Creditreform Bank Rating
Agence Française de Développement (Group)

Creditreform Rating

Rating Object	Rating Information	
Agence Française de Développement (Group)	Long Term Issuer Rating / Outlook: **AA / negative**	Short Term: **L1**
Creditreform ID: 775665599 Management: Rémy Rioux (CEO) Marie-Hélène Loison (Deputy CEO) Bertrand Walckenaer (Deputy CEO) *and 7 others*	Type: Update / Unsolicited	
Rating Date: **17 December 2021** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.0" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.0" CRA "Government-Related Banks v.2.0" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured: **AA** Non-Preferred Senior Unsecured: - Tier 2: - Additional Tier 1: -	

Contents

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Key Rating Driver

+ High probability of support by the French State
+ EPIC status, immunity to private sector bankruptcy laws; by law the French State has ultimate responsibility for AFD's solvency
+ Strategic importance through implementation of French development aid policy
+ High capitalization
- Dependent on state subsidies to reducing financing cost/lending costs for borrowers
- Relatively high NPL figures and very high potential problem loans (IFRS 9 stage 2)

Executive Summary

Creditreform Rating affirms the long-term issuer rating of Agence Française de Développement at AA (negative). Deciding key rating driver is the close relationship and the high probability of support by the government of the French Republic (CRA Rating: AA (negative) as of 21.05.2021).

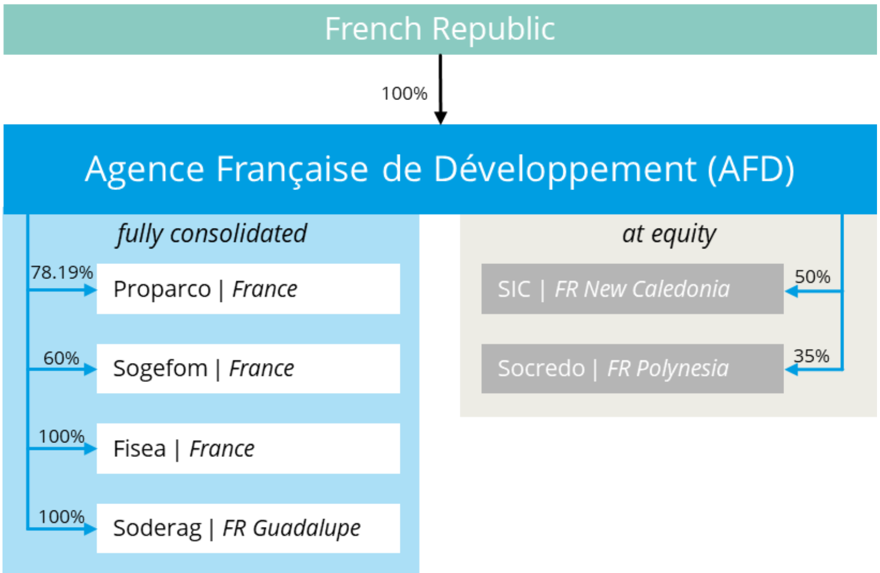
Company Overview

Agence Française de Développement (in the following AFD) is a public development bank in France. Its role is to carry out financial operations, which contribute to the implementation of the French State's development aid policy. The aim is to fight poverty and promote sustainable development, mainly in developing parts of the world. It was founded in 1941 by Charles de Gaulle with the aim to provide Free France with a financial institution to act as treasury, central bank and development bank. Over the years, the bank became a central fund for France's overseas territories and ultimately transformed into a development bank with a focus on project financing that is operating through field offices in over 100 countries. AFD assists in, monitors and finances more than 2,500 development projects. These projects encompass sectors such as energy, healthcare, biodiversity, water, digital technology, professional training, among others.

The AFD has a dual status in France, being both a French public undertaking (EPIC: *Etablissement Public à Caractère Industriel et Commercial*) as well as a financial company (*Société de Financement*) regulated by the French national banking authority (ACPR). EPICs are legal entities governed by public law, which have a distinct legal personality from the state, financial independence and certain special powers, such as performing one or more public service tasks. The status entails a number of legal consequences, such as the inapplicability of insolvency and bankruptcy procedures under ordinary law.

The AFD is wholly owned by the French State. The consolidation scope of the bank consists of seven legal entities, four of which are wholly consolidated. Proparco promotes development projects, acquires equity stakes and grants loans in regions AFD is mandated to operate in. Sogefom provides partial guarantees for credit institutions in French overseas departments and collectivities. Fisea promotes the growth of small and medium enterprises (SMEs) in Africa. Soderag grants loans and acquires equity stakes in the Antilles and Guiana region. Propasia was dissolved in July 2020.

Chart 1: Consolidation Scope of AFD as of 2020 | Source: Registration Document 2020



Despite a general decline in overall business environment due to the COVID-19 health crisis, AFD has nevertheless been active by mobilizing commitment in response (EUR 2.8 billion, of which EUR 2.4 billion in new commitments). Over EUR 1.4 billion of these loans were sovereign loans.

Business Development

Profitability

The world was significantly impacted by the COVID-19 crisis in 2020, with significant impact on AFD's business. Net income at Group level slumped from EUR 182.1 million to just EUR 15.4 million. This was mainly due to high risk costs and a slump in operating income.

Operating income fell by just under 9% from EUR 843.4 million to only EUR 768.4 million. Although the main source of income, net interest income, increased by almost EUR 80 million, fee income and the net trading and fair value result fell so sharply that a delta of just under EUR -75 million compared with the previous year was ultimately recorded. This is a result of the distortions on the financial markets caused by the COVID-19 health crisis. As in previous years, AFD received large grants from the state to keep refinancing costs and lending costs low for borrowers. In 2020 these subsidies accounted for EUR 231.6 million of other income, accounting for almost a third of the total operating income.

Operating expenses, on the other hand, were positively impacted by the crisis, with external expenses and limited hiring in 2020 curtailed cost increases. In the final analysis, operating expenses increased only marginally.

Risk costs increased sharply due to the crisis, as was the case for almost all banks in the fiscal year; almost the entire increase (nearly EUR 110 million of a EUR 119 million increase) was attributable to provisions related to the COVID-19 crisis.

Net income was EUR 15.4 million, compared with EUR 182.1 million in the previous year. Income tax expense was EUR -10.1 million due to deferred taxes. Net profit attributable to owners of the parent amounted to EUR 40.4 million after deduction of minority interests (mainly at Proparco, minority shareholders absorbed more than one fifth of the loss in 2020).

The first half of 2021 was marked by a rapid recovery in net income, stemming predominantly from net banking income, which increased by more than EUR 200 million compared with the first half of 2020. Similarly to other banks, this reversal was prominently carried by a rise in fair value of financial instruments. Cost of Risk delivered a positive earnings contribution of EUR 16 million in the first half of the year, compared to EUR -101 million in the previous year. Net income in total was EUR 233 million on a fully consolidated basis, Group share was EUR 219 million.

A detailed group income statement for the years of 2017 through 2020 can be found in Figure 1 below:

Figure 1: Group income statement | Source: eValueRate / CRA

Income Statement (EUR k)	2020	%	2019	2018	2017
Income					
Net Interest Income	470.162	+20,2	391.171	346.760	352.795
Net Fee & Commission Income	123.999	-12,6	141.945	98.930	85.918
Net Insurance Income	-	-	-	-	-
Net Trading Income	-94.080	< -100	41.140	-47.195	125.013
Equity Accounted Results	-6.305	> +100	-1.584	4.515	4.596
Dividends from Equity Instruments	2.778	-91,5	32.605	21.450	-
Other Income	271.887	+14,2	238.157	234.948	229.794
Operating Income	**768.441**	**-8,9**	**843.434**	**659.408**	**798.116**
Expense					
Depreciation and Amortisation	39.623	-16,7	47.581	22.564	20.490
Personnel Expense	313.438	+6,3	294.922	260.752	235.483
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	98	-77,0	426	-3.183	9.852
Other Expense	141.449	-6,1	150.640	157.995	172.578
Operating Expense	**494.608**	**+0,2**	**493.569**	**438.128**	**438.403**
Operating Profit & Impairment					
Pre-impairment Operating Profit	**273.833**	**-21,7**	**349.865**	**221.280**	**359.713**
Asset Writedowns	268.498	+79,7	149.397	70.453	12.279
Net Income					
Non-Recurring Income	-	-	-	-	-
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**5.335**	**-97,3**	**200.468**	**150.827**	**347.434**
Income Tax Expense	-10.102	< -100	18.350	13.227	15.075
Discontinued Operations	-	-	-	-	-
Net Profit	**15.437**	**-91,5**	**182.118**	**137.600**	**332.359**
Attributable to minority interest (non-controlling interest)	-24.967	< -100	9.679	22.374	19.554
Attributable to owners of the parent	40.404	-76,6	172.439	115.225	312.805

Due to the low net profit in 2020, corresponding earnings ratios were very low. Due to the decline in operating income, the cost/income ratio increased to more than 64%, compared with 58% in the previous year.

If the momentum of the first half of 2021 can be carried over throughout the rest oft he year, net income will significantly exceed that of the previous years by a far margin. Hence, all related income ratios should benefit from this positive development, the CIR would be expected slightly above or below the 50% mark.

A detailed overview of the income ratios for the years of 2017 through 2020 can be found in Figure 2 below:

Figure 2: Group key earnings figures| Source: eValueRate / CRA

Income Ratios (%)	2020	%	2019	2018	2017
Cost Income Ratio (CIR)	64,37	+5,85	58,52	66,44	54,93
Cost Income Ratio ex. Trading (CIRex)	57,34	-4,18	61,52	62,00	65,13
Return on Assets (ROA)	0,03	-0,35	0,38	0,32	0,84
Return on Equity (ROE)	0,25	-2,64	2,89	2,22	5,45
Return on Assets before Taxes (ROAbT)	0,01	-0,41	0,42	0,35	0,87
Return on Equity before Taxes (ROEbT)	0,08	-3,09	3,18	2,43	5,70
Return on Risk-Weighted Assets (RORWA)	0,03	-0,38	0,41	0,35	-
Return on Risk-Weighted Assets before Taxes (RORWAbT)	0,01	-0,44	0,45	0,39	-
Net Interest Margin (NIM)	0,71	-0,22	0,94	0,71	1,23
Pre-Impairment Operating Profit / Assets	0,50	-0,23	0,74	0,52	0,91
Cost of Funds (COF)	2,59	-0,78	3,37	3,40	3,25
Change in %-Points					

Asset Situation and Asset Quality

Total assets increased sharply by EUR 6.7 billion or 14% year-on-year in the 2020 financial year. The main driver of the increase was net loans to customers, which rose by EUR 3.4 billion. Other notable increases were achieved in cash and central bank balances (EUR +1.9 billion) and net loans to banks (EUR +0.8 billion).

Credit risk is broadly distributed across the globe in 2020, with more than a quarter of the risk spread across Central and Southern Africa. The Asia-Pacific region contributes just under 20% of the credit risk, while Latin America and the Caribbean account for more than one-sixth. The Middle East and Northern Africa and the Overseas Departments each contribute about one-seventh and one-eighth of the credit risk, respectively.

In the first half of 2021, approvals and disbursements were down in comparison to the first half of 2020, which was dominated by the COVID-19 response. The balance sheet size decreased slightly by about EUR 0.35 billion.

A detailed look at the development of the asset side of the balance sheet for the years of 2017 through 2020 can be taken in Figure 3 below:

Figure 3: Development of assets | Source: eValueRate / CRA

Assets (EUR k)	2020	%	2019	2018	2017
Cash and Balances with Central Banks	3.157.677	> +100	1.259.133	1.399.405	1.016.778
Net Loans to Banks	9.396.912	+9,7	8.563.133	7.122.024	6.613.638
Net Loans to Customers	33.051.164	+11,5	29.636.115	26.485.764	25.437.510
Total Securities	3.981.720	-1,2	4.031.592	4.978.264	3.827.654
Total Derivative Assets	3.194.077	+18,1	2.703.875	2.025.840	1.827.580
Other Financial Assets	-	-	-	-1	-
Financial Assets	**52.781.550**	**+14,3**	**46.193.848**	**42.011.296**	**38.723.160**
Equity Accounted Investments	140.004	-4,6	146.753	150.105	146.156
Other Investments	-	-	-	-	-
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	-	-	-	-	-
Tangible and Intangible Assets	301.359	-1,2	304.898	234.081	226.012
Tax Assets	26.538	+57,1	16.889	20.518	22.683
Total Other Assets	975.606	+9,3	892.639	452.409	599.443
Total Assets	**54.225.057**	**+14,0**	**47.555.027**	**42.868.409**	**39.717.454**

AFD's credit risk is typically elevated due to its business purpose. the NPL ratio was above 3% in 2020 and the ratio of potential problem loans (IFRS 9 Stage 2) to the on-balance sheet loan portfolio was more than 25%, which is a very high level. Nevertheless, the credit risk did not deteriorate significantly as a result of COVID-19, and the Stage 3 exposure even decreased compared with the previous year. Risk provisioning was generated to a sufficient extent.

AFD recorded no defaults in the first half of 2021 and a general improvement in the financial position of certain counterparties. Regardless, overall doubtlful loans increased from 3.6% (AFD measurement) to 4.6% in the first half of 2021, mainly from the application of a new default definition in regard to sovereign loans, while the doubtful rate in the non-sovereign portfolio decreased. The increase in outstanding doubtful sovereign exposures was mainly attributable to new downgrades of Ethiopia, Mozambique, Congo and Zambia.

A detailed overview of the asset quality for the years of 2017 through 2020 can be found in Figure 4 below:

Figure 4: Development of asset quality | Source: eValueRate / CRA

Asset Ratios (%)	2020	%	2019	2018	2017
Net Loans/ Assets	60,95	-1,37	62,32	61,78	64,05
Risk-weighted Assets/ Assets	89,57	-4,16	93,73	91,16	-
NPLs*/ Net Loans to Customers	3,27	-0,46	3,74	3,13	2,72
NPLs*/ Risk-weighted Assets	2,23	-0,26	2,48	2,12	-
Potential Problem Loans**/ Net Loans to Customers	25,48	+1,96	23,51	-	-
Reserves/ NPLs*	63,71	+4,28	59,43	69,52	101,51
Reserves/ Net Loans	2,09	-0,14	2,22	2,18	2,76
Net Write-offs/ Net Loans	0,81	+0,31	0,50	0,27	0,05
Net Write-offs/ Risk-weighted Assets	0,55	+0,22	0,34	0,18	-
Net Write-offs/ Total Assets	0,50	+0,18	0,31	0,16	0,03
Level 3 Assets/ Total Assets	2,88	-0,60	3,48	5,99	3,49

Change in %Points
* NPLs are represented from 2017 onwards by Stage 3 Loans.
** Potential Problem Loans are Stage 2 Loans where available.

Refinancing, Capital Quality and Liquidity

New issues on the bond market mainly covered balance sheet growth. Total debt increased by EUR 6.1 billion, driven by 21 bond issues. Equity decreased by EUR 30 million compared to the previous year, mainly due to fair value changes related to put options (EUR -63 million), which offset the positive effects from net profit and OCI.

New issues in the first half of 2021 measured EUR 4.8 billion, distributed across eight issues, five of which were private placements. Equity increased by almost EUR 1.7 billion, following a capital increase of EUR 1.4 billion by the French State in order to strengthen the bank's capital.

A detailed overview of the development of liabilities for the years of 2017 through 2020 can be found in Figure 5 below:

Figure 5: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR k)	2020	%	2019	2018	2017
Total Deposits from Banks	11.665	+22,8	9.501	11.779	17.136
Total Deposits from Customers	2.028	+22,4	1.657	1.690	2.187
Total Debt	41.904.858	+17,2	35.769.783	32.293.282	29.613.863
Derivative Liabilities	2.168.491	+17,5	1.845.815	1.279.499	1.323.477
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
Total Financial Liabilities	**44.087.042**	**+17,2**	**37.626.756**	**33.586.250**	**30.956.663**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	10.536	-5,6	11.156	7.099	6.345
Provisions	1.287.077	+11,7	1.151.884	1.001.700	849.211
Total Other Liabilities	2.560.628	+4,3	2.455.403	2.076.824	1.811.741
Total Liabilities	**47.945.283**	**+16,2**	**41.245.199**	**36.671.873**	**33.623.960**
Total Equity	**6.279.774**	**-0,5**	**6.309.828**	**6.196.536**	**6.093.494**
Total Liabilities and Equity	**54.225.057**	**+14,0**	**47.555.027**	**42.868.409**	**39.717.454**

As a result of lower equity and robust balance sheet growth, the equity ratio fell sharply by almost 1.7 percentage points. The regulatory equity ratios also declined. Overall, however, capitalization is at a very high level. Due to the change in status in 2017 of AFD to a Financing company, the bank no longer has to report/adhere to a leverage ratio. AFD is also no longer strictly subject to the Liquidity Coverage Ratio (LCR). The same applies to the BRRD directive and MREL.

In the first half of 2021, CCR 2/CRD V saw an entry into force with impacts on the calculation of RWA, for AFD with changes particularly in regards to derivatives (standard approach vs marking-to-market) and equity exposure (transparency approach vs simple weighting). The total capital ratio increased by half a percentage point to 16.73%.

A detailed overview of the development of capital and liquidity ratios for the years of 2017 through 2020 can be found in Figure 6 below:

Figure 6: Development of capital and liquidity ratios | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2020	%	2019	2018	2017
Total Equity/ Total Assets	11,58	-1,69	13,27	14,45	15,34
Leverage Ratio	-	-	-	-	-
Common Equity Tier 1 Ratio (CET1)*	13,12	-0,74	13,86	15,69	14,57
Tier 1 Ratio (CET1 + AT1)*	14,85	-0,89	15,74	17,84	16,44
Total Capital Ratio (CET1 + AT1 + T2)*	16,29	-0,46	16,75	18,37	16,44
SREP Capital Requirements	7,70	+0,00	7,70	7,43	5,75
MREL / TLAC Ratio	-	-	-	-	-
Liquidity Coverage Ratio	-	-	-	-	-
Change in %Points					

* Fully-loaded where available

Due to AFD's bank capital and debt structure, the Group's Preferred Senior Unsecured Debt instruments have not been notched down in comparison to the long-term issuer rating.

Environmental, Social and Governance (ESG) Score Card

AFD has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated neutral, as no major positive or negative drivers were identified.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating drivers. While Green Financing / Promoting is rated very positive due to a very high amount of direct and indirect Green Financing (50% of approvals in 2020) as well as significant amount of Green Bonds issued. Corporate Behaviour is rated positive due lack of misconduct in recent years and non-existing material governmental, legal or arbitration proceedings.

ESG Score

3,6 / 5

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2021	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	3	(+ +)
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated negative in terms of the CRA ESG criteria.	2	(-)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	4	( )
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Conclusion

The rating of Agence Française de Développement (Group) is predominantly affected by our opinion that there is almost certain likelihood of support of the French Republic (CRA Rating: AA (negative) on 21 May 2021) in the event of financial distress. This owes to the fact that the bank benefits from its status as EPIC, which is not subject to private-sector bankruptcy laws and which by law of the French State has ultimate responsibility for AFD's solvency.

In 2020, the world was significantly affected by the COVID-19 crisis, impacting AFD's profitability significantly. High cost of risk paired with a general retreat in net banking income, mostly through fair value impacts on financial instruments, led to a collapse in net profit, while costs were under control. Contrary to most commercial banks, asset quality did not deteriorate massively, especially in regards to potential problem loan exposures (IFRS 9 Stage 2), which were nevertheless highly elevated. NPL figures even decreased in 2020. The first half of 2021 saw a rapid recovery in profitability, driven by fair value changes of financial instruments which suffered in the previous year. Asset quality deteriorated nominally, but significantly so only due to reclassification. No defaults were reported in the first half of 2021.

Outlook

The outlook of the Long-Term Issuer Rating of AFD is 'negative', in line with the long-term sovereign rating of the French Republic. For details, please refer to the rating report of the French Republic found on our website.

Scenario Analysis

Best-case scenario: AA+

Worst-case scenario: AA-

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach an 'AA+' rating in the "best case" scenario and a 'AA-' rating in the "worst case" scenario.

In the best-case scenario, AFD is upward bound by long-term sovereign rating of the French Republic. In the worst-case scenario, a negative development in the COVID-19 crisis might lead to a downgrade in the long-term sovereign rating of the French Republic and as such a downgrade in the long-term issuer rating of SFIL SA.

Appendix

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **AA / negative / L1**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured Debt (PSU): **AA**
Non-Preferred Senior Unsecured Debt (NPS): **-**
Tier 2 (T2): **-**
Additional Tier 1 (AT1): **-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 7: Rating History

Bank Issuer Rating	Rating Date	Result
LT / Outlook / Short-Term (Initial)	31.08.2018	AA / stable / L1
Rating Update	09.12.2019	AA / stable / L1
Monitoring	29.05.2020	AA / watch unknown / L1
Rating Update	25.11.2020	AA / negative / L1
Rating Update	17.12.2021	AA / negative / L1
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	31.08.2018	AA / - / -
PSU / NPS / T2 / AT1	09.12.2019	AA / - / - / -
PSU / NPS / T2 / AT1	29.05.2020	AA (watch unknown) / - / - / -
PSU / NPS / T2 / AT1	25.11.2020	AA / - / - / -
PSU / NPS / T2 / AT1	17.12.2021	AA / - / - / -

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for bank ratings as (v3.0), the methodology for the rating of bank capital and unsecured debt instruments (v2.0), the methodology for the rating of Government-Related Banks (v2.0) as well as the rating methodology for Environmental, Social and Governance Score for Banks (v1.0) in conjunction with Creditreform's basic document Rating Criteria and Definitions (v1.3).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 17 December 2021, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Agence Française de Développement (Group), and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Agence Française de Développement (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within „Basic data" information card.

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