

AFL Group: Notification of the Removal of the Pillar 2 Requirement (P2R)

On 20 June 2025, the French Prudential Supervision and Resolution Authority (ACPR) notified Agence France Locale - Société Territoriale (AFL-ST), the parent company of AFL, the bank for local authorities, of the removal of its Pillar 2 own funds requirement (P2R), effective from 1 January 2025.

During its meeting on 24 October 2024, the ACPR Supervisory College reviewed the prudential profile of AFL-ST as part of its annual Supervisory Review and Evaluation Process (SREP). Following this review, the ACPR concluded that the imposition of an additional own funds requirement under Pillar 2 (P2R) was no longer warranted given the institution's current risk profile. As a result, the authority has decided not to renew this requirement, with effect from 1 January 2025.

AFL-ST is thus required to maintain own funds sufficient to meet a total capital requirement of 8% under Pillar 1. In addition, it must comply with a Common Equity Tier 1 (CET1) capital conservation buffer of 2.5%. It should also be noted that, since 2 January 2024, the French High Council for Financial Stability (HCSF) has set the countercyclical capital buffer applicable to French exposures at 1%.

As of 31 December 2024, the AFL Group's capital adequacy ratio stood at 62.75%.

"This decision reflects the strength of our prudent management framework and will allow the AFL Group to continue its sound and sustainable development in support of French local authorities," Yves Millardet, Chairman of the Management Board of AFL.

About AFL, the bank for local authorities

"To embody responsible finance in order to strengthen the local world's ability to act, addressing the present and future needs of citizens."

The only French bank fully owned (100%) by local authorities, the AFL has a unique and innovative model: a bank created by and for all local authorities. By becoming AFL's shareholders, local authorities gain access to fast, tailored financing for their local investments while committing to sustainable and responsible finance practices. For local authorities, it is the freedom to invest, with a controlled management of their finances. Since its launch in 2015, the AFL has already granted nearly €11.5 billion in loans, including €2 billion in 2024, and currently has 1,131 shareholders.

More information: www.agence-france-locale.fr



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