



INVESTORS PRESENTATION

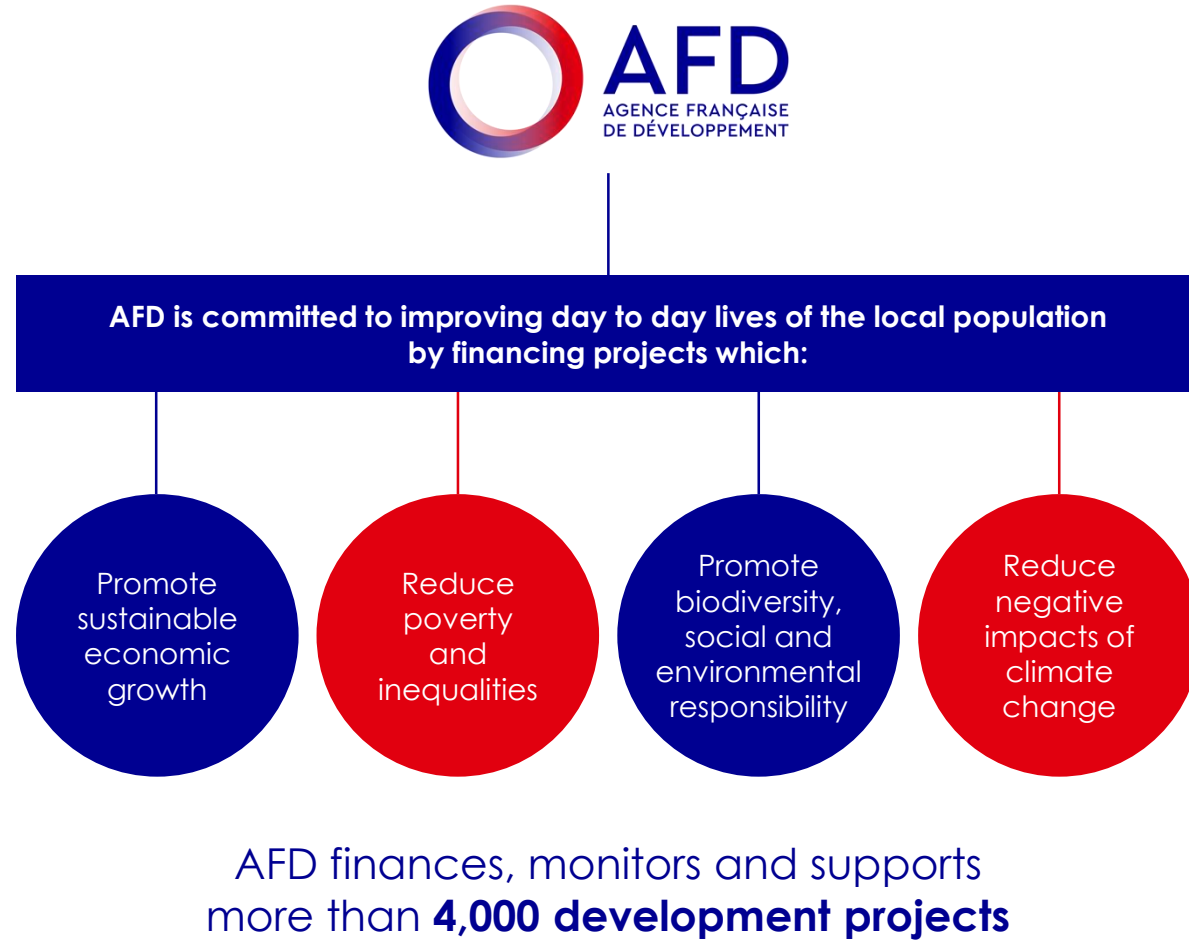
May 2023



AFD AT A GLANCE

#WorldInCommon

AFD: THE FRENCH DEVELOPMENT AGENCY



Established
in 1941



AA rated
by S&P and
AA- by Fitch



100% owned
by the
French State



Qualified as
"Advanced"
by Moody's
Investor Service



EPIC subject
to banking
regulation

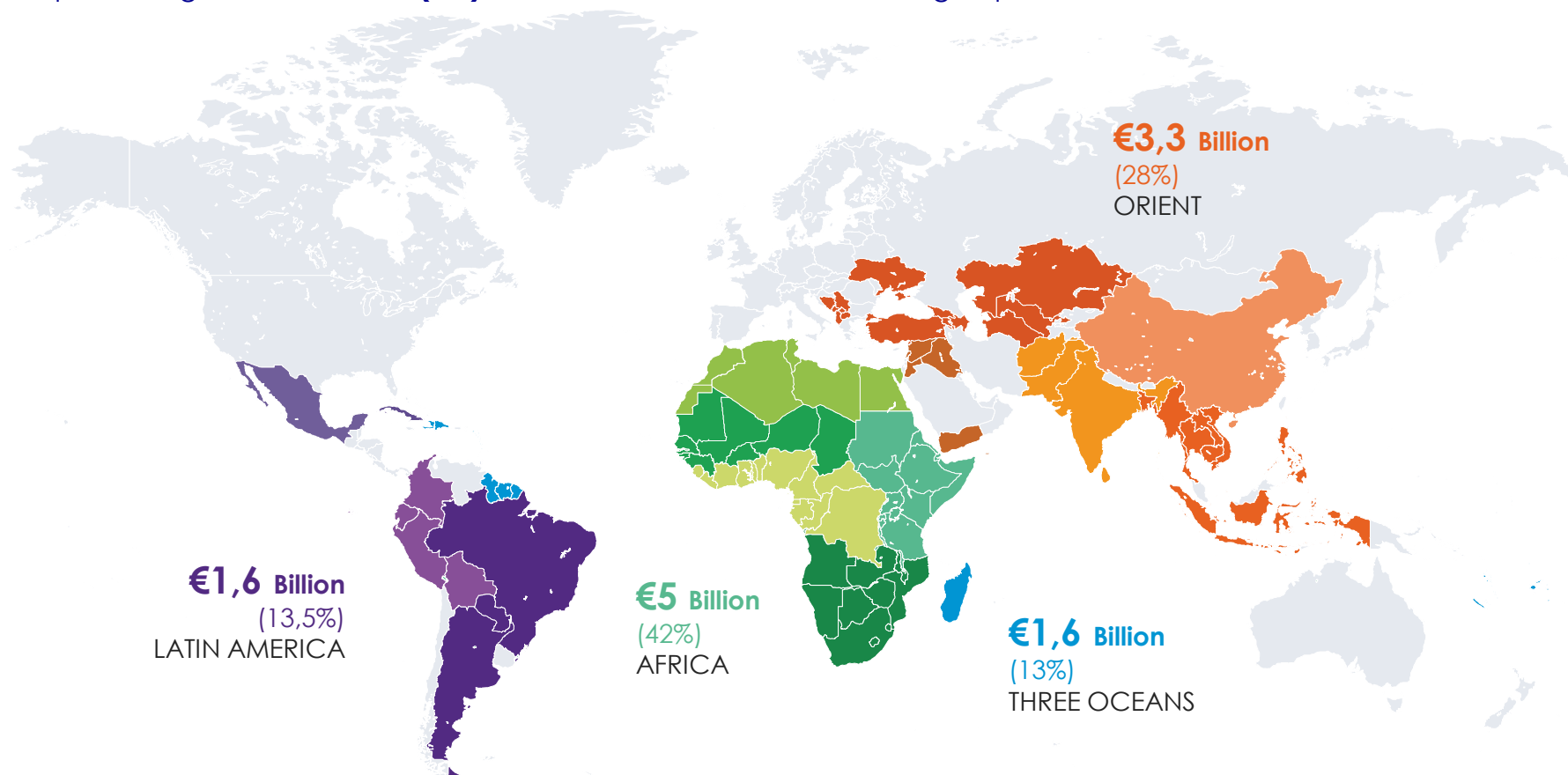


Rated
Prime Status
by ISS ESG

AFD OPERATES IN MOST OF THE DEVELOPING AND EMERGING MARKETS

2022 commitments *

Total Group Approvals represented **€12,0 Bn at the end of 2022**. AFD also operates in French overseas territories representing around **€1,1 Bn (9%)** of the commitments of the AFD group.



* €0.5 Billion (3,5%)
MULTI-COUNTRY



115
countries of
operations



5
continents



85
agencies



3,000
employees



17
Regional directions

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.

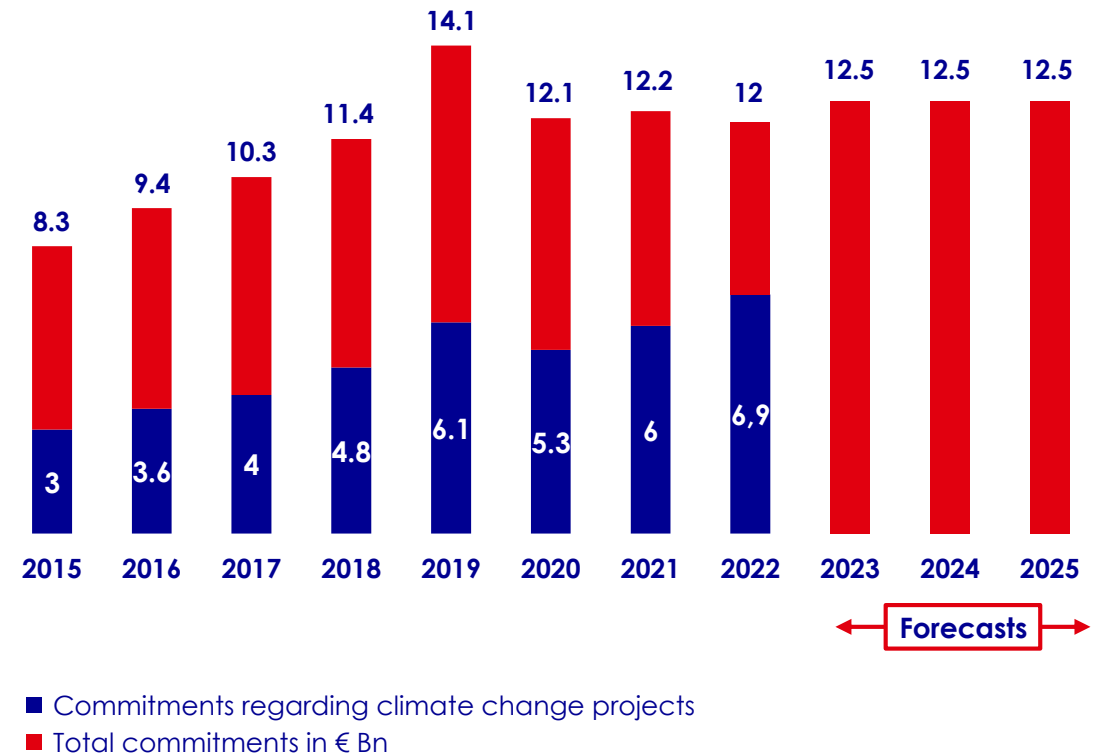
Furthermore, equity of the Group were reinforced by €1.4Bn of Capital CET1 in 2021.

French public aid objective to reach 0,70% by 2025 set by President Macron.

€64.01 Bn

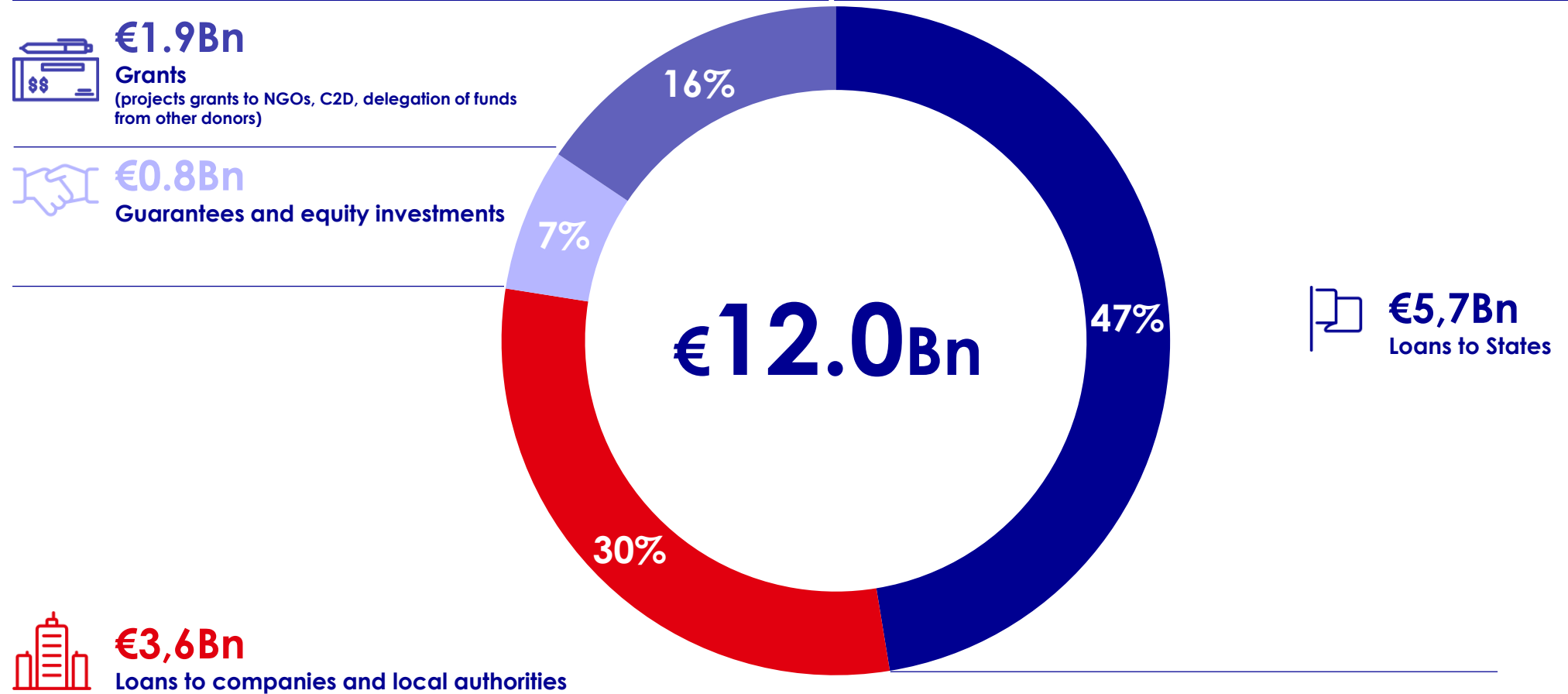
**Total of AFD group balance sheet
as of 31 Dec. 2022**

A significant increase in commitments since 2015

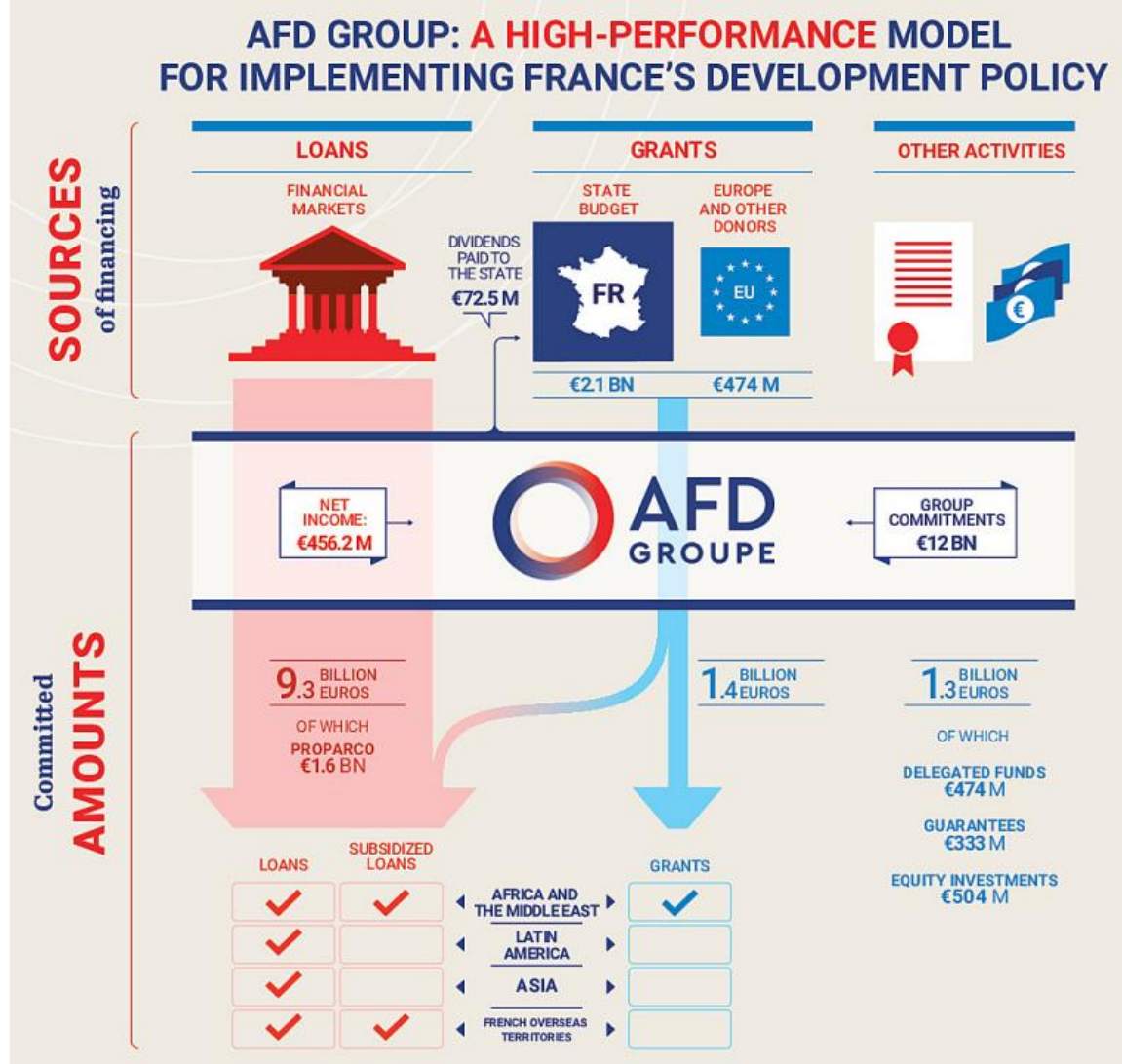


APPROPRIATE FINANCIAL TOOLS

2022 commitments



SOURCES OF FINANCING



In addition to its market resources which represent the main part of its funding (€10 Bn approx.), AFD receives funds from the French state and other donors (€2.5 Bn approx.). These grants are passed to final beneficiaries through direct grants and subsidized loans.

➡ Around 40% of our loans are non-subsidized. The interest rate to the final beneficiary covers the cost of the market resource, the operational costs and the cost of risk : **no budgetary aid**.

➡ On subsidized loans, the rate to the final beneficiary is lower than the all-in cost for AFD : **the difference is covered by public credits**, with no impact on our net income.

➡ All grant funds are passed to final beneficiaries, with **no impact on our net income** (management fees covered by the State).

AFD AND ITS INTERNATIONAL PARTNERS



Since October 2017 and until the end of the year, 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



STATUS & CREDIT PROFILE

AFD: A FINANCIAL INSTITUTION OF STRATEGIC IMPORTANCE FOR THE FRENCH STATE



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%



80% Proparco* ownership

PROPARCO
GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT

Expertise France**

E 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

AFD BENEFITS FROM HIGH QUALITY RATINGS

AA-/AA rating linked to AFD's status

FitchRatings

**AA-/Outlook
Stable
Short-Term
F1+**



12/05/2023

Fitch classifies AFD as a **government-related entity (GRE) of the French state (AA-/stable)** under its GRE criteria and equalizes its ratings with those of the sovereign. Fitch scores AFD's GRE support at 50 out of a maximum 60 based on its assessment of the strength of linkage with and incentive to support by France.

AFD benefits from the special status of "établissement public industriel et commercial" (EPIC), which entails full ownership and tight control by the national government. Under the French law on EPICs, AFD cannot be liquidated or go bankrupt.

**STANDARD
& POOR'S**

**AA-/Outlook
negative
Short-Term
A-1+**



06/12/2022

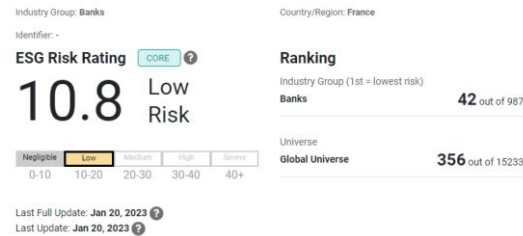
We expect that AFD will retain its critical role for and integral link with the French government, and therefore we expect our ratings on the entity to move in line with those on the sovereign.
The negative outlook on Agence Française de Développement (AFD) mirrors that on France

AFD: A RECOGNIZED CORPORATE RESPONSIBILITY

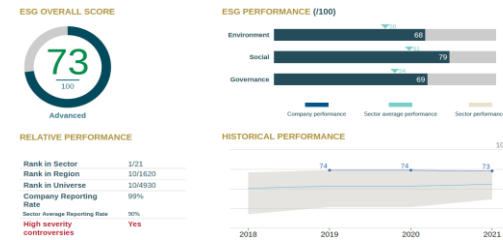
AFD is rated by four of the world's leading rating agencies in the segment of sustainable investments



Low Risk
Ranked #356 out of 15 233 in Overall Universe
January 2023



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



First Decile within Financials/Development Banks
Last update August 2019



Ranked AAA
Last update February 2023





FINANCIAL PERFORMANCE & RISK MANAGEMENT

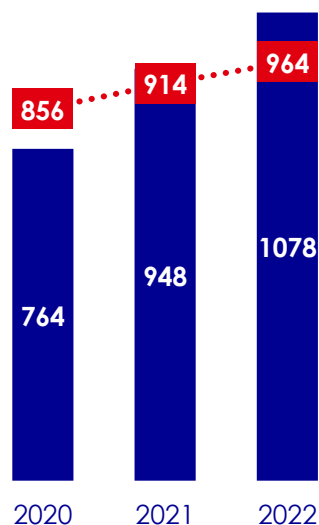
KEY FIGURES

IFRS GAAP

Net Banking Income

In €Mn

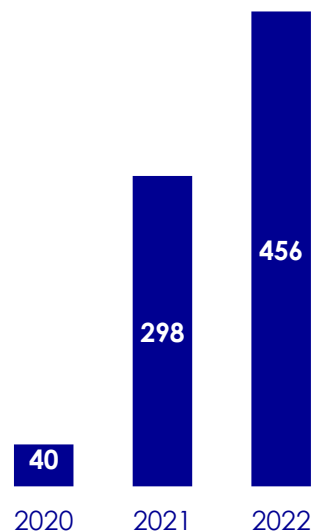
NBI excluding Fair Value volatility on Financial Instruments



Net Income

In €Mn

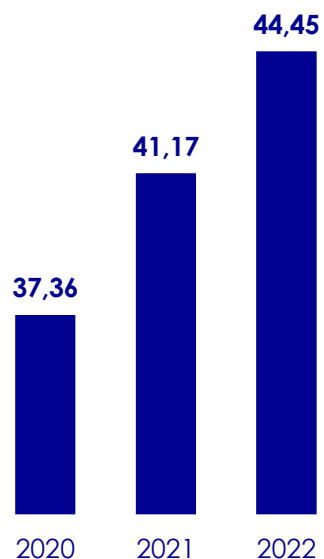
In 2020 net income decrease is a result of financial instruments volatility and due to a change of the accounting standards (IFRS9)



Loans Outstanding

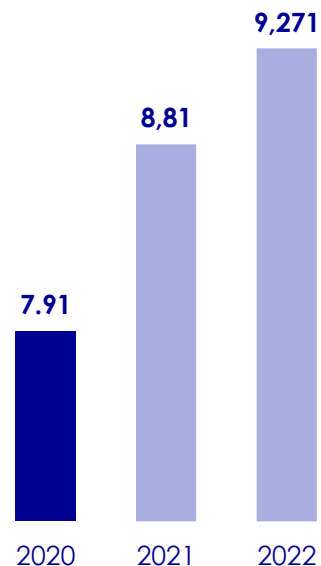
In €Bn

Outstandings excluding fair value, provisions and loans given on behalf of third parties



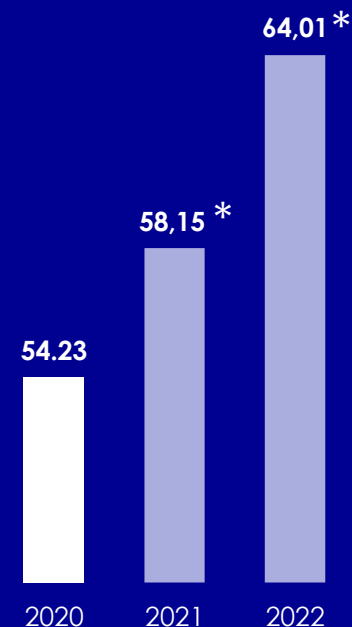
Consolidated Capital

In €Bn



Total balance sheet

In €Bn

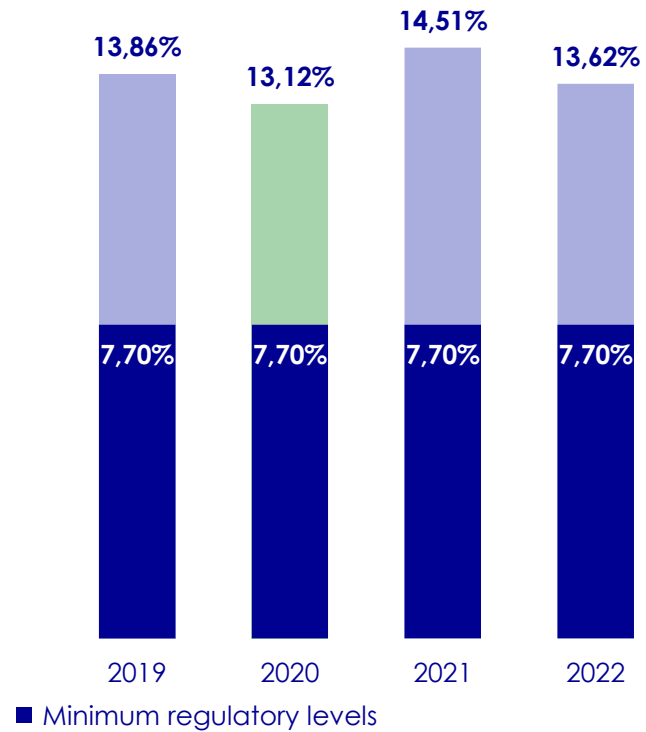


* Taking into account loans given on behalf of third parties, with a guarantee from them

AFD STRONG CAPITALIZATION

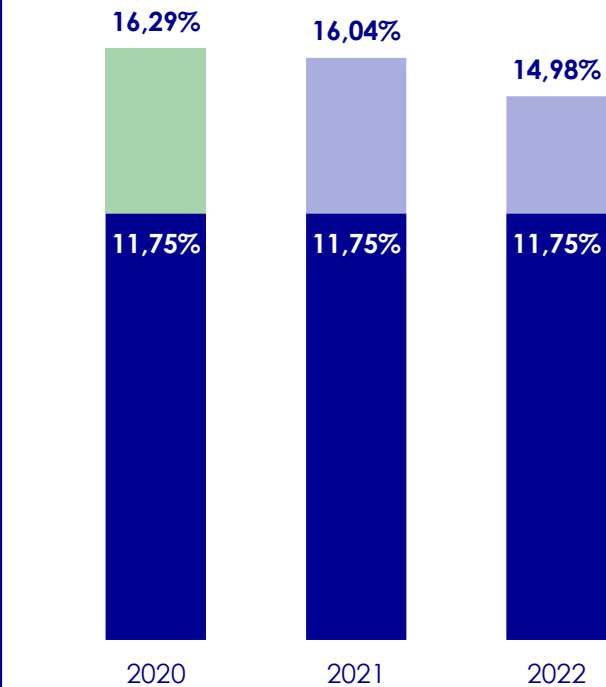
CET1 Ratio

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

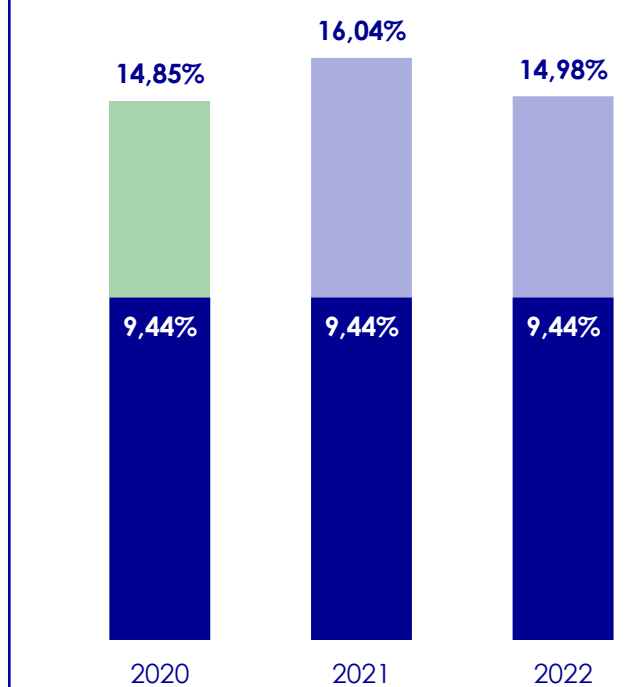


* Without Countercyclical Capital Buffer

Capital adequacy ratio



T1 Ratio



SOLID ASSET QUALITY

Total outstanding as of 31 December 2022

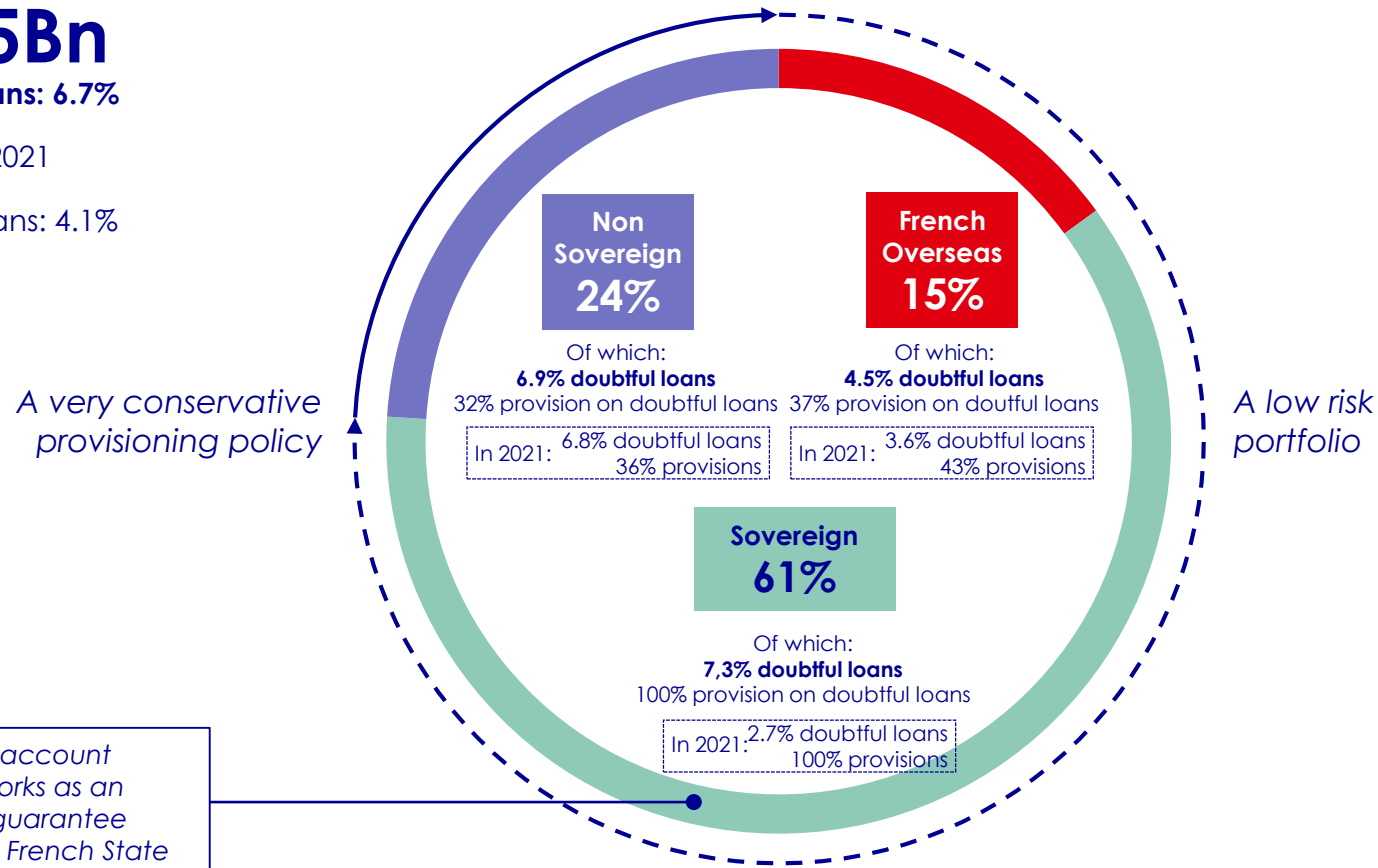
€44.5Bn

Doubtful loans: 6.7%

vs 31 Dec. 2021

€41.84Bn

Doubtful loans: 4.1%



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

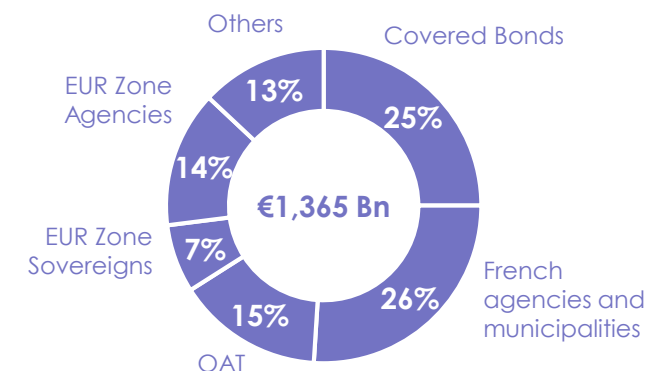
SSA euro zone for
the investment portfolio

LIQUIDITY RISK

**Very limited
exposure**

Treasury
≥ 9 months
of cash outflows

Investment & LCR
portfolio of € 1,365 Bn
eligible to repo as of
27th of April 2023



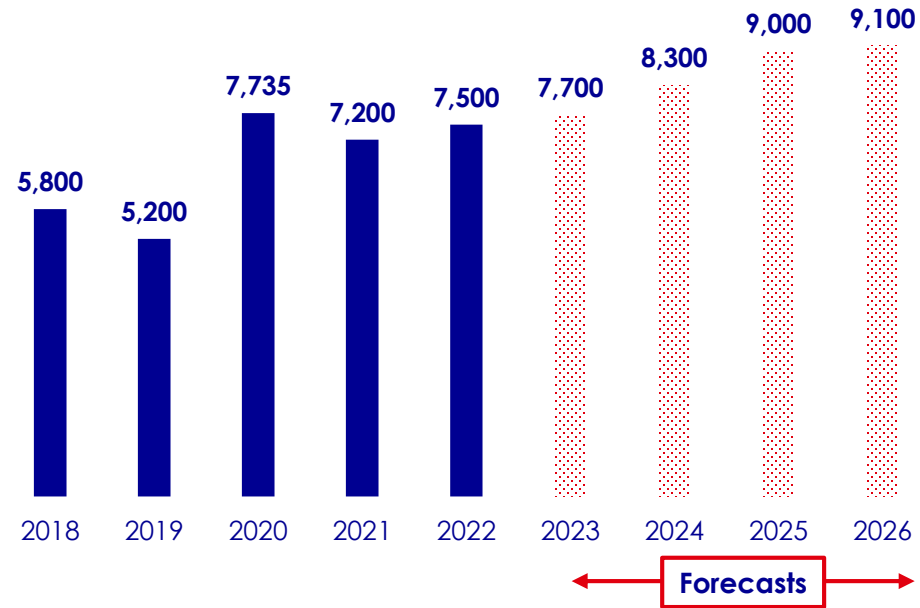


CAPITAL MARKET ACTIVITIES

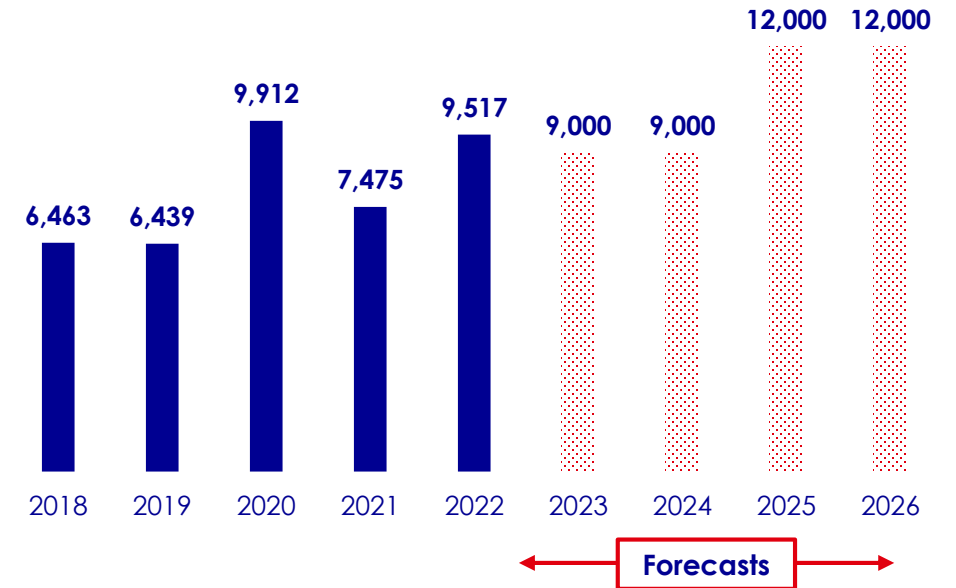
CAPITAL MARKET HIGHLIGHTS

In € Mn

AFD'S DISBURSEMENTS (LOANS)



FUNDING PROGRAM



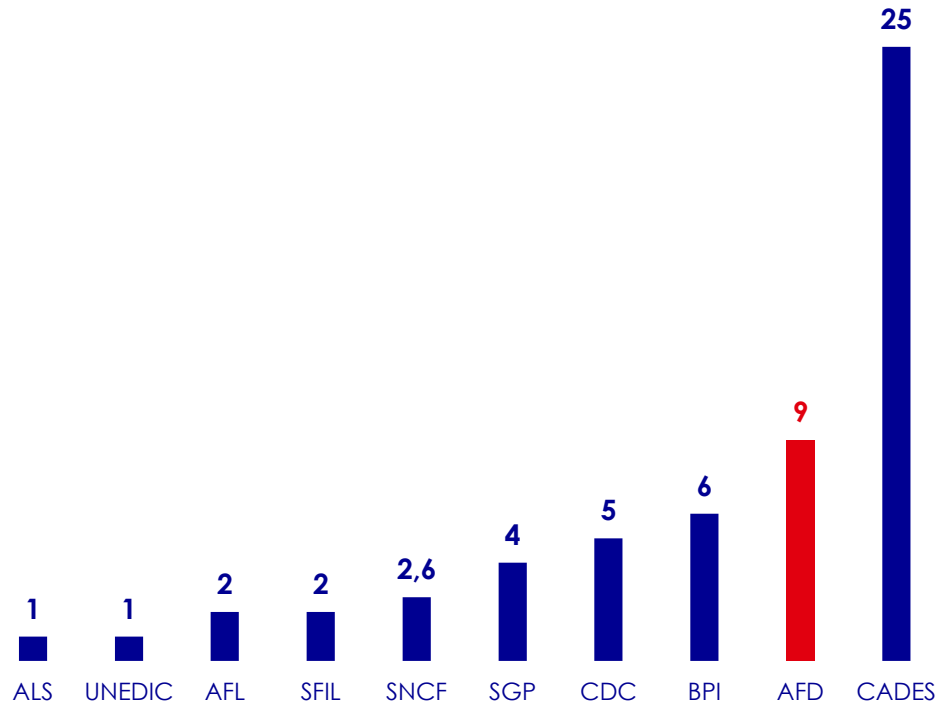
Stabilization of annual financing need around EUR 9Bn and an increase in 2025-2026 :

- An increase in the commitments since 2015 which has resulted in an increase in disbursements and funding program
- A sharp growth of disbursements in 2020 to support our partners during the Covid 19 crisis
- AFD funding program stabilized around EUR 9Bn for the coming years with an expected increase in 2025, in line with higher disbursements.

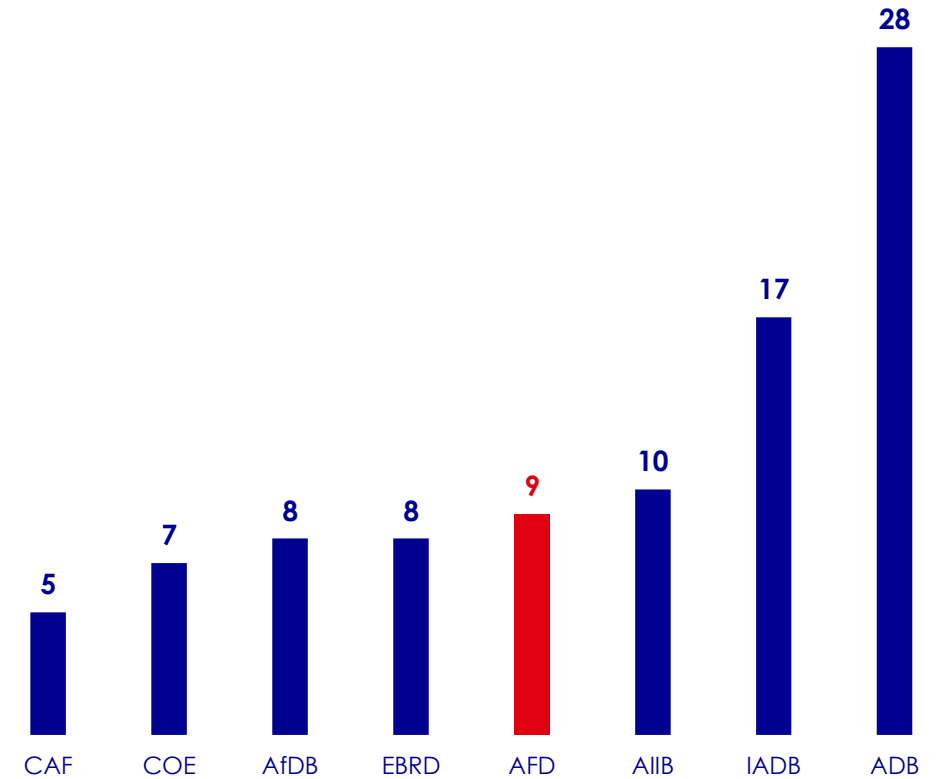
AFD & PEERS EXPECTED FUNDING PROGRAM IN 2023

In Bn € – January 2023 Figures

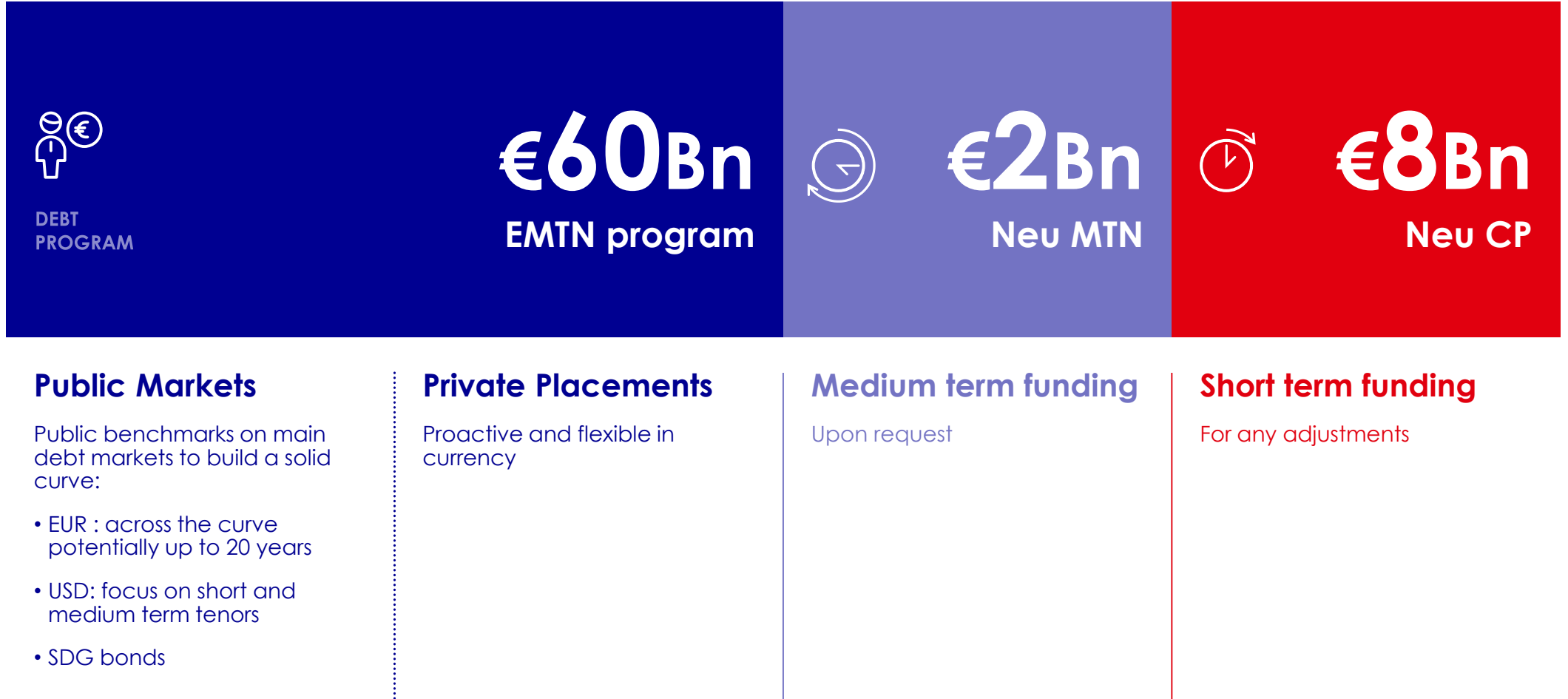
AFD IN THE FRENCH AGENCIES UNIVERSE



AFD IN THE DEVELOPMENT BANKS UNIVERSE



AFD'S FUNDING STRATEGY



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 (approximately 50% of AFD's funding in 2022)

AFD'S FUNDING PROGRAM

€9Bn

80% PUBLIC ISSUES
20% PRIVATE PLACEMENTS

Bloomberg Ticker
AGFRNC

1Y → 20Y EUR
2Y → 5Y USD

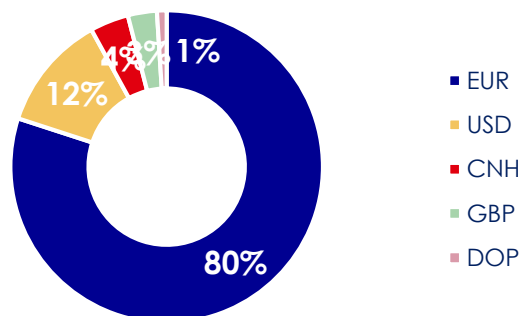


TAPs
and private
placements

	2018	2019	2020	2021	2022	Total
[0;5y]	57%	-	34%	54%	55%	45%
]5y;10y]	21%	20%	40%	30%	8%	23%
]10y;15y]	7%	27%	15%	3%	37%	18%
]15y;20y]	2%	18%	6%	0%	0%	4%
]20y;30y]	9%	19%	6%	13%	0%	7%
]30y+]	4%	16%	0%	0%	0%	3%
Total (in EUR Mn)	2 353	654	1 679	560	1 554	6 799
TAP	877	380	1 237	200	1 467	4 161
In %	37%	58%	74%	36%	94%	61%
PP	1 476	274	442	360	87	2 639
In %	63%	42%	26%	64%	6%	39%



TAPs and Private
placements'
currency split
in 2022



Public deals

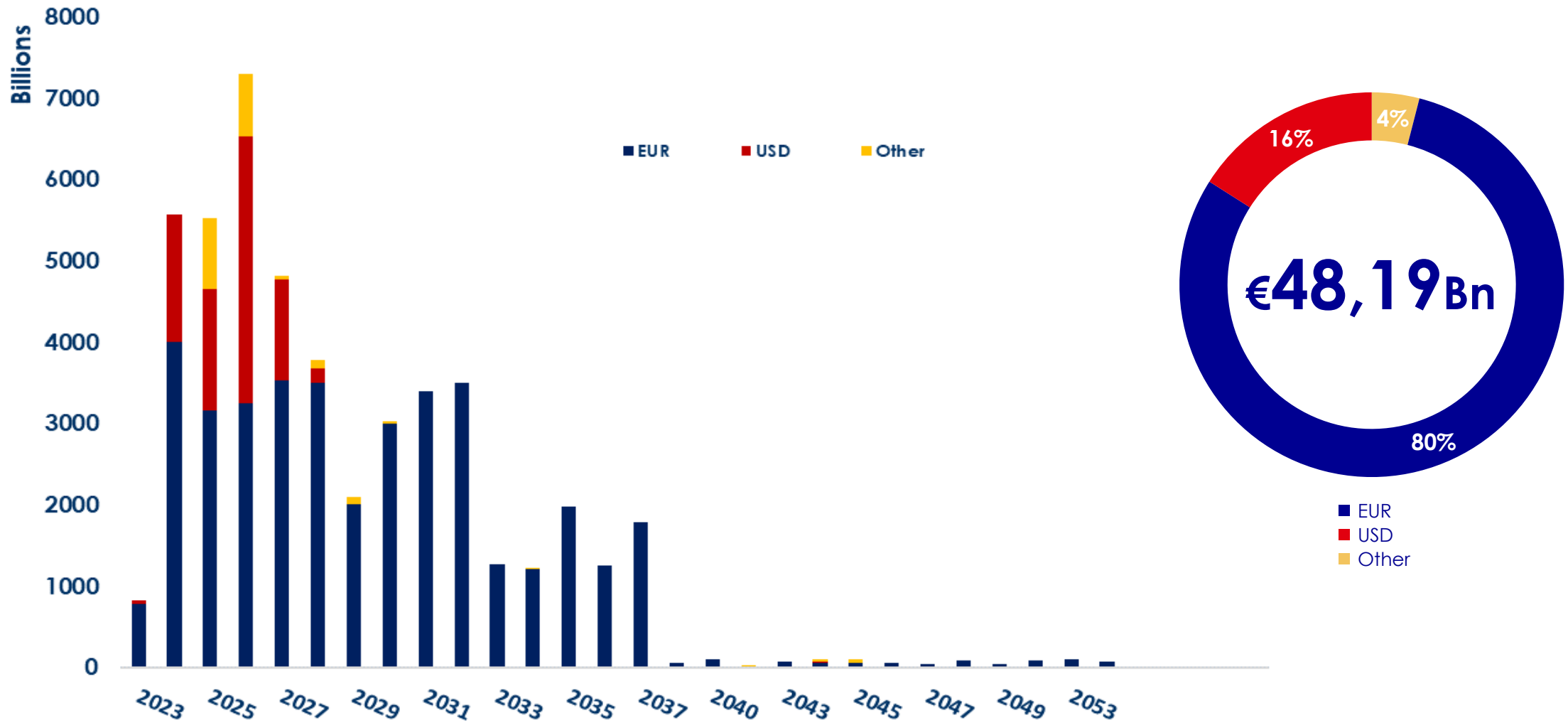
	Current amount	Initial amount	Ccy	Coupon	Tenor	Maturity	Type	vs. OAT
☀	1750	1750	USD	4,38%	3	févr-26	Public	
☀	1500	1500	EUR	2,88%	7	janv-30	Public	51
	500	500	GBP	4,38%	3,2	mars-26	Public	
Total 2023 3,998Bn € Eq.								
☀	1200	1200	EUR	3,50%	10Y	fév-33	Public	55
☀	1250	1250	USD	4,00%	5y	sept-27	Public	
	400	400	EUR	1,13%	15y	mars-37	P. Tap	36
☀	1000	1000	USD	3,13%	2y	juin-24	Public	
☀	1500	1500	EUR	1,625%	10y	mai-32	Public	33
	1500	750	EUR	1,13%	15y	mars-37	Public	27
	540	500	GBP	1,25%	3,5y	juin-25	Public	
	1600	1500	USD	1,38%	3y	janv-25	Public	
Total 2022 9,517 Bn € Eq.								
	700	600	USD	FRN	3y	nov-24	Public	
☀	2000	2000	EUR	0,125%	10Y	sept-31	Public	18
☀	1500	1500	EUR	0,010%	7,5Y	nov-28	Public	18
	1380	1250	EUR	0,375%	15,2Y	mai-36	Public	22
	2000	2000	USD	0,625%	5Y	janv-26	Public	22
Total 2021 7,475 Bn € Eq.								
☀	2000	2000	EUR	0,00%	7Y	oct-27	Public	27
	Matured	1000	USD	FRN	1,5Y	déc-21	Public	
	1850	1000	EUR	0,50%	15Y	mai-35	P. Tap	35
	2000	2000	USD	0,75%	3Y	avr-23	Public	
☀	1500	1500	EUR	0,25%	10Y	mai-30	Public	42
☀	1500	1000	EUR	0,00%	5Y	mars-25	Public	23
Total 2020 9,912 Bn € Eq.								
	1850	750	EUR	0,50%	15Y	mai-35	Public	28
	2000	2000	EUR	0,25%	10Y	juin-29	Public	29
	Matured	650	USD	FRN	2Y	juin-21	Public	
	2000	700	EUR	0,38%	5Y	avr-24	P. Tap	33
	Matured	2000	USD	2,75%	3Y	janv-22	Public	
Total 2019 6,439 Bn € Eq.								



Climate Bond
Sustainable Bond

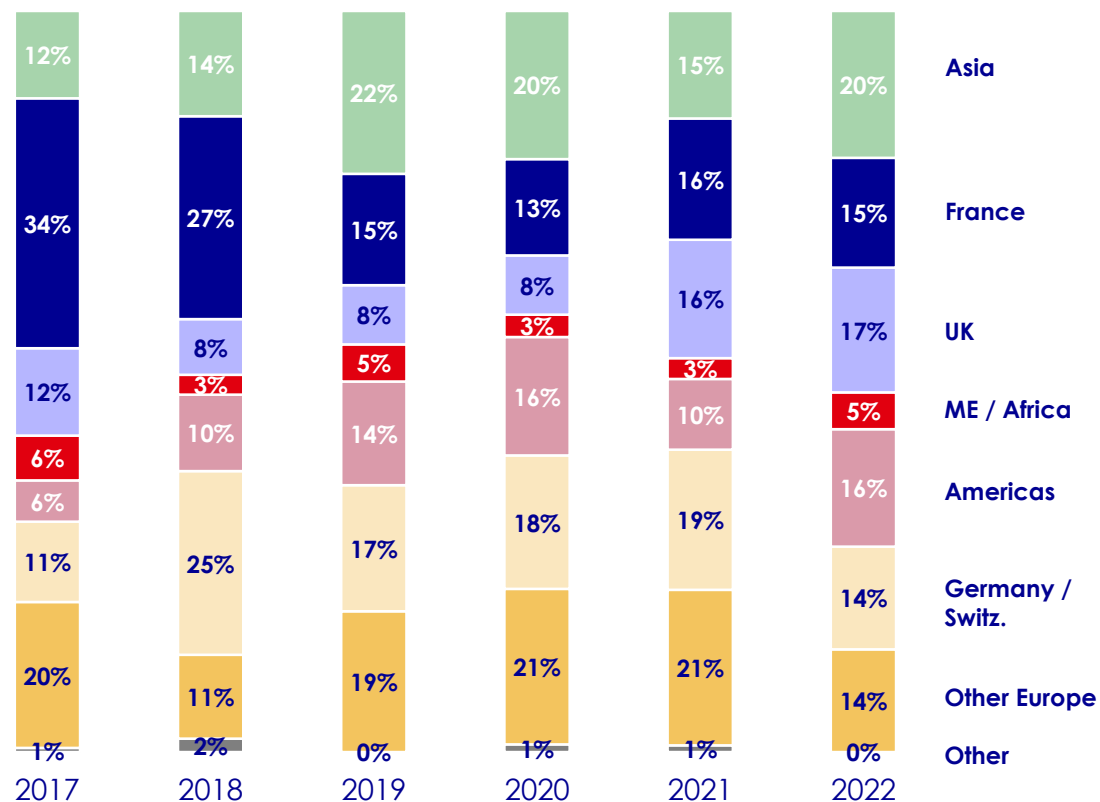
REDEMPTION PROFILE

Market debt outstanding under EMTN program as of April 28th, 2023

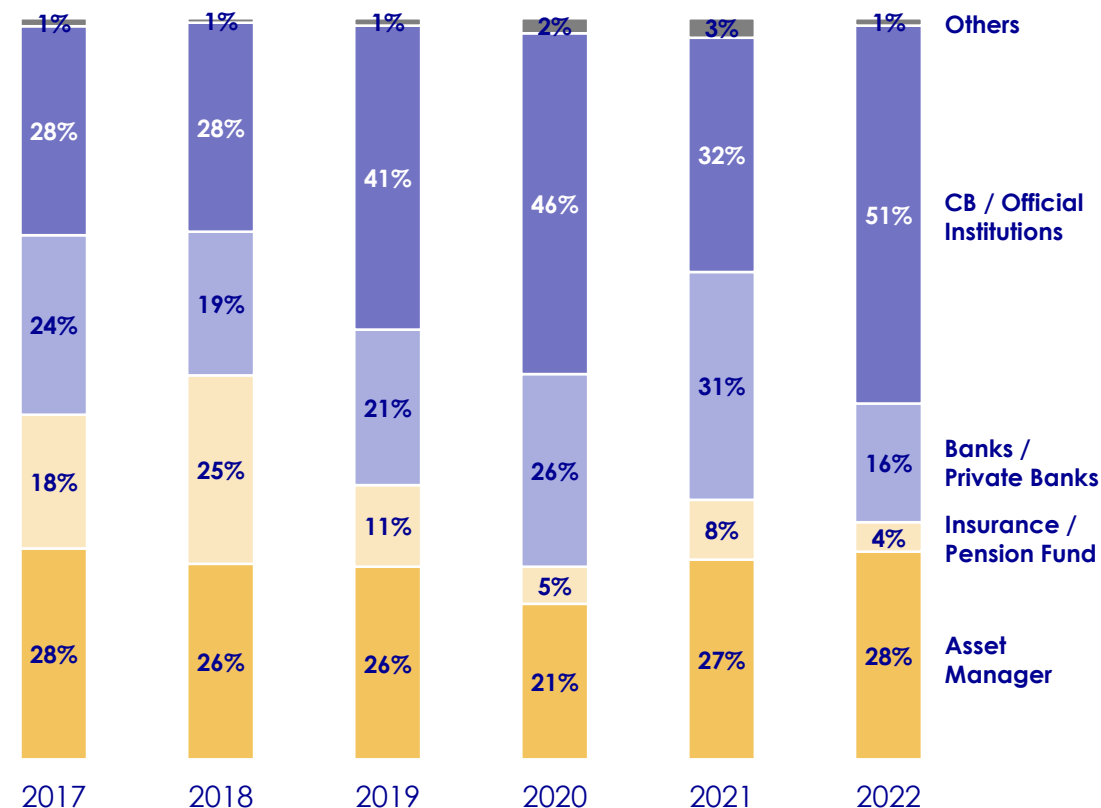


INVESTOR DISTRIBUTION OVERVIEW: PUBLIC ISSUES (2017-2022)

BREAKDOWN BY GEOGRAPHIC REGION

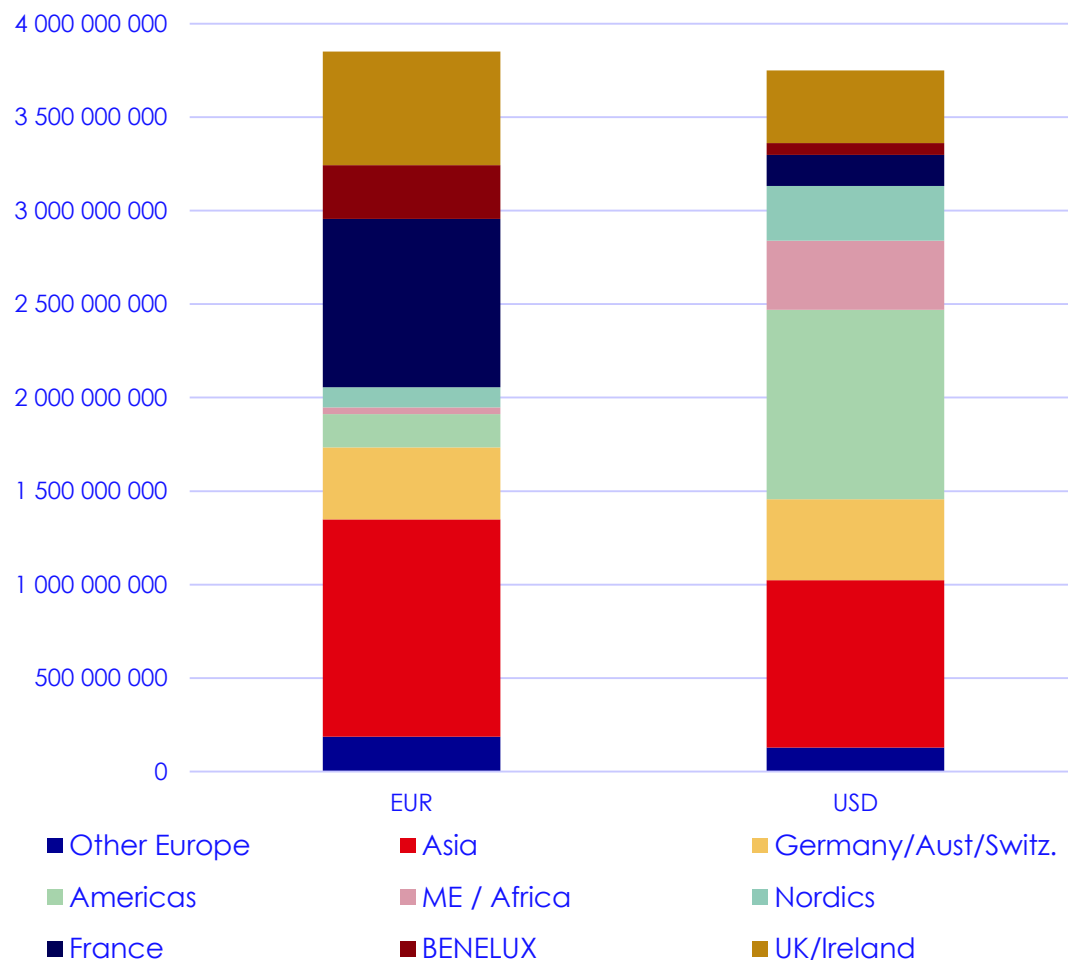


BREAKDOWN BY INVESTOR TYPE

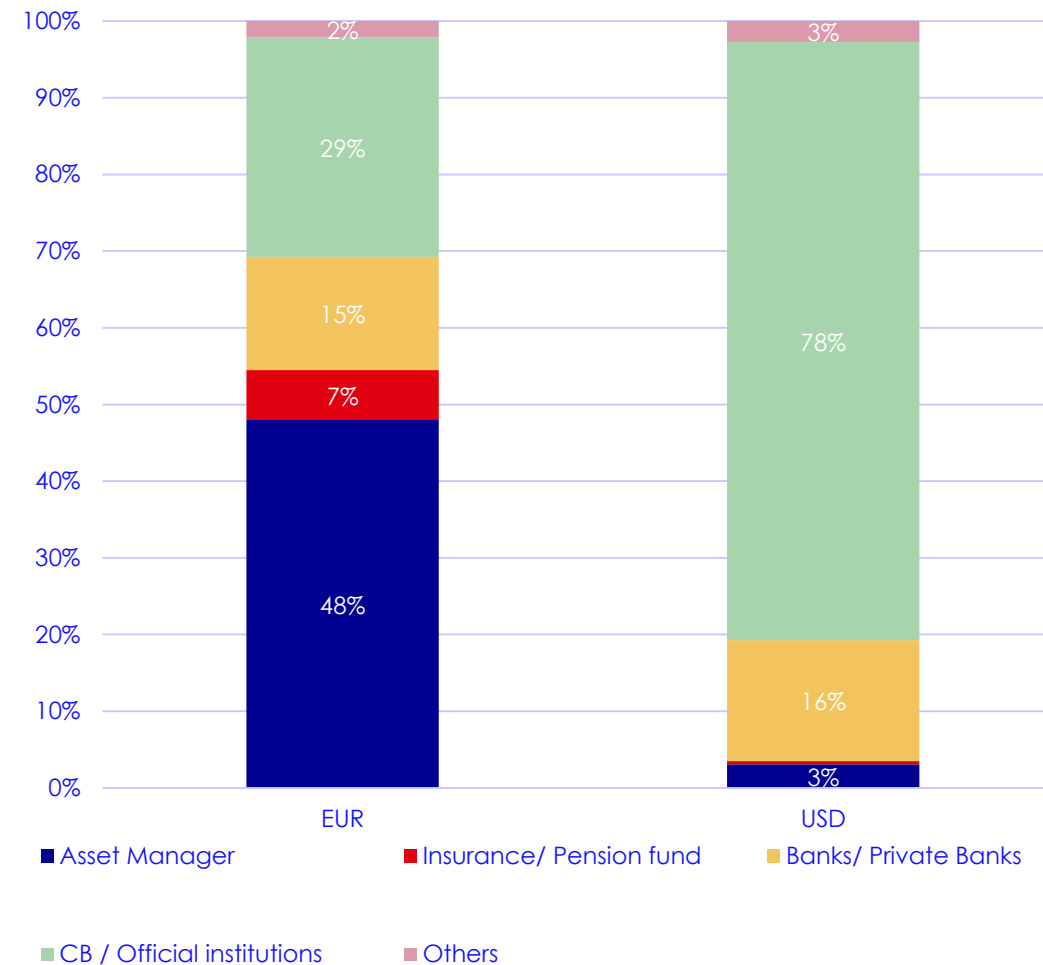


INVESTOR PROFILE BY CURRENCY OF ISSUANCE (2022)

BREAKDOWN BY GEOGRAPHIC REGION



BREAKDOWN BY INVESTOR TYPE





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):



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**

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.



AFD Group's
6 Transitions



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)


















USE OF PROCEEDS

SDG contribution

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.

	Six transitions of the AFD Group		
	Energy transition	Renewable energies, energy efficiency	<ul style="list-style-type: none"> Entire population (including populations with costly and/or discontinuous access to energy)
   	Demographic and social transition	Access to essential services (health, education)	<ul style="list-style-type: none"> 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
	Digital and technological transition	Essential infrastructures	<ul style="list-style-type: none"> Population that is victim to lack of digital infrastructure or that is computer illiterate
 	Economic and financial transition	Job creation, access to essential services and combatting poverty, socio-economic development and promotion	<ul style="list-style-type: none"> People who are victim of a lack of access to essential goods and services and productive resources, People excluded from economic life
    	Regional and ecological transition	Food safety, essential infrastructures, preservation of terrestrial and aquatic biodiversity, clean transportation	<ul style="list-style-type: none"> 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
	Policy and citizen-focused transition	Socio-economic development	<ul style="list-style-type: none"> Population without access to fair and effective public institutions; Population in crisis or conflict zones / affected by a conflict


USE OF PROCEEDS


Thematic & technical eligibility

② **Thematic & technical eligibility:** the loan meets at least one of the three technical eligibility criteria

 **Theme-based eligibility:** depending on the intrinsic nature or purpose of the activities/projects (examples below)



 **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**

 **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)

USE OF PROCEEDS

Interlinkages between SDGs taken into account

③ Positive interlinkages between SDGs taken into account

0/+

Only loans with positive or neutral on each of the six dimensions of the "Sustainable Development Analysis and Opinion" mechanism

D1. Sustainable growth and resilient economy	-2	-1	+1	+2	+3	
D2. Social well-being and reduction of social imbalances	-2	-1	+1	+2	+3	
D3. Gender equality	-2	-1	0	+1	+2	+3
D4. Conservation of biodiversity, management of natural environments and resources	-2	-1	0	+1	+2	+3
D5.a. Transition to a low-carbon trajectory	-2	-1	+1	+2	+3	
D5.b. Resilience to climate change	-2	-1	0	+1	+2	+3
D6. Sustainability of project's effects and governance framework	-2	-1	+1	+2	+3	

1/2

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

EXAMPLE OF ELIGIBLE LOAN

Contruction of tramway line along the Golden Horn in Istanbul

AFD is funding up to **€93 million** to build a 10,2 km tramway line connecting the historical center of Istanbul to service and residential areas along the Golden Horn.

The project benefits from an innovative technique of ground power supply allowing to preserve this exceptional site and will be accompanied by landscaping of the baniks.

EXPECTED IMPACTS

- **150,000 residents** living near the corridor will benefit from improved access to sustainable transport
- Expected ridership on the line is **80 000 daily passengers** at opening, reaching 160 000 by 2040,
- The project will also contribute to climate mitigation by providing about **11 500 tCO2 eq/year in savings over 30 years.**

Loan

GLOBAL BUDGET
93MEUR

START date
01/09/2021

PROJECT STATUS
in progress

LOAN ELIGIBILITY

Territorial and ecological transition

Contribution
to SDGs



Theme-based
& technical
eligibility

Eligibility B: Climate performance eligibility

✓ 11 500 tCO2eq /year*

Above the threshold of 10,000tCO2eq/yr

Consideration of
the interrelations
between the SDGs

**✓ No negative rating
on the six dimensions of the SDAO**

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

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

LOAN ELIGIBILITY

Demographic & Social

Contribution to SDGs



Theme-based & technical eligibility

Eligibility C: Transformation eligibility
✓ **Loan to a State (India)**
whose disbursement is tied to the achievement of 8 indicators

Consideration of the interrelations between the SDGs

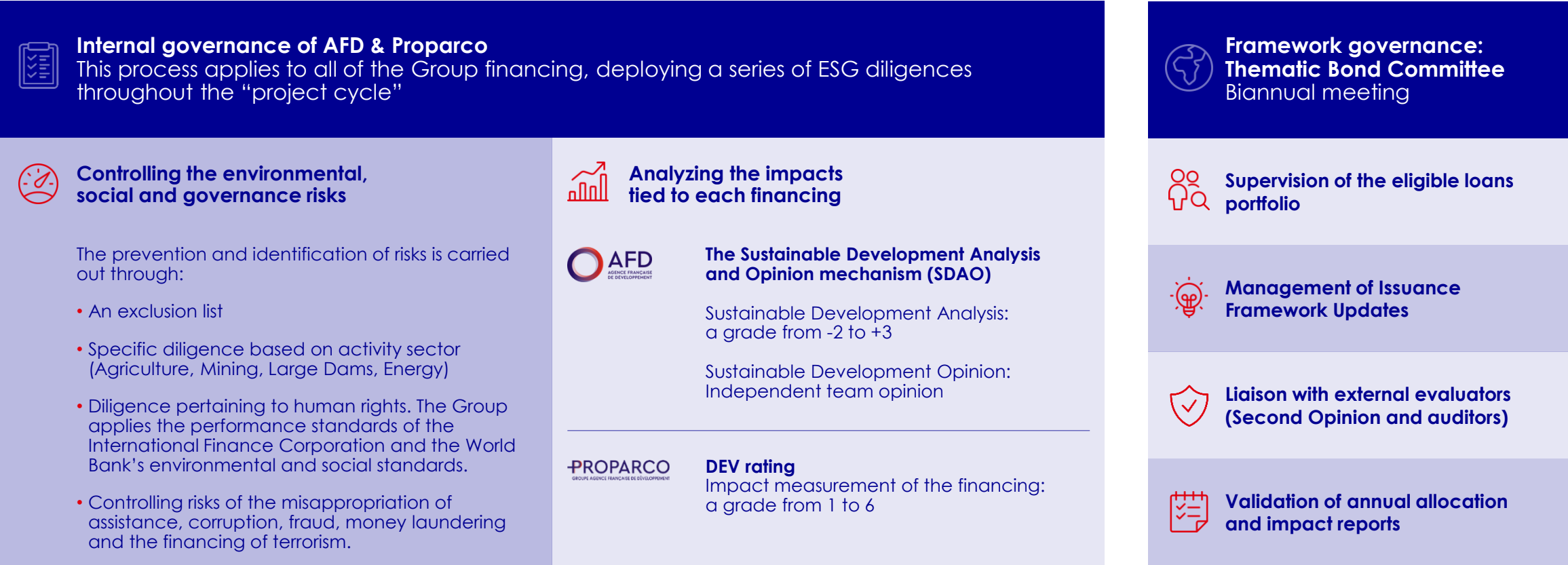
✓ **No negative rating on the six dimensions of the SDAO**

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

* 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.

LOAN IDENTIFICATION AND SELECTION PROCESS

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"



MANAGEMENT OF PROCEEDS



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



Moody's Investors Service* 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.**

*Ex Vigeo Eiris



ADVANCED SCORE

(highest level in Moody's Investors Service 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.

Not Aligned Partially Aligned Aligned 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.



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 14.98%
- Strong CET1 ratio at 13.62%



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 ISS ESG.



SDG Bond Framework assessed "Advanced" with "best practices" by Moody's Investor Service

* https://www.ecb.europa.eu/ecb/legal/pdf/oj_joL_2016_014_r_0006_en_txt.pdf
<https://www.ecb.europa.eu/mopo/assets/standards/marketable/html/index.en.html>

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