

Fiscal-year 2025 results:

AFL Group delivers record results, doubling its net profit

Dynamic activity and record results in 2025

Key figures as at 31/12/2025 (IFRS)

	AFL Group¹ (consolidated - IFRS)	AFL² (consolidated - IFRS)
Net banking income	€30.8m (+28% Year-on-Year - YoY)	€30.7m (+29% YoY)
Operating expenses	€17.5m (+8% YoY)	€17.5m (+9% YoY)
Gross operating income	€13.3m (+69% YoY)	€13.3m (+70% YoY)
Net income before tax	€13.3m (+78% YoY)	€13.3m (+79% YoY)
Net profit	€10.8m (+100% YoY)	€10.8m (+100% YoY)
Cost income ratio³	64.4% (vs. 67.8% on 31/12/2024)	64.3% (vs. 67.7% on 31/12/2024)

Record fiscal-year results

- **Net banking income strongly grew** broadly in line with the increase in outstanding loans, which exceeded €10 B as at 31 December, 2025.
- **Gross operating income** for AFL and AFL Group increased by 70% to €13.3m.

¹ AFL Group is composed of Agence France Locale - Société Territoriale (“ST” or “Territorial Company”), Agence France Locale (AFL) and Agence France Locale - Foncière.

² AFL consolidated financial statements comprises Agence France Locale and Agence France Locale - Foncière.

³ Calculated by adding the Additional Tier 1 (“AT1”) interest expenses to net banking income, albeit in line with IFRS, these interest charges are directly booked as a reduction in shareholders’ equity without being recorded in the income statement.

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Achieving performance that confirms the trajectory of the 2022-2026 strategic plan

- 2025 saw the completion of **4 capital increases**, enabling **227** new French local governments to join AFL Group, for a total of 1,271 members as at 31/12/25.
- As a result, AFL's **committed capital** was up 9% to €**356m**.
- **Medium-long-term loan origination** totalled €**1,832m** and **short-term credit lines origination** amounted to €**635m**, with AFL addressing an extensive range of financing needs by increasing its bridge and credit line financing.
- **The cost/income ratio** continued to improve.
- As at 31/12/2025, with the incorporation of the 2025 net profit, AFL Group **cleared all accumulated losses since its inception**.
- **The cost of risk** remained significantly low at **1.26** basis point of total exposures in the balance sheet.

High capital ratios

Both AFL and the AFL Group benefit from a very robust financial structure, resulting from an increased availability capital, notably owing to Additional Tier 1 (“AT1”) debt issued in December 2024 and 4 capital increases completed in 2025:

- AFL Group's Common Equity Tier 1 (“**CET1**”) ratio was **59.45%**, with that of AFL at **57.78%**
- AFL Group's **Tier 1 ratio** was **61.33%** and that of AFL was **68.71%**
- AFL Group's **banking leverage ratio** stood at **2.32%** and AFL at **2.59%**
- **The leverage ratio for public development credit institutions of** AFL Group came out to **11.18%** and that of AFL to **12.58%**

Substantial liquidity level

The liquidity reserve as of December 31, 2025 allows AFL to meet all its needs for 12 months without recourse to the markets. The LCR ratio stood at 485% and the NSFR ratio at 157%.

A record performance



Commenting on the fiscal year 2025 results, Yves Millardet, Chairman of the AFL Executive Board, said: *“2025 is characterized by historic results and marks the end of a second phase in AFL’s history. The first phase, which began in 2015, concluded in 2020 with AFL and the Group reaching profitability, following the laying down of the foundations and the commencement of operations. The second phase, corresponding to the period from 2021 to 2025, was marked by the acceleration of AFL’s growth and the complete clearing of losses accumulated during the first period. Based on these achievements, the profits generated in the*

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years ahead will strengthen AFL's equity, enabling it to support the development of its activities," emphasizes Yves Millardet, Chairman of the Board of Directors of AFL.

Dynamic of credit activity

The swift and steady increase in AFL's outstanding loans is driven by the success of its competitive credit offers to its shareholders, allowing it to sustain a high level of presence from year to year. With total outstanding loans of €10.7B at end of 2025, AFL has established itself as an essential partner for its shareholders in accessing bank financing.

Confirming AFL's attractiveness on the capital markets

Following a 2024 marked by the upgrade of AFL's debt to HQLA 1 and the alignment of its rating with that of the French State, the positive impact of these developments was confirmed in 2025. The average cost of funding significantly narrowed, with an average spread of 15.6 basis points above the OAT (French Treasury bonds) curve, vs. 32.5 basis points in 2024, for a total issuance volume of €2.2B.

Refinancing exclusively on the capital markets, AFL pursues a bond issuance strategy based on building a euro-denominated yield curve, supplemented by foreign currency issues and private placements, with the objectives of optimizing its cost of funding and strengthening its balance sheet. Since 2015, AFL has raised €14.8B on the primary bond market, with around 300 investors, for an outstanding debt totalling €11.5B as at 31 December, 2025.

Significant events in 2025

A strong credit profile

Following a review of the French sovereign risk, in 2025, the main rating agencies revised AFL's rating:

- On 18 September, 2025: Fitch Ratings revised its long-term rating to A+, with a stable outlook.
- On 21 October, 2025: S&P Global Ratings also adjusted its rating to A+/A-1, with a stable outlook.

These assessments reflect the resilience of AFL's business model, its high liquidity and cautious financial policies. They demonstrate the Company's ability to maintain a stable trajectory and safeguard the interests of its investor base and local government shareholders.

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AFL Ratings

	Fitch Ratings	Standard & Poor's
Long-term rating	A+	A+
Outlook	Stable	Stable
Short-term rating	F1+	A-1

Strengthening AFL's equity capital

To support the growth of its balance sheet and enhance its long-term financing capabilities, AFL reached a significant milestone in 2025 with the admission for regulatory purposes, as of 31 December 2025, of deeply subordinated debt securities as Additional Tier 1 ("AT1") capital – both for AFL and its parent company, AFL-ST.

This recognition contributes to strengthening the bank's financial situation and facilitating the development of its lending activities in line with its strategy to support local government investment, while maintaining a controlled risk profile.

Improving the financing conditions for local governments

Given the credit rating downgrade of France, the cost of funding of AFL is a matter of constant monitoring. In this respect, a major progress is expected regarding the risk weighting of AFL's debt securities. Having strongly advocated for the recognition of a 0% risk weighting for French local authorities, which was granted by the ACPR (French Prudential Control and Resolution Authority) on June 21, 2024, AFL has continued its efforts to obtain equivalent recognition for itself with as that of its shareholders and borrowers. This approach could succeed once France's draft Simplification Bill ("*Loi de Simplification*") is formally adopted. This legislation, and more specifically its Article 26, is such as to satisfy the conditions set by ACPR for AFL to be treated as a 0% risk, after some modifications to its current guarantee system.

Overseeing compliance of the escrow arrangements

The guarantee system for securities issued by the AFL (French Local Authority) provides, in order to facilitate its practical or anticipated implementation, for the use of an escrow account into which funds are deposited between their collection

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from Member Local Authorities and their disbursement to the holders of Guaranteed Securities.

These escrow arrangements are temporarily suspended, since the previously selected Escrow Agent no longer wishes to perform this role.

The temporary absence of an Escrow Agent prevents Société Territoriale (“ST” – Territorial Company) and AFL from directly calling upon the guarantees granted by the Member Local Governments. Conversely, the direct calls of guarantees from the Member Local Governments by the holders of Guaranteed Instruments remain fully effective thus ensuring that such holders benefit from an unchanged level of protection.

AFL is in advanced discussions with a major French bank to take up the vacant Escrow Agent position.

Non-financial rating

On 23 June, 2025, the rating agency Sustainalytics updated AFL’s non-financial rating (unsolicited) from 16.1 to 13.7.

Sustainable bonds: AFL pursues its responsible financing strategy

As part of its sustainable finance strategy, AFL undertook a major overhaul of its sustainable bond issuance framework in 2025, in line with the ICMA Principles on the matter, the first version of which was implemented in 2020. Going forward, AFL will no longer rely solely on a budget analysis of administrative financial statements, as was the case since 2020. The new framework also includes the so called “Green Annex” documentation which will gradually present investment data on the basis of the 6 pillars of the European Union Taxonomy. Ultimately, when this data is deemed sufficiently relevant, AFL plans to use it as a basis for new green, sustainable and social bond issuances.

Since 2020, AFL has raised a cumulative total of €2.25B through the issuance of three benchmark sustainable bonds worth €500m, supplemented by taps of existing bond issues and private placements. The success of these transactions confirms investors’ appetite for this type of instrument combined with AFL’s recognized signature. The publication of the 2025 Sustainable Bond Report by AFL details the allocation and impact of the funds raised, as well as their contribution to the United Nation’s Sustainable Development Goals (“UN SDGs”).

See 2025 Sustainable Bond Report: [here](#).

In parallel with the disclosing of its full-year results, AFL has published its (non-financial) ESG Report. This document presents in a structured manner, AFL’s commitments and governance, as well as the environmental, social and societal

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impact of its business activities. This reporting increases transparency and raises the profile of AFL, in addition to its visibility among investors, against the background of increasingly stringent non-financial reporting requirements.

See 2025 Sustainability Report: [here](#).

Subsequent events and outlook

On 25 March, 2026, AFL-ST launched a **47th capital increase** – expected to close on 17 June 2026 – which will enable new local governments to join the AFL Group.

On 11 March 2026, the AFL Executive Board approved AFL's annual consolidated and corporate financial statements for 2025. Meeting on 25 March, 2026, AFL's Supervisory Board positively reviewed the AFL's annual financial statements.

On 25 March 2026, the Board of Directors of AFL-ST, the Société Territoriale, approved the financial statements of Société Territoriale and the consolidated annual financial statements of the AFL Group.

Audit procedures on the annual and consolidated financial statements, covering the period between 1 January and 31 December, 2025, were completed by the Statutory Auditors, whose reports can be read and downloaded at: <https://www.agence-france-locale.fr/en/>

This press release contains certain forward-looking statements. Although AFL Group believes that these statements are based on reasonable assumptions as of the date of publication of this press release, these are by their nature subject to risks and uncertainties, relating to geopolitical tensions and changes in macroeconomic forecasts and monetary policies, which could cause actual figures to differ from those indicated or implied in these statements.

AFL Group's financial information for 2025 is contained within this press release and the report published on its website: here .

About AFL, the bank for local governments

“Embody responsible finance and empower local authorities to respond to the present and future needs of their inhabitants.”

As the only credit institution wholly owned by local governments, AFL leverages a unique and innovative model; that of a bank created by, and for, all local governments or authorities. By becoming an AFL shareholder, local governments gain access to fast and tailored financing for their local investments, while simultaneously committing to sustainable and responsible finance. For local governments, this means the freedom to invest while

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maintaining control over their finances. Since its inception in 2015, AFL has already granted close to €13B in medium- and long-term loans, including €1.8B in 2025. Today, the Group has 1,271 shareholders.

For more information: www.afl-banque.fr

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