

AFL successfully executes its inaugural AUD Kangaroo bond transaction

AUD 600 million 10-year benchmark

AFL, the bank owned by French local governments, announces the successful completion of its inaugural AUD-denominated bond issuance on the Australian domestic market (Kangaroo bond), for a total amount of AUD 600 million, maturing on 20 February 2036.

This transaction represents a key milestone in AFL's funding diversification strategy, aimed at broadening its investor base while enhancing the robustness, competitiveness and resilience of its capital markets funding profile.

Key transaction terms

- **Issuer:** Agence France Locale (AFL)
- **Status:** Public development credit institution
- **Ratings:** A+ / A+ (Stable) – S&P / Fitch
- **Format:** Senior unsecured, fixed-rate Kangaroo bond
- **Size:** AUD 600 million
- **Maturity:** 20 February 2036 (10-year tenor)
- **Re-offer spread:** ASW +113bps
- **Joint Lead Managers:** Deutsche Bank, Nomura, RBC Capital Markets, TD Securities

Strong execution on the Australian domestic market

The transaction was issued in senior unsecured fixed-rate format and executed through a syndicated offering.

The deal attracted strong investor demand, with an order book reaching nearly AUD 1.8 billion, allowing AFL to price the transaction at ASW +113 basis points, representing a 5bp tightening versus initial price guidance. This execution underscores solid investor appetite despite a volatile market environment.

Press contact

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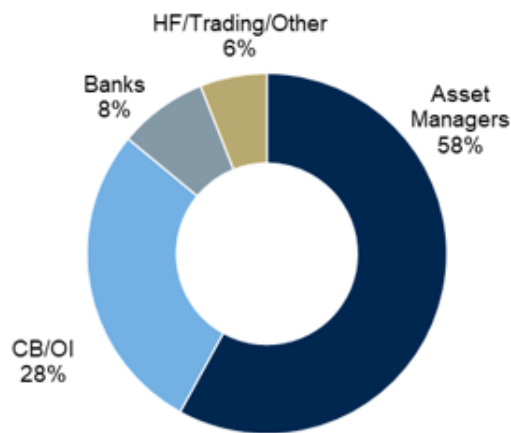
High-quality and diversified investor participation

The issuance achieved a broad and well-diversified distribution, both by investor type and geography, reflecting AFL's increasing recognition among international fixed income investors.

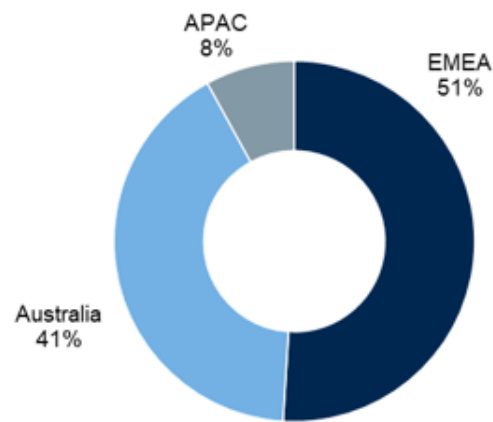
Allocations were primarily placed with long-term real money investors, including asset managers and official institutions / central banks, alongside bank treasuries. Geographically, the transaction benefited from strong participation by Australian domestic accounts, complemented by EMEA and Asia-Pacific investors, highlighting AFL's successful entry into the AUD market and its international investor reach.

Sales Distribution

By Investor Type



By Geography



Source: Joint Bookrunners

A strategic step within AFL's long-term funding framework

This inaugural Kangaroo bond forms part of AFL's long-term capital markets funding strategy, based on regular, diversified and disciplined access to global debt markets.

Following successful public issuances in GBP (2022) and CHF (2024), AFL's entry into the Australian dollar market, one of the deepest and most liquid fixed income markets globally, further enhances its funding flexibility and market access.

The transaction supports two core strategic objectives:

- Broadening and diversifying AFL's investor base, both geographically and by investor profile;
- Optimising funding cost and balance sheet resilience, in an environment characterised by increased market volatility.

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“This first Australian dollar-denominated bond issue by AFL is a resounding success which demonstrates the strong understanding of AFL’s business model by investors. Our lead banks played a key role in the success of this transaction, and I would like to take this opportunity to thank them and express my appreciation for their work over the past 12 months.

With this transaction, we are fulfilling the very essence of the AFL’s mission, which is to raise funds under the best possible conditions in order to provide our member local communities with the most favorable terms on the bank’s credit offerings. This operation concludes a strategy initiated in 2022 with the objective to diversify the bank’s funding sources through the issuance of foreign currency-denominated debt securities, with an approach aimed at maintaining an issuance frequency in order to build an investor base in each of these currencies”, Thiebaut Julin, Chief Financial Officer of AFL.

About AFL, the local government bank

“Embodying responsible finance to empower the local world to meet the present and future needs of the population.”

As the only French bank wholly owned by local governments, AFL has a unique and innovative model: a bank created by and for all local governments. By becoming shareholders in AFL, local governments gain access to rapid, tailor-made financing for their local investments while being part of a sustainable and responsible finance initiative. For these governments, it means the freedom to invest while maintaining controlled management of their finances. Since commencing operations in 2015, AFL has already granted over €12 billion in loans, including €2 billion in 2025; as of 31 December 2025, it had 1,271 shareholders.

More information available here: www.agence-france-locale.fr/en/

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