



Financial Report

2004



PROPARCO
GROUPE AGENCE
FRANÇAISE DE
DÉVELOPPEMENT

**Société de promotion et de participation
pour la coopération économique**

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. ISSN 1276-2156. Copyright deposit April 2005.

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Balance sheet assets

at 31 december 2004

(thousands of euros)	Note	31/12/2004	31/12/2003
Receivables from credit institutions	1		
Sight		47,252	36,431
- o/w related parties		46,874	36,051
- o/w on behalf of third parties		378	380
Term		372,531	377,225
Transactions with clients	2	230,423	214,817
- o/w on behalf of third parties		2,207	2,277
Investments and other long term securities	4	64,701	57,407
- o/w on behalf of third parties		1,187	1,510
Intangible assets	5	29	26
Property, plant and equipment	6	2	0
Others assets	7	1,073	3,719
- o/w related parties		0	224
Prepayments and accrued income	8	681	775
- o/w related parties		149	0
Total assets		716,692	690,400

Off balance sheet

at 31 december 2004

(thousands of euros)	31/12/2004	31/12/2003
Financing commitments	147,102	155,360
In favour of credit institutions	124,017	121,111
In favour of clients	23,085	34,249
Guarantee commitments	66,845	76,409
In respect of credit institutions	41,041	40,036
In respect of clients	25,444	36,373
Total commitments given	213,947	231,769

Balance sheet

equity and liabilities

at 31 december 2004

(thousands of euros)	Note	31/12/2004	31/12/2003
Liabilities to credit institutions	9		
Sight		4,195	2,111
- o/w related parties		4,195	2,111
Term		492,686	491,353
- o/w related parties		468,252	463,397
Others liabilities	10	30,778	17,327
- o/w behalf of third parties		3,765	4,168
Accruals and deferred income	11	1,210	1,779
- o/w related parties		13	118
Provisions for contingencies and losses	12	8,894	7,281
Fund for general banking risks (FGBR)	13	15,787	15,787
Equity excluding FGBR	14	163,142	154,762
Capital subscribed	14	142,560	142,560
Legal reserve	14	1,468	1,403
Special reserve for long term capital gains	14	6,159	5,280
Accumulated earnings	14	4,124	4,220
Income for the year	14	8,831	1,229
Total equity and liabilities		716,692	690,400

Off balance sheet

at 31 december 2004

(thousands of euros)	31/12/2004	31/12/2003
Financing commitments	273,267	303,895
Received from credit institutions	273,267	303,895
- o/w related parties	268,267	298,895
Guarantee commitments	102,495	115,493
Received from credit institutions	102,495	115,493
Total commitments received	375,762	419,388

Income statement

at 31 december 2004

(thousands of euros)	Note	31/12/2004	31/12/2003
Interest and equivalent	15		
On operations with credit institutions		18,244	18,371
- o/w related parties		6,375	5,911
On operations with client		18,116	14,538
On bonds and other fixed income securities		9	19
Interest and equivalent	15		
On operations with credit institutions		- 15,487	- 16,655
- o/w related parties		- 14,508	- 15,178
Income from variable income securities	16	1,682	2,098
Commissions (income)	17	1,020	1,467
Commissions (expenses)		- 18	- 5
Other banking operating income items	18	265	106
Other banking operating expense items	19	- 5	- 861
Net banking income		23,826	19,078
Others administrative expenses	20	- 9,893	- 9,377
- o/w related parties		- 8,377	- 7,810
Gross operating income		13,933	9,701
Cost of risk	21	- 366	- 10,214
Operating income		13,567	- 513
Gains and losses on sale of assets	22		
Gains			1 416
Losses		- 65	
Income from ordinary activities before tax		13,502	903
Exceptional items			
Exceptional revenue		0	0
Exceptional expenses	23	- 85	- 45
Corporate income tax	24	- 4,586	441
Allocations/recoveries of FGBR		0	0
Net income		8,831	1,299

Key events for the year

Key events

The following key events occurred during the year under review:

Following the enlargement of AFD Group's remit, at the end of September 2004 PROPARGO opened its own dedicated agency in Bangkok. This office has regional responsibility for South East Asia (currently Thailand, Vietnam, Laos and Cambodia) and China.

PROPARGO set up a margin hedge in response to the adverse impact of the euro-dollar exchange rate.

A substantial proportion of the loans owed to a bank based in Dominican Republic, which suffered a sharp deterioration in its balance sheet in 2003, were restructured in 2004 by transferring the risk to a French group. During the course 2004 receivables from credit institutions in the Dominican Republic decreased from € 30 Million (at 31 December 2003) to € 11.3 Million (at the end of 2004).

Accounting principles and policies

1. General comments on the financial statements.

PROPARGO's financial statements are presented in accordance with regulations in force, notably the French Banking Regulation Committee's regulation CRBF 91.01. This corpus of standards was formed when EEC Directive no. 86.635 dated 8 December 1986 was transposed into French law. Annual summary documents are prepared based on the French Accounting Standards Committee (CRC) regulation 2000-03.

These standards were applied in compliance with the principle of prudence and in accordance with the fundamental accounting principles of going concern, consistency and matching.

2. Application of CRC regulation 2002-03.

CRC regulation 2002-03 has been applicable as of 1 January 2003.

It relates to:

- > the identification of doubtful outstandings,
- > provisioning rules,
- > credit risk information disclosures.

In accordance with this regulation, two additional categories of outstandings were created in 2003:

- > Outstandings unlikely to be recovered. These are doubtful debts whose recovery potential has

become severely impaired and which may not be reclassified under healthy outstandings in the foreseeable future. Pursuant to CRC regulation 2002-03 outstandings are included in this category where instalments have not been paid for more than 15 consecutive months and for credit contracts that have expired.

Outstandings unlikely to be recovered at 31 December 2004 were € 12.57 Million, of which € 12.47 Million for client loans and € 0.10 Million for credit institutions.

- > Outstandings restructured at off-market conditions. These should be identified separately within healthy outstandings. PROPARGO did not have any outstandings restructured at off-market conditions in 2004. Any rescheduling of outstandings during the year was performed at conditions close to those usually applied by PROPARGO.

3. Risk coverage.

Risks are covered by five different types of provisions:

Provisions for impairment

These are created to adjust the amount at which the securities are carried in the financial statements to their value in use, if this is considered to be lower than acquisition cost. The value in use of an investment is measured on the basis of the company's net worth (or liquidation value for investment funds), future

perspectives based on economic and financial information available on the company, the environment of the country in which it operates and any exit commitments granted.

Provisions for doubtful debts

Loans with one or more unpaid instalments of over three months past due are systematically reclassified as doubtful outstandings in accordance with banking regulations. In this respect, unpaid interest receivable and accrued interest are fully provisioned and loans may be subject to provisions covering the principal, studied on a case-by-case basis after rating.

Provisions for country risk

These are created on a country-by-country basis, based on PROPARGO's outstanding loans, investments and guarantees provided, in accordance with the regulations dictated by the French Banking Commission. Provisions for country risk of € 7.1 Million were allocated in PROPARGO's financial statements in 1993 and 1995.

At 31 December 2004, the provision for country risk recognised in PROPARGO's financial statements was € 6.6 Million. The additional provision required in 2004 was recognised by the Agence Française de Développement.

The AFD made a commitment to the Comité des Etablissements de Crédit, to ensure that PROPARGO was in a position at all times to respect the obligations imposed by banking regulations, notably in terms of provisioning for country risk. Therefore, in accordance with the agreement made between PROPARGO and the AFD, the AFD recognised the following accounting entries in 2004:

- > a provision allocation concerning PROPARGO's assets exposed to country risk of € 5 Million, bringing the accumulated amount of the provision to € 230 Million,
- > a provision reversal for € 3 Million relating to guarantee commitments given by PROPARGO, reducing it to € 27 Million.

These provisions include the additional provision that was allocated in the wake of the events in the Ivory Coast in September 2002.

Fund for general banking risks

Between 1999 and 2002, the directors allocated an annual provision to the fund for general banking risks in accordance with Regulation 90-02 dated 23 February 1990 (amended) in order to cover the general risks of the company's activity.

In 2004 no allocations were made to the fund for general banking risks.

Provision for investment fund risks

PROPARGO recognises a provision for investment fund risks, designed to cover the risk of a capital loss on investment funds on disbursement. The amount of this allocation is calculated based on the payments made to finance these funds' management fees.

4. Receivables from credit institutions and clients.

In the balance sheet, the subsection "Sight" of the heading "Receivables from credit institutions" mainly comprises PROPARGO's current account opened with the AFD, but also a euro account held with Crédit Lyonnais opened for "ECIP" operations.

The "Term" subsection comprises loans outstanding to credit institutions and fixed-term deposits granted to the AFD (including accrued interest).

"Receivables from clients" are the net outstandings of loans to non credit institutions, including convertible bonds, participating loans, other subordinated term loans and PROPARGO's shareholder current account advances, in addition to the associated receivables (interest receivable).

In the income statement, revenue items include accrued interest already due and not yet due calculated pro rata temporis on the portfolio's activities (bonds), shareholder current account advances, loans and deposit accounts.

5. Investments and portfolio activity.

Investments are recognised as assets at acquisition value.

Income from variable income securities recognised under income comprise dividends and directors' fees received or receivable.

6. Intangible assets.

Intangible assets essentially comprise software for managing investments which has been fully amortised since 31 December 1996, and an asset in progress relating to a software package.

7. Property and equipment.

Property and equipment comprises office and IT equipment. It is recognised at acquisition cost. Depreciation is calculated over the estimated useful economic life of the assets (on a straight line basis over 2 to 3 years).

8. Funds for third parties.

Funds for third parties are recognised under other liabilities. They comprise the balances of funds managed on behalf of the ECIP (Commission des Communautés Européennes), the ministries of Agriculture and Cooperation, and the ECFI (European Investment Bank).

9. Carryback of the taxable loss.

The Company opted to carry back its loss for 2003 at the standard rate. The tax receivable corresponding to tax receivable from the French Treasury is included under "other assets" for an amount of € 0.6 Million.

10. Off-balance sheet

"Financing commitments given" record the outstanding amount payable in respect of financings authorised by the Board of Directors (loans, shareholder current accounts and convertible bonds), when such agreements are signed. Commitments given comprise outstanding amounts payable in respect of term loans granted to credit institutions that may be mobilised in successive tranches.

"Guarantee commitments given" comprise a variety of different forms of guarantee granted by PROPARCO to credit institutions and its clients.

"Financing commitments received" relate to resources that may be mobilised with the AFD and the EIB.

"Guarantee commitments received" correspond to guarantees received from credit institutions to cover loan operations.

Commitments for unsigned agreements are not recognised in the published off-balance sheet, in accordance with banking regulations.

Significant events subsequent to 31 december 2004

No significant events occurred after 31 December 2004.

Additional information on accounts in the publishable financial statements at 31 december 2004

Note 1 - Receivable from credit institutions (thousands of euros)

Receivable from credit institutions	31/12/2004			31/12/2003		
	Accrued interest	Related capital	Total	Accrued interest	Related capital	Total
Sight	83	47,169	47,252	91	36,340	36,431
- o/w related parties		378	378		380	380
Term	4,609	372,179	376,788	4,875	377,236	382,111
Provisions in respect of term loans			- 4,257			- 4,886
Net term loans			372,531			377,225
Total assets	4,692	419,348	419,783	4,966	413,576	413,656

Provision for depreciation for receivables in respect of credits institutions	31/12/2003		Reversals	Net allocation	31/12/2004 Provisions
	Provisions	Allocations			
Provisions - interest	190	345	40	305	495
Provisions - capital	4,696	0	934	- 934	3,762
Total	4,886	345	974	- 629	4,257

Breakdown based on residual value	Term < 3 months	3 months to 1 year	1 to 5 years	Term > 5 years	Attached receivables/ Provisions	Total
Term deposits		27,524	56,098	37,098	2,758	123,478
Other term loans to credit institutions	6,301	38,160	144,334	62,467	- 2,209	249,053
Net loans after provisions						372,531

Unpaid instalments (€ 1.435 Million), payable immediately, and doubtful debt (€ 4.265 Million), whose residual term is unknown, are presented in the column < 3 months.

Doubtful receivables in respect of credit institutions (interest and capital)	31/12/2004			31/12/2003		
	Total gross doubtful receivables	Total provisions for doubtful receivables	Total net doubtful receivables	Total gross doubtful receivables	Total provisions for doubtful receivables	Total net doubtful receivables
Term loans to credit institutions	4,323	4,257	66	21,504	4,886	16,618
- o/w oustandings unlikely to be recovered	104	104	0	0		
Net total - Asset	4,323	4,257	66	21,504	4,886	16,618

The significant level of doubtful receivables in respect of credit institutions at 31/12/2003 is attributable to the monitoring of receivables of three banks for a total of € 20.555 Million. Two of these were subject to early repayment with an operation date of January 2004 for a total amount of € 10.831 Million.

Note 2 - Receivables from clients (thousands of euros)

Receivables from clients	31/12/2004			31/12/2003		
	Accrued interest	Related capital	Total	Accrued interest	Related capital	Total
Loans held in shareholder current accounts	5	1,452	1,457	5	1,496	1,501
Provisions in respect of shareholder current accounts			- 490			- 448
Net loans held in shareholder current accounts			967			1,053
- o/w on behalf of third parties			304			304
Other loans to companies	1,848	236,394	238,242	2,031	218,628	220,659
Provisions in respect of other loans to companies			- 14,627			- 15,950
Net other loans to companies			223,615			204,709
- o/w on behalf of third parties			1,285			1,285
Convertible bonds	0	13	13	0	443	443
Provisions for convertible bonds			0			- 278
Net convertible bonds			13			165
- o/w on behalf of third parties			0			75
Participating loans and subordinated loans to clients	97	9,931	10,028	105	12,099	12,204
Provisions for participating loans to clients			- 4,200			- 3,702
Net participating loans to clients			5,828			8,502
- o/w on behalf of third parties			618			618
Commercial receivables			0			388
Net total - Asset	1,950	247,790	230,423	2,141	232,666	214,817

Doubtful receivables in respect of clients (interest and capital)	31/12/2004			31/12/2003		
	Total gross doubtful receivables	Total provisions for doubtful receivables	Total net doubtful receivables	Total gross doubtful receivables	Total provisions for doubtful receivables	Total net doubtful receivables
Loans held in shareholder current accounts	1,124	490	634	772	448	324
- o/w outstandings unlikely to be recovered	702	447	255	772	448	324
Others loans to companies	28,841	14,627	14,214	35,229	15,950	19,279
- o/w outstandings unlikely to be recovered	9,939	5,846	4,093	15,406	10,038	5,368
Convertible bonds	3	0	3	278	278	0
- o/w outstandings unlikely to be recovered	2	0	2	278	278	0
Participating loans and subordinated loans to clients	6,009	4,200	1,809	5,953	3,702	2,251
- o/w outstandings unlikely to be recovered	1,826	1,381	445	1,704	1,250	454
Net total - Asset	35,977	19,317	16,660	42,232	20,378	21,854

Provisions for depreciation of receivables from clients	31/12/2003				31/12/2004
	Provisions	Allocations	Recoveries	Net allocation	
Interest provisions					
Provisions on loans to clients	3,646	740	1,469	- 729	2,917
Provisions on current account credits to clients	96	45	2	43	139
Provisions for convertible bonds	151	7	158	- 151	0
Provisions for participating loans and subordinated term loans	411	117	110	7	418
Total	4,304	909	1,739	- 830	3,474
Capital provisions					
Provisions on loans to clients	12,304	2,618	3,210	- 592	11,712
Provisions on current account credits to clients	352	68	69	- 1	351
Provisions for convertible bonds	127	0	127	- 127	0
Provisions for participating loans and subordinated term loans	3,291	538	49	489	3,780
Total	16,074	3,224	3,455	- 231	15,843
Interest and capital provisions	20,378	4,133	5,194	- 1,061	19,317

Breakdown based on residual value	Term < 3 months	3 months to 1 year	1 to 5 years	Term > 5 years	No breakdown	Total
Loans to clients	40,373	27,098	118,505	59,608	0	245,584
Loans to clients for third parties					2,207	2,207
Commercial receivables					0	0
Associated receivables					1,950	1,950
Provisions					- 19,317	- 19,317
Net credits						230,424

Unpaid instalments (€ 2.940 Million), payable immediately, and doubtful debt (€ 35.976 Million), whose residual term is unknown, are presented in the column < 3 months.

Note 3 - Geographic breakdown of amounts outstanding from credit institutions and clients (thousands of euros)

Breakdown of gross outstandings (capital) by geographic zone (excluding outstandings in respect of third)	31/12/2004			31/12/2003		
	Healthy outstandings	Doubtful outstandings	Total outstandings	Healthy outstandings	Doubtful outstandings	Total outstandings
Central, Southern Africa and Indian Ocean	164,041	9,124	173,165	168,236	12,652	180,888
West Africa	56,768	20,058	76,826	67,433	22,560	89,993
Asia, Caribbean	49,030	7,633	56,663	46,269	17,955	64,224
Mediterranean	176,227	3,425	179,652	144,749	9,681	154,430
Multi-Country	2,246	2	2,248	3,832	121	3,953
Overseas	8,462		8,462	11	105	116
Net total - Asset	456,774	40,242	497,016	430,530	63,074	493,604

Note 4 - Investments and portfolio activity (thousands of euros)

	31/12/2004			31/12/2003		
	Own fund	Third party fund	Total 31/12/03	Own fund	Third party fund	Total 31/12/02
Gross value or investments	71,548	1,187	72,735	64,938	1,510	66,448
Provision for depreciation of investments	- 8,034		- 8,034	- 9,041		- 9,041
Net	63,514	1,187	64,701	55,897	1,510	57,407
Gross value of the portfolio's other activities	0	0	0	0	0	0
Provision for depreciation of other activities	0	0	0	0	0	0
Net	0	0	0	0	0	0
Net value of the global portfolio	63,514	1,187	64,701	55,897	1,510	57,407

Investments for third parties do not give rise to a provision in PROPARCO's accounts as PROPARCO does not bear the risk of these operations. The third parties in question are the European Community and the European Investment Bank.

Evolution of investments in equity	31/12/2003			Account-to-account transfers	31/12/2004	
	Gross	Acquisitions	Disposals		Gross	Net
Credit institutions	8,286	338	5,228	0	3,396	3,168
Others companies	56,652	20,886	9,386	0	68,152	60,346
Total	64,938	21,224	14,614	0	71,548	63,514

At 31.12.2004, equity investments were fully paid in the amount of € 50.549 Million and not paid in the amount of € 12.965 Million.

Provision for depreciation of investments and other portfolio activities	31/12/2003 Provisions	Allocations	Recoveries	31/12/2004 Provisions
Investments	9,041	581	1,558	8,034
Other portfolio activities	0			0
Total	9,041	581	1,558	8,034

Note 5 - Intangible assets (thousands of euros)

Intangible assets	31/12/2003			31/12/2004	Provisions and amortisation	31/12/2004
	Gross	Acquisitions	Disposals	Gross		Net
Intangible assets	145	4	1	148	- 119	29

Note 6 - Property and equipment (thousands of euros)

Property and equipment	31/12/2003			30/06/2004	Provisions and depreciation	30/06/2004
	Gross	Acquisitions	Disposals	Gross		Net
Property and equipment	1	2	0	3	1	2

Note 7 - Other assets (thousands of euros)

Other assets	31/12/2004	31/12/2003
Recoverable expenses and taxes	3	36
Corporate income tax	628	3,183
Sundry receivables	442	500
Total	1,073	3,719

Note 8 - Prepayments and accrued income (thousands of euros)

Prepayments and accrued income	31/12/2004	31/12/2003
Sundry accrued income	572	770
Dividends and directors' fees	60	141
Invoices issued for services and commissions	512	629
Accrued income - holding commissions	0	0
Prepayments	7	5
Deposit paid	0	0
Currency adjustment account	102	
Total	681	775

Note 9 - Liabilities in respect of credit institutions (thousands of euros)

Liabilities in respect of credit institutions	31/12/2004		Total balance sheet	31/12/2003		Total balance sheet
	Accrued interest	Corresponding principal		Accrued interest	Corresponding principal	
Sight		4,195	4,195		2,111	2,111
Term	2,162	490,524	492,686	2,156	489,197	491,353
Net total - Liability	2,162	494,719	496,881	2,156	491,308	493,464

Term liabilities represent the total amount of borrowings contracted with the Agence Française de Développement and the EIB.

Breakdown based on residual value of the liabilities to credit institutions	Term < 3 months	3 months to 1 year	1 to 5 years	Term > 5 years	Attached liabilities	Total
Term liabilities	2,596	74,829	291,531	121,568	2,162	492,686

Note 10 - Other liabilities (thousands of euros)

Other liabilities	31/12/2004	31/12/2003
Payment to be made for investments	22,219	12,883
Tax liabilities	4,746	33
Sundry creditors	48	243
Fund for third parties	3,765	4,168
Ministry of Agriculture	8	8
European Community/E.C.I.P.	2,124	2,274
European Investment Bank/E.C.F.I.	1,633	1,886
Total	30,778	17,327

Note 11 - Accruals and deferred income (thousands of euros)

Accruals and deferred income	31/12/2004	31/12/2003
Trade payables	700	787
AFD service provision to be paid	13	118
Deferred income	322	628
Sundry	175	246
Total	1,210	1,779

Deferred income corresponds to the time apportionment of commissions for guarantee commitments recognised pro rata temporis as of 2002.

Note 12 - Provisions for contingencies and losses (thousands of euros)

Provisions for contingencies and losses	31/12/2003		Internal transfer	31/12/2004
	Allocations	Reversals		
Provisions for country risk	6,638	181	- 1,261	5,372
Provisions for affected country risk			1,261	1,481
Provisions for commitments	0	1,165	0	1,165
Provisions for investment funds	643	453	0	1,096
Total	7,281	1,799	186	9,114

Note 13 - Fund for general banking risks (thousands of euros)

Fund for general banking risks	31/12/2003		31/12/2004
	Allocations	Reversals	
Fund for general banking risks	15,787	0	15,787

Note 14 - Equity excluding FGBR (thousands of euros)

Equity	31/12/2003	Appropriation of earnings 2003	Except. tax 2,5% "RSPVL"	Net income 31/12/2004	31/12/2004
Capital subscribed	142,560	0		0	142,560
Accumulated earnings	4,220	54	- 150	0	4,124
Legal reserve	1,403	65		0	1,468
Special reserve for long term capital gains	5,280	880		0	6,160
Net income	1,299	- 1,299		8,831	8,831
Distributed dividends		300		0	
Total	154,762	0	- 150	8,831	163,143

PROPARCO's share capital comprises 8,910,000 shares with a nominal value of 16 euros.

Note 15 - Interest and equivalent (thousands of euros)

Revenue	31/12/2004	31/12/2003
On operations with credit institutions		
Interest on sight deposit account	1,239	818
Interest on term deposit account	5,137	5,095
Commissions on off-balance sheet operations	242	247
Interest on loans to credit companies	12,062	12,357
Other interest	10	0
Allocation/Recovery of interest provisions	- 305	- 146
Losses in respect of irrecoverable receivables	- 141	0
Total	18,244	18,371
On operations with clients		
Interest	16,866	15,107
Commissions on off-balance sheet operations	753	645
Allocation/Recovery of interest provisions	830	- 1,129
Losses on irrecoverable receivables	- 333	- 85
Total	18,116	14,538
On bonds and other fixed income securities	9	19
Total revenue	36,369	32,928

Expenses	31/12/2004	31/12/2003
On operations with credit institutions		
Interest on AFD borrowings	14,225	14,863
Interest on EIB borrowings	805	946
Rescheduling indemnity	0	319
Commissions	457	527
Total expenses	15,487	16,655

Note 16 - Income from variable income securities (thousands of euros)

Designation	31/12/2004	31/12/2003
Dividends	1,660	2,087
Directors' fees	22	11
Total	1,682	2,098

Note 17 - Commissions (thousands of euros)

Designation	31/12/2004	31/12/2003
Transaction commissions for operations with credit insitutions	208	256
Transaction commissions for operations with clients	676	1 046
Transaction commissions for securities transactions	11	10
Holding commissions	0	
Coordination commissions	18	95
Others commissions for assistance/consulting	153	55
Loss on non-recoverable receivable provisioned	- 6	0
Allocation/Reversal of commission provisions	- 40	5
Total	1,020	1,467

Note 18 - Other banking operating income (thousands of euros)

Designation	31/12/2004	31/12/2003
Fees for ECIP transactions	7	9
Fees for ECFI transactions	0	15
Other accessory income	61	82
Net exchange gains (losses) on loan, borrowings and treasury operations	197	
Total	265	106

Note 19 - Others banking operating expenses (thousands of euros)

Designation	31/12/2004	31/12/2003
Net exchange loss on loan, borrowings and treasury operations		- 856
Other	- 5	- 5
Total	- 5	- 861

Note 20 - Other administrative expenses (thousands of euros)

Designation	31/12/2004	31/12/2003
AFD services	8,432	7,810
AFD services	7,635	7,110
Rent	664	640
Rental expenses	165	171
Services rebilled to the AFD	- 32	- 111
Tax	284	213
Sundry expenses	1,177	1,354
Other expenses	1,666	
Expenses rebilled to the AFD	- 54	
Expenses rebilled to third parties	- 434	
Total	9,893	9,377

Note 21 - Cost of risk (thousands of euros)

Designation	31/12/2004	31/12/2003
Capital provisions in respect of credit institutions	934	- 4,696
Capital provisions in respect of clients	232	- 5,728
Provisions for commitments	- 1,165	
Provisions for contingencies and losses	5	528
Losses in respect of irrecoverable capital receivables	- 372	- 318
Total	- 366	- 10,214

Note 22 - Gains or losses on fixed assets (thousands of euros)

Designation	31/12/2004	31/12/2003
Net gain (loss) in investments	674	3,959
Exchange (loss) on disposal of investments	- 1,294	- 926
Allocation to provisions for depreciation	- 581	- 2,505
Allocation to provisions for contingencies	- 453	248
Recovery of provision for investments	1,589	640
Total	- 65	1,416

Note 23 - Exceptional items (thousands of euros)

Designation	31/12/2004	31/12/2003
Revenue		
Regularisation of revenue for previous financial years	0	0
Total	0	0
Expenses		
Regularisation of expenses for previous financial years	84	45
Total	84	45
Net total	- 84	- 45

Note 24 - Income from ordinary activities before tax (thousands of euros)

Breakdown	Accounting income before tax	Net tax offset	Taxable income	Tax due (after deduction of tax credits)	Accounting income after tax
	(a)	(b)	(c)=(a)+(b)	(d)	(a)-(d)
Income from ordinary activities	13,502	- 5,213	8,289	4,586	8,916
Exceptional items	- 85		- 85		- 85
Total income	13,417		8,204		8,831

Note 25 - Workforce and breakdown by category (thousands of euros)

	31/12/2004	31/12/2003
Executive level	40	41
Other employees	10	12
Total head office	50	53
Executive level	3	4
Total agencies	3	4

Personnel costs are included under AFD services (note 18).

Note 26 - Geographic breakdown of revenue (thousands of euros)

	31/12/2004	31/12/2003
France	9,908	8,691
Rest of world	30,570	29,870
Total	38,561	38,561

Note 27 - Assets and liabilities in foreign currency (thousands of euros)

	31/12/2004	31/12/2003
Exchange value of assets held in foreign currencies	264,516	289,152
Exchange value of liabilities held in foreign currencies	230,186	248,881
Balance	34,330	40,271

Note 30 - Subsidiaries and associated entities (in euros)

A- Detailed information on each security whose gross value is more than 1 % of PROPARCO's share capital

(i.e. € 1.425 Million).

	Capital (in currency 1,000)	Other equity (in currency 1,000)	Percentage of capital held (in %)	Gross accounting value (euros)	Net accounting value (euros)	Revenue excl. VAT for the previous financial year (in currency 1,000)	Latest net income (+ or -) (in currency 1,000)	Loans and advances granted not yet reimbursed (euros)	Dividends received in 2004 (euros)
Subsidiaries owned more than 50 %: N/A									
Associated entities owned 10 et 50 %:									
FEGACE (Multi-country)	USD	1,156	N/A	10.90	3,708,202	3,708,202	N/A	- 698	
AVERROES (Multi-country)	EUR	12,577	N/A	49.93	9,000,000	9,000,000	N/A	- 290	
I & P CAPITAL (Multi-country)	EUR	700	N/A	20.00	2,000,000	2,000,000	477	- 419	
AFRICAN LION II (Multi-country)	USD	18,750	- 314	16.00	2,238,138	1,491,814	N/A	- 197	
GAT (Tunisia)	TND	10,000	10,363	15.00	1,979,063	1,979,063	1,192	1,662	
MOUSSAHAMA (Morocco)	MAD	140,000	- 66,644	15.36	2,058,403	823,362	1,977	- 11,978	
NFDC (South Africa)	ZAR	51,420	- 19,992	15.56	1,568,700	470,610	25,344	211	
CAGF (Multi-country)	EUR	2,539	N/A	31.85	4,500,000	4,500,000	N/A	- 514	
Investments owned less than 10 %:									
SONATEL (Senegal).....	XOF	50,000,000	206 255 000	0.77	2,289,022	2,289,022	202 701 000	55,504,000	516,497
AIG (Multi-country)	USD	126,300	- 29,196	2.82	8,201,510	8,201,510	878	- 3,588	
UOB ASEAN (Multi-country)	USD	3,898	N/A	8.33	3,699,790	3,699,790	N/A	- 2,463	
INTERCULTURES (Luxembourg)	EUR	32,760	66,646	3.46	3,999,959	3,999,959	2,467	964	28,368
AFRICAN LION I (Multi-country)	USD	18,770	22,317	9.00	1,638,935	1,638,935	3,719	16	147,170
BOURBON AXA (Multi-country)	EUR	20,900	- 4,947	9.27	4,698,381	4,698,381	N/A	- 443	
PRAXIS (South Africa)	ZAR	59,395	N/A	9.71	2,845,319	1,736,045	N/A	- 73,173	
Total					54,425,423	50,236,693		0	692,035

B- Global information on other securities, with a gross value that does not exceed 1 % of PROPARCO's capital.

	Gross accounting value (euros)	Net accounting value (euros)	Balance of advances (euros)	Dividends received in 2004 (euros)
French subsidiaries	7,607	7,607		
Foreign subsidiaries				
Investments in French companies (o/w gross >10 % = 1,281,334)	1,788,188	1,304,200		12,500
Investments in Foreign companies (o/w gross >10 % = 7,913,781)	15,327,322	11,965,554	16,584,775	1,031,023
Investments on behalf of third parties	1,187,381	1,187,381		
Total	18,310,498	14,464,742	16,584,775	1,043,523
Total table A + table B, i.e. total investments in equity	72,735,920	64,701,435	16,584,775	1,735,558

Note 28 - Voir page 20

Note 29 - Commitments in respect of transactions in foreign currency ⁽¹⁾ (thousands of euros)

Designation	31/12/2004	31/12/2003
Forward foreign exchange transactions		
Euros receivable	832	0
Foreign currencies payable	731	0

(1) This information is not part of the publishable off-balance sheet.

Note 28 - Companies owned at least 10 % at 31/12/04

Company	COUNTRY	%
Owned more than 50 %		
RETIRO PARTICIPATION	FRANCE	99.0
Owned 10 à 50 %		
ACTIVA VIE	CAMEROON	10.0
AFRICA VIANDE	CHAD	15.0
AFRICAN LION 2	MULTI-COUNTRY	16.0
ALAIN ANNE (IN LIQUIDATION)	MARTINIQUE	23.0
AVERROES FINANCE	FRANCE/MULTI-COUNTRY	49.9
CAGF	LUXEMBOURG/MULTI-COUNTRY	31.9
CAURIS	TOGO	10.0
CREDIT LYONNAIS	CONGO	10.0
EFP	MULTI-COUNTRY	20.0
EQUIPBAIL	MADAGASCAR	10.0
FAMWA	IVORY COAST	15.0
FEGACE	MULTI-COUNTRY	10.9
GAT	TUNISIA	15.0
HOLDEFI	FRANCE	20.0
I & P CAPITAL	MAURITIUS/MULTI-COUNTRY	20.0
INTER. PRINTING COMPANY	TUNISIA	15.0
MAGHREB TITRISATION	MOROCCO	10.0
MEGDICH PHARMA	TUNISIA	13.0
MODERNE DE TITRISATION	TUNISIA	10.0
MOUSSAHAMA	MOROCCO	15.4
MSELE	SOUTH AFRICA	12.2
MVCF	MAURITIUS/MULTI-COUNTRY	12.5
NFDC	SOUTH AFRICA	15.6
PICOR	MADAGASCAR	30.0
S.H LAGUNE	IVORY COAST	11.0
SENINVEST	SENEGAL	27.3
SGI AFRICAINE DE BOURSE	IVORY COAST	25.0
SICAR	TUNISIA	20.0
SOAGA	BENIN	13.0
SOARI	FRANCE	30.0
SOMAFI	MALI	10.0
SPPI	TUNISIA	16.4
TUNINVEST INTERNATIONAL	TUNISIA	11.1
TUNINVEST SICAR	TUNISIA	15.0
UPLINE TECHNOLOGIES	MOROCCO	20.0

PROPARCO does not prepare consolidated financial statements. However, it is consolidated by the Agence Française de Développement under the full consolidation method.

Statutory auditors' report on the financial statements

Financial Statements - Financial Year ended 31st december 2004

Auditors

KMPG AUDIT - Pascal Brouard
MAZARS & GUÉRARD - Max Dongar, Guillaume Potel

In compliance with the assignment entrusted to us by your Annual Meeting of Shareholders, we hereby report to you, for the year ended 31 December 2004, on :

- the audit of the accompanying financial statements of Proparco S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of 31 December 2004, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2. Justification of our assessments.

In accordance with the requirements of article L.225-235 of the Commercial Code relating to the justification of our assessments, introduced by the Financial Security Act of 1st August 2003, we bring to your attention the following matter(s) :

Accounting Estimates

- Credit risk management

Your company records a general allowance for possible loan losses related to the portfolio (notes II-I and II-2 of the Appendix). As part of our assessment of these accounting estimates, we examined the credit risk review process, the assessment of the collectibility risk and the adequacy of specific allowances for loan losses.

- Valuation of equity investments

Your company records provisions for equity investments whenever there is decline in value or when risks are identified as described in the Appendix (§ 2.c and notes II-4 and II-11). Our assessment of these provisions is based on the analysis of the company's risk assessment processes and on the review of information used by your company to determine these provisions.

- Country credit risk management

Proparco's country credit risk management is described in Appendix (§ 2.c and note II-11). Our assessment of the general provision for loss on exposures to certain countries is based on the company's risk assessment policies and on the information available by country and geographical area.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

3. Specific verifications and information.

We have also performed the specific verifications required in accordance with professional standards applicable in France.

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris La Défense, on 29 March, 2005.