Theme-based eligibility: depending on the intrinsic nature or purpose of the activities/projects
   2. Climate performance eligibility: depending on the minimal climate performance level of mitigation projects
   3. Transformation eligibility: conditioned on reaching sustainable development results

3. **Positive interlinkages between SDGs taken into account**
   - **Positive or neutral rating** on the six dimensions of the “Sustainable Development Analysis and Opinion” mechanism
   - **Projects are rated by DEV 1 or 2** as part of the impact rating (scale of 1 to 6)
## Contribution to the SDGs

The project/activity funded contributes to one Sustainable Development Goal, in addition to SDGs n°1 and n°17, contributes to one of the six transitions in the AFD Group’s strategic plan and addresses one of the eligible categories of SBP, GBP, SBG of ICMA.

### USE OF PROCEEDS

**SDG contribution**

### Six transitions of the AFD Group

<table>
<thead>
<tr>
<th>Transition Type</th>
<th>The Sustainability Bond Guidelines</th>
<th>Example Populations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy transition</strong></td>
<td>Renewable energies, energy efficiency</td>
<td>Entire population (including populations with costly and/or discontinuous access to energy)</td>
</tr>
<tr>
<td><strong>Demographic and social transition</strong></td>
<td>Access to essential services (health, education)</td>
<td>People living under the poverty threshold, people who are victims of a lack of access to essential goods and services, sick, elderly or vulnerable persons, under-schooled persons, women and/or sexual minorities</td>
</tr>
<tr>
<td><strong>Digital and technological transition</strong></td>
<td>Essential infrastructures</td>
<td>Population that is victim to lack of digital infrastructure or that is computer illiterate</td>
</tr>
<tr>
<td><strong>Economic and financial transition</strong></td>
<td>Job creation, access to essential services and combating poverty, socio-economic development and promotion</td>
<td>People who are victim of a lack of access to essential goods and services and productive resources, people excluded from economic life</td>
</tr>
<tr>
<td><strong>Regional and ecological transition</strong></td>
<td>Food safety, essential infrastructures, preservation of terrestrial and aquatic biodiversity, clean transportation</td>
<td>People who are victim of a lack of access to essential goods and services, essential infrastructures, public spaces or socio-collective urban equipment, vulnerable rural populations, family farms transitioning to agro-ecology systems, people living in recurring flood zones</td>
</tr>
<tr>
<td><strong>Policy and citizen-focused transition</strong></td>
<td>Socio-economic development</td>
<td>Population without access to fair and effective public institutions; population in crisis or conflict zones / affected by a conflict</td>
</tr>
</tbody>
</table>
USE OF PROCEEDS

Thematic & technical eligibility

1. **Thematic & technical eligibility:** the loan meets **at least one** of the three technical eligibility criteria

2. **Theme-based eligibility:** depending on the intrinsic nature or purpose of the activities/projects (examples below)
   - Drinking water distribution
   - Health care infrastructure
   - School equipment
   - Waste management
   - Digital Entrepreneurship Support

3. **Climate performance eligibility:** depending on the minimal climate performance level of mitigation projects
   - Emission reduction or avoidance of **at least 10,000 tons of CO₂ equivalent per year**

4. **Transformation eligibility:** conditioned on reaching sustainable development results
   - "Transformation" loans with a results-based approach; the disbursement or financial parameters of the loan are tied to the achievement of Disbursement Linked Indicators (DLIs), which creates an incentive to achieve positive results
   - **Loan agreement and identification of E&S targets**
   - **Meeting the indicators**
   - **Disbursement of the loan or adjustment of its conditions (e.g. margin)**

#WorldInCommon
### USE OF PROCEEDS

Interlinkages between SDGs taken into account

<table>
<thead>
<tr>
<th>Positive interlinkages between SDGs taken into account</th>
</tr>
</thead>
</table>

#### Only loans with positive or neutral

on each of the six dimensions of the “Sustainable Development Analysis and Opinion” mechanism

<table>
<thead>
<tr>
<th>D1. Sustainable growth and resilient economy</th>
<th>+2</th>
</tr>
</thead>
<tbody>
<tr>
<td>D2. Social well-being and reduction of social imbalances</td>
<td>+1</td>
</tr>
<tr>
<td>D3. Gender equality</td>
<td>+2</td>
</tr>
<tr>
<td>D4. Conservation of biodiversity, management of natural environments and resources</td>
<td>+3</td>
</tr>
<tr>
<td>D5.a. Transition to a low-carbon trajectory</td>
<td>-2</td>
</tr>
<tr>
<td>D5.b. Resilience to climate change</td>
<td>-1</td>
</tr>
<tr>
<td>D6. Sustainability of project’s effects and governance framework</td>
<td>-2</td>
</tr>
</tbody>
</table>

#### Loans with DEV 1 and 2 grades

The “DEV” grades measures the effects on development, through the assessment of sub-criteria such as governance, effects on employment or on the environmental or other social effects. These DEV grades are ranked on a scale of 1 to 6, with a DEV1 grade being the most positive in terms of effect on development.
EXAMPLE OF ELIGIBLE LOAN
Support technical and vocational training in Cambodia

AFD has granted a sovereign loan up to USD 16.8M to the Kingdom of Cambodia for the Skills for Competitiveness project. This project supports the implementation of Cambodia’s industrial policy and more specifically the shift from a low-skills labor-intensive industry to a skills-driven industry that is able to meet regional market challenges in 4 priority sectors (manufacturing, construction, electricity, electronics). To achieve this, the project will:

• Improve the quality and relevance of post-secondary technical training programs of 5 training institutions
• Support these 5 training institutions to develop short term courses targeting workers of the 4 priority sectors to upgrade their skills.

MAIN EXPECTED RESULTS
• 18,000 young graduates at diploma level, of which 28% are women;
• At least a 10% increase in diploma graduates who find employment within 6 months after graduation;
• 300 trainers trained;
• At least 360 workers, of which 25% women, have improved their technical and soft skills.

FINANCING TOOL
Sovereign loan

GLOBAL BUDGET
88.3MUSD co-financed by ADB and RGC

SIGNING DATE
Dec. 24th 2019

PROJECT STATUS
In progress

LOAN ELIGIBILITY

Demographic & Social

Contribution to SDGs

|----------------------|----------------|-----------------------------|----------------------|-------------------|-----------------------------|-----------------------------|------------------|

Theme-based & technical eligibility
Eligibility A: Theme-based eligibility
✓ Education and vocational training
Project type: Vocational and technical training, and apprenticeship

Consideration of the interrelations between the SDGs
✓ No negative rating on the six dimensions of the SDAO

D1 +2  D2 +2  D3 +2  D4 +1  D5a 0  D5b +1  D6 +2

THEMATIC ELIGIBILITY
EXAMPLE OF ELIGIBLE LOAN
Optimization of Santo-Domingo metro line 1

AFD is funding up to €150 million for the extension of several stations, and the increase in train capacity through acquisition of new wagons. This will improve performance and quality of service, in a context of transport congestion, inefficient public transport network and ever-increasing road traffic.

EXPECTED IMPACTS
• 26,000 tCO\textsubscript{2}eq/year avoided
• Capacity increased to 145,000 passengers per day
• Facilitated access to essential services for populations (including the most vulnerable)
• Relieves urban congestion
• Reduction of air pollution

FINANCING TOOL
Sovereign loan

GLOBAL BUDGET
160MEUR (with a EUR 10M EU grant)

SIGNING DATE
2018/2019

PROJECT STATUS
in progress

LOAN ELIGIBILITY
Regional & ecological transition

<table>
<thead>
<tr>
<th>Contribution to SDGs</th>
<th>Eligibility B: Climate performance eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ 26 000 tCO\textsubscript{2}eq /year*</td>
<td>✓ No negative rating on the six dimensions of the SDAO</td>
</tr>
</tbody>
</table>

Above the threshold of 10,000tCO\textsubscript{2}eq/yr
Mitigation loan eligible to climate bond

Consideration of the interrelations between the SDGs

<table>
<thead>
<tr>
<th>D1</th>
<th>D2</th>
<th>D3</th>
<th>D4</th>
<th>D5a</th>
<th>D5b</th>
<th>D6</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2</td>
<td>+2</td>
<td>+2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

FINANCING TOOL
Sovereign loan

GLOBAL BUDGET
160MEUR (with a EUR 10M EU grant)

SIGNING DATE
2018/2019

PROJECT STATUS
in progress

#WorldInCommon
EXAMPLE OF ELIGIBLE LOAN
Policy-based loan to social protection sector in response to Covid-19 crisis in India

AFD is funding up to €200 million for India’s “PMGKYP*” program, designed to help people who have suffered from the lockdown measures.

OBJECTIVE
Strengthening the capacity of the States and the Federal Government to provide a coordinated and adequate response to the effects of the Covid-19 pandemic to the poorest and the most vulnerable people, based on the existing social assistance system.

FINANCING TOOL
Policy-based loan associated with a public policy matrix identifying structural reforms to be implemented by the Indian government by 2021. The achievement of the objectives of the matrix determines the disbursement of the policy-based loan.

EXAMPLES OF DISBURSEMENT INDICATORS IN THE PUBLIC POLICY MATRIX:
- Adoption of a decree in order to distribute food to vulnerable people hit by lockdown
- Creating a health insurance system for medical staff fighting Covid-19

EXAMPLES OF SUSTAINABLE DEVELOPMENT TARGETS:
- % of poor households eligible for additional food rations for a three-month period, under the Covid-19 social protection program
  Target: 60% in 2021
- % of poor households who received at least one PMGKY benefit* within eight weeks following the program announcement
  Target: 30% in 2021

* Pradhan Mantri Garib Kalyan Yojana is an emergency social protection program for the poor, vulnerable and informal workers and was announced on 26 March 2020. It is based on five existing social protection programmes.
The process for identifying and selecting eligible loans is based on AFD’s and Proparco’s internal governance system, using a series of ESG diligence reviews throughout the “project cycle”.

### Internal governance of AFD & Proparco

This process applies to all of the Group financing, deploying a series of ESG diligences throughout the “project cycle”.

- **Controlling the environmental, social and governance risks**
  - The prevention and identification of risks is carried out through:
    - An exclusion list
    - Specific diligence based on activity sector (Agriculture, Mining, Large Dams, Energy)
    - Controlling risks of the misappropriation of assistance, corruption, fraud, money laundering and the financing of terrorism.

- **Analyzing the impacts tied to each financing**
  - The Sustainable Development Analysis and Opinion mechanism (SDAO)
    - Sustainable Development Analysis: a grade from -2 to +3
    - Sustainable Development Opinion: Independent team opinion
  - DEV rating
    - Impact measurement of the financing: a grade from 1 to 6

### Framework governance:

- **Thematic Bond Committee**
  - Biannual meeting
  - Supervision of the eligible loans portfolio
  - Management of Issuance Framework Updates
  - Liaison with external evaluators (Second Opinion and auditors)
  - Validation of annual allocation and impact reports
The net proceeds of each SDG Bond will be managed by the AFD Group's Financing and Market Transactions Division and will constitute a portfolio of SDG Bonds.

An amount equal to the net proceeds of the SDG Bond portfolio will be matched with a portfolio of eligible loans. The Group will maintain a safety cushion to ensure that the net proceeds of the SDG Bonds never exceed the eligible loan portfolio amount.

The AFD Group will endeavor to allocate the net proceeds of the bonds to eligible loans within the calendar year following the year the bond was issued.

Amounts raised but not yet allocated will be managed by the AFD Group's cash management team. This liquidity will be managed in cash and by using monetary products and invested in socially responsible investment funds (SRI) on a best effort basis.
REPORTING & VERIFICATION PROCESSES

ALLOCATION REPORT
The report will present:
• The total amount of proceeds allocated to date;
• The financing breakdown per signature year;
• The share of disbursements made in the new calendar year versus the disbursement balance;
• The share of loans that integrated the loan portfolio;
• The total amount of proceeds awaiting allocation and the type of temporary investments;
• The number of loans in the eligible loan portfolio;
• The breakdown of allocated funds among the four eligibility criteria;
• The geographic distribution of loans

IMPACT REPORT
Measuring social and environmental benefits of eligible loans
• With “aggregatable” indicators ex-ante if they are available
• For loans meeting the technical eligibility criterion n° 2: carbon balance footprint (< 10,000 tCO2eq/year)
• For loans that meet the technical eligibility criterion n° 3: loan by loan accountability indicators

Evaluating and monitoring the impact of eligible loans
• According to the AFD Group’s evaluation policy, these evaluations can provide more details to the impact reports
• Three types of assessments: project evaluation, broad scope evaluation (on a specific sector or instrument) or scientific impact evaluation (measuring effects only attributable to an intervention)

INDEPENDANT AUDITOR
Annual verification until full allocation of proceeds:
• Allocation of funds to eligible loans
• Compliance with the criteria defined in the “Use of Proceeds” section of loans in the eligible pool that are refinanced by proceeds raised
**IMPACT REPORT**

According to the three eligibilities

**Measuring social and environmental benefits via aggregatable indicators**

**Examples of aggregatable indicators**

- Number of people whose **access to healthcare** is improved
- Number of girls in technical and vocational education
- Number of persons with access to an **Internet** service
- Number of people with access to **sustainable electricity** services
- Areas benefiting from **biodiversity conservation** or **restoration programs**
- Rates of women with access to **credit**

**Indicators based on the minimum climate performance of the projects (Eligibility B)**

Ex ante carbon footprint – Emission reduction or avoidance of **at least 10,000 tCO₂eq/year**

**Indicators based on the conditionality to the achievement of environmental and social outcomes (Eligibility C)**

« **Disbursement Triggers** » (Disbursement Linked Indicators DLIs): Selection, definition, target achieved and to be achieved

**Examples**

- Share of vulnerable people in the two lowest distribution quintiles, who are covered by cash transfer programs
- % of poor households eligible for additional food rations for a three-month period, under the Covid-19 social protection program
SECOND PARTY OPINION

Vigeo Eiris is of the opinion that AFD’s Framework is aligned with the four core components of the Green Bond Principles 2018 (“GBP”), Social Bond Principles 2020 (“SBP”) and Sustainability Bond Guidelines, offers an ADVANCED CONTRIBUTION to sustainability, and is in line with the BEST PRACTICES.

ADVANCED SCORE
(highest level in Vigeo Eiris’s assessment scale)

Means advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. Reasonable level of risk management & using innovative methods to anticipate new risks.

BEST PRACTICES
(highest level in the scale of assessment of alignment with GBP/SBP Principles)

Means the Instrument's practices go beyond the core practices of the ICMA’s Green and/or Social Bond Principles by adopting recommended and best practices.

Example of best practices identified in the SPO

• Content, eligibility and exclusion criteria are clear and in line with international standards for all categories;
• Relevant environmental and/or social benefits are identified and measurable for all project categories;
• The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Categories.

#WorldInCommon
**AFD HIGHLIGHTS**

**The French bilateral aid agency**
- Established in 1941, entirely state-owned and controlled by the State, AFD benefits from the EPIC status
- Fulfil the ODA and Climate Change government policy
- Activity boosted with adding EUR 4Bn + EUR 1Bn per year of commitments from 2015 until 2020

**Fully regulated by the ACPR (Autorité de Contrôle Prudentiel et de Résolution)**
- Strong Basel II Capital Adequacy Ratio at 16.04%
- Strong CET1 ratio at 14.5%

**AA / AA ratings by Fitch and S&P**
- Conservative credit risk and provisioning policy backed by French State guarantees for non-performing sovereign loans
- Prudent market risk management framework

**Recurrent EUR and USD Benchmark Issuer**
- 20% risk weighting under Basel II
- Eligible to the ECB’s Public Sector Purchase Programme (PSPP) and the ECB’s Pandemic Emergency Purchase Programme (PEPP)
- Euro transactions are ECB eligible as “Recognised Agency”*

**AFD, as an issuer, received “Advanced” overall CSR performance by Vigeo and “Prime status” by Oekom**

**SDG Bond Framework assessed “Advanced” with “best practices” by Vigéo**

FINANCIAL DEPARTEMENT

Bokar CHERIF
Chief Financial Officer

Diane MENVILLE
Head of Treasury and Capital Markets

Thibaut MAKAROVSKY
Head of Funding and Market Operations

Samia BEN MEBAREK
Deputy Head of Funding and Market Operations

Victor RISCHMANN
& Lénaïg MALLEGOL
Funding Officers

afd_funding@afd.fr
DISCLAIMER

The information, statements and opinions expressed in this presentation (the “content”) do not constitute and shall not be deemed to constitute: (i) any offer, invitation or inducement to sell a security or engage in investment, financial or other similar activity; or (ii) a solicitation of an offer to buy any security; or (iii) any recommendation or advice in relation to any investment, financial or other decision. Persons considering making any investment or financial decision should contact their qualified financial adviser.

The content contains financial information regarding the businesses and assets of AFD. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The content includes certain financial metrics which constitute alternative performance measures (“apms”), which are non-ifrs financial measures. The apms, as defined by the company, may not be comparable to similarly titled financial measures as presented by other companies. Further, these apms should not be considered as alternatives to profit after tax, operating profit or other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of AFD’s activity.

The content may include forward looking statements, in particular, in relation to future events, growth, future financial performance, plans, strategies, expectations, aims, prospects, competitive environment, regulation and supply and demand. Words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “projects”, “may” and similar expressions are used to identify these forward-looking statements. Such forward looking statements contain inherent risks and uncertainties and actual outcomes may differ materially from those expressed or implied in the forward looking statements. To the maximum extent permitted by law, no warranty or representation (express or implied) including, but not limited to, accuracy or completeness is made in relation to the content, including, but not limited to, any projections or statements about the prospects of AFD. Any forward-looking statement contained in this presentation speaks only as of the date of this presentation. AFD makes no commitment to update content and expressly disclaims, to the extent lawful, liability for any errors or omissions in it.

This presentation is confidential and is being submitted to selected recipients only and may not be reproduced (in whole or in part), distributed or transmitted to any other person without the prior written consent of AFD. The content is not directed at, or intended for distribution to, or use by any person or entity where such distribution or use is restricted by law or regulation. Persons into whose possession the content comes should inform themselves about and observe any such restrictions. In particular this presentation is not intended for distribution in the united states or to U.S. Persons (as defined in regulation S) under the united states securities act of 1933, as amended. In the united kingdom this presentation is being made only to and is directed only at persons who have professional experience in matters relating to investments who fall within article 19(1) of the financial services and markets act 2000 (financial promotion) order 2005 (the “order”) and other persons to whom it may otherwise lawfully be communicated in accordance with the order.
CONTACT
5, rue Roland Barthes 75598 PARIS CEDEX 12
afd.fr