



Investor Presentation

Agence France Locale

3rd April 2024



Disclaimer

This presentation has been prepared and is distributed by Agence France Locale (the "Company") for information purposes only and does not constitute or form part of any recommendation, solicitation, offer or invitation to purchase or subscribe for any shares, securities, bonds and/or notes (together, if any, the "Securities") that may be issued by the Company. Neither this presentation nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

If any offer or invitation is made, it will be done pursuant to separate and distinct documentation in the form of a prospectus or other equivalent document (a "Prospectus") and any decision to purchase or subscribe for any Securities pursuant to such offer or invitation shall be made solely on the basis of such Prospectus and not this presentation. This presentation is not a Prospectus and does not contain all of the information which would be required to be disclosed in a Prospectus.

Any person who subsequently acquires Securities must rely solely on the final Prospectus published by the Company in connection with the offer of such Securities, on the basis of which purchases or subscription for such Securities shall be made. Each recipient of this presentation shall independently assess the relevance of the information contained herein and shall consult with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it deems necessary, and make its own investment, hedging and trading decisions (including decisions regarding the suitability of an investment in the Securities) based upon its own judgment and advice from such advisers as it deems necessary and not upon any view expressed in this presentation. This presentation does not constitute the giving of any investment, legal, tax or business advice by the Company or any of its affiliates, guarantors, shareholders, directors, officers, advisers, agents or representatives.

No representation or warranty, express or implied, is made as to, and no reliance may be placed for any purposes whatsoever on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. The information presented in this presentation is subject to change by the Company without notice. Neither the Company, nor any of its affiliates, guarantors, shareholders, directors, officers, advisers, agents or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this presentation or its contents, any errors or omissions contained herein or otherwise arising in connection with this document.

This presentation may contain projections, forecasts, estimates and other forward-looking statements including those concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, investments, financing needs, plans or intentions relating to competitive strengths and weaknesses, business strategy and the trends the Company anticipates as regards the political and legal environment in which it operates, as well as the local government political and legal environment and any other information that does not constitute historical information. By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is the possibility that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are or may be beyond the control of the Company. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Such forward-looking statements are only relevant on the date on which they are made. Any opinions expressed in this document are subject to change without notice and the Company does not undertake any obligation to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

This presentation shall not be reproduced, distributed or transmitted to any third party nor published in whole or in part by any means, without the prior written consent of the Company.

This presentation speaks only as of its date and is subject to change, correction and supplementation without notice. No party has undertaken to update this presentation to reflect events or circumstances after the date on which the presentation is distributed, or to provide any further information, including any information required to correct any earlier inaccuracy or error.

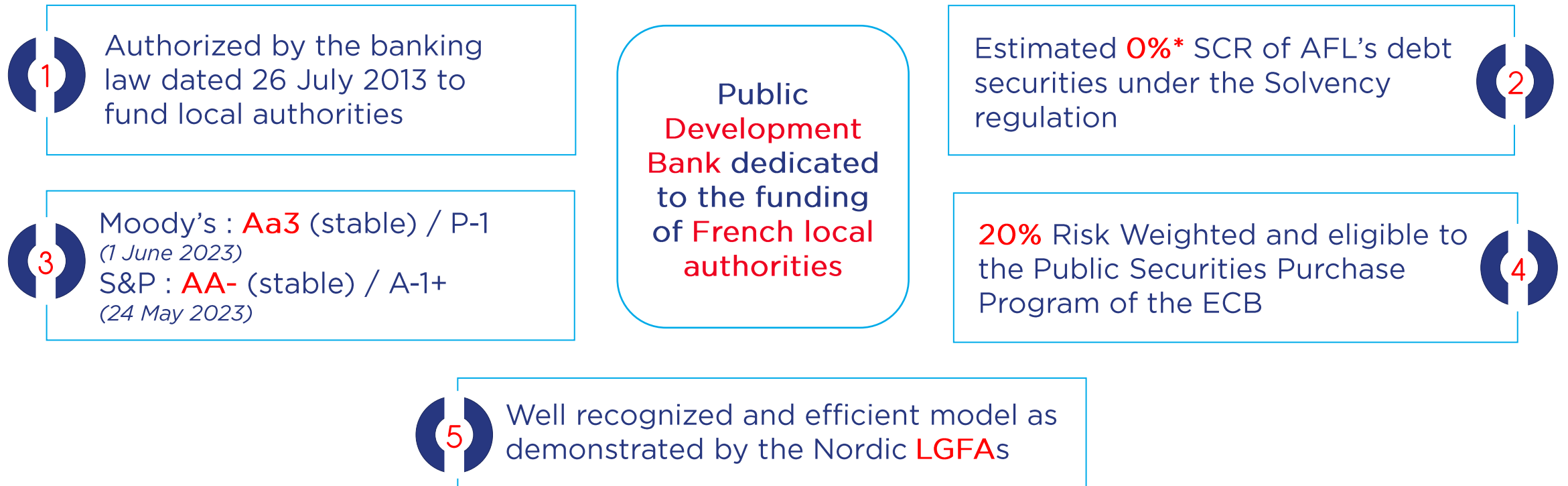
In some countries, the offer or sale of Securities as well as the mere reproduction, distribution and/or transmission of this presentation may be illegal and/or subject to legal restrictions and/or regulations. This presentation shall accordingly not be made available or distributed in such countries and it is the recipient's responsibility to assess whether it may use and/or review this presentation and/or the information contained herein.

Nothing in this presentation or in the information contained herein constitutes an offer of Securities for sale in the United States or in any other jurisdiction where it is unlawful to do so. This presentation is not provided for, or intended to be directed at, any person in the United States or any U.S. Person (as that term is defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) or any person in any other jurisdiction where it is unlawful for the information to be provided or directed.

Any Securities that may be issued by the Company have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state or local securities laws. The Company invites the recipients of this presentation to inform themselves and comply with such restrictions and/or regulations. The presentation may not be forwarded or distributed to any other person and, in particular, may not be forwarded to any U.S. Person or U.S. address.

Executive Summary

- AFL is a local government funding agency fully owned and guaranteed by French Local Authorities.
 - The high creditworthiness of AFL is based on:



*Each investor is responsible for making its own assessment of the risk weight treatment.

Contents

- _01 France Facts and Figures
- _02 AFL Characteristics and Financial Framework
- _03 Operational Activities and Development
- _04 Funding Strategy
- _05 Sustainable Bonds
- _06 Appendices

France

Facts and Figures



Grenoble Metropolis – Construction of a cogeneration plant



2nd European country by population : 68 million (2023 - INSEE)



1st European destination for foreign investment in 2022 (EY, 2023)



GDP : 2 765 billion € (2023 - INSEE) (7th world economy)

GDP Growth : 0.9% (2023 - INSEE)



EU member since 1957 (founder), UN Security council member



Ratings :
 AA- / Stable (Fitch)
 Aa2 / Stable (Moody's)
 AA / Negative (S&P)
 AA (high) / Stable (DBRS)



Currency : €uro (founder)



12th world country in the 2022 Environmental performance Index (Yale University)



Consolidated public debt: 3 088 billion € (110.6% GDP)

Unemployment rate : 7.5% (2023 - INSEE)

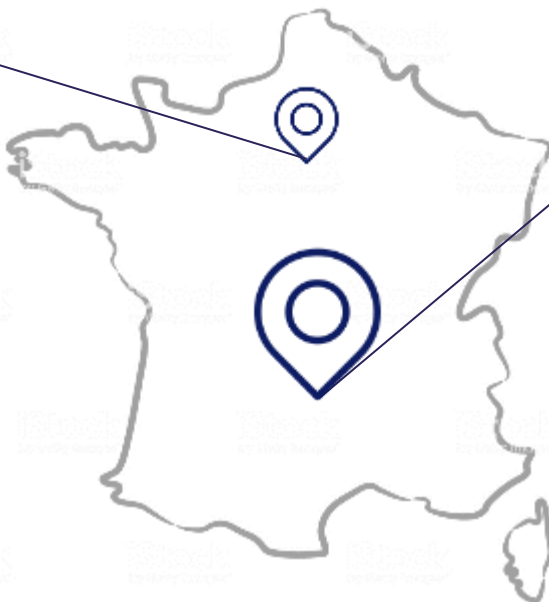
French Public Sector

Central public
administration

80 % of public
expenditures
(including social security
entities)

40 % of public
investment
(including social security
entities)

Debt = approx GDP
102.4 %



Local
authorities

20 % of public
expenditures

60 % of public
investment

Debt = 8.2%
GDP

Sources : Insee, March 2024.

French Local Authorities #1

More than 45 000
local authorities

70% of their investment is
self-financed

The regulatory framework governing French local authorities is highly stringent :

The golden rule

Local authorities :

- ✦ Cannot go bankrupt or undergo liquidation proceedings.
- ✦ Are compelled to balance their operating budget.
- ✦ May only borrow funds in order to finance their investments.
- ✦ Must repay debt interests and capital on their own resources.

French Local Authorities #2



Regions

Main responsibilities:
Economic development, transports and high schools

16 %
of local public debt



Departments

Main responsibilities:
Social work, public roads and middle schools

15 %
of local public debt



Groupings of local authorities

Tax-raising or non tax-raising groupings.
Main responsibilities:
share investments in areas such as transport, sewerage, waste management, wire...

33 %
of local public debt



Local public entities

Manage public services on behalf of a local authority in areas such as fire fighting, social support, ...

2 %
of local public debt



Municipalities

General competency at local level (mainly housing, environment, primary schools...)

34 %
of local public debt

AFL Characteristics and Financial Framework



*Suburban community of Vichy
- Urban planning - Banks of
the Allier*

The Model of Local Government Funding Agency (LGFA) has proved highly efficient over the years

A well established model

- The model of a national funding agency bringing together local authorities to pool their borrowing needs in the bond market has already proved successful in various Northern European countries, Japan and New Zealand.

A sustainable model

- Created by Danish municipalities in the late 19th century, the model has disseminated in many countries

A core mandate

- Funding the investments of local authorities is the core mandate of Local Government Funding Agencies.



Over 125 years in Northern Europe

AFL expressly recognized as public development bank by French supervisor.

Mar 2021

2013

AFL authorized by the banking law.

Banking licence as a specialized credit institution.
Moody's rated AFL Aa2 (one notch below the central government).

Jan 2015

Key dates

Inaugural Sustainability Benchmark

July 2020

Local authorities groupings and local public institutions authorized by law to join AFL.

Dec 2019

Inaugural €750 M 7-year bond issue.

Mar 2015

2nd rating assigned to AFL by S&P.

May 2019

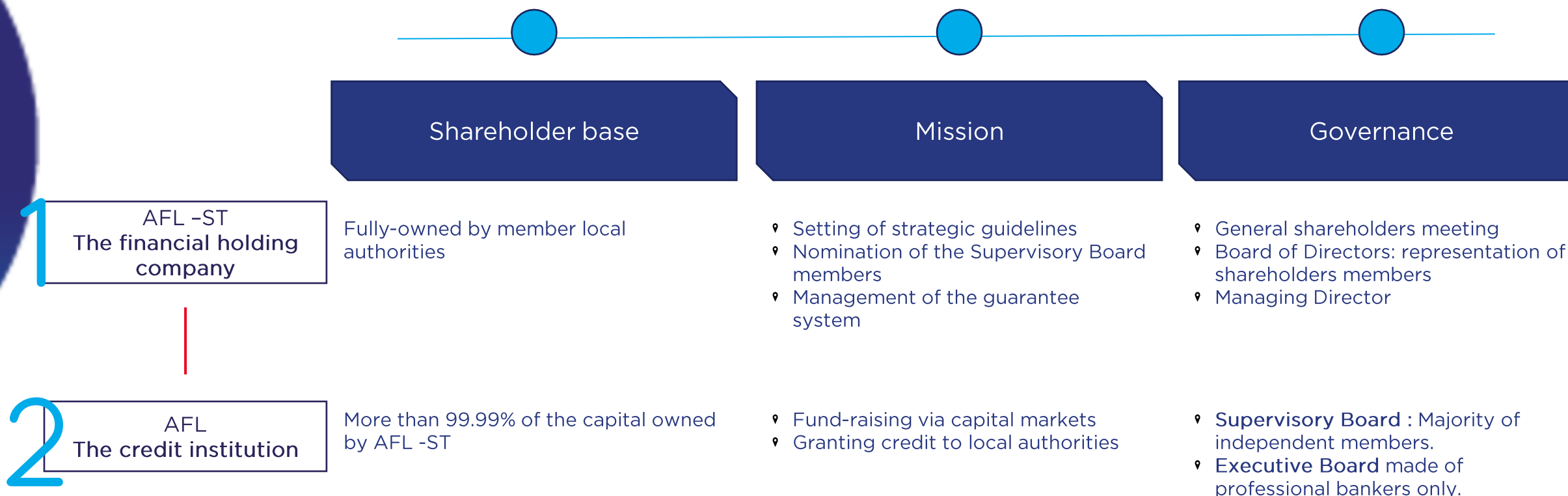
AFL Bonds eligible to the ECB Public Sector Purchase Program (PSP).

Jun 2016

A Responsible Structure and Governance

The governance of AFL Group is based on a two-tier structure (AFL-ST and AFL) with the objective to:

- Prevent conflict of interests between shareholders and borrowers
- Provide risk weighted lending to the borrowers
- Ensure accountability from stakeholders
- Have a decision-making process based on adequate checks and balances

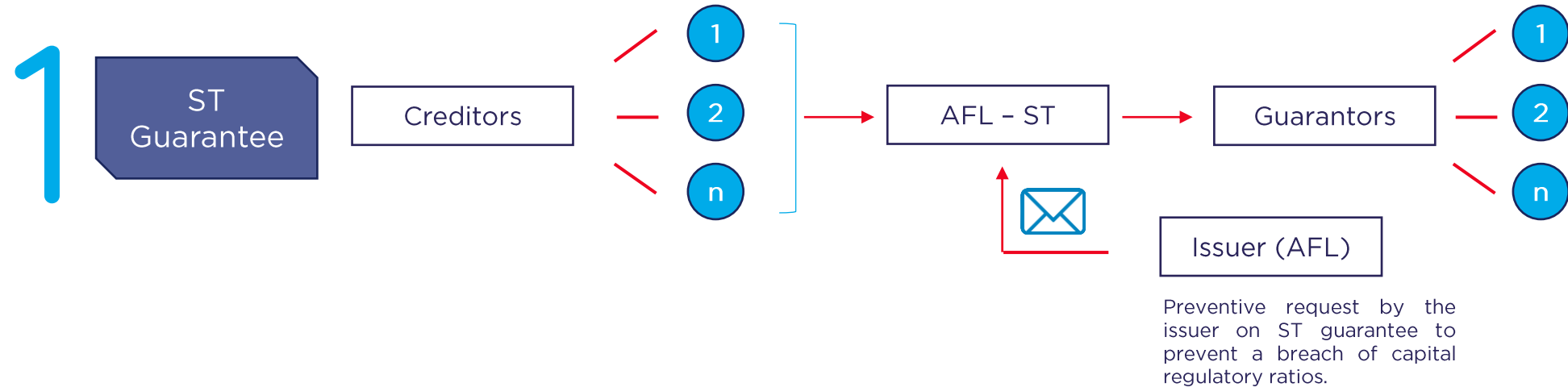


A Dual First Demand Guarantee System

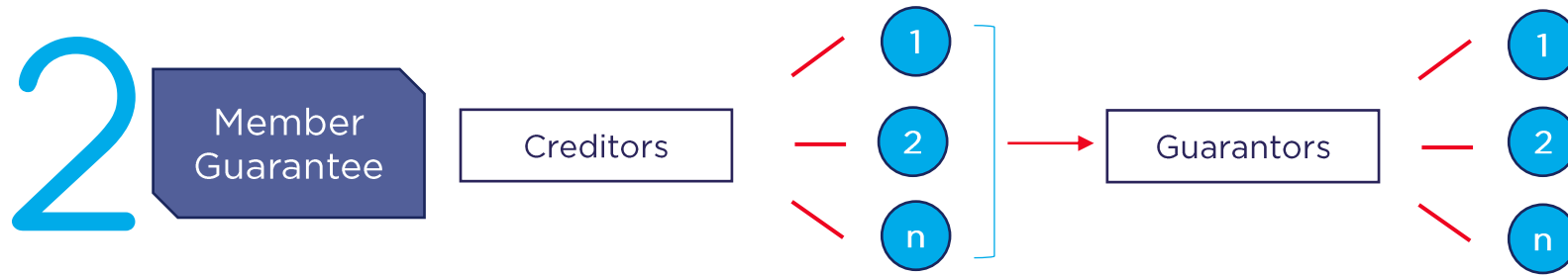
• An explicit and irrevocable first demand guarantee from AFL - ST to the financial creditors of AFL up to an amount which is set by the Board (€15bn as of today).

• Joint explicit and irrevocable first demand guarantee from each member local authority, to the financial creditors of AFL, up to the amount of its outstanding medium and long-term loans received from AFL

ST Guarantee (call by the creditors) : autonomous first demand guarantee granted by the ST for the benefit of the issuer's creditors. AFL-ST has the option to call on the Member Guarantees in two cases: in the event that the ST Guarantee is called on or preventively on the due date at the express request of the Issuer.



Member Guarantee (call by creditors): autonomous first demand guarantee granted by the Members to the issuer's creditors

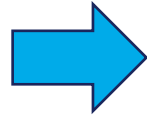


Conditions of Eligibility

1

New criteria introduced by the Government decree of the 11th of May 2020

- The Government decree N°2020-556 dated May 11, 2020 implementing the law N°2019-1461 of December 27, 2019 requests for any local authority to fulfill 2 criteria to become member of AFL.
- These criteria only apply to local authorities becoming members after 12 May 2020.



Debt relief capacity of local authorities (outstanding debt / operating revenues) over the last 3 years (on average) must be lower than :

- 12 years on average for municipalities, groupings and local public institutions.
- 10 years for departments.
- 9 years for regions.

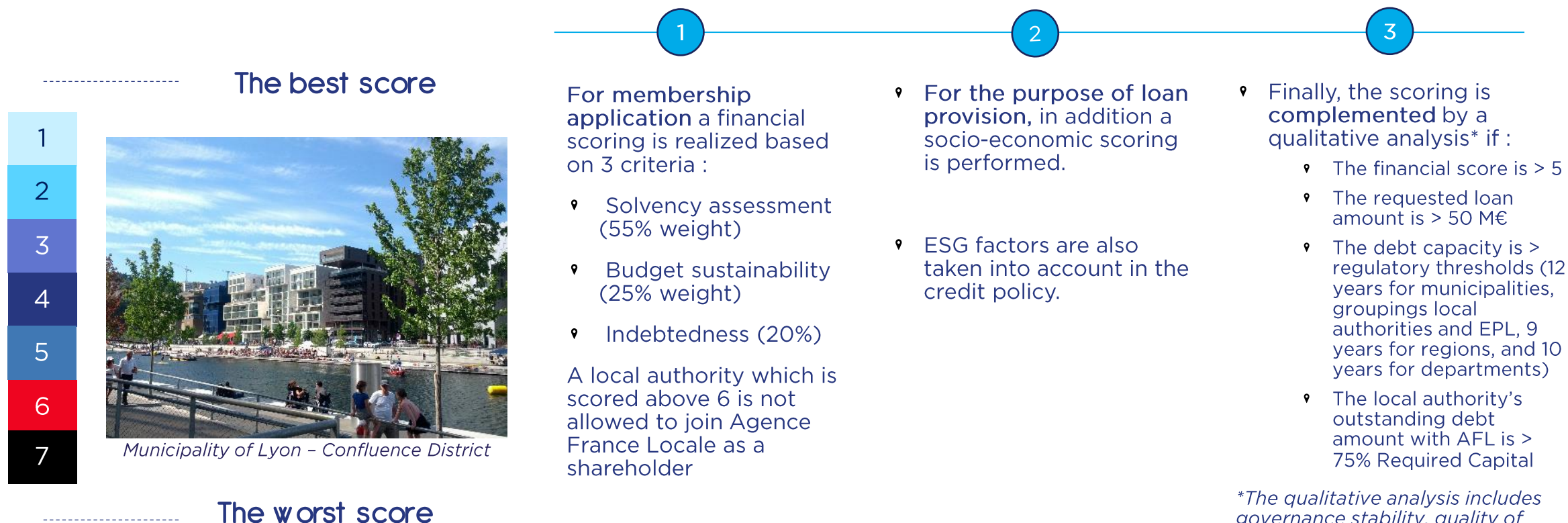
If local authorities cannot fulfill the first criteria, they must satisfy a minimum level of self-financing capacity (3 years avg of operating expenditures + debt capital repayment)/revenues <100%).



Public territorial entity of Grand Orly Seine Bièvre - Extension of Orly train station -
Copyright @Grand Orly Seine Bièvre

Internal Scoring of Local Authorities

2 Scoring for local authorities based on a 3-step methodology :



1

For membership application a financial scoring is realized based on 3 criteria :

- Solvency assessment (55% weight)
- Budget sustainability (25% weight)
- Indebtedness (20%)

A local authority which is scored above 6 is not allowed to join Agence France Locale as a shareholder

2

• For the purpose of loan provision, in addition a socio-economic scoring is performed.

• ESG factors are also taken into account in the credit policy.

3

• Finally, the scoring is **complemented** by a qualitative analysis* if :

- The financial score is > 5
- The requested loan amount is > 50 M€
- The debt capacity is > regulatory thresholds (12 years for municipalities, groupings local authorities and EPL, 9 years for regions, and 10 years for departments)
- The local authority's outstanding debt amount with AFL is > 75% Required Capital

**The qualitative analysis includes governance stability, quality of management, off balance sheet items and financial outlooks*

A Stringent Credit Policy

Loan granting and pricing are based on AFL internal scoring and credit analysis

Distribution of vanilla loans to local authorities

- Long term loans
- Long term loans with progressive cash outflows
- Bridge loans
- Short term facilities
- No structured products

Stringent membership and credit policy

- Membership only possible for Local authorities with a minimum score
- Membership and guarantee undertakings necessary to get a loan

Ceiling applicable to loan exposure

- Lending capacity is limited to a percentage of the outstanding debt of each local authority¹

Maximum exposure limit	Scoring
80%	1 to 3.99
60%	4 to 4.99
40%	5 to 5.99

Loan pricing is based on credit quality

- Loan pricing varies based on the internal scoring of local authorities by AFL.

¹non applicable for local authorities under €10 M outstanding debt

Asset and Liability Management Policies



Hedging of interest rate and currency risk

- To immunize AFL from undesired exposure to changes in interest and currency rates.
- Hedging essentially with swaps.



Low liquidity risk

- Conservative Liquidity Buffer corresponding to 12 months net cash requirement invested in liquid and essentially ECB eligible assets.
- AFL's loan portfolio is eligible as collateral to ECB refinancing.
- Limited transformation with maximum 1-year gap objective between the average life maturity of assets and the average life maturity of liabilities.



Conservative investment policy

- Securities are at least rated A- and issued by Supranational Institutions, Sovereigns and government related entities from the European Economic Area, North America and other internally approved countries
- 70% minimum of high-quality liquid assets, or HQLA.

Corporate Responsibility

Governance diversity

- Gender representation:
 - Gender diversity in the Supervisory Board and the Executive Board
 - Greater degree of gender mix at all corporate level
- Representation of all categories of local governments to the Board of Directors of AFL-ST
- 8 independent directors out of 13 at the Supervisory Board

Equality

- Capital contribution to the AFL Group commensurate to the total outstanding debt of each local authority
- Similar loan pricing for same internal scoring

Distribution of economic value

- AFL Group does not pursue an objective of shareholder value maximization
- Value is directed towards all stakeholders :
 - Borrowers with competitive loan pricing
 - Investors with regular, predictable bond issuance
 - Annual profits added to retained earnings to build up the capital base with a pay out ratio set at a maximum of 5%

Responsible policies

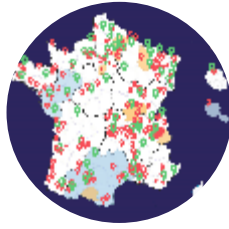
- AFL financial strategy and policies pursue an objective of wealth preservation, business sustainability, long-term confidence of investors

Operational Activities and Development

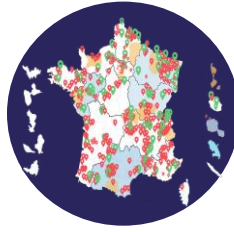




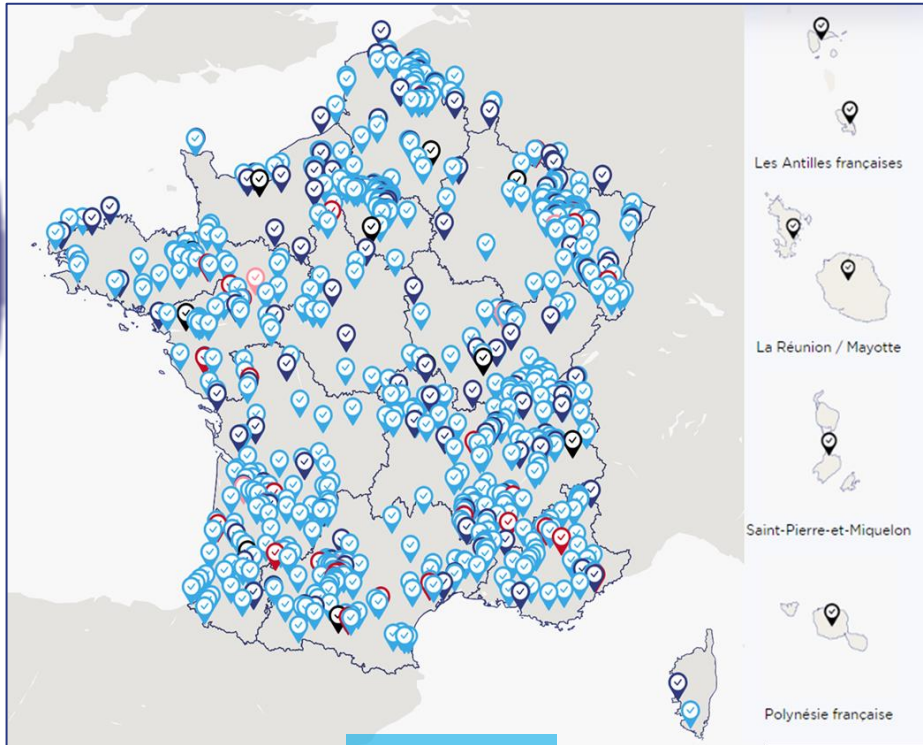
2014



2017



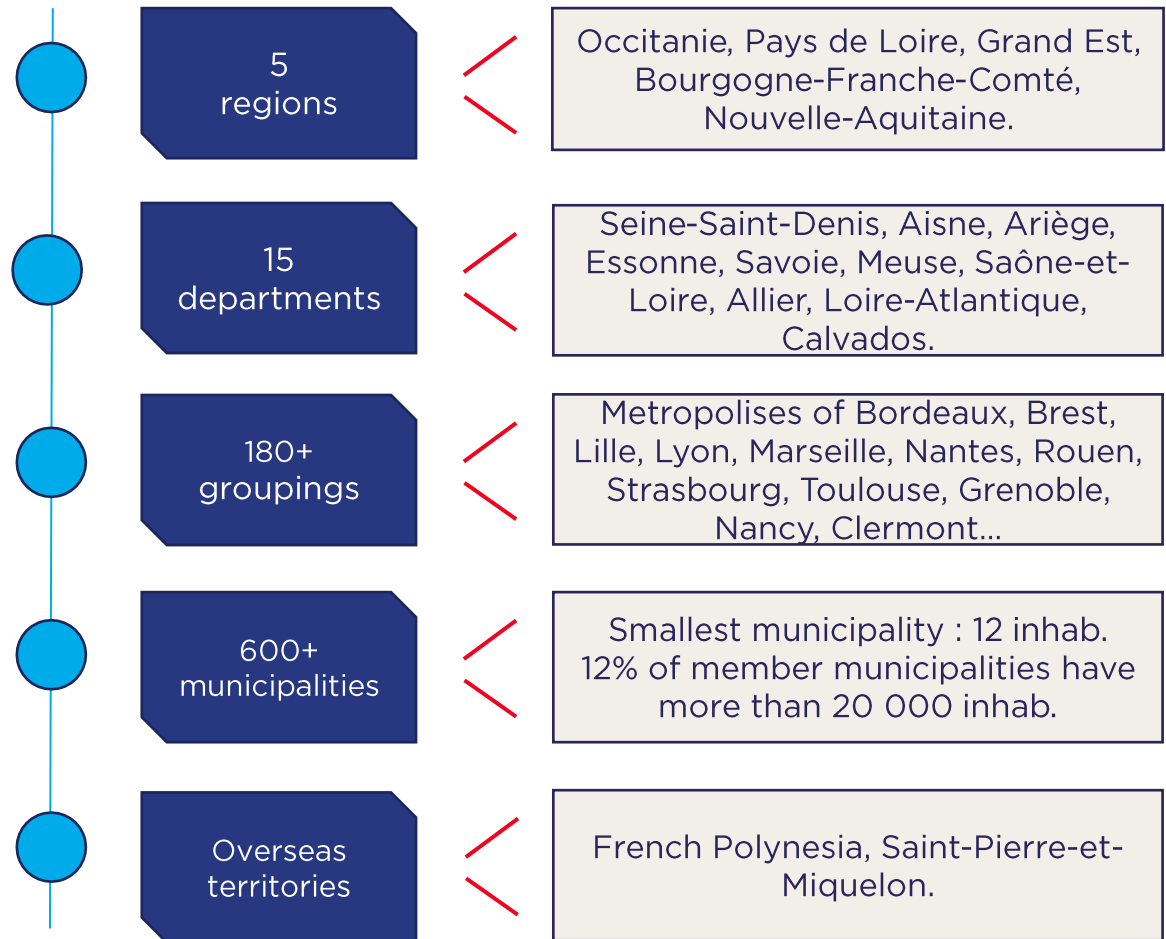
2019



2024

837 local authorities shareholders of the AFL Group

(March 31, 2024)



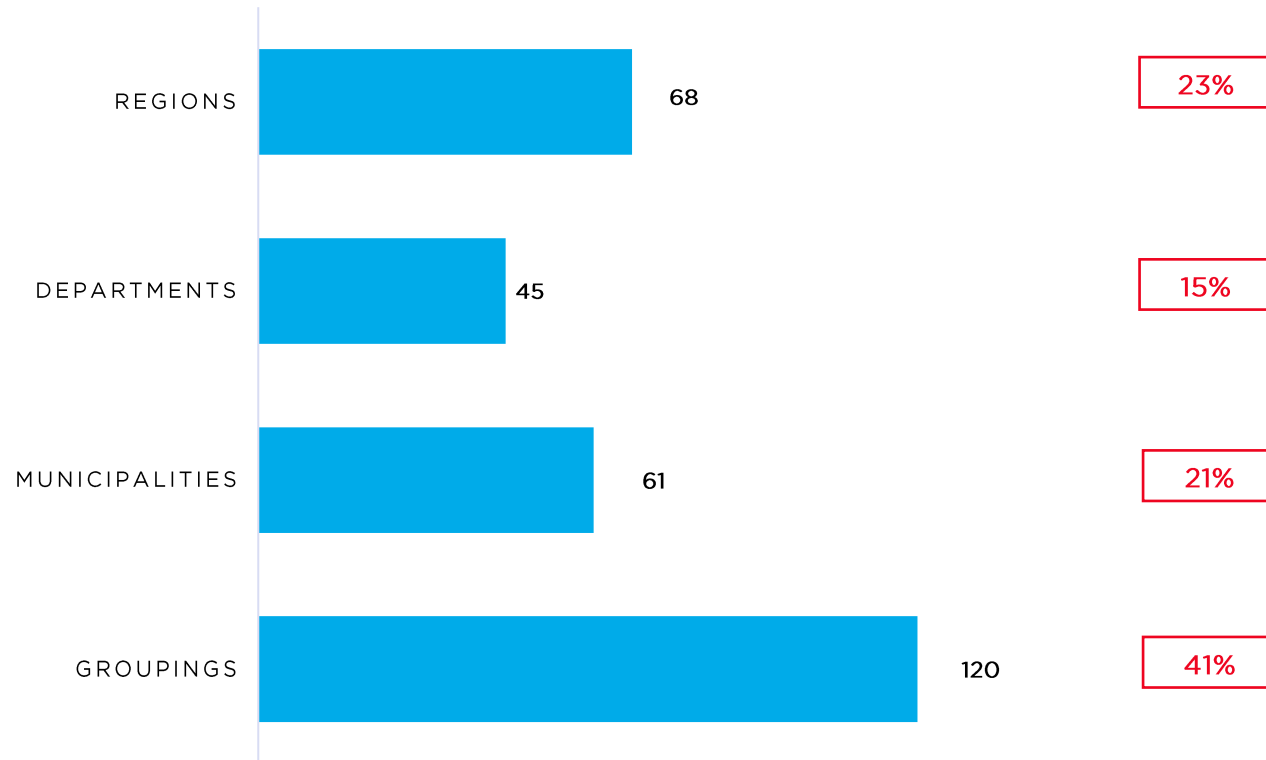
24%

Share of outstanding debt of members local authorities of the total outstanding debt of French local authorities (which is more than €200Bn).

Committed Capital By Category of Local Governments

[As at 31 December 2023 – in million €]

Total committed capital of **294 M€**

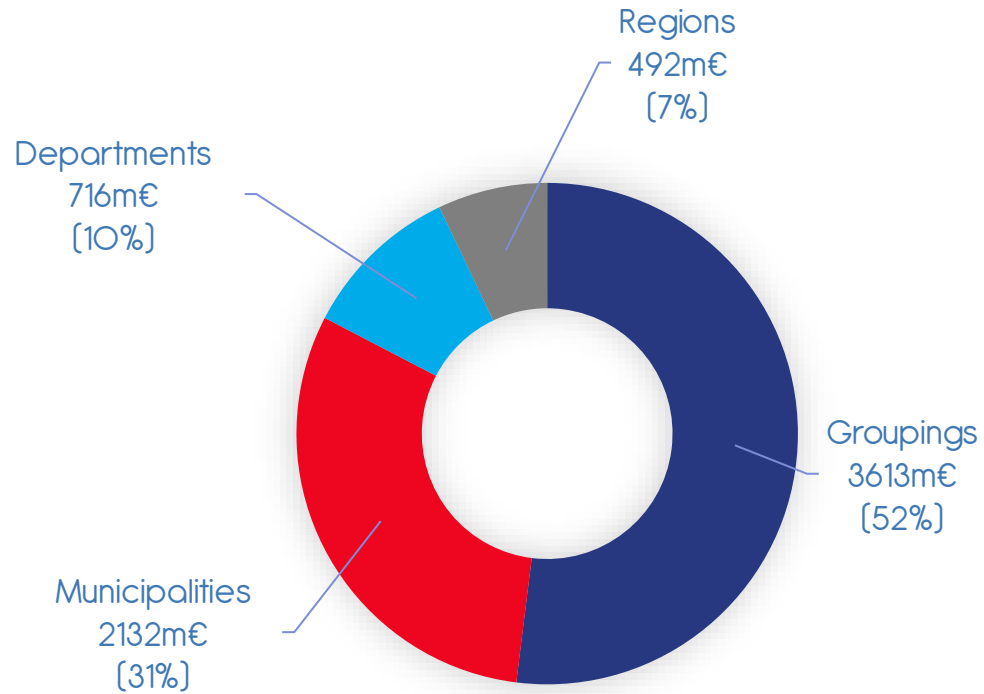


Brest Metropolis- Cable car

Loan Portfolio

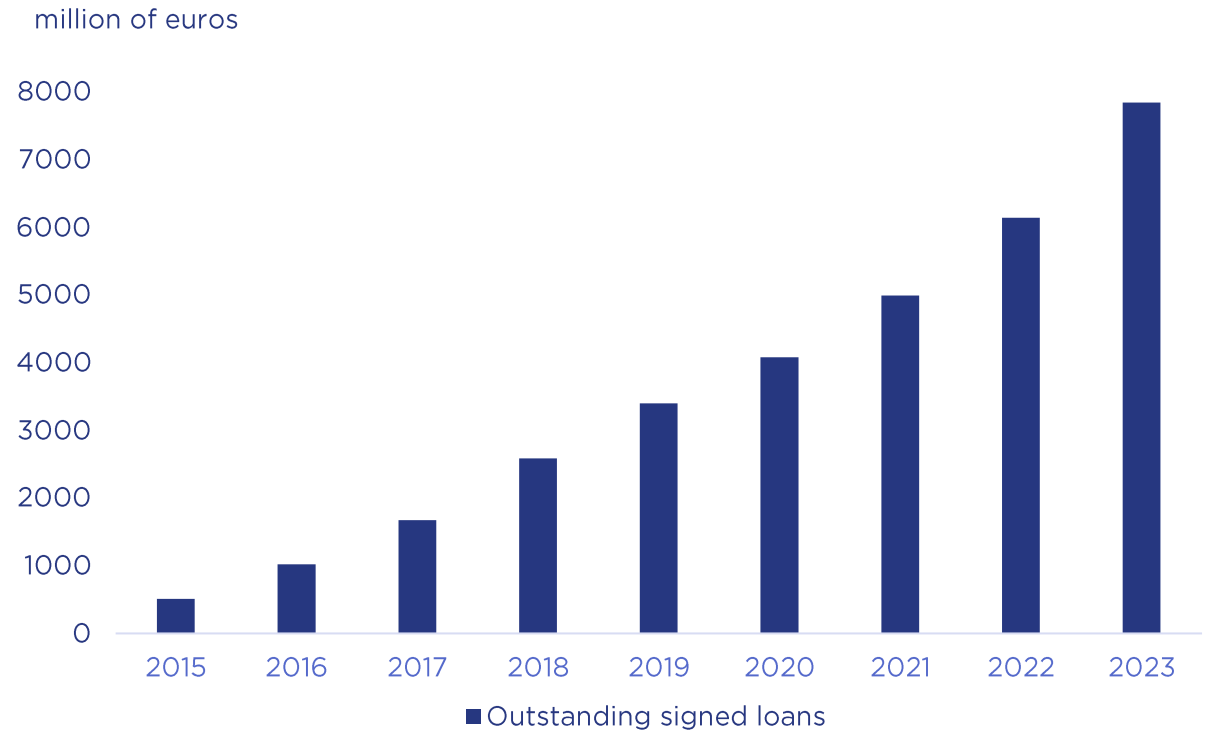
[As at 31 December 2023]

Loans by category of local governments



Data : EAD

Outstanding signed loan portfolio amounts to **€7.8bn**

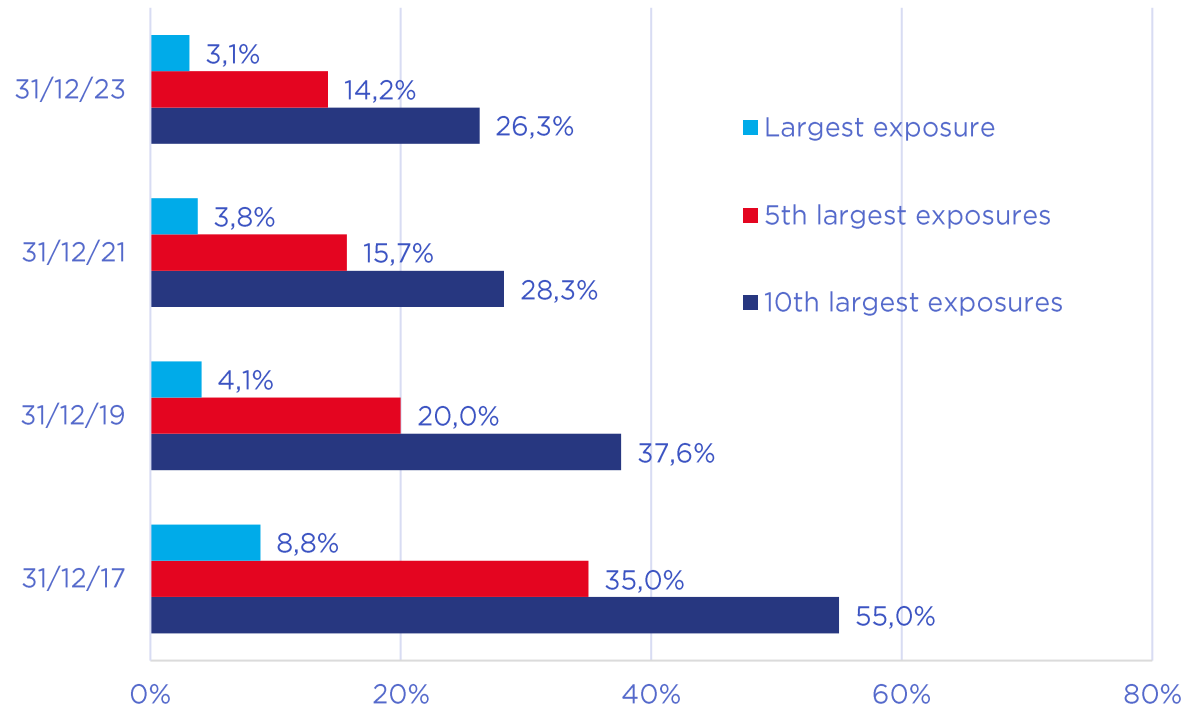


Data : French GAAP

Concentration of Loan Portfolio

[As at 31 December 2023]

Loan portfolio concentration



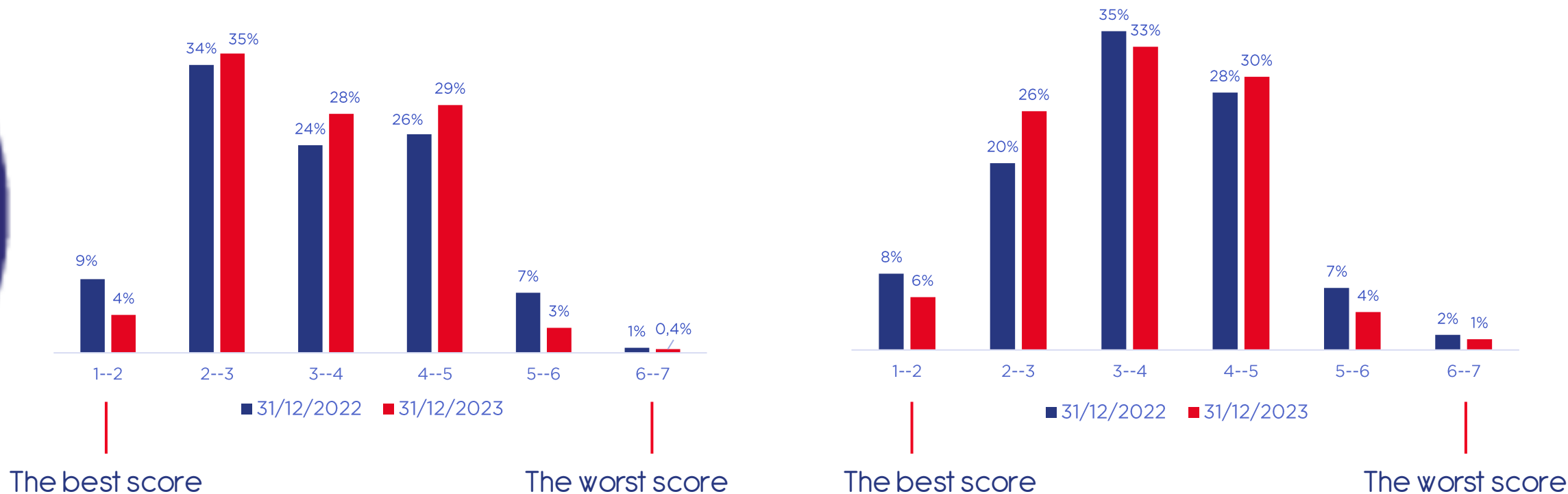
Public territorial entity of Grand Orly Seine Bièvre - Extension of Paris subway line 15 - Copyright @Grand Orly Seine Bièvre

Rating Distribution of Capital and Loans

[As at 31 Decembre 2023]

Distribution of committed ICC* by rating

Distribution of outstanding loans by rating

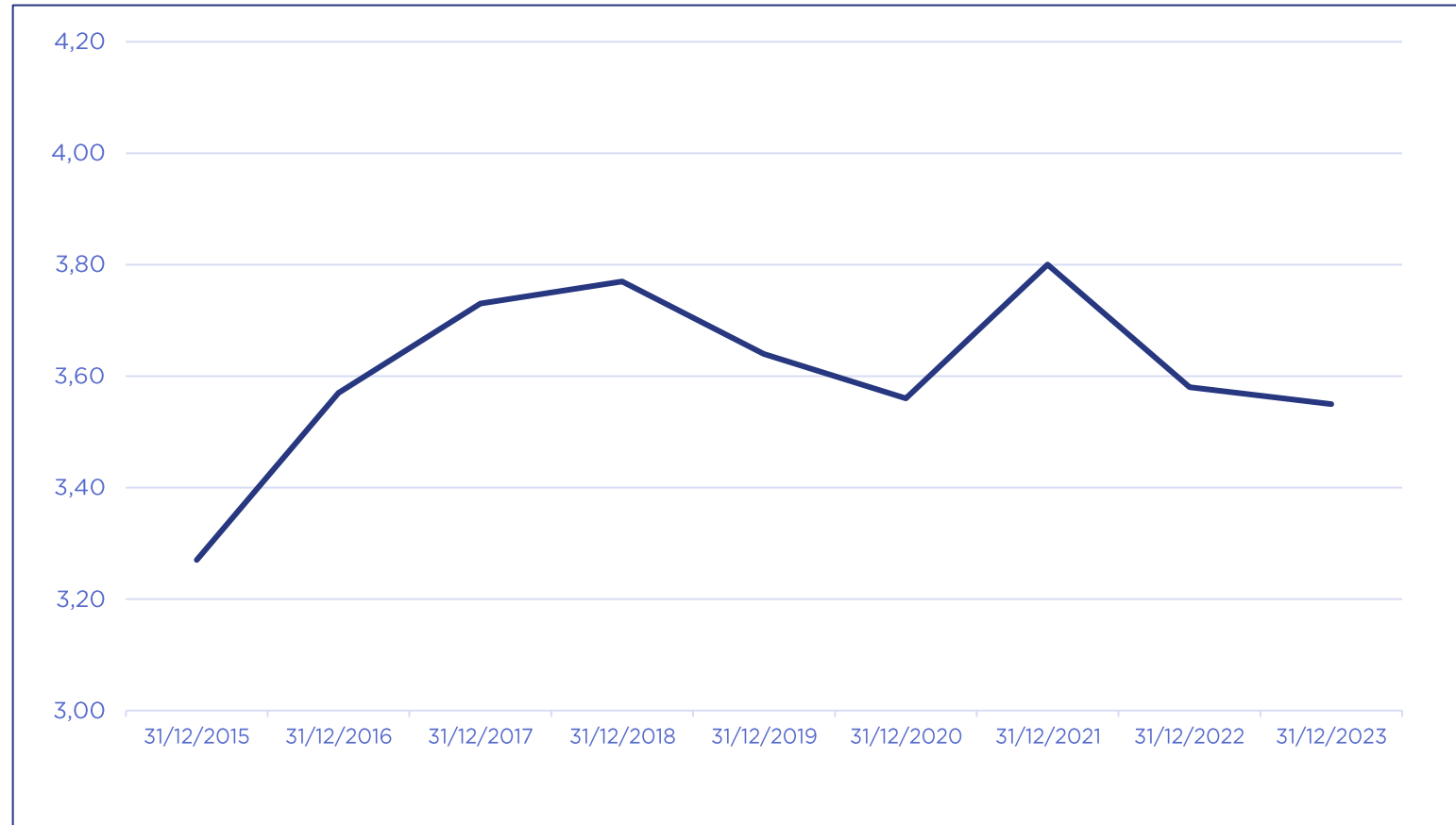


As at 31 December 2023, the weighted average rating of the committed capital was **3.42** and the weighted average rating of outstanding loans **3.55**.

*Initial Capital Contribution

Changes in Ratings of Outstanding Loans

[As at 31 December 2023]



AFL's business model is at the very heart of sustainable finance

- The achievement of SDGs relies on the contribution from local authorities to promote integrated, inclusive and sustainable territorial development.
 - AFL participates in the financing of local authorities' investments in social and environmental areas.
 - These investments contribute to achieving sustainable development goals for local authorities and the country.



At least **40%**¹ of **investment expenditures** of French Local Authorities directly contribute to sustainable development



Of which according to AFL:

- **50%** allow to achieve the UN SDG n°4.
- Slightly less than **10%** allow to achieve the UN SDG n°9.
 - **8%** help achieve the UN SDG n°10.
- More than **20%** allow to achieve the UN SDG n° 11.

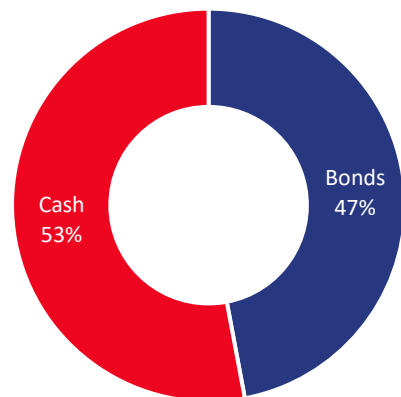


¹According to AFL

Liquidity Reserves of AFL

[As at 31 December 2023]

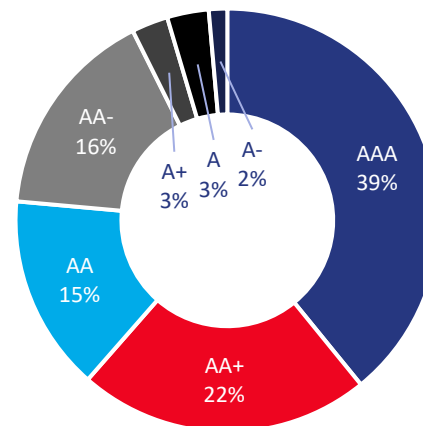
Distribution of liquidity reserves



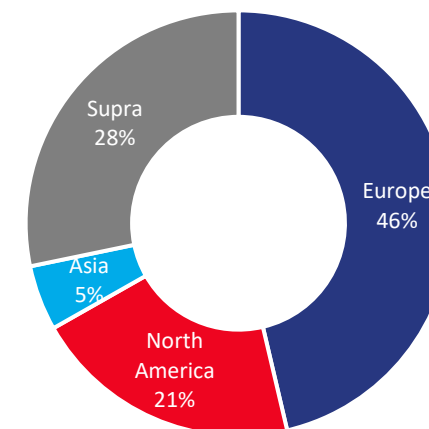
Total liquidity reserve of
€1.97Bn

Bond portfolio distribution

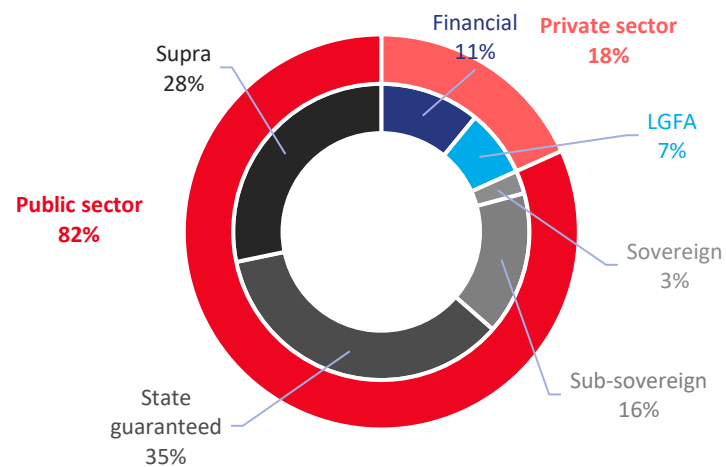
Distribution by rating



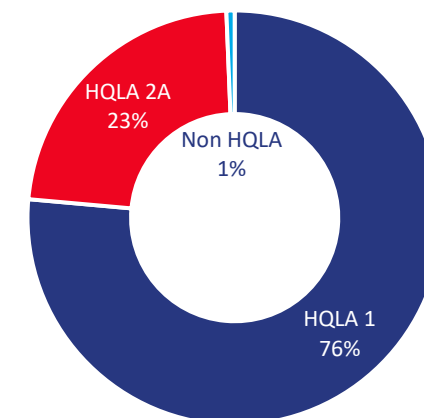
Distribution by geographical location



Distribution by counterparty type



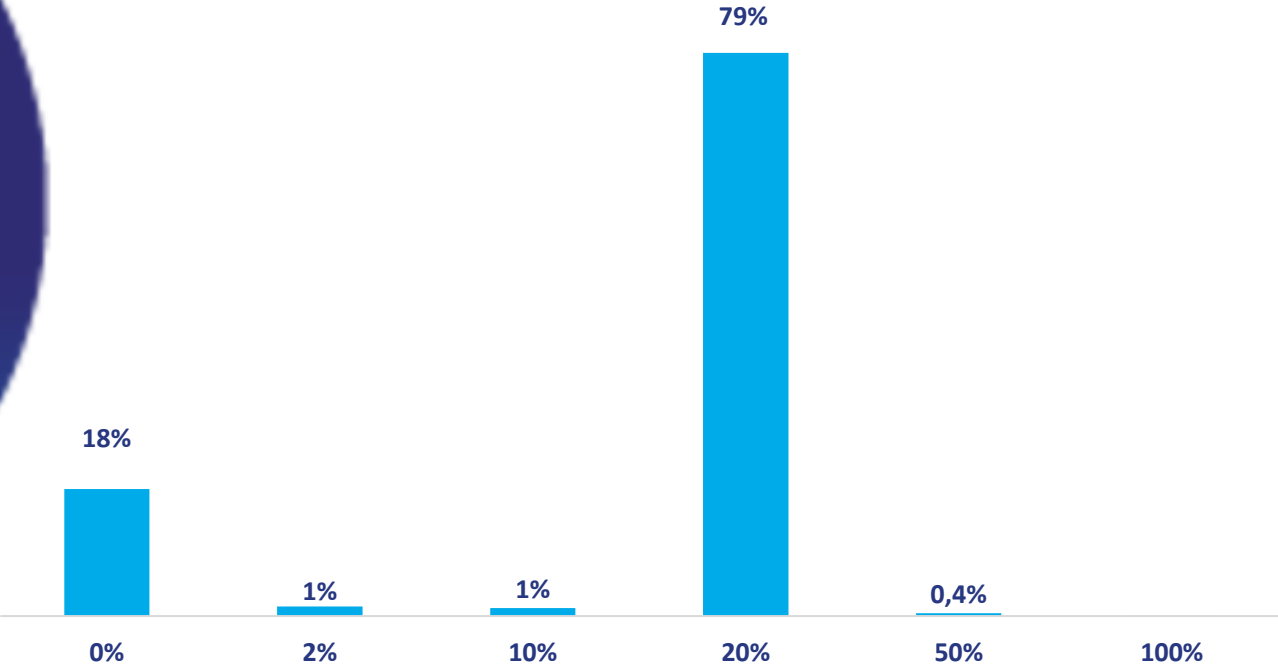
Distribution by LCR classification



AFL bears Low Risk Assets

[As at 31 December 2023]

Exposures by risk weight (standard method)



Municipality of Nantes – cultural exhibition

Most of AFL’s exposures are 0 or 20% risk weighted.

Strong Capital and Liquidity Position

[As at 31 December 2023]

Capital and liquidity ratios, IFRS consolidated		31 December 2023
Basel III solvency ratio <i>(Common Equity Tier 1, IFRS consolidated basis, 13% internal limit, 11.75% regulatory limit + 1% countercyclical buffer requirement on French exposures from 1st Jan. 24)</i>		13.23%
Leverage ratio <i>(Public development credit institutions CRR2, IFRS consolidated basis, 3% regulatory limit)</i>		8.86%
LCR ratio <i>(regulatory limit 100%)</i>		541%
NSFR ratio <i>(regulatory limit 100%)</i>		231%
NCR ratio <i>(internal liquidity ratio, limit 80% - 125%)</i>		80%

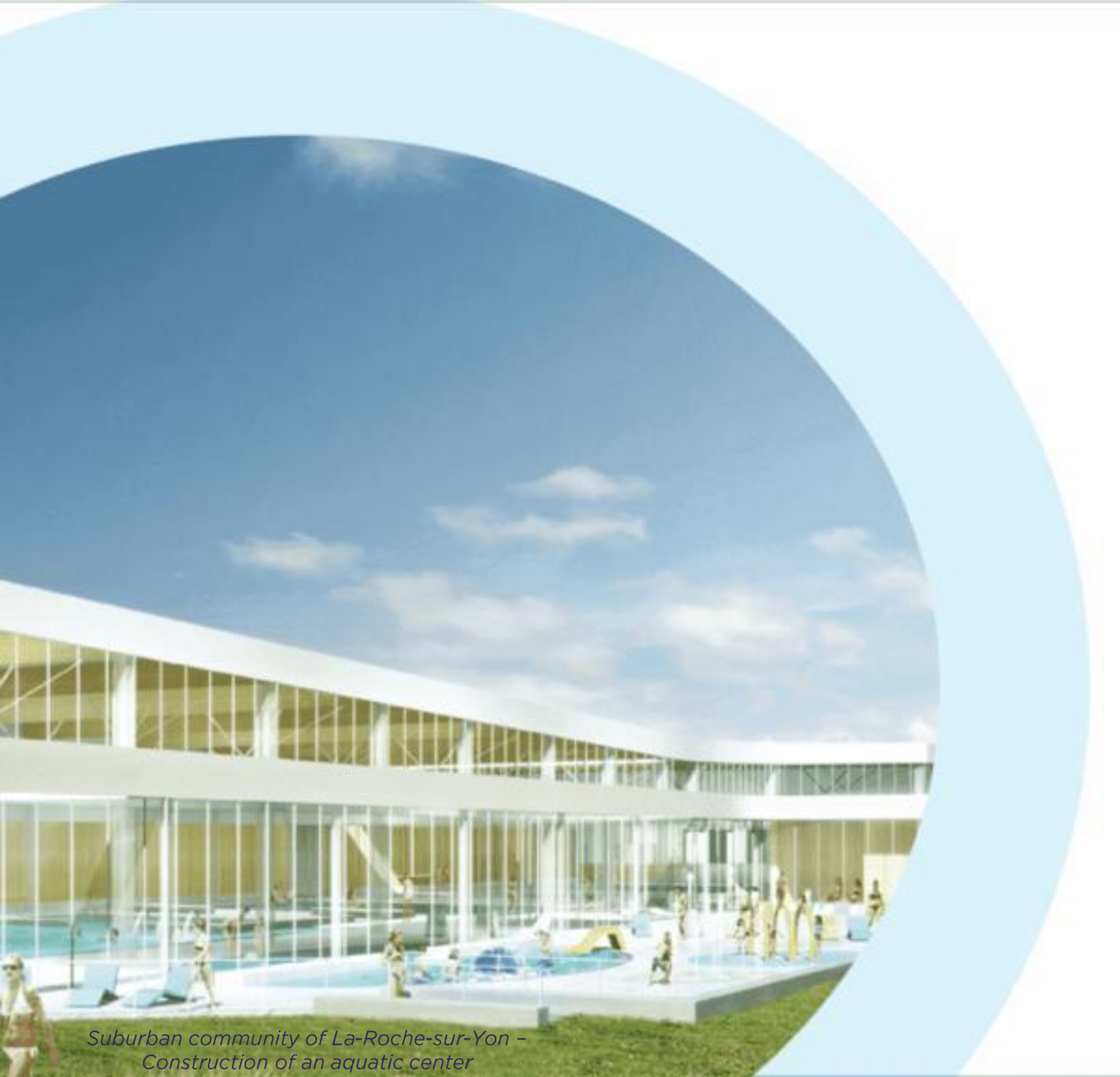
- As at 31 December 2023, Agence France Locale – Société Territoriale completed 38 capital increases:
 - Committed capital amounts to €294 M
 - Prudential capital amounts to €207 M
- The level of capitalization and liquidity favorably underpins the creditworthiness of AFL which is rated :
 - Aa3 (stable) / P-1 by Moody's
 - AA- (stable) / A-1+ by Standard & Poor's

Financial Statements

IFRS in M€

<i>IFRS in EUR Million</i>	2015	2016	2018	2020	2021	2022	2023
Liquidity reserves	502	435	856	1 580	2 321	2 192	1 967
Signed loans	505	1 026	2 596	4 230	5 006	5 501	7 409
Loans and receivables	384	892	2 230	3 832	4 431	4 690	6 576
Debt securities	841	1 259	2 997	5 296	6 572	6 589	8 262
Paid in capital (IFRS consolidated)	65	99	124	158	190	197	218
Net banking income	0,4	9,2	9,7	13,8	14,0	17,6	23,2
Net interest margin	0,5	4,7	7,8	11,8	12,7	15,6	24,1
Total operating expenses	11,4	11,3	11,0	11,2	12,1	13,4	15,6
Operating income	-10,9	-2,1	-1,3	2,5	1,9	4,2	7,6
Net income	-7,8	-3,4	-1,7	2,3	1,7	2,8	5,7

Funding Strategy



*Suburban community of La-Roche-sur-Yon -
Construction of an aquatic center*

Issuance Programmes and 2024 Borrowing Programme (1/2)

EMTN Programme

A multicurrency €20Bn EMTN programme that allows to issue medium to long term notes in various currencies in the form of public or private placement transactions.

- Long term commitment to issue at least one Euro denominated benchmark per year.

A dedicated Sustainable Bond programme to refinance eligible loans granted to French Local Authorities.

- Long term commitment to issue at least a sustainability bond every two years.

€2.5Bn of medium- and long-term funding in 2024 :

- Euro denominated listed benchmark;
- Opportunistic multicurrency private placements;
- Taps of existing Euro bonds;
- Other currency public transactions.

Issuance Programmes and 2024 Borrowing Programme (2/2)

ECP Programme

A short term €1Bn ECP programme

- Issuance in various currencies (such as EUR, GBP, USD...) for maturities up to 1 year.
- STEP registered (eligible as collateral for open market operations of the ECB).

Up to €750Mn of short-term funding in 2024 in the form of ECP transactions.

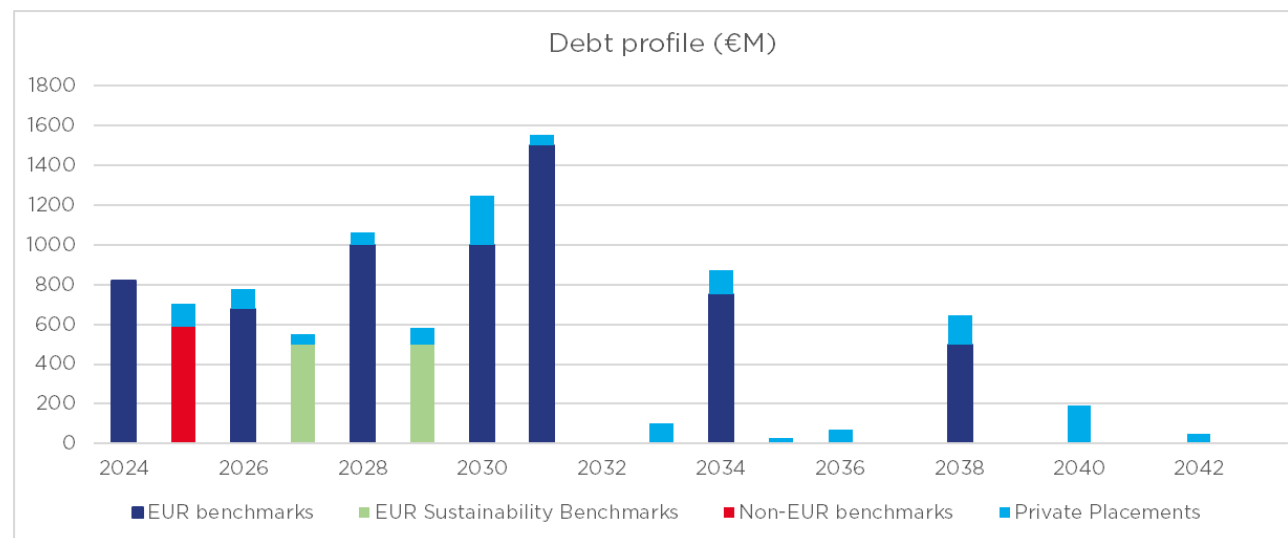


Municipality of Strasbourg - Ecodistrict

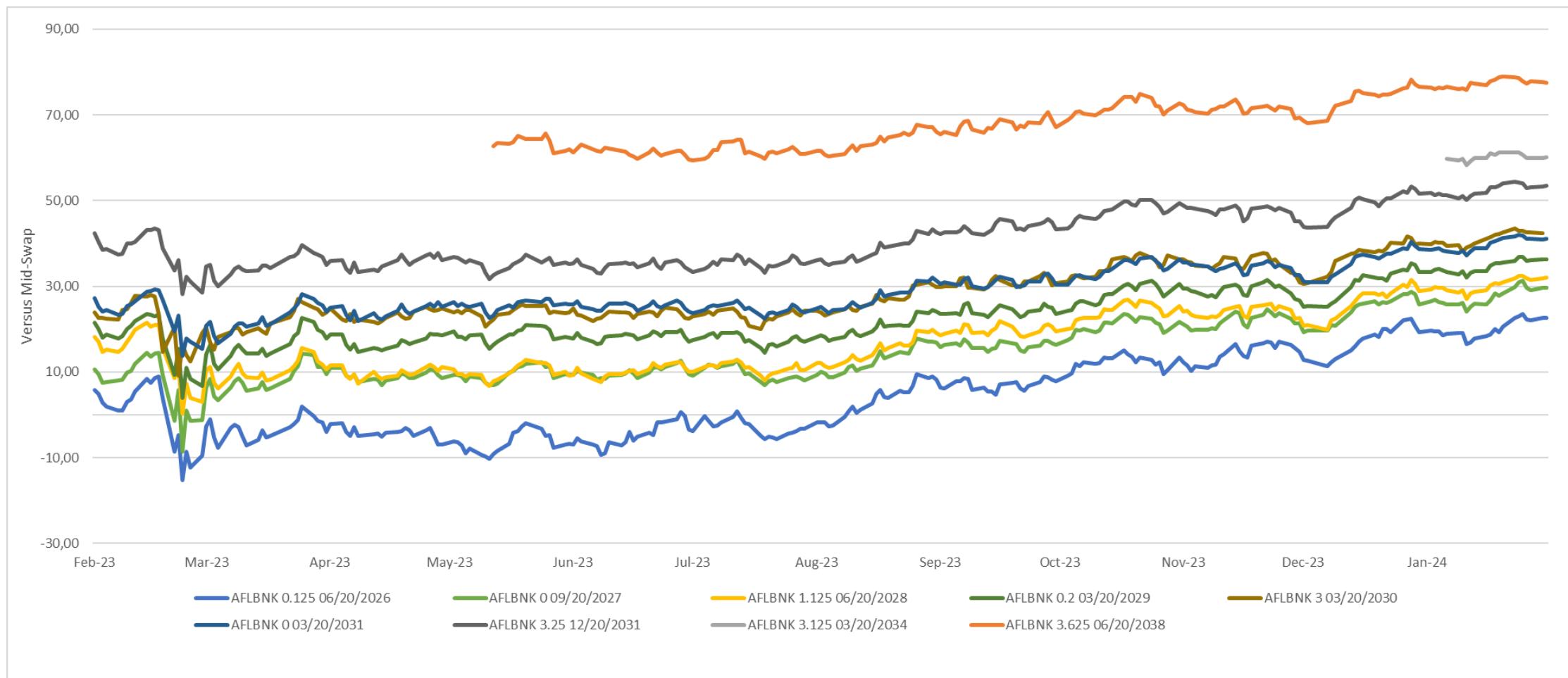
AFL's Bond Issues

Since 2015, AFL has launched ten listed public euro denominated benchmarks under its EMTN programme. AFL is targeting at least one medium to long term euro benchmark per year.

	June 2024	June 2025	June 2026	Sept 2027	June 2028	March 2029	March 2030	March 2031	Dec 2031	March 2034	June 2038
<i>Outstanding Amount (in M)</i>	€820	£500	€675	€500	€1 000	€500	€1 000	€1 000	€500	€750	€500
<i>Coupon</i>	0.50%	1.375%	0.125%	0.00%	1.125%	0.20%	3.00%	0.00%	3.25%	3.125%	3.625%

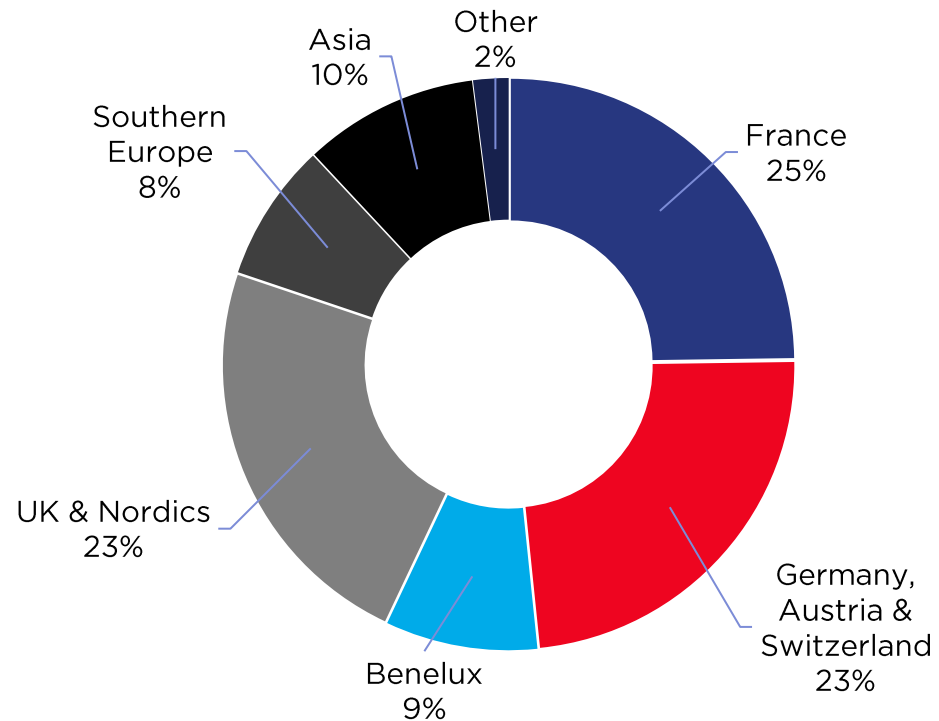


Performance of AFL's EUR Bond Issues (vs mid swap)

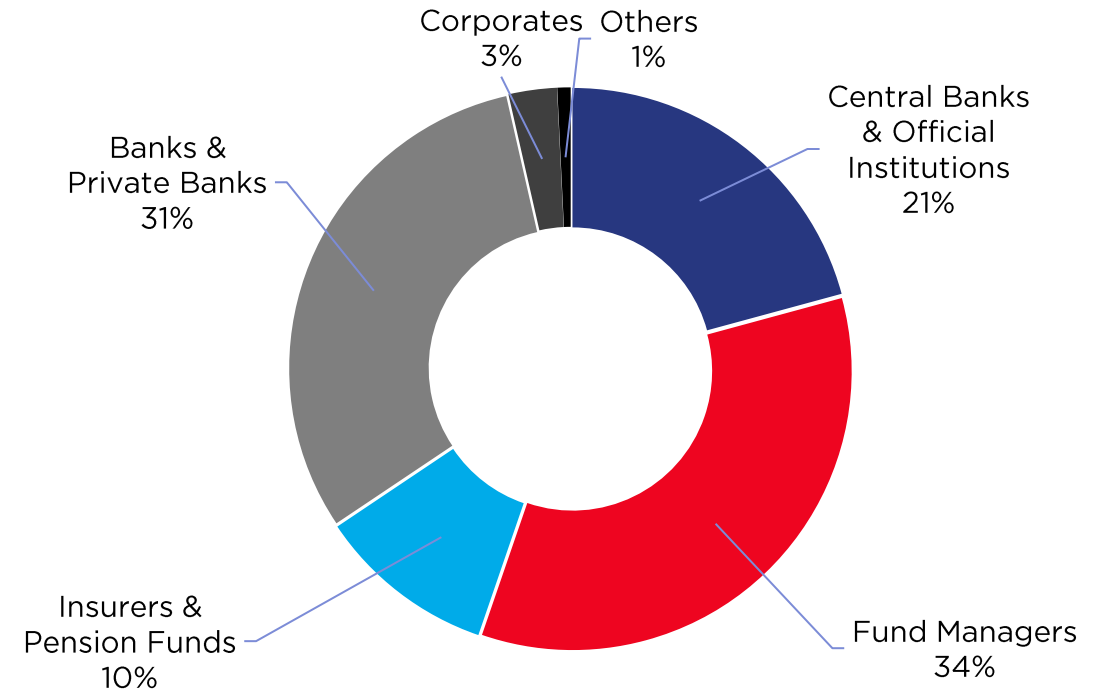


Aggregate Distribution of EUR Public Bond Issues

Geographical distribution



Distribution by type of investors



*AFL's investor base has been growing over the years.
Since the inaugural transaction around 300 investors have participated in AFL's EUR benchmark transactions.*

Sustainability Bonds



*Municipality of La Possession (in the
oversea territory of La Reunion)-
Construction of an artistic school*

AFL's commitment

Sustainability embedded in AFL's foundations and missions

Ensuring adequate financing to Local Authorities

AFL plays a critical role in supporting public infrastructure investments as one of the key lenders to the French local government sector (€7.8bn of loans as of 31/12/2023)

Supporting local authorities in their environmental and social actions

Given the public interest of its mission and its long-term commitments, sustainability is at the very heart of AFL's business model

Robust and transparent operational rules and processes

Highest standards of management, a stringent methodology and a dedicated ESG framework

A dedicated governance structure for the Sustainable Bond

A Sustainable Bond Committee, composed from representatives of all critical departments is in charge of all the aspects of the Sustainable bond life cycle.

AFL is committed to the long term and sustainable development of local authorities

Sustainability Bonds Framework

Eligible assets reflecting main areas of intervention

MAIN AREAS OF INTERVENTION

CONTRIBUTION TO UN SDGs





Access to essential and basic social services

- Encouraging access to education and culture by providing access to educational, sport, leisure and cultural facilities
- Supporting development of economic activity with the aim of promoting and retaining employment in underserved areas
- Supporting the access to essential health services
- Fostering social inclusion by providing equal access to essential services for vulnerable populations




Energy and ecological transition

- Contributing to energy transition and environmental sustainability by promoting a low-carbon and more climate resilient economy (low-carbon public transportation, renewable energies, etc.) and pollution prevention & control




Sustainable infrastructure, development of cities and territorial cohesion

- Promoting the development of the territories, urban transformations, reduction of the territorial divide, infrastructure development and public essential services
- Priority given to underserved areas



Sustainability Bonds Framework

Main processes

Selection of assets

- Estimate the share of eligible expenditures within AFL's portfolio, through the following steps:
 - Exhaustively screen the annual budget/financial statements of member Local Authorities (only investment expenditures are considered), applying AFL's methodology
 - Calculate the share of eligible expenditure for each member Local Authority
 - Apply on an individual basis to the portfolio of loans granted to Local authorities in a given year
 - Sum to define the overall portfolio of eligible loans
-

Management of proceeds

- Net proceeds tracked through AFL's internal management and accounting system
- Commitment to reach full allocation to Eligible Loans within two years of the Sustainability Bond issuance.
- Reallocation of proceeds on assets compliant with eligibility policy in case of divested or cancelled loans
- Pending the full allocation of the net proceeds, proceeds will be held in compliance with AFL stringent investment policy

Sustainability Bonds Framework

Reporting and external review

Allocation and Impact report



Allocation reporting

- Total funds distributed per AFL's (i) main areas of intervention and (ii) Eligible categories.
- Total funds used for refinancing or allocated to new loans.
- Amount of unallocated proceeds (if any).



Impact reporting

- Number, type, and geographical distribution of local authorities financed.
- Contribution of the proceeds to the relevant UN Sustainable Development Goals (SDGs).



AFL is producing its reporting at least annually until full allocation of the Sustainability bond proceeds and thereafter if there are any material changes in this allocation.

External review



Ex-ante Second Party Opinion.

- A Second Party Opinion is provided by Moody's ESG Solutions expressing a « reasonable assurance » (the highest level of assurance).
- SPO complete version is available on AFL website.

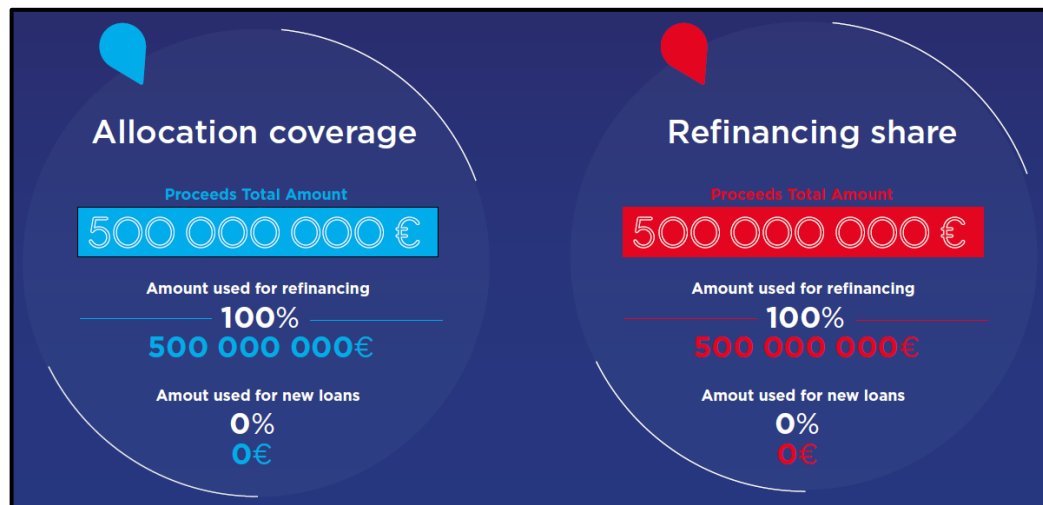


Ex-post Third Party Assurance

- AFL is making public a limited or reasonable assurance report provided by an appointed independent third party.
- Verification of allocation of the proceeds in compliance (in all material respects) with the Eligibility Criteria defined in this Framework.
- Verification of the number of local authorities financed and the contribution of the proceeds to the SDGs, as defined in the Framework.
- 1st and 2nd Reporting validated by KPMG.

Allocation Reporting of the 1st issuance

Coverage and Framework alignment – audited by KPMG as at 31/12/21



Aligned with issuance announcement, full allocation at day 1, maintained as of reporting reference date (31/12/2021).

Aligned with AFL Sustainability Bond Framework, funds fully allocated to refinance eligible assets – this also allowed to ensure full allocation at day 1.

Reference year of loan origination

2017	28%	140 410 423 €
2018	51%	255 876 629 €
2019	21%	103 712 948 €
TOTAL		500 000 000 €

Aligned with AFL Sustainability Bond Framework, Funds allocated to refinance eligible assets in a lookback period of 3 years (max.) to the issuance year.

Funds distributed per Eligible categories

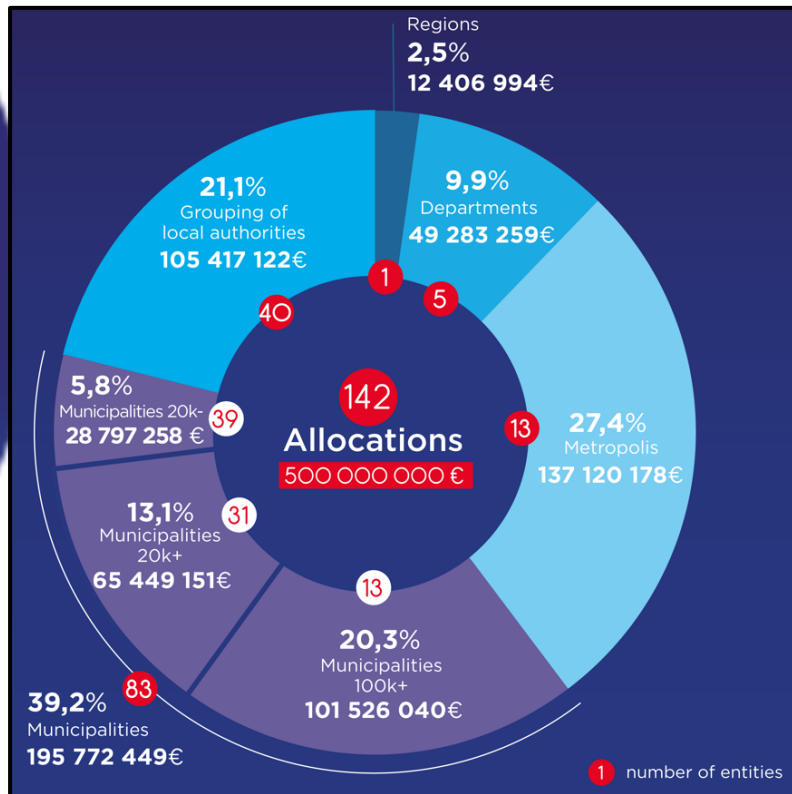
Framework categories	Allocation (in €)	Share
Access to essential and basic social services	287 612 023	57,5%
Education & Culture	242 345 597	48,5%
Employment	27 648 285	5,5%
Access to essential health services	2 578 923	0,5%
Social inclusion	15 039 218	3,0%
Energy and ecological transition	38 254 166	7,7%
Low-carbon public transportation	11 218 362	2,2%
Pollution Prevention & Control	27 005 324	5,4%
Renewable Energy	30 480	0,0%
Sustainable Infrastructure, development of cities and territorial cohesion	174 133 811	34,8%
Sustainable water and wastewater management	26 632 808	5,3%
Affordable Housing	64 778 217	13%
Affordable and sustainable infrastructure	82 722 785	16,5%
Total	500 000 000	100%

Funds allocated to all the AFL Sustainability Bond Framework categories and subcategories, genuinely representing the typical investment scope of French local governments.

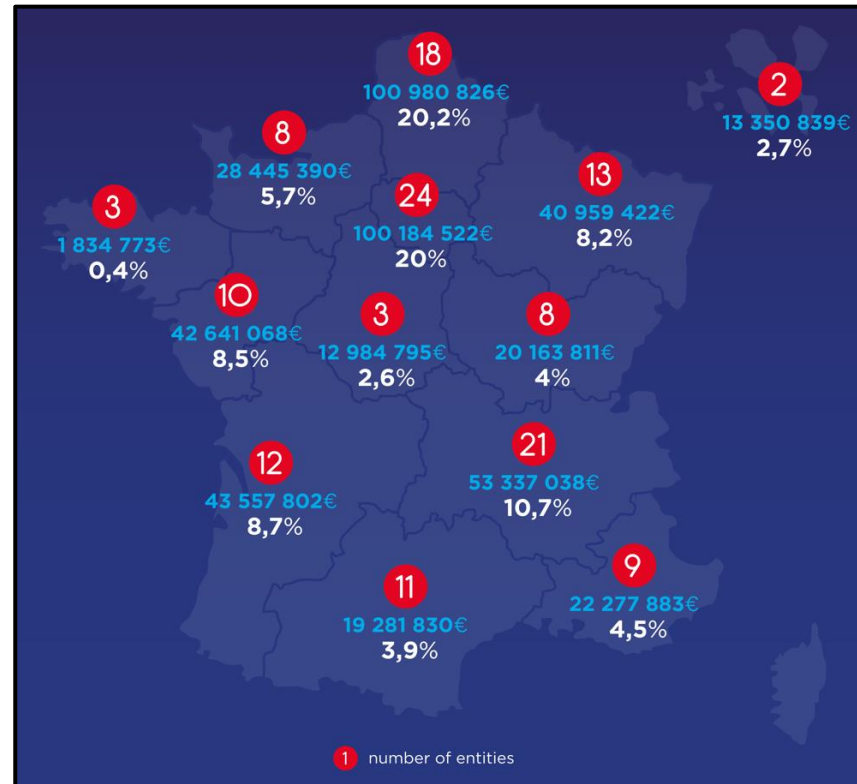
Impact Reporting of the 1st issuance

Audited by KPMG as at 31/12/21

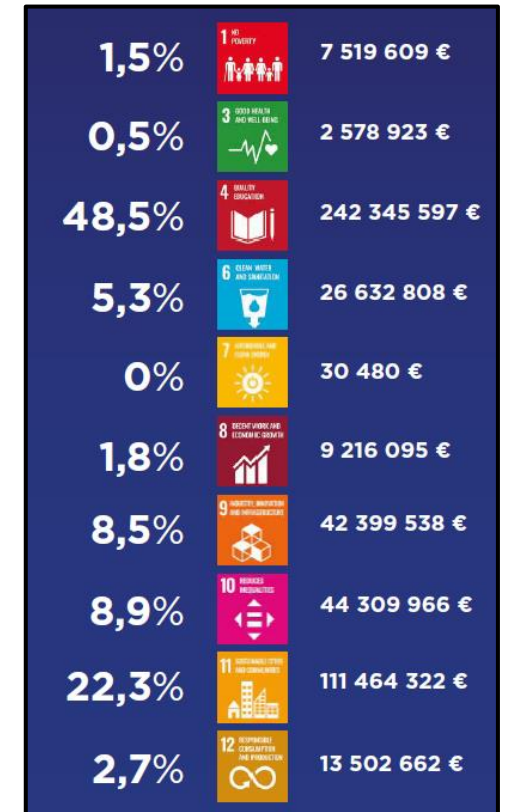
Local authorities typologies



Geographical distribution of allocation

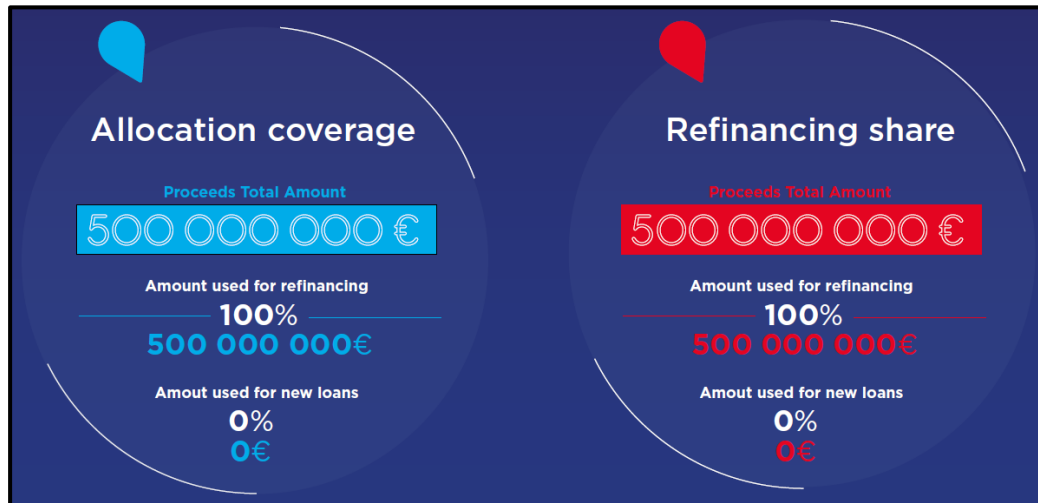


Contribution to UN SDG's



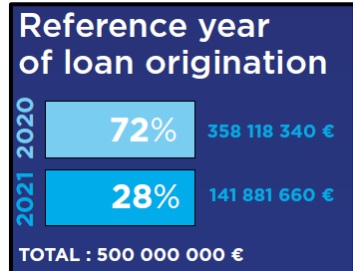
Allocation Reporting of the 2nd issuance

Coverage and Framework alignment – audited by KPMG as at 31/12/21



Aligned with issuance announcement, **full allocation at day 1**, maintained as of reporting reference date (31/12/2021).

Aligned with AFL Sustainability Bond Framework, funds fully allocated to **refinance eligible assets** – this also allowed to ensure full allocation at day 1.



Aligned with AFL Sustainability Bond Framework, Funds allocated to refinance eligible assets in a **lookback period of 3 years (max.)** to the issuance year.

Funds distributed per Eligible categories

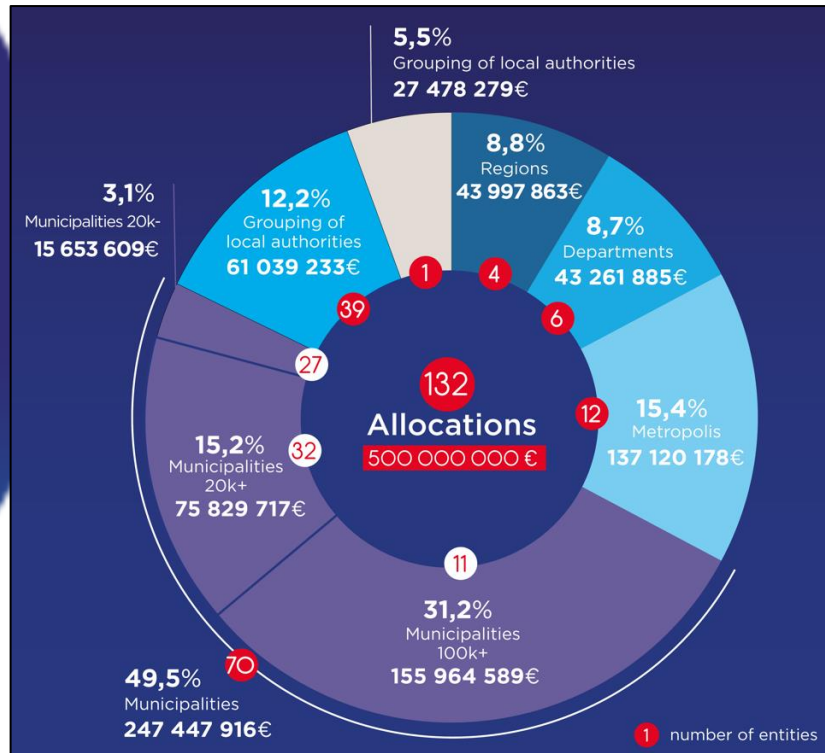
Framework categories	Allocation (in €)	Share
Access to essential and basic social services	277 286 263	55,5%
Education & Culture	236 911 173	47,4%
Employment	14 026 387	2,8%
Access to essential health services	1 625 876	0,3%
Social inclusion	24 722 826	4,9%
Energy and ecological transition	80 499 844	16,1%
Low-carbon public transportation	29 891 533	6,0%
Pollution Prevention & Control	50 581 778	10,1%
Renewable Energy	26 533	0,0%
Sustainable Infrastructure, development of cities and territorial cohesion	142 213 893	28,4%
Sustainable water and wastewater management	24 502 408	4,9%
Affordable Housing	45 369 247	9,1%
Affordable and sustainable infrastructure	72 342 239	14,5%
Total	500 000 000	100%

Funds allocated to all the AFL Sustainability Bond Framework categories and subcategories, genuinely representing the typical investment scope of French local governments.

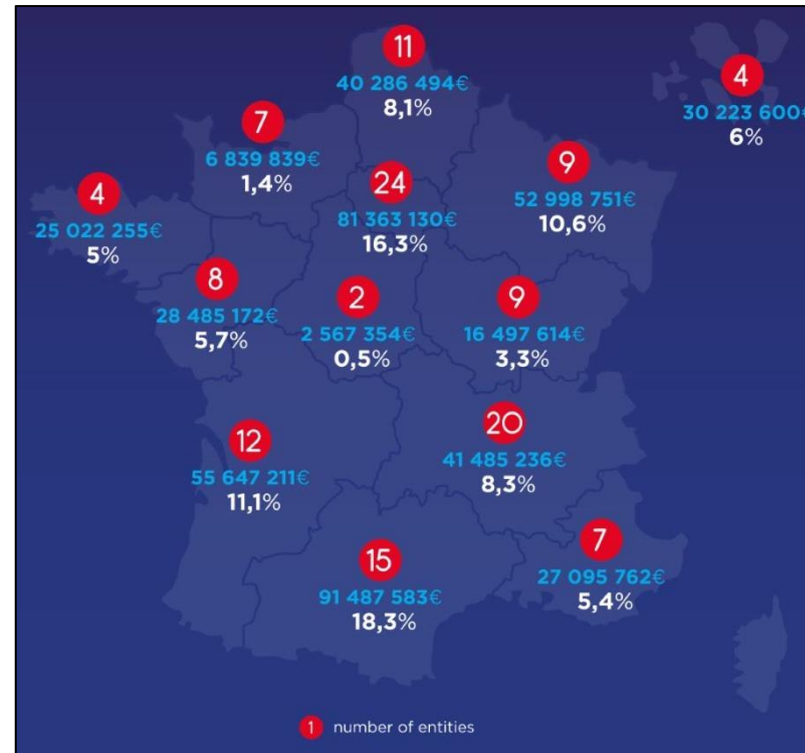
Impact Reporting of the 2nd issuance

Audited by KPMG as at 31/12/21

Local authorities typologies



Geographical distribution of allocation



Contribution to UN SDG's



Your Contacts At AFL



Romain NETTER
Executive Director – Medium and
Long-Term Funding



Yves MILLARDET
Chairman of the Executive Board



Thiebaut JULIN
Chief Financial Officer and
Member of the Executive board



Maëlien BOREL
Funding officer – Medium and
Long-Term Funding



Lucille SIMON
Executive Director –
Head of Communication



Jérôme BESSET
Executive Director - Sustainable
Bond structuring and management

Address And Links



WEBSITE
www.afl-banque.fr



LinkedIn profile
Agence France Locale



Twitter
[@AgenceFRLocale](https://twitter.com/AgenceFRLocale)



investor.relations@afl-banque.fr



2023 - Annual Report



Appendices

Appendices

_01 Excerpt From The Law On The Creation Of AFL

_02 The First Demand Guarantee Mechanism

_03 Constant Strengthening Of AFL's Equity

_04 The Budgetary « Golden Rule » For French Local Authorities

_05 A Strong And Stable Shareholder Base

_06 Eligible Assets Detailed Matrix

_07 Sustainability Bond SPO

_08 Main Items Of The Financial Statements

_09 The Company's Mission

App1 – Excerpt From The Law On The Creation Of AFL

Article 35 of the French Law no. 2013-672 of 26 July 2013 on the separation and regulation of banking activities, subsequently codified in Article L. 1611-3-2 of the French General Local Authorities Code (CGCT), allowed French local authorities to create a public company in the form of a limited company (société anonyme) governed by Book II of the French Commercial Code, whose corporate mandate is to contribute to their funding through a dedicated subsidiary company:

Article L. 1611-3-2 of the CGCT, as amended by Law No. 2015-991 of 7 August 2015 and further amended by article 67 of Law No. 2019-1461 of 27 December 2019, provides that “Local authorities, their groupings and local public institutions may create a public company in the form of a limited company (société anonyme) governed by Book II of the French Commercial Code in which they hold the totality of the share capital and whose corporate mandate is to contribute to their funding through a dedicated subsidiary company. This company and its subsidiary shall perform their activities exclusively on behalf of local authorities, their groupings and local public institutions. This financing activity shall be carried out by the subsidiary using resources mainly generated by issues of financial instruments, excluding resources received directly from the State or resources guaranteed by the State.

In derogation of the provisions of Articles L. 2252-1 to L. 2252-5, L. 3231-4, L. 3231-5, L. 4253-1, L. 4253-2 and L. 5111-4, local authorities, their groupings and local public institutions are authorised to guarantee all of the subsidiary’s commitments up to the amount of their own outstanding loans with said subsidiary. The conditions for the application of this guarantee are specified in the articles of association of the two companies.”

The Decree n° 2020-556 dated 11 May 2020, incorporated as article D 1611-41 of the CGCT, specifies the requirements that must be satisfied by local authorities, their groupings and local public institutions to become shareholders of said company. It determines the thresholds that may apply to their financial condition and level of indebtedness and which take into account their capacity as shareholders of said company and guarantor of said subsidiary.”

App2 – The First Demand Guarantee Mechanism

The Members' Guarantee and the Agence France Locale - Société Territoriale Guarantee are both independent first demand guarantees under Article 2321 of the Civil Code: they benefit holders of all securities issued and contracting parties of all acts concluded by Agence France Locale with the provision that these securities or acts shall apply based on the Guarantee of Agence France Locale or the Members' Guarantee:

"The independent guarantee is the undertaking by which the guarantor is bound by virtue of an obligation entered into by a third party to pay an amount either on-demand or in accordance with agreed terms.

The guarantor is not bound in the event of explicit abusive or fraudulent behaviour by the beneficiary or in the event of the latter colluding with the instructing party. The guarantor may not claim any exception against the guaranteed obligation.

Unless agreed otherwise, this security does not follow the guaranteed obligation."

App3 – Constant Strengthening of AFL's Equity

Share capital 100% held by local authorities

- Each new local authority becomes a member through an initial capital contribution (ICC), valid for the entire duration of its membership
- The amount of this ICC is calculated based on the local authority's economic size:
 - $\text{Max}[kn \cdot 0,9\% \cdot (\text{total outstanding debt}) ; kn' \cdot 0,25\% \cdot (\text{total operating revenues})]$
- No member can become a major shareholder (quick and significant capital dilution)

With $kn = 1,125$ and $kn' = 1,2$

+

Annual profits added to retained earnings

- Pay-out ratio of 5% maximum
- Objective to strengthen the capital base as a priority

=

Regulatory capital

App4 – The Budgetary «Golden Rule» for French Local Authorities

In its public report on local government finances published in October 2013*, the Cour des Comptes (National Court of Auditors) highlighted that local authorities “[...] represent in practice a sub-sovereign risk due to the golden rule: they must ensure that they are able to make capital repayments on their loans from their own resources and may only borrow to finance their investment needs. Compliance with this rule is guaranteed by the statutory budgetary audit mechanism involving regional and local Courts of Auditors acting at the behest of the State representative. It notably includes a procedure for rectifying excessive deficits in the accounts”

This rule ensuring balanced budgets is notably codified in Article L.1612-4 of the CGCT:

“The local authority budget is balanced when the operational and investment sections are both balanced and approved, with revenues and expenditures assessed in a faithful manner and when funding from the revenues of the operational section to the investment section, added to this section’s own revenues (excluding proceeds from borrowings) and to depreciation and provisions, provide sufficient resources to cover annual capital repayments falling due during the financial year.”

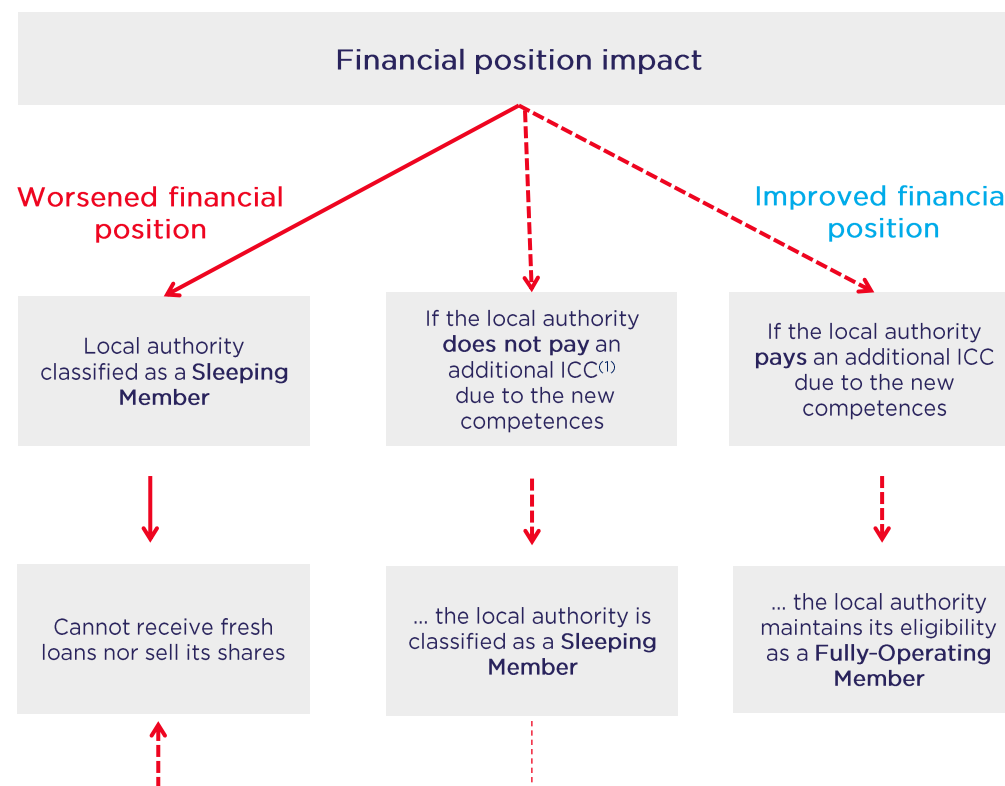
Article L.2331-8 of the CGCT states that proceeds from borrowings represent one of the non-tax revenue items of the investment section in local authority budgets. Borrowings correspond to long-term debts taken out during the period. Borrowings may also only be used for funding investment requirements and must be differentiated from short-term debts, which only cover annual requirements and which are not included in the budget.

App5 – A Strong and Stable Shareholder Base

In case a member requests to leave

- Each shareholder member cannot leave before a minimum 10-year lock-up period;
- Following the 10-year period, no member will be allowed to leave Agence France Locale unless it has fully repaid its loans;
- All members shall remain guarantors of AFL up to the level of their outstanding loans with AFL (principal, interest and incidentals) until they have fully repaid their loans;
- The leaving member is requested to find a new shareholder which has been approved by the Board of Directors of AFL - ST to acquire its shares.

In case of changes in the field of competences of a member local authority



App6 – Eligible Assets Detailed Matrix

	Eligible categories	Eligibility criteria → the (re)financing of expenditures that :	Target Population	Examples of eligible expenditures/investments	SDG
Access to essential and basic social services	Education & Culture	<ul style="list-style-type: none"> Provide access to educational infrastructure and services for all Provide access to sport, leisure and cultural infrastructure and services for all 	All population of the targeted Local Authorities	<ul style="list-style-type: none"> Construction of new schools, campus, student housing. Financing public libraries, archives and museums 	
	Employment	Support development of economic activity with the aim of promoting and retaining employment in underserved local authorities*, including but not limited to: <ul style="list-style-type: none"> Socio economic development and advancement of territories Development of territorial attractiveness and competitiveness Support to economic insertion Support to social and solidarity-based enterprises 	Underserved Local Authorities*	<ul style="list-style-type: none"> Financing to SMEs, initiatives promoting the attractiveness of territories, professional transition trainings 	
	Access to essential health services	Improve the capacity of Local Authorities to provide public healthcare services for all	All population of the targeted Local Authorities	<ul style="list-style-type: none"> Financing the construction, development, maintenance or renovation of healthcare facilities, medical equipment 	
	Social inclusion	<ul style="list-style-type: none"> Provide access to essential care infrastructure and services for elderly people, people with disabilities, dependent persons Provide access to childcare facilities and services Provide financial support to low-income families 	Vulnerable population groups	<ul style="list-style-type: none"> Construction of facilities aimed at providing specialized assistance for elderly people. Financing nurseries and kindergartens 	
Energy and ecological transition	Low-carbon public transportation	<ul style="list-style-type: none"> Contribute to the development, construction, and/or maintenance of low-carbon public transportation infrastructure Contribute to the development, construction, and/or maintenance of multi-modal transportation infrastructure for underserved Local Authorities* <i>Exclusion criteria : transportation expenditures related to air transports - road, river, maritime transports, in the absence of information allowing to confirm the environmental benefits</i>	All population of the targeted Local Authorities	<ul style="list-style-type: none"> Financing the construction, equipping, or maintenance of low-carbon public transportation facilities, such as any new rail facilities for public use, multimodal links or cycleways 	
	Pollution Prevention & Control	Contribute to pollution prevention & control including, but not limited to: <ul style="list-style-type: none"> soil remediation waste prevention, reduction and recycling <i>Exclusion criteria : average expenditures related to landfill are excluded - haircut based on national statistics</i>	All population of the targeted Local Authorities	<ul style="list-style-type: none"> Financing public waste management facilities for waste reduction and recycling Financing prevention and awareness initiatives for waste reduction and recycling 	
	Renewable Energy	Support the development of renewable energy with the aim of promoting energy transition and contributing to climate change mitigation. Eligible Renewable energy sources include: <ul style="list-style-type: none"> Wind energy Solar energy <i>Exclusion criteria : expenditures related to (i) hydropower, biomass biofuel, geothermal (ii) heating and cooling urban networks, and (iii) non-renewable energy sources are excluded</i>	All population of the targeted Local Authorities	<ul style="list-style-type: none"> Financing the construction, equipping, or maintenance of renewable energy infrastructure (including wind and solar energy) 	
Sustainable Infrastructure, development of cities and territorial cohesion	Sustainable water and wastewater management	<ul style="list-style-type: none"> improve existing sanitation facilities and sewers improve wastewater treatment performance and provide better access to drinking water improve flooding mitigation 	All population of the targeted Local Authorities	<ul style="list-style-type: none"> Financing water network construction / maintenance / upgrade Financing wastewater treatment plants, such as sewage networks, wastewater treatment plants, sanitation facilities 	
	Affordable Housing	<ul style="list-style-type: none"> support social housing organisations support tenants to access housing provide other social support related to housing 	Social housing organisations, beneficiaries of rental assistance support schemes	<ul style="list-style-type: none"> Financing social housing, subsidies to social housing organisations, financial-aid programs to support tenants 	
	Affordable and sustainable infrastructure	Support the development of quality and sustainable infrastructures for all in underserved Local Authorities*, including but not limited to: <ul style="list-style-type: none"> development of public infrastructures supporting the improvement of living conditions in urban and/or rural agglomerations of underserved area construction, rehabilitation, maintenance of public buildings, lighting and infrastructure 	Underserved Local Authorities*	<ul style="list-style-type: none"> Financing the renovation, upgrade, safety of existing public buildings and public infrastructure. Financing public lighting. Financing facilities supporting rural development 	

*Underserved Local Authority is defined as any Local Authority which is ranked within the bottom third based on an internal scoring, derived from public data and statistics: rate of unemployment, Share of long-term unemployment, Share of population leaving in priority neighborhood, Poverty rate.....

App7 – Sustainable Bond SPO

Moody's
ESG Solutions

Second Party Opinion

- ✓ Moody's ESG Solutions is of the opinion that the Sustainable Bond Framework of AFL is **aligned with the four core components of the Green and Social Bond Principles 2018**.
- ✓ Moody's ESG Solutions express a **reasonable** assurance (our highest level of assurance) on the Issuer's commitments and on the Framework's contribution to sustainability, except for 2 out of the 10 eligible categories ("2.2. pollution prevention and control", and "3.3 affordable and sustainable infrastructures") for which we express a moderate assurance, due to unclear management of the inherent risks or to unclear environmental/social benefits.
- ✓ Moody's ESG Solutions is of the opinion that the Framework prepared by AFL is coherent with the main sustainability issues of its sector, with AFL's main sustainability priorities and commitments; and that it contributes to the realisation of these commitments.
- ✓ SPO available on AFL's corporate website.

App9 – The Company's Mission



“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.”



Manifesto from member local authorities

“By creating the first bank that we wholly own and manage, we, the French local authorities, have taken a strong political step toward decentralization. Our institution, Agence France Locale, is not a financial institution like the others. Created by and for local authorities, it acts in a local context to strengthen our freedom, our ability to develop projects and our responsibility as public actors. Its culture of prudence prevents us from the dangers of the complexity and richness of its governance, and from abuses related to conflicts of interest. Its fundamental objective is to offer local authorities access to resources under the best conditions and with complete transparency. The principles of solidarity and equity guide us. Convinced that we will go further together, we wanted an agile institution that would appeal to all authorities, from the largest regions to the smallest towns. We see profit as a means to optimize public spending, not as an end in itself. Through AFL, we support a local environment committed to addressing social, economic and environmental challenges. The AFL strengthens our power to act, to carry out projects locally, for today and tomorrow, for the good of the people who live there. We are proud to have a bank that expresses growth as we see it, ever more responsible and sustainable. We are Agence France Locale.”



Amiens metropolis – Electric bus



April 24

