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Agence France Locale 15-year EUR 500 million Benchmark Bond

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On Wednesday 24th May 2023, AFL, the French local authorities' bank, launched its first 15-year EUR 500 million syndicated bond issue. This is for AFL the inaugural long-dated benchmark issuance, a means of extend its benchmark curve up to 2038.

This issuance also marked the first 15-year benchmark issued by a French Agency in 2023, demonstrating AFL's commitment to the long-end SSA investor base.

The transaction saw a successful 2 basis point tightening from guidance, with an oversubscribed orderbook well-anchored by insurance and pension fund demand.

New Benchmark Transaction for AFL

On Wednesday, May 24th, AFL executed its second benchmark bond of the year, a new €500 million issue with a 15-year maturity. Against a strong momentum for French Agency issuance across the week, AFL successfully executed this new bond issue, with final demand exceeding EUR 675 million. With Deutsche Bank, Goldman Sachs, HSBC and NatWest Markets as Joint Bookrunners, AFL was able to solidify a broadening investor base.

After announcing an initial margin of 46 basis points above the OAT (Obligations assimilables du Trésor – French Government curve) for a 500 million EUR “no grow” transaction, strong books enabled AFL to narrow its margin to OAT+45 at first update, with high quality books growing swiftly to more than 650 million EUR (excluding Joint Lead Manager interest). This first update garnered a further boost to momentum, with the spread subsequently set a further basis point tighter at OATs+44bps. With books remaining stable at this tightening, the final transaction priced shortly after, for the pre-disclosed 500 million size. Final books closed in excess of 675 million (including EUR 35 million Joint Lead Manager Interest).

“I am glad that AFL was able to successfully achieve a new milestone with this inaugural 15-year bond issue that will help us better finance our members for their long-term needs while opening a new area of demand for future AFL's transactions” explains Thiebaut Julin, AFL's Chief financial officer. “As we float the balance sheet, the bond was hedged against Euribor 3 months at a competitive level of 3m Euribor + 64bps” confirms Romain Netter, executive director, medium and long-term funding. “This bond issue is an important step in AFL's 2023 funding program, which amounts to €2 billion. It allows AFL to reach very high-quality investors again”.

Investor Interest in AFL's Signature

In terms of allocations, the significant presence of Pension / Insurance funds (56%) is notable for this inaugural long-dated transaction. Geographically, domestic support was significant (France at 52%). With the national funding agency model already familiar in various Northern European countries, Nordic investor support was again well-anchored at 17%. As evidence

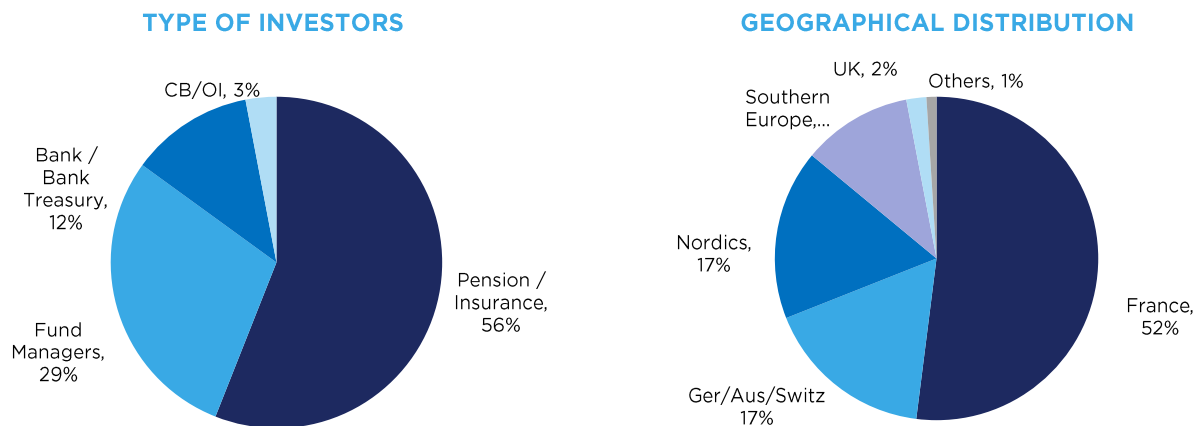


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of the ongoing support for French local authorities across the region, Germany/Austria/Switzerland also represented 17% of allocations.

Investors diversification by geography and investor type



Loans to Finance Local Authorities' Investments

This transaction will enable AFL to finance investments made by its member local authorities in 2023, in a context of price tensions, uncertainties about inflation, and strengthening of the monetary policy framework. *"With this transaction, we will be able to continue to provide our member communities with credit at the best rates in an environment that remains uncertain"*, confirms Laurence Leydier, Director of Membership and Credit.

Terms of the transaction:

Issuer: Agence France Locale
Rating: Aa3 /AA- (Moody's stable / S&P stable)
Format: RegS, Bearer, Dematerialised Notes
Size: €500 million
Settlement Date: June 1st, 2023
Maturity Date: June 20th, 2038 (15-year)
Coupon: 3.625% Annual, ACT/ACT (ICMA)
Spread: 44 bps above OAT / 64 bps against 3-month Euribor
Yield: 3.748% / 98.601%
Listing: Euronext Paris

ABOUT AFL :

"The Company's mission is to embody a responsible finance to strengthen the local world's empowerment so as to better deliver the present and future needs of its inhabitants."

By creating our bank, the first one that we own and manage, we, French local authorities, have decided to act to deepen decentralization. Our bank, Agence France Locale (AFL), is



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not a financial institution similar to any other. Created by and for local authorities, it aims to strengthen our freedom, our ability to develop projects and our responsibility as local public actors. Its culture of prudence spares us from the dangers of complexity and its governance from downward slides of conflicts of interest. The main objective is to provide local world with an access to cost-efficient resources, under total transparency. The principles of solidarity and equity drive us. We are convinced that together we go further. We decided that our institution would be agile, addressing all types of local authorities, from the largest regions to the smallest municipalities. We see profit as a means to maximize public spending, not as an end goal. Through AFL, we support a local world committed to take up social, economic, and environmental challenges. AFL strengthens our empowerment: to carry out projects in our territories, today and tomorrow, to the benefits of the inhabitants. We are proud to have a bank whose development is like us, even more responsible and sustainable. We are Agence France Locale.



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