
Agence France Locale 7-year EUR 750 million Benchmark Bond

On Wednesday 11th January 2023, AFL, the bank of French local authorities, launched its first public bond transaction of the year, a EUR 750 million 7-year Benchmark Bond. This represents the largest issuance from AFL since its inaugural benchmark in 2015.

With final books close to EUR 1.9 billion (excluding Joint Lead Managers' interests) over 2.5 times oversubscribed, the transaction marks AFL's largest-ever orderbook on a EUR 7-year benchmark to date and is a demonstration of the issuer's strong and high-quality investor interest.

New benchmark transaction for AFL

On Wednesday, January 11th, AFL executed its first benchmark bond of the year, a new €750 million issue with a 7-year maturity. Against a positive market backdrop this week, AFL successfully executed this new bond issue, with demand exceeding EUR 1.9 billion, an oversubscription of 2.5 times the offered amount. With Citi, Commerzbank, J.P. Morgan and Société Générale as Joint Bookrunners, AFL was able to attract more than 60 investors,

After announcing an initial margin of 57 basis points above the OAT (Obligations assimilables du Trésor – French Government curve), AFL managed to narrow its margin by 3 basis points during the execution of the transaction, for a final level of OAT+54 basis points.

“For the first time since 2015, AFL chose to issue a €750 million bond. We are very proud of the success, illustrating the confidence of investors in AFL’s model” explains Thiebaut Julin, AFL Chief financial officer. *“AFL chose to fully make its balance sheet floating versus Euribor. Therefore, we immediately hedged this issue at a very competitive level Mid Swap+26”* confirmed Romain Netter, executive director, medium and long-term funding. *“This bond issue is the first step in AFL’s 2023 funding program, which amounts to €2 billion. It aims to meet the growing credit needs of French local authorities.”*

Investor interest in AFL’s signature

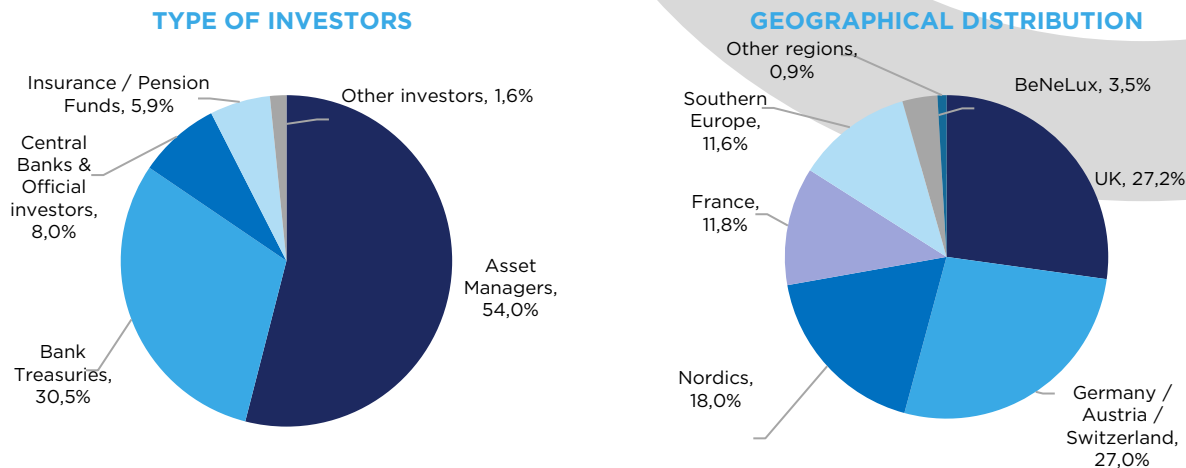
In terms of allocations, the significant presence of Asset managers (54%) is to be highlighted. Geographically, Europe is the most significant territory, with UK and Germany/Austria/Switzerland representing over 50% of allocations and illustrating the credibility of French local authorities on the continent.



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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, energy crisis and strengthening of the monetary policy framework. *"Our only objective is to be able to offer our local authorities members loans on the most competitive terms possible, in this time when interest rates are particularly volatile"*, 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: €750 M
Settlement Date: January 18th
Maturity Date: March 20th, 2030 (7-year)
Coupon: 3.000% Annual, ACT/ACT (ICMA)
Spread: 54 bps above OAT / 26 bps against mid swap
Yield: 3.084% / 99.473%
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 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,

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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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